



(Incorporated in the Cayman Islands with limited liability)
HKEX : 975 | OTCQX: MOGLF

ANNUAL REPORT 2025

Erkhet gorge, Bayankhongor, Mongolia



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OVERVIEW

An aerial photograph of an industrial site, likely a mining or processing plant. In the foreground, there is a large, modern, multi-story building with a grey facade and many windows. To the right of this building is a large, rectangular reservoir filled with blue water. Further to the right, there are several large, blue industrial structures, possibly part of a processing plant. The background shows a large, open-pit mine with dark, rocky walls and a dirt road leading into the distance. The overall scene is a mix of industrial infrastructure and natural landscape.

About us

Mongolian Mining Corporation ("MMC" or the "Company" and together with its subsidiaries, the "Group") (HKEX: 975; OTCQX: MOGLF) is the largest internationally listed private mining company with operations focused on and located in Mongolia. The Group has consolidated a diversified business portfolio to develop and operate coking (metallurgical) coal, gold, silver, copper, and other non-ferrous metals mining assets in southern and western regions of Mongolia.

MMC owns and operates the Ukhaa Khudag ("UHG") and the Baruun Naran ("BN") open-pit coking coal mines, both located in the Umnugobi aimag (South Gobi province), Mongolia.

MMC also owns 50% equity interest in Erdene Mongol LLC ("EM"), which holds two mining licenses, including Bayan Khundii ("BKH") and one exploration license located in Bayankhongor aimag (province), Mongolia.

MISSION

To undertake safe and profitable mining and processing of mineral resources while promoting the development of Mongolia, through combination of modern technology and human endeavor.

VISION

We strive to become a leading mining company in the region by maximising value for our shareholders and for the communities where we operate.



We recognise that people are our key asset. MMC places the safety of our personnel the highest priority. As a responsible employer, MMC provides equal employment opportunities within a meritocratic workplace.

MMC aims to use technology and innovate in the same to produce quality products safely at the lowest cost. MMC continues to contribute to the development of technical standards in the global extractive industry.

MMC strives to minimise the impact of our operations on the environment. MMC complies with all required environmental standards, and take further measures to prevent and mitigate potential environmental impact.

MMC strives to build mutually beneficial relationships with local communities and officials. MMC contributes to social development through community development initiatives and other programmes.

MMC fosters mutually beneficial relationships with our suppliers and contractors. MMC develops, maintains and values long-term relationships with our customers.

MMC complies with the best international practices. MMC continues to cultivate a culture of corporate governance as an integral part of its ongoing organisational development.

Corporate information

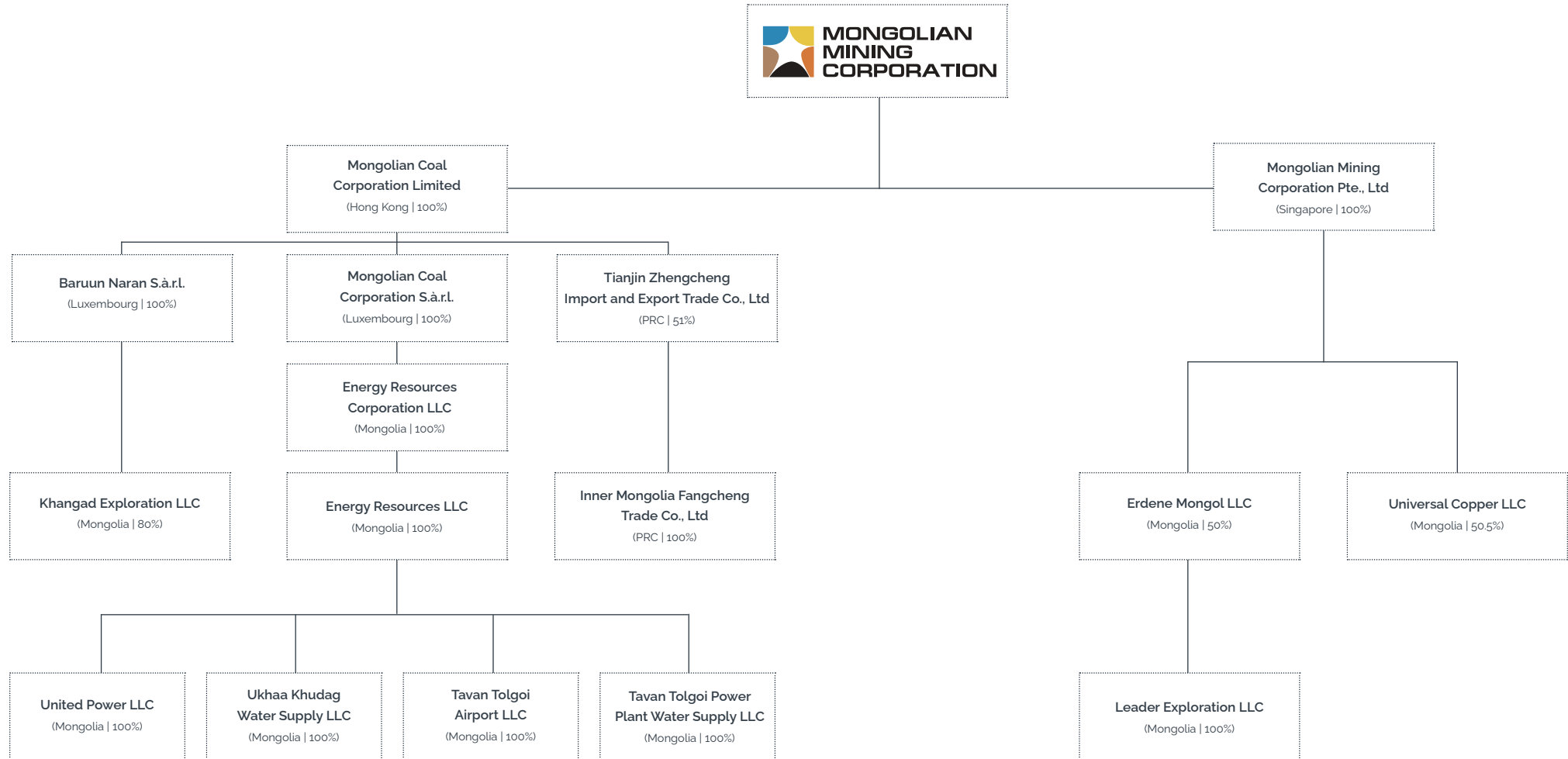
Stoke code: HKEX: 975; OTCQX: MOGLF

website: www.mmc.mn

BOARD OF DIRECTORS		
Executive	Non-Executive Directors	Independent Non-Executive Directors
Odjargal Jambaljamts (Chairman) Battsengel Gotov (Group Chief Executive Officer)	Enkhtuvshin Gombo Ariunbayar Byambadorj (appointed since 1 January 2026)	Chan Tze Ching, Ignatius Delgerjargal Bayanjargal, Tsend-Ayush Tuvshintur,
COMPANY SECRETARY		AUTHORISED REPRESENTATIVES
Cheung Yuet Fan		Battsengel Gotov, Cheung Yuet Fan
REGISTERED OFFICE	PRINCIPAL PLACE OF BUSINESS IN HONG KONG	HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MONGOLIA
Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong	16th Floor, Central Tower Sukhbaatar District Ulaanbaatar, 14200 Mongolia
INDEPENDENT AUDITOR		LEGAL ADVISERS
KPMG Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong		Davis Polk & Wardwell 10th Floor, The Hong Kong Club Building 3A Chater Road, Hong Kong Snow Hill Consultancy LLP 6th Floor, Democracy Palace Genden Street 16 Sukhbaatar District Ulaanbaatar 14241 Mongolia
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE		HONG KONG SHARE REGISTRAR
Suntera (Cayman) Limited Suite 3204, Unit 2A, Block 3 Building D, P.O. Box 1586 Gardenia Court, Camana Bay Grand Cayman, KY1-1100, Cayman Islands		Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong

Group Structure

(as at 31 March 2026)



Board of Directors



ODJARGAL JAMBALJAMTS

**Executive Director and
Chairman of the board of directors**

Mr. Jambaljamts, aged 60, was appointed as an executive Director of the Company on 18 May 2010. Mr. Jambaljamts is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. From 1993 to the present, Mr. Jambaljamts has been the Chairman of MCS Holding LLC and was appointed as the Chairman of MCS Mongolia LLC, a controlling shareholder of the Company, in 2017 (together with its subsidiaries, the "MCS Group"). Mr. Jambaljamts was a director of Starain Limited from January 2011 to August 2017, MCS Global Limited and MCS (Mongolia) Limited from 2012 to 2017, Novel International Investment Limited from March 2012 to October 2019, Novel Holdings Group Limited from March 2012 to January 2021, and MCS Mining Group Limited from July 2012 to January 2021, respectively. Mr. Jambaljamts is a controlling shareholder of the Company. From 1989 to 1991, Mr. Jambaljamts served as an automation engineer at the Energy Authority of Ulaanbaatar, Mongolia. From 1992 to 1993, he served as an economist at Hydropower LLC for the Project of Egjiin River. Mr. Jambaljamts was awarded a bachelor's degree in cybernetics of electrical system by the Kiev Polytechnic Institute, Ukraine, and holds his master's degree in business administration from the Maastricht School of Management, Ulaanbaatar, Mongolia.



BATTENGEL GOTOV

**Executive Director and
Group Chief Executive Officer**

Dr. Gotov, aged 53, was appointed as an executive Director of the Company on 18 May 2010. Dr. Gotov joined the Group in June 2008 as the Chief Executive Officer of Energy Resources LLC ("ER"). He has been serving as the Chief Executive Officer of Energy Resources Corporation LLC since August 2010. He was also appointed as the Chief Executive Officer of Khangad Exploration LLC ("KEX") from December 2012 until his resignation in both ER and KEX in December 2023. Dr. Gotov has also been a director of Mongolian Coal Corporation Limited since 11 June 2011. He holds the position of category A Manager for Mongolian Coal Corporation S.à.r.l. and Baruun Naran S.à.r.l. respectively. Dr. Gotov was appointed as a director of Mongolian Mining Corporation Pte. Ltd. in November 2022. He served as the Chief Executive Officer of Energy Resources Rail LLC from February 2023 to August 2024. Dr. Gotov was appointed as the chairman of board of directors of KEX on 31 May 2024 and ER on 1 January 2026. Since 2004, Dr. Gotov has held various managerial positions within MCS Group. From 1996 to 2000, he was an Assistant Professor at Comenius University in Bratislava. He then pursued research as a fellow sponsored by the Alexander von Humboldt Foundation at the University of Cologne, Germany in September 2000, and further stayed at the University of Cologne from September 2000 until October 2003 as a postdoctoral fellow. Dr. Gotov has been a board member of the Mongolian National Mining Association since 2010 and was appointed as chairman on 27 April 2022. He was appointed as president and chairman of the Mongolian Basketball Association NGO on 20 April 2022. Dr. Gotov was awarded a master's degree in science and a PhD in organic chemistry by the Comenius University, Slovakia.

ENKHTUVSHIN GOMBO, aged 54, is a non-executive Director of the Company. Ms. Gombo was appointed as a non-executive Director of the Company on 30 September 2017. She is also a member of the Audit Committee and Environmental, Social and Governance Committee of the Company. Ms. Gombo holds the position of vice president and director of the Finance Department of MCS Holding LLC and is a board member of MCS Mongolia LLC, a controlling shareholder of the Company. Ms. Gombo joined MCS Holding LLC in 2003 as a financial analyst, subsequently appointed as the head of the Planning Unit under the Finance Department in 2006. Ms. Gombo was promoted to vice president and director of the Finance Department in 2008. Since her appointment by MCS Holding LLC, she has successfully organised the first international auditing within MCS Group and established a strong financial team, and good relationships with international financial organisations and commercial banks. Ms. Gombo previously served as a non-executive Director and a member of the Audit Committee of the Company from its initial public offering on 13 October 2010 to 12 October 2014. Ms. Gombo was awarded a bachelor's degree in Banking and Finance from the Economics College of Mongolia in 1994. In 1997, she was awarded a master's degree in International Banking and Finance at Birmingham University Business School, Birmingham, United Kingdom.

ARIUNBAYAR BYAMBADORJ, aged 40, is a non-executive Director of the Company. Mr. Byambadorj was appointed as a non-executive Director of the Company on 1 January 2026. He is a member of the Environmental, Social and Governance Committee of the Company. Mr. Byambadorj has been serving as the Deputy Director of MCS Investment LLC since January 2021. Mr. Byambadorj was awarded a bachelor's degree in Economics by the National University of Mongolia (the "NUM") in 2008. Mr. Byambadorj began his career as a Financial Analyst at MCS Holding LLC in July 2008 and subsequently served as the Executive General Manager of Investment and Planning of the Company from October 2008 to October 2020. During his tenure, he was involved in the Company's initial public offering, international bond issuances, and corporate financing activities, and was responsible for financial planning, budgeting, and long-term financial modeling for mining operations. Mr. Byambadorj is a finance professional with over 15 years of experience in investment analysis, financial planning and strategic development. He has extensive experience in supporting major expansion initiatives, advising on investment decisions, and conducting comprehensive financial assessments across a wide range of industries.

CHAN TZE CHING, IGNATIUS, aged 69, is an independent non-executive Director of the Company. Mr. Chan was appointed as an independent non-executive Director of the Company on 16 September 2010. He is the Chairman of the Audit Committee and a member of the Environmental, Social and Governance Committee of the Company. From 1980 to 2007, Mr. Chan held various positions in Citigroup, including management associate, country treasurer and head of sales and trading, head of corporate banking business for Hong Kong, country officer for Taiwan, chief operating officer for Greater China, country officer for Hong Kong and head of corporate and investment banking business for Greater China. Mr. Chan served as a member of the board of directors of the Community Chest of Hong Kong from September 1999 to 22 June 2020 and was re-appointed for various terms. From 28 November 2012 to 20 June 2014, Mr. Chan was appointed as an independent non-executive director of Larry Jewelry International Company Limited, the shares of which are listed on the Stock Exchange. From 1 March 2011 to 19 June 2016, Mr. Chan served as a member of the Sponsorship and Development Fund of The Open University of Hong Kong (now known as Hong Kong Metropolitan University). From 19 October 2012 to 18 October 2018, Mr. Chan served as a member of the Executive Committee of the Investor Education Centre (IEC) of the Securities and Futures Commission. From 1 April 2013 to 31 December 2015, Mr. Chan served as Deputy Chairman of the Council of the Hong Kong Polytechnic University and from 1 January 2016 to 31 December 2018, he served as Chairman of the Council. From 1 April 2013 to 31 March 2019, Mr. Chan served as a member of the Hong Kong Tourism Board. He has served as a member of the Council of Hong Kong Red Cross from 1 April 2010 to 31 August 2022, the deputy chief executive of the Bank of China (Hong Kong) Limited in 2008 and has been the senior advisor of CVC Capital Partners Limited from 1 November 2010 to 31 October 2021. Mr. Chan was appointed as the senior advisor of The Bank of East Asia Limited in March 2009, as a member of the Hospital Governing Committee of Hong Kong Red Cross Blood Transfusion Service on 1 April 2022 and its Chairman on 1 April 2023. Mr. Chan has served as Board Adviser of Hong Kong New Territories General Chamber of Commerce since 28 May 2013. He served as an Honorary Advisory Vice President of The Hong Kong Institute of Bankers from 14 February 2011 to 31 December 2018. Mr. Chan served as a member of the Standing Commission on Civil Service Salaries and Conditions of Service of the Government of the Hong Kong Special Administrative Region from 1 January 2014 to 31 December 2019. Mr. Chan has served as a member of the Financial Reporting Council (FRC) from 1 December 2014 to 30 September 2020 and a member of the Standing Committee on Judicial Salaries and Conditions of Service from 1 January 2017 to 31 December 2022. Mr. Chan served as a member of the Disciplinary Appeals Committee of the Hong Kong Securities Clearing Company Limited from 11 December 2009 to 28 April 2021, and an independent non-executive director of Hong Kong Exchanges and Clearing Limited from 23 April 2009 to 28 April 2021, the shares of which are listed on the Stock Exchange. Mr. Chan served as a non-executive director of Rizal Commercial Banking Corporation (RCBC) from 28 November 2011 to 24 June 2019, the shares of which are listed on the Philippines Stock Exchange. From 6 August 2013 to 12 March 2018, he served as a non-independent non-executive director of Affin Holdings Berhad, the shares of which are listed on Bursa Malaysia. Affin Holdings Berhad's listing on the Malaysian stock exchange was replaced by Affin Bank Berhad on 2 February 2018. He has served as a non-independent non-executive director of Affin Bank Berhad since 1 December 2017, the shares of which are listed on Bursa Malaysia on 2 February 2018. Mr. Chan has served as an independent non-executive Director of China State Construction International Holdings Limited since 8 June 2023, the shares of which are listed on the Stock Exchange. He served as a chairman of PRASAC Microfinance Institution in Cambodia from 14 March 2017 to 7 April 2020. Mr. Chan was awarded the bachelor's and master's degrees in business administration by the University of Hawaii, United States, and is a Certified Public Accountant with the American Institute of Certified Public Accountants.

DELGERJARGAL BAYANJARGAL, aged 53, is an independent non-executive Director of the Company. Ms. Bayanjargal was appointed as an independent non-executive Director of the Company on 17 January 2025. She is the Chairman of the Remuneration Committee and a member of the Audit Committee, Environmental, Social and Governance Committee and Nomination Committee of the Company. Since June 2022, Ms. Bayanjargal has been serving as an independent director of M Bank Closed JSC, which is wholly owned by MCS Holding LLC, and in turn controlled by MCS Mongolia LLC, a controlling shareholder of the Company. Ms. Bayanjargal served as the Chief Financial and Operating Officer of Zes Erdeniin Huvi LLC from July 2021 to April 2025, a company incorporated in Mongolia and engaged in the cathode copper processing business. Ms. Bayanjargal was awarded a bachelor's degree in Banking Economics and Finance from the University of Finance and Economics (formerly known as Institute of Finance and Economics) in Mongolia (the "UFE") in 1997. Ms. Bayanjargal served as a board member of LendMN NBFI JSC, a company listed on the MSE, from 2018 to 2022. Prior to that, she was a board member of Tenger Insurance LLC from 2014 to 2016. From 2014 to April 2017, Ms. Bayanjargal served as a member of the Finance and Audit Committee of MIK Holding JSC, which is listed on the MSE since 2015, and its housing finance subsidiary, Mortgage Corporation HFC LLC ("MIK HFC"). She also served as a chairperson and a member of the board of Development Solution NGO from 2011 to 2016, and a board member of the Quality Supplier Development NGO from 2015 to 2018, both projects funded by the United States Agency for International Development (the "USAID"). Ms. Bayanjargal served as the Chief Operating Officer of And Systems LLC from 2019 to 2021 and the Chief Executive Officer of LendMN NBFI JSC from 2018 to 2019. She served as the Deputy Chief Executive Officer of Tenger Insurance LLC from 2017 to 2018. Ms. Bayanjargal held various management positions at XacBank from 2001 to 2017, which was later listed on the MSE in 2023. Earlier in her career, Ms. Bayanjargal served as an officer at the Listing and Research Department of MSE from 1992 to 1993, and subsequently from 1997 to 1998. She was also a Loan Officer, later advancing to Financial Manager and Head of Department at Khugjliin Altan San NBFI, which was later transformed into XacBank, from 1998 to 2001.

TSEND-AYUSH TUVSHINTUR, aged 55, is an independent non-executive Director of the Company. Dr. Tuvshintur was appointed as an independent non-executive Director of the Company on 17 January 2025. Dr. Tuvshintur is the Chairman of the Environmental, Social and Governance Committee and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Dr. Tuvshintur has been serving as the executive director of Corporate Governance Development Center in Mongolia (the "CGDC") since January 2015. She has been serving as a board member of MIK ASSET SPC LLC, a wholly owned subsidiary of MIK HFC, since 2018. Dr. Tuvshintur was awarded a bachelor's degree in Production Management and Economics by the Faculty of Economics from the NUM in 1992. She obtained a master's degree in Economics and completed her Ph.D. in Business Administration from the NUM in 2012. Dr. Tuvshintur began her academic career as a lecturer at the UFE since 1993. From 2006 to 2008, she served as, deputy director of the Consultancy Center at UFE and later as secretary of the Board of Trustees at UFE from 2014 to 2018. She was the program director for the Joint MBA Program in Corporate Governance, a collaboration between UFE and CGDC, from 2015 and 2019. Dr. Tuvshintur was the secretary of the Board of Trustees at CGDC from 2009 to 2013, and served as a board member of Information Communications Network LLC from 2016 to 2017 and an independent board director of Mongol Basalt JSC, a company listed on the MSE, from 2018 to 2020. In 2010, Dr. Tuvshintur coordinated the first corporate governance training for board members of state-owned enterprises in collaboration with the International Finance Corporation (the "IFC"), the USAID, the Ministry of Finance of Mongolia and the State Property Committee. In 2011, Dr. Tuvshintur conducted research on corporate governance practices among the Top 20 companies listed on the MSE, in partnership with Japanese researchers and the NUM. In 2012, she coordinated a collaborative project between Financial Regulatory Commission of Mongolia (the "FRC"), MSE, IFC and CGDC to evaluate the corporate governance index of the MSE's Top 20 companies, and also calculated the first Transparency Index for Mongolian publicly traded companies using archival data from the FRC. From 2015 to 2016, Dr. Tuvshintur initiated and led the Annual Reporting Award of Mongolia project with support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Mongolia to promote international reporting standards among state-owned enterprises and publicly listed companies.

Senior Management



OYUNBAT LKHAGVATSEND
President and Chief Executive –
Gold & Metals

Mr. Lkhagvatsend, aged 49, was appointed as the Deputy Chief Executive Officer of the Company on 10 May 2013. Mr. Lkhagvatsend was appointed as the chairman of the board of directors of EM in January 2024. Mr. Lkhagvatsend was appointed as the Chief Executive Officer of Universal Copper LLC ("UCC") on 1 April 2025. Mr. Lkhagvatsend has over 18 years of experience in the business sector of Mongolia, holding senior positions in various businesses in the country. From 2003 to 2005, Mr. Lkhagvatsend was the chief executive officer of Newcom Group and was responsible for strategy planning and business development. From May 2005 to December 2006, he was the president and chief executive officer of Eznis Airways LLC and was in charge of strategy planning, project management and other corporate affairs. He joined the Group in 2008 as the Chief Executive Officer of Energy Resources Rail LLC and was responsible for overall business strategy and planning until February 2023. Mr. Lkhagvatsend was awarded a bachelor's degree in law by the National University of Mongolia, Mongolia. He also underwent executive trainings held by the Michigan Business School, United States.



ENKHBAT DORJPALAM
President and Chief Executive –
Coal & Energy

Mr. Dorjpalam, aged 44, joined the Group as the Deputy Chief Executive Officer in February 2023. He was appointed as the Chief Executive Officer of ER and KEX in December 2023. His primary responsibility is to lead and oversee the Group's coal mining, processing, transportation, sales and marketing operations. Mr. Dorjpalam served as the Chief Executive Officer of United Power LLC, Ukhaa Khudag Water Supply LLC, Tavan Tolgoi Airport LLC and Tavan Tolgoi Power Plant Water Supply LLC from April to December 2023. Since 2004, Mr. Dorjpalam served in various managerial positions within the MCS Group companies, including the Chief Executive Officer of Unitel Group from 2017 to 2022. He was awarded a bachelor's degree in telecommunication engineering from the Mongolian University of Science and Technology, and holds his master's degree from the National Academy of Governance, Mongolia.



ULEMJ BASKHUU
Executive Vice President and
Group Chief Financial Officer

Ms. Baskhuu, aged 47, was appointed as the Company's Chief Financial Officer responsible for the overall financial management, liquidity, asset management and investor relations of the Company on 27 August 2013. Ms. Baskhuu joined the Group as vice president responsible for investment of Energy Resources Rail LLC in December 2008. Ms. Baskhuu has worked for major banks and held various senior positions such as director of Financial Institutions at the Trade and Development Bank of Mongolia and head of investment banking at Khan Bank. Ms. Baskhuu was awarded a bachelor's degree in business administration from the Mercer University, United States.



UURTSAIKH DORJGOTOV
Executive Vice President and
Group Chief Legal Officer

Ms. Dorjgotov, aged 62, joined the Group in December 2009. Prior to joining the Company, Ms. Dorjgotov was the director of the legal and administration department and chief legal counsel of MCS Holding LLC. She also worked for 6 years on the USAID-funded Mongolia Privatisation Programme of Barents Group of Bearing Point, Inc. as in-house lawyer and for 9 years at the Prosecutor General Office of Mongolia as a supervising prosecutor. Ms. Dorjgotov was awarded a master's degree (LLM) by the University of Waikato, New Zealand, and also a diploma of lawyer by the University of Irkutsk, Russia.

Chairman's Statement

Dear Shareholders,

I am extremely pleased to report that, in 2025, the Group achieved transformational milestones in advancing its strategic objectives to expand its business portfolio, thus ensuring sustainable growth and long-term value creation to its shareholders and all other stakeholders.

In line with Group's long-term development objectives to diversify the revenue sources and reduce its reliance on a single commodity, the commercial gold production from Bayan Khundii ("BKH") mine was launched by Group's operating subsidiary EM during an official ceremony held on 14 September 2025. I am proud to see the BKH mine development reach this significant milestone, and I would like to extend congratulations to all employees, contractors, and partners whose dedication made this milestone possible, transforming this project into a fully operational gold mine. Indeed, the team involved deserves tremendous credit for their hard work and dedication, and once again reconfirm Group's proven track record to deliver on time and on budget complex mining and infrastructure projects in remote locations.

According to industry sources, gold prices experienced a historic surge in 2025, with the annual average price reaching approximately 3,431-3,435 USD per troy ounce ("oz"), a 44% increase from 2024. As such, gold price touched record highs, ending the year above 4,300 USD per oz and eventually stabilizing around 4,700 USD per oz in early 2026 driven by aggressive central bank buying, geopolitical tensions, and interest rate cuts. Notably, the silver market experienced a historic surge in 2025 as well, with market prices significantly increasing from around 29 USD per oz at the start of the year to over 70 USD per oz by end of the year. This is explained by structural supply deficit driven by higher industrial demand to meet increasing requirements from sectors like solar renewable energy, electric vehicles, artificial intelligence etc.

In meantime, continuing challenges faced by steel industry in China impacted coking coal prices during the last year. Nevertheless, China's coking coal imports remained at elevated level and reached 119 million tonnes ("Mt") in 2025 (2024: 122 Mt). According to industry reports, in 2025, Mongolia maintained its dominant position as a largest coking coal importer to China with around 51% market share.

The Group's operating subsidiaries ER and Khangad Exploration LLC ("KEX") continued to deliver a robust operational performance from UHG and BN coking coal mines in 2025 by extracting and processing 15.0 Mt of run-of-mine ("ROM") coal, while producing 8.9 Mt of washed coal products, transporting and delivering to its customers 10.1 million tonnes of coal.

In 2025, the Group (i) recorded revenue USD823.4 million, of which USD792.1 million was generated by coking coal reporting segment and USD31.3 million by gold and metals reporting segment, and (ii) delivered solid adjusted EBITDA USD203.0 million; and (iii) booked profit USD12.5 million.

I believe that with EM set to ramp up its gold production during 2026, the Group is well positioned to expect increased revenue contribution from its gold and metals reporting segment, while coking coal market conditions continue to appear challenging in the near term and the Group is focused on maintaining safe and cost-efficient production by ER and KEX, thus positioning itself for capturing potential upside from its coking coal reporting segment, if steel demand and markets conditions improve.

Moreover, the Group shall remain unconditionally focused on maximizing asset utilization and optimizing business performance for its coking coal reporting segment and at same time continue to explore new opportunities to expand business operations under its gold and metals reporting segment through potential strategic cooperation and joint venture arrangements by also prudently identifying possible investment and development targets, primarily in Mongolia. Accordingly, in 2025, following the acquisition of controlling stake in UCC, the Group conducted activities such as geological and hydrogeological exploration drilling and modeling, bulk sampling, metallurgical testing required to derive inputs to prepare relevant technical reports and complete feasibility study for advancing copper-silver-gold mine development project within areas covered under three minerals exploitation special permits held by UCC. I am pleased to note that the Group reported maiden JORC compliant resource around 36.3 million oz of silver in indicated and inferred category at Urkhut ("URT") deposit. This shall serve as a solid foundation to further expand and diversify Group's revenue sources in foreseeable future.

As a largest internationally listed private mining company with operations focused on and located in Mongolia, the Group continuously engaged in advocating industry-wide investment landscape in the country, while persistently protecting its lawful interests and rights. The Group supports constructive dialogue among all stakeholders by seeking non-discriminatory solutions within the existing legal framework, which will be ultimately acceptable to all parties involved, including government lawmakers and regulators, communities, public, investors, and mining companies.

The Group remains absolutely committed to creating the utmost value for our shareholders and all other stakeholders, including communities where we operate and our people, a formidable force of almost 3,300 hard-working talented and experienced professionals, forged and hardened by ups and downs faced by industry.

On behalf of the Board, I would like to express my deepest gratitude to our shareholders for the continuing long-term support and sharing our vision to become a leading mining company in the region.

Odjargal Jambajamts

Chairman

17 March 2026

FINANCIAL & OPERATING REVIEWS



Coking (Metallurgical) Coal

INDUSTRY OVERVIEW

According to the World Steel Association, China accounted for 52.0% of the global steel production, which totalled 1,849.4 Mt, in 2025. China's crude steel production was 960.8 Mt in 2025, compared to 1,005.1 Mt reported in 2024, representing a 4.4% year-on-year ("YoY") decrease. In 2025, China's domestic crude steel consumption declined by 6.2% YoY, however, its steel exports increased by 7.5% YoY from the previous year.

The National Bureau of Statistics of China reported that China's coke production and coke consumption in 2025 was 504.1 Mt and 479.2 Mt, respectively (2024: 489.3 Mt and 459.1 Mt, respectively). According to Fenwei Digital Information Technology Co., Ltd. ("Fenwei"), China's coke exports decreased by 4.8% YoY to 7.9 Mt in 2025 (2024: 8.3 Mt).

According to Fenwei, China's coking coal consumption increased to 599.1 Mt in 2025 from 587.8 Mt in 2024, while domestic coking coal production increased to 479.5 Mt in 2025 from 473.0 Mt in 2024.

The General Administration of Customs of China reported that China's coking coal imports reached 118.6 Mt in 2025, thus, remained at elevated levels, albeit 3.0% decrease from record high of 122.3 Mt reported in 2024. Mongolia maintained its position as a leading source for imported coking coal by accounting for almost 51% of the total coking coal imports to China, as tabulated below.

Table 1: China's coking coal imports by country (Mt) (Notes):

Country	2025	Market share	2024	Change
Mongolia	60.1	50.7%	56.8	+5.8%
Russia	32.8	27.7%	30.5	+7.5%
USA	2.9	2.4%	10.7	-72.9%
Australia	8.9	7.5%	10.4	-14.4%
Canada	10.8	9.1%	9.0	+20.0%
Others	3.1	2.6%	4.9	-36.7%
Total	118.6	100.0%	122.3	-3.0%

Source: Fenwei.

Notes:

(i) Imports from Mongolia include raw unprocessed, dry and wet processed coking coal.

(ii) Rounding may cause minor discrepancies in totals and percentages.

COAL MINING ASSETS

The Group is the largest producer and exporter of washed coking coal products in Mongolia. ER, its wholly-owned subsidiary, operates the UHG coking coal mine, and KEX, its majority-owned subsidiary, operates the BN coking coal mine, both located in Umnugobi aimag (province), Mongolia.

The UHG deposit sits within the 2,960 hectares covered by Mining License MV-011952 ("UHG mining license"), granted to the Group effective for 30 years from 29 August 2006, extendable twice by 20-year periods. The BN deposit is covered by two mining licenses. Mining License MV-014493 ("BN mining license") of 4,482 hectares area was obtained through the acquisition of Baruun Naran Limited, formerly known as QGX Coal Limited, on 1 June 2011, and is effective for 30 years from 1 December 2008. Mining License MV-017336 ("THG mining license") of 8,340 hectares area was granted to the Group on 24 June 2013, effective for 30 years. Both licenses are extendable twice, by 20-year periods.

As reported in the Company's Interim Report 2024 and Annual Report 2024, the Law on the National Wealth Fund and amendments to related Mongolian laws, including the Minerals Law, were adopted by the Parliament of Mongolia ("Parliament") on 19 April 2024 and came into effect on 11 May 2024.

Therefore, pursuant to Article 5.4 and 5.5 of the Minerals Law, the state may hold (i) up to 50% of the shares in the license-holding legal entity free of charge, if Mineral Deposits of Strategic Importance ("Strategic Deposits") reserves were defined through state-funded exploration, and (ii) up to 34% of the shares in the license-holding legal entity free of charge, if Strategic Deposit reserves were defined through privately funded exploration, provided that the deposit is to be jointly exploited by the state and a private entity. The definite state shareholding percentage can be determined based on the amount of the state investment made, or alternatively, it can be replaced by a special royalty, as to be defined by the Parliament.

As disclosed by the Company in the Interim Report 2025, a working group (the "Working Group") was established by the GOM on 20 June 2025 and tasked to enter negotiations with legal entities holding mining licenses covering deposits designated as Strategic Deposits within the framework of implementing the Law on the National Wealth Fund. This Working Group has been mandated to examine the implementation of relevant laws and government decisions concerning such negotiations, report its findings to the GoM, and develop recommendations for further action.

UHG mining license, BN mining license and THG mining license areas are included within the boundaries defined by GoM Resolution No. 300 dated 3 October 2018 for Tavan Tolgoi ("TT") coal deposit, which was designated by Parliament Resolution No. 27 dated 6 February 2007, among other deposits as Strategic Deposits as stipulated under the Minerals Law.

On 10 February 2026, the Prime Minister of Mongolia, Mr. Zandanshatar Gombojav, signed a Memorandum of Understanding ("MoU") with certain private entities holding minerals exploitation special permits (mining licenses) covering mineral deposits designated as Strategic Deposits, including ER and KEX.

The MoU, which is non-legally binding, outlines key principles agreed after discussions and negotiations between the Working Group and private entities involved: (i) the claim for a state ownership stake will be waived and replaced by special royalty linked to the market price; and (ii) 60% cumulated economic benefit of the relevant Strategic Deposits will be shared with the GoM, including adjustment payment. Such cumulated economic benefit percentage to GoM will be calculated from the sum of economic benefit to the GoM (such as royalties, applicable taxes and fees etc) and economic benefit to investors (such as dividends, shareholder loan interests, management and marketing fees etc). Please refer to the announcement of the Company dated 12 February 2026 for further details.

As of the date of this report, no legally binding agreement was entered into with the GoM regarding this topic. The definitive documentation shall be submitted by the GoM to the Parliament for review and ultimate approval before finalisation.

The Company believes that such MoU represents an important step in finding non-discriminatory solution within the existing legal framework which will be ultimately acceptable to all stakeholders involved, thus improve legal framework for industry-wide investment in Mongolia. Therefore, the Company and its operating subsidiaries (ER and KEX) will actively engage in official communications, correspondence and negotiations with the GoM and its Working Group, provide all inputs required to support constructive dialogue leading to finalising definitive documentation within frames defined by the MoU, while continuing to protect its lawful interests and rights.

The Company will issue further announcement(s) to update the shareholders and potential investors with the progress as and when necessary.

Table 2. UHG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2025 (Notes):

Total Coal Resource Depth limit from topographic surface	Resource Category (Mt)				
	Measured	Indicated	Inferred	Total (M+I)	Total (M+I+J)
Subcrop to Base Horizon of Weathering Elevation ("BHWE")	6	0	3	6	9
BHWE to 100m	48	4	11	52	63
From 100m to 200m	82	9	18	91	109
From 200m to 300m	124	6	13	130	143
From 300m to 400m	88	3	4	91	95
Below 400m	85	7	14	92	106
Sub-Total above 300m	260	19	45	279	324
Sub-Total below 300m	173	10	18	183	201
Total	433	29	63	462	525
Total (Rounded)	430	30	60	460	520

Table 3. BN mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2025 (Notes):

Total Coal Resource Depth limit from topographic surface	Resource Category (Mt)				
	Measured	Indicated	Inferred	Total (M+I)	Total (M+I+J)
Subcrop to BHWE	4	1	1	5	6
BHWE to 100m	51	9	4	60	64
From 100m to 200m	87	12	8	99	107
From 200m to 300m	89	13	8	102	110
From 300m to 400m	87	16	9	103	112
Sub-Total above 300m	142	22	13	164	177
Sub-Total below 300m	176	29	17	205	222
Total	318	51	30	369	399
Total (Rounded)	320	50	30	370	400

Table 4. THG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2025 (Notes):

Total Coal Resource Depth limit from topographic surface	Resource Category (Mt)				
	Measured	Indicated	Inferred	Total (M+I)	Total (M+I+J)
Subcrop to BHWE	–	1	0	1	1
BHWE to 100m	–	13	4	13	17
From 100m to 200m	–	18	4	18	22
From 200m to 300m	–	19	5	19	24
From 300m to 400m	–	16	9	16	25
Sub-Total above 300m	–	51	13	51	64
Sub-Total below 300m	–	16	9	16	25
Total	–	67	22	67	89
Total (Rounded)	–	70	20	70	90

Notes:

- (i) Technical information in the UHG, BN and THG Coal Resource estimation report has been compiled by Mr. Byambaa Barkhas, an employee of the Group. Mr. Barkhas is a member of the Australasian Institute of Mining and Metallurgy (the "AusIMM") (Member #318198) and has over 16 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012). Mr. Barkhas consents to the inclusion and the release of the matters based on this information in the form and context in which it appears in this report. The estimates of the Coal Resource set out in Table 2 to 4 presented in this report are considered to be a true reflection of the UHG, BN and THG Coal Resource as at 31 December 2025, and have been carried out in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).
- (ii) Internal peer audit of these latest structural and coal quality models was conducted by Mr. Lkhagva-Ochir Said. This peer audit confirmed the Group's work to update the UHG, BN and THG geological model, and thus the Coal Resource estimate for the UHG, BN and THG mining license areas, was in compliance with the requirements of the JORC Code (2012). Mr. Said is employed by the Group as Chief Technical Officer. Mr. Said is a member of the AusIMM (Member#316005) and has over 18 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).
- (iii) Due to rounding, discrepancy may exist between sub-totals and totals. Rounding rules refer to Clause 25 of the JORC Code (2012).

Notes:

- (i) Technical information in the BN deposit Coal Resource estimation report has been compiled by Mr. Byambaa Barkhas, employed by the Group as General Manager, Project management – Mining. Mr. Barkhas is a member of the AusIMM (Member #318198) and has over 16 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012). Mr. Barkhas consents to the inclusion in the release of the matters based on this information in the form and context in which it appears in this report. The estimates of the Coal Resource set out in Table 3 and Table 4 presented in this report are considered to be a true reflection of the BN deposit Coal Resource as at 31 December 2025, and have been carried out in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).
- (ii) Internal peer audit of these latest structural and coal quality models was conducted by Mr. Lkhagva-Ochir Said. This peer audit confirmed the Group's work to update the UHG, BN and THG geological model, and thus the Coal Resource estimate for the UHG, BN and THG mining license areas, was in compliance with the requirements of the JORC Code (2012). Mr. Said is employed by the Group as Chief Technical Officer. Mr. Said is a member of the AusIMM (Member#316005) and has over 18 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).
- (iii) Due to rounding, discrepancy may exist between sub-totals and totals. Rounding rules refer to Clause 25 of the JORC Code (2012).

Coal Reserve

UKHAA KHUDAG (UHG) DEPOSIT

The Group engaged Glogex Consulting LLC ("Glogex") to prepare an updated JORC (2012) Coal Reserve statement as at 1 January 2026 for the UHG deposit. The process used was the same as that used to prepare the previous JORC (2012) Coal Reserve estimate, with the updated JORC (2012) Coal Reserve estimate again based on open cut, multi seam, truck and excavator mining methods. The last reserve statement was made on the basis of revised surface topography, to account for depletion as a result of mining activity between 1 January 2025 and 1 January 2026.

Pit optimisation software was used to generate a series of nested pit shells corresponding to varying revenue factors, simulating incrementally different economic scenarios as impacted by mining cost or coal price variance. The pit algorithms used for incorporation included the following:

- geotechnical constraints, including limitation of overall slope angles within the pit by sector, ex-pit dump offset from LOM pit shell crest and maximum pit depth, with updates on basis of research and analyses made since timing of the previous JORC (2012) Coal Reserve estimate, as provided by Mr. John Latilla of AMC Consultants Pty Ltd. ("AMC");
- washability curves on seam ply basis, as prepared by the Group's processing team for inclusion in the previous JORC (2012) Coal Reserve estimate, to individual coal seams based upon propensity for processing into coking and/or thermal products, with update made to reassign portion of Seam 0B and 0AU from thermal to coking coal production, based upon results observed during production trials in 2017;
- updated cost input assumptions, derived from recent historical operating performance at UHG

mine on the basis of sustainable cost reductions made in response to difficult market conditions, and as forecast based upon negotiated reductions in cost for mining and blasting contractor services; and

- updated revenue input assumptions, derived from an updated market study prepared by Fenwei, which provided for medium to long term forecasting of expected Free-on-Transport ("FOT") pricing at UHG mine for hard coking, semi-soft coking and thermal coal products planned for production.

The ROM raw coal tonnages resulting from the updated statement of the JORC (2012) Coal Reserve estimate for the UHG deposit as at 1 January 2025 based upon an as-received basis total moisture with 3.64% for coking and 2.68% for thermal coal types, are shown in Table 5.

BARUUN NARAN (BN) DEPOSIT

Coal Reserve statement for the BN deposit was prepared by Glogex with the resulting statement dated 1 January 2026. The LOM mining plan prepared to underpin the current JORC (2012) Coal Reserve estimate for the BN deposit was based upon open cut, multi seam, truck and excavator mining methods. Pit optimisation software was used to generate a series of nested pit shells corresponding to varying revenue factors, simulating incrementally different economic scenarios as impacted by operating cost and coal revenue variance. The last reserve statement was made on the basis of revised surface topography, to account for depletion as a result of mining activity between 1 January 2025 to 1

January 2026.

The pit optimisation algorithms used for implementation included the following:

- limitation of open pit depth to 360m from surface, and overall slope angle restrictions, based upon geotechnical advice received from Mr. John Latilla of AMC;
- categorisation of coal seams for scheduling purposes on basis of propensity for coking or thermal coal production, based upon recommendations made by Mr. John Trygstad of Norwest;

The JORC (2012) Coal Reserve estimate for the BN deposit prepared on basis of the above is summarised in Table 6, with tonnage estimation based on an as-received basis total moisture with 1.8% for coking coal and 2.62% for thermal coal types.

Table 5. UHG mining license JORC (2012) Coal Reserve estimate, as at 1 January 2026 (Notes):

ROM Coal Reserve	Reserve Category (Mt)		Total
	Proved	Probable	
Coking	301	10	311
Thermal	17	-	17
Total	318	10	328

Table 6. BN mining license JORC (2012) Coal Reserve estimate, as at 1 January 2026 (Notes):

ROM Coal Reserve	Reserve Category (Mt)		Total
	Proved	Probable	
Coking	235	23	258
Thermal	8	1	9
Total	243	24	267

Notes:

- The estimate of Coal Reserve presented in Table 5, Table 6 has been carried out in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012). Technical information in the UHG Coal Reserve estimation report has been compiled by Mr. Naranbaatar Lundeg, who is a Member of the AusIMM (Member #326646). He is the General Director and Executive Consultant of Glogex. He holds a bachelor's degree of mining industrial management and a master's degree of business administration in the field of financial management. He has extensive experience in the mining industry, having worked with major mining companies and as a consultant for over 24 years. During this time, he has either managed or contributed significantly to numerous mining studies related to the estimation, pit optimisation, mine planning, assessment, evaluation and economic extraction of coal in Mongolia. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify him as a Competent Person as defined under the JORC Code (2012). Mr. Lundeg consents to the inclusion and the release of the matters based on this information in the form and context in which it appears in this report.
- Due to rounding, discrepancy may exist between sub-totals and totals.

PRODUCTION AND SALES

The Group mined a total of 14.7 Mt of ROM coal in 2025, of which 11.1 Mt and 3.6 Mt was mined from UHG mine and BN mine, respectively.

Coal handling and preparation plant ("CHPP") processed a total of 15.0 Mt of ROM coal to produce 8.9 Mt of washed coal products in 2025.

Coal products are transported from CHPP to the transshipment facilities located at Tsagaan Khad ("TKH") and Gashuunsukhait Terminal ("GST"). Subsequently, coal products are exported from Mongolia to China and delivered to designated stockyards located at the Ganqimaodu ("GM") border point in China. Transportation from UHG to TKH and GST was performed exclusively by the Group's own trucking fleet, while deliveries to GM were undertaken through a combination of the Group's own trucking fleet and third-party contractors.

Coal products are sold by the Group under various delivery terms: (i) local sales are concluded under ex-warehouse UHG and free carrier TKH terms, while (ii) export sales are concluded under Delivery-at-Place GM and Free-on-Transport GM ("FOT GM") terms.

The Group sold a total of 10.1 Mt coal products in 2025 (2024: 8.6 Mt). The total washed coking coal product mix sold in 2025 comprised the following: 4.9 Mt washed hard coking coal ("HCC"), 0.5 Mt washed semi-soft coking coal ("SSCC") and 2.9 Mt washed mid-ash semi-hard coking coal ("MASHCC") (2024: 4.7 Mt, 0.4 Mt, and 2.7 Mt, respectively).

The coal products sold via online auctions through the MSE commodity exchange platform were 29% of the Group's total sales volume in 2025 (2024: 55%). This reflects fluctuations linked to a balanced marketing approach aiming to maximise product pricing through a competitive process.

Average selling price ("ASP") for all washed coal products sold under various delivery terms was USD82.2 per tonne in 2025, representing 32% YoY decrease from USD120.8 per tonne in 2024. The ASP for mid-volatile HCC, high-volatile HCC, SSCC, MASHCC, and middlings was USD117.2, USD105.5, USD94.1, USD48.2, and USD34.5 per tonne, respectively.

COST OF REVENUE

The coking (metallurgical) coal operations' cost of revenue amounted to USD662.1 million in 2025, of which USD532.3 million was attributable to UHG mine and USD129.8 million was attributable to BN mine.

Mining costs are related to overburden and topsoil removal, as well as ROM coal extraction, including costs related to staff costs, maintenance costs, fuel costs, fees to blasting and mining contractors, depreciation and amortisation. Unit mining cost was USD21.4 per ROM tonne in 2025 (2024: USD18.8 per ROM tonne).

Processing costs are associated with CHPP operations, including costs related to staff costs, maintenance costs, power generation costs, water extraction costs, consumables, depreciation and amortisation. Unit processing cost was USD5.6 per ROM tonne in 2025 (2024: USD4.8 per ROM tonne).

The unit transportation cost was USD15.5 per tonne in 2025 (2024: USD17.4 per tonne).

The royalty is charged by the GoM in the range of 5% to 8% according to the sliding scale linked to price for exported processed coal products and calculated using monthly benchmark prices published by relevant authorities. The royalty for coal products traded through the MSE commodity exchange platform was calculated based on the monthly average trading price as published by the MSE. The Group's effective royalty rate was 5.2% in 2025 (2024: 7.2%).

FIGURE 1. THE GROUP'S ANNUAL ROM COAL PRODUCTION VOLUMES (IN Kt) FOR 2023-2025:

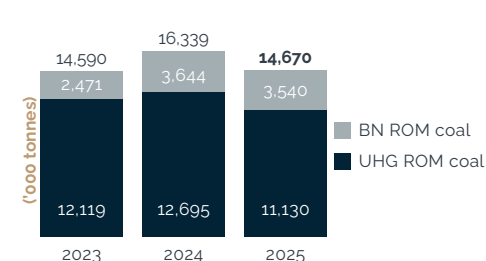


FIGURE 2. THE GROUP'S ANNUAL PROCESSED COAL PRODUCTION VOLUMES (IN Kt) FOR 2023-2025:

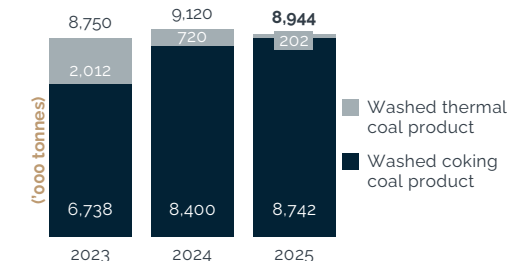


Table 7: Costs of revenue coking (metallurgical) coal:

	2025 (USD'000)	2024 (USD'000)
Cost of revenue	662,118	628,177
Mining cost	312,502	269,334
Variable cost	183,906	156,912
Fixed cost	47,413	36,844
Depreciation and amortisation	81,183	75,578
Processing cost	82,070	67,989
Variable cost	32,596	28,211
Fixed cost	25,823	17,031
Depreciation and amortisation	23,651	22,747
Handling cost	17,898	18,839
Transportation cost	143,174	143,589
Logistic cost	15,010	15,691
Site administration cost	37,504	30,398
Transportation and stockpile loss	5,853	2,929
Royalties and fees	48,107	79,408

Gold and Metals

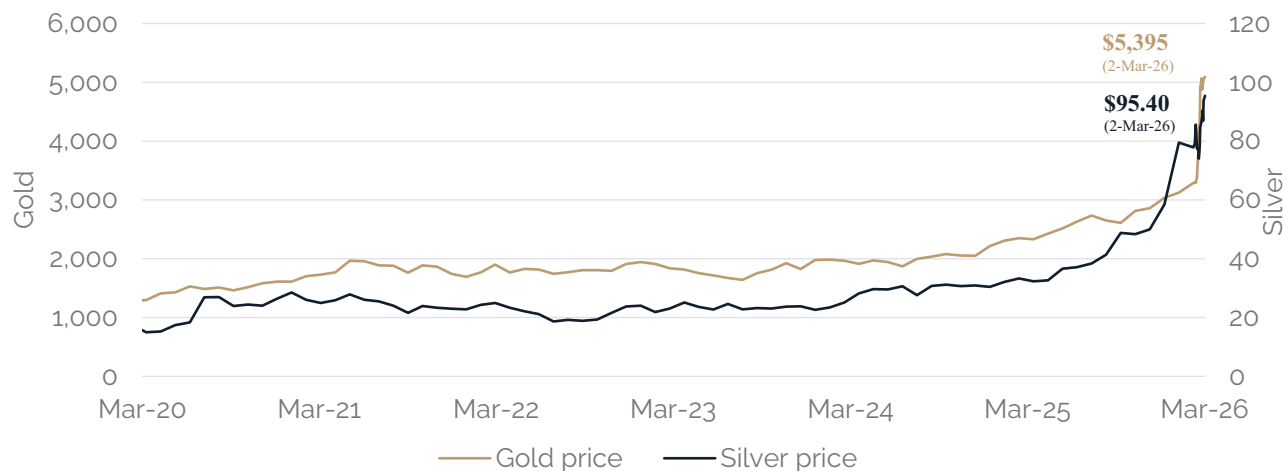
INDUSTRY OVERVIEW

According to the World Gold Council, in 2025, annual gold demand reached 5,002 tonnes, while reported mine production was 3,672 tonnes.

Increased geopolitical tensions and economic uncertainty, alongside expansionary fiscal spending and monetary supply growth, drove up demand for safe-haven assets such as gold. Gold prices jumped to historic highs in 2025, and as at the end of the reporting period, the London Bullion Market Association (LBMA) London Fix Price stood at USD4,389 per ounce ("oz").

The Bank of Mongolia ("BoM") and its designated commercial banks purchase gold from producers in Mongolia at prices determined by the LBMA London Fix Price international market price, denominated in local currency Mongolian Togrog ("MNT"), which is subject to the lowest applicable 5.0% royalty tax charged by the GoM according to the relevant provisions under the Minerals Law of Mongolia. The BoM purchased 16.3 tonnes of gold in 2025 (2024: 16.5 tonnes).

Figure 3: Gold & silver daily spot price movements since 2020 (in USD per oz)



Source: Bloomberg

Silver outpaced gold in 2025, registering growth of approximately 71%, compared to gold's 54%. According to industry sources, silver mine production had been decreasing for the past ten years, especially in Central and South America, due to mine closures, resource depletion and infrastructure challenges. Meanwhile, industrial demand for silver continues to be driven by increasing use in electric vehicles, for AI components and in photovoltaics.

The Silver Institute estimated that in 2025, silver supply deficit was around 95 million ounces ("Moz") and this results in a fifth successive year with cumulative deficit of almost 820 Moz since 2021. As at the end of the reporting period, the LBMA London Fix Price for silver stood at USD75 per oz.

GOLD AND METALS MINING ASSETS

The Group is a 50% equity holder in EM, which owns and operates BKH gold mine, and a 50.5% equity holder in UCC, which develops White Hill ("WTH") copper deposit and Urkhut ("URT") silver deposit, both located in Bayankhongor aimag (province), Mongolia.

Mining license MV-021444 ("Khundii mining license") covers 2,309 hectares, obtained through the acquisition of EM and is effective for 30 years from 5 August 2019, extendable twice by 20-year periods.

The Altan Nar gold-polymetallic deposit sits within 4,669 hectares covered by Mining License MV-021547 ("AN mining license"), obtained by the Group through the acquisition of EM and is effective for 30 years from 5 March 2020, extendable twice by 20-year periods. The AN mining license is located 16 km northwest of Khundii mining license.

Exploration license XV-016057 ("Ulaan exploration license") is located within the 1,780 hectares to the west of the Khundii mining license, obtained through the acquisition of EM, effective for 3 years from 16 February 2015, and extendable three times by 3-year periods. In 2026, the Group will initiate process required to convert the Ulaan exploration license to mining license according to requirements set by relevant laws and regulations.

The Group obtained three mining licenses through its acquisition of UCC with transaction announced in December 2024 and closed in March 2025. Mining License MV-017089 ("WTH mining license") covering area of 2,931.07 hectares and effective for 30 years from 30 July 2012, Mining License MV-017579 ("URT mining license") covering area of 5,300.54 hectares and effective for 30 years from 17 July 2014, and Mining License MV-021014 ("KHT mining license") covering area of 6,557.08 hectares and effective for 30 years from 30 January 2018. All mining licenses are extendable twice by a 20-year periods according to relevant provisions stipulated under the Minerals Law.

Gold and Metals Resources and Reserves

Resource estimates for gold and silver contained within the Khundii mining license area were prepared for BKH, Dark Horse ("DKH") deposits and AN mining license area in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101) and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards.

Reserve estimates for gold and silver contained within Khundii mining license area were prepared for BKH and DKH deposits in accordance with NI 43-101 and CIM standards.

In 2026, the Group plans to initiate works required to prepare technical reports to derive updated Resource and Reserve estimates within Khundii mining license area and updated Reserve estimates within AN mining license area in line with international reporting standards by reflecting and incorporating information gathered from additional exploration work and also changes in gold prices.

Table 8. BKH gold deposit NI 43-101 compliant Mineral Resource, as at 20 April 2023 (Notes):

Resource Classification	Quantity (Mt)	Gold Grade (Au g/t)	Gold (Koz)	Silver Grade (Ag g/t)	Silver (Koz)
Measured	4.0	3.03	394	144	187
Indicated	3.3	2.04	219	122	131
M&I	7.4	2.58	613	134	319
Inferred	0.2	1.08	6	132	8

Notes:

- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Summation errors may occur due to rounding.
- Open pit mineral resources are reported within an optimized constraining shell.
- Open pit cut-off grade is 0.4 g/t Au based on the following parameters:
 - Gold Price of USD2,000/oz Au.
 - Gold recovery of 95%.
 - Capping of gold grades was 200 g/t Au and 50 g/t Ag on 1m composite values.
 - The density varies between 2.58 g/cm³ and 2.66 g/cm³ depending on lithology.
- Further details are disclosed in Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report dated 15 August 2023.

Table 9. Dark Horse gold deposit NI 43-101 compliant Mineral Resource, as at 1 November 2022 (Notes).

Type	Indicated Mineral Resource			Inferred Mineral Resource		
	Tonnes (Kt)	Gold Grade (g/t Au)	Gold (K oz)	Tonnes (Kt)	Gold Grade (g/t Au)	Gold (K oz)
Oxide	578	3.0	56.2	75	1.1	2.7
Transitional	99	1.5	4.8	109	1.2	4.1
Fresh	5	4.9	0.7	-	-	-
Total	682	2.8	61.7	184	1.2	6.8

Notes:

- The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Oyunbat Bat-Ochir who is a full-time employee of RPM and a member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a qualified person ("QP") as defined in the CIM Standards of Disclosure.
- Rounding may cause some computational discrepancies.
- Mineral Resources are reported on a dry in-situ basis.
- The Mineral Resource is reported using a 0.35 g/t Au cut-off grade in oxide and transition mineralisation and 1.02 g/t Au cut-off in fresh mineralisation and is constrained above conceptual optimised pit shell. Cut-off parameters were selected based on an RPM internal cut-off calculator, assuming an open cut mining method with 5% ore loss and 10% dilution, a gold price of USD1,723 per ounce, and processing recovery of 90% for oxide, 87% for transitional and 30% for fresh Au mineralisation.
- Mineral Resources referred to above, have not been subject to detailed economic analysis and therefore, have not been demonstrated to have actual economic viability.

Table 10. AN deposit NI 43-101 compliant Mineral Resource, as at 7 May 2018 (Notes):

Cut-off AuEq2 g/t	Resource Classification	Quantity (Mt)	Grade				Contained Metal					
			Au g/t	Ag g/t	Zn g/t	Pb g/t	AuEq2 g/t	Au Koz	Ag Koz	Zn Kt	Pb Kt	AuEq2 Koz
0.7	Indicated	5.0	2.0	14.8	0.6	0.6	2.8	318	2,350	31.6	29.0	453
	Inferred	3.4	1.7	7.9	0.7	0.7	2.5	186	866	23.7	22.3	277

Notes:

- The Mineral Resources have been constrained by topography and a cut-off of 0.7 g/t AuEq2 above a pit and 1.4 g/t AuEq2 below the same pit shell.
- The AN Mineral Resource was compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a QP.
- Rounding may cause some computational discrepancies.
- Mineral Resources reported on a dry in-situ basis.
- No dilution or ore loss factors have been applied to the reported Resource Estimate.
- No allowances have been made for recovery losses that may occur should mining eventually result.
- For the AN Mineral Resource estimate, Gold Equivalent ("AuEq2") calculations assume metal prices of USD1,310 per oz gold, USD18 per oz silver, USD2,400 per tonne lead and USD3,100 per tonne zinc.

Table 11. Khundii mining license NI 43-101 Mineral Reserves estimate, as at 1 August 2023 (Notes).

BKH gold deposit:

Classification	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Koz)	Grade (g/t Ag)	Contained Silver (Koz)
Proven	2.7	4.1	360.2	1.8	159.4
Probable	1.1	3.0	104.7	1.7	61.1
Total	3.8	3.8	464.9	1.8	220.5

DKH gold deposit:

Classification	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Koz)
Proven	-	-	-
Probable	0.2	7.0	48.8
Total	0.2	7.0	48.8

Notes:

- The QP defined by NI 43-101 for the estimate is Mr. Julien Lawrence of O2 Mining Limited;
- The Mineral Reserve estimates were prepared with reference to the CIM Definition Standards (2014) and the CIM Best Practice Guidelines (2003);
- Reserves estimated assuming open-pit mining method;
- Waste to ore cut-offs were determined using a NSR for each block in the model. NSR is calculated using prices and process recoveries for each metal accounting for all off-site losses, transportation, smelting and refining charges;
- Reserves are based on a gold price of USD1,816/oz; and
- Mineral Reserves were calculated from a diluted "mining" block model which included average dilution of 10% and losses of 2.5%.

Copper

WHITE HILL

UCC is principally engaged in the exploration for copper and other non-ferrous metals and holds three minerals exploitation special permits, as follows: MV-017089 covering an area of 2,931.07 hectares named Khar Tolgoi (White Hill); MV-017579 covering an area of 5,300.54 hectares named Urkhut; and MV-021014 covering an area of 6,557.08 hectares named Khukh Tolgoi, all located in Bayankhongor aimag (province), Mongolia. These permits were issued by the Mineral Resources and Petroleum Authority of Mongolia on 30 July 2012, 17 July 2014 and 30 January 2018, respectively.

According to the Minerals Law of Mongolia, a minerals exploitation special permit issued is effective for 30 years and extendable twice, each by a 20-year period. On the White Hill deposit, according to the information in Mineral Resource report as at 31 December 2025, prepared by a competent person in line with the JORC 2012 reporting standards, the White Hill copper deposit has the following resources:-

The JORC Resources as at 31 December 2025, based on the data collected by UCC and underlying data complies with the guidelines provided in the JORC Code 2012. The Mineral Resource estimate is defined by a comprehensive pattern of surface diamond drilling completed between 2005 and 2025. By the 1st of September 2025, a total of 214 diamond holes for a total of 30,620 m of drilling and 12 trenches for 1,126 m had been completed at the Project, which forms the basis for the Mineral Resource estimate stated in this Report. Drill hole spacing varies from approximately 25 m by 25 m in the well-defined portion

of the main deposit to 50 m by 50 m to 100 m by 100 m over the remaining areas. The Mineral Resource is reported at a 0.17% CuEq cut-off for oxide mineralisation and 0.2% CuEq cut-off for transition and fresh mineralisation within an optimised pit shell derived using a price of US\$9,546/t for Cu and US\$2,962/oz for Au, US\$36/oz for Ag which equates to 110% of the long-term consensus commodity price forecast as of October 2025. Cut-off parameters were selected based on an Glogex internal cut-off calculator, which indicated a break-even cut-off grade of 0.17% CuEq for oxide, 0.2% CuEq for transition/fresh mineralisation, a US\$9,546 per tonne Cu, a US\$2,962 per troy ounces gold and US\$36 per troy ounces silver price, processing cost of US\$8 per tonne milled for oxide, processing cost of US\$12 per tonne milled for trans/fresh mineralization, general and administration cost of US\$1.5 per tonne mined, mining dilution of 5% and ore loss of 5% and processing recovery of 60% Cu and 45% Au for oxide, 85.3% Cu, 36.2% Au and 65.9% for Ag recoveries for transition and fresh mineralisation with flotation processing to produce Cu concentrate with Au and Ag credits. No mining cost was used in break-even cut-off grade calculation while mining cost of US\$1.8 per tonne was used in pit optimization. Cu Equivalence (CuEq) calculated using a. The formula used for Cu equivalent grade are: Oxide CuEq % = Cu % + Au ppm * 0.74827, assuming 60% Cu and 45% Au metallurgical recoveries. Transition/fresh CuEq % = Cu % + Au ppm * 0.42340 + Ag ppm * 0.00944 assuming 85.3% Cu, 36.2% Au and 65.9% Ag metallurgical recoveries. b. Cu equivalent tonnes are calculated by multiplying Mineral Resource tonnage by Cu equivalent grade and converting for tonnes. The formula used for Cu equivalent tonne is: CuEq t = [Tonnage x CuEq grade (%)]/100

Table 12. White Hill deposit –Mineral Resource Estimate Summary as at 31 December 2025 (Notes)

Classification	Material type	Quantity tonne t	Average grade				Metal contained			
			Cu %	Au g/t	Ag g/t	CuEq %	Cu t	Au oz	Ag oz	CuEq t
Measured	Oxide	753,000	0.45	0.36	15.6	0.72	3,400	8,800	378,000	5,400
	Transition	241,000	0.56	0.13	2.7	0.64	1,400	1,000	21,000	1,600
	Fresh	1,146,000	3.66	0.26	13.9	3.9	41,900	9,600	511,700	44,700
	Total	2,141,000	2.18	0.28	13.2	2.41	46,600	19,400	910,700	51,600
Indicated	Oxide	2,336,000	0.67	0.09	2.0	0.74	15,700	6,700	151,900	17,200
	Transition	432,000	0.85	0.04	1.7	0.89	3,700	600	23,500	3,800
	Fresh	4,799,000	1.65	0.17	8.7	1.8	79,100	25,600	1,335,600	86,400
	Total	7,567,000	1.30	0.13	6.2	1.42	98,500	32,800	1,511,000	107,500
Inferred	Oxide	1,987,000	0.70	0.04	1.5	0.72	13,800	2,300	96,400	14,400
	Transition	102,000	1.49	0.02	1.8	1.51	1,500	100	5,900	1,500
	Fresh	253,000	0.53	0.15	12.1	0.71	1,300	1,200	98,500	1,800
	Total	2,342,000	0.71	0.05	2.7	0.76	16,700	3,600	200,700	17,700
Total	Oxide	5,077,000	0.65	0.11	3.8	0.73	32,900	17,800	626,300	37,000
	Transition	775,000	0.85	0.07	2.0	0.89	6,600	1,700	50,300	6,900
	Fresh	6,198,000	1.97	0.18	9.8	2.14	122,400	36,400	1,945,800	132,900
	Total	12,050,000	1.34	0.14	6.8	1.47	161,800	55,800	2,622,300	176,800

- (i) The Statement of Estimates of Mineral Resources has been compiled by Mr. Oyunbat Bat-Ochir who is a consultant to Glogex and a Member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
- (ii) All Mineral Resources figures reported in the table above represent estimates at 31st December 2025. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate.
- (iii) Rounding may cause some computational discrepancies. Mineral Resources are reported on a dry in-situ basis.

Silver

URKHUT

Urkhut silver deposit is located in MV-017579 mining license. On the Urkhut deposit, according to the information in Mineral Resource report as at 31 December 2025, prepared by a competent person in line with the Joint Ore Reserves Committee (the "JORC") 2012 reporting standards, the Urkhut silver deposit has the following resources:-

Effective drilling at the Project extends to a vertical depth of approximately 400 m and the mineralisation was modelled from surface to that depth. The mineralisation sub-crops in all zones, with cover limited to a surficial veneer of unconsolidated colluvium, typically 5 m to 20 m thick. The Mineral resource estimate is defined by surface diamond drilling completed between 2011 and 2013. A total of 57 holes for 11,836 m have been drilled, of which 40 holes for a total of 7,643 m have been used in the estimate stated in this report. The majority of the drilling was completed on an east-west grid with section spacing of 50 m along strike and down dip with a dip angle of 60 degrees in the upper 150 m of the main part of the deposit, and includes scissored holes in a few places.

Results of the independent Mineral Resource estimate by Glogex for the Urkhut deposit are tabulated in the Statement of the Mineral Resource in Table 13.

The Mineral Resource is reported at a 16 g/t AgEq cut-off within the US\$50 per oz for Ag and US\$3,000 per oz Au pit shell for the resource. Cut-off parameters were selected based on an Glogex internal cut-off calculator, which indicated a break-even cut-off grade of 16 g/t AgEq, an open cut mining method, a US\$50 per ounce silver price, a US\$3,000 per ounce gold price, an open cut mining cost of US\$1.45 per tonne, a processing cost of US\$12 per tonne milled, general and administration cost of US\$1 per tonne mined, mining dilution of 2 % and ore loss of 2% and processing recovery of 90.7% Ag and 87.8% Au with flotation processing to produce Ag and Au concentrate. Ag Equivalence (AgEq) calculated using: a. The formula used for Au equivalent grade is: $\text{AgEq g/t} = \text{Ag g/t} + \text{Au g/t} \times 58.08$ and assumes 90.7% and 87.8% metallurgical recoveries for Ag and Au respectively. b. Ag equivalent ounces are calculated by multiplying Mineral Resource tonnage by Ag equivalent grade and converting for ounces. The formula used for Ag equivalent ounces is: $\text{AgEq Oz} = [\text{Tonnage} \times \text{AgEq grade (g/t)}] / 31.1035$.

Table 13. Urkhut deposit – Mineral Resource Estimate Summary as at 31 December 2025 (Notes)

Classification	Material type	Quantity tonne t	Average grade			Metal contained		
			Ag g/t	Au g/t	AgEq g/t	Ag oz	Au oz	AgEq oz
Indicated	Fresh	17,641,000	23.9	0.09	29.0	13,557,700	49,300	16,421,200
Inferred	Fresh	29,500,000	24.0	0.09	29.3	22,784,800	85,500	27,750,600
Total		47,141,000	24.0	0.09	29.1	36,342,400	134,800	44,171,900

- (i) The Mineral Resource has been compiled by Mr Oyunbat Bat-Ochir who is a consultant to Glogex and a Member of the Australian Institute of Geoscientists. Mr Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
- (ii) All Mineral Resources figures reported in the table above represent estimates as at 31 December 2025. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate.
- (iii) Rounding may cause some computational discrepancies. Mineral Resources are reported on a dry in-situ basis and are undiluted.

PRODUCTION AND SALES

The Group launched commercial gold production at BKH mine during an official ceremony held on 14 September 2025. The BKH processing plant has 650 kt ore feed annual nameplate capacity (8,000 operating hours) and consists of single stage crushing, two-stage grinding via a semi-autogenous followed by ball grinding circuit, cyanide leaching, adsorption via carbon-in-pulp methods, elution via the pressure zadra, electrowinning and furnace smelting to produce doré (unrefined gold-silver) bars.

In 2025, the Group extracted 365.2 Kt of ore from the BKH mine and processed 138.8 Kt.

The Group sold to the BoM and its designated commercial banks 7,434 oz of gold and 2,634 oz of silver in 2025, generating total revenue of USD31.3 million. Weighted ASP was USD4,187 per oz for gold and USD54 per oz for silver, respectively.

COST OF REVENUE

Mining costs cover overburden and topsoil removal, and ore extraction, including costs related to staff, equipment, fuel cost, and fees to drilling and blasting contractors. Processing costs include staff cost, ore crushing and grinding cost, power and water costs, reagents and consumables, and maintenance costs.



Table 14: Costs of revenue gold and metals:

	2025 (USD'000)
Cost of revenue	17,238
Mining cost	3,200
Variable cost	2,068
Fixed cost	430
Depreciation and amortisation	702
Processing cost	7,957
Variable cost	5,427
Fixed cost	1,867
Depreciation and amortisation	662
Site administration cost	4,113
Royalty and fees (including assay cost and transportation cost)	1,968

Outlook and Business Strategies in 2026

This section in this report includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events and involve risks and uncertainties that may cause actual results to differ materially from current expectations. These factors are difficult to predict accurately and may be beyond the Company's control.

The Company remains fully committed to pursuing its key strategies in order to maintain and enhance its competitive position as the largest internationally listed private mining company with operations focused on and located in Mongolia: (i) maintaining an adequate capital structure by implementing prudent financial policy; (ii) scaling up production and sales volumes by maximising assets utilisation; (iii) supporting the initiatives to improve and develop regional infrastructure; (iv) exploring opportunities for expanding and diversifying its business operations through potential strategic cooperation and joint venture arrangements, and also identifying possible investment targets, preferably in Mongolia; and (v) adhering to safety, environment and socially responsible operations.

Forward-looking statements in this report or elsewhere speak only as of the date made. New uncertainties and risks arise from time to time, and it is impossible for the Company to predict these events or how they may affect the Company. Except as required by law, the Company has no duty to, and does not intend to, update or revise the forward-looking statements in this report or elsewhere after the date this report is issued.

Financial Review

REVENUE

The Group generated a total revenue of USD823.4 million in 2025 (2024: USD1,039.9 million), of which USD792.1 million was generated by its coking (metallurgical) coal operations and USD31.3 million was generated by its gold and metals operations.

COST OF REVENUE AND GROSS PROFIT

Total cost of revenue amounted to USD679.4 million in 2025 (2024: USD628.2 million), comprising USD662.1 million attributable to the coking (metallurgical) coal operations and USD17.2 million to the gold and metals operations.

The Group recorded a gross profit of USD144.0 million in 2025 (2024: USD411.7 million).

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs are associated with the Group's coal sales activities in China and include expenses related to fees and charges incurred for coal imported to China, including agent fees, warehousing and handling costs, regulatory fees and charges. These costs are directly linked to sales volume realised under FOT GM term and amounted to USD35.4 million in 2025 (2024: USD9.8 million).

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses primarily relate to staff costs, share option expenses, consultancy and professional fees, donations, depreciation and amortisation of office equipment and other expenses. The Group's general and administrative expenses were USD33.5 million in 2025 (2024: USD46.6 million).

INDEBTEDNESS AND NET FINANCE COSTS

Net finance costs amounted to USD32.7 million in 2025, compared to USD33.1 million reported for 2024. Net finance costs primarily comprised (i) interest expenses on the Senior Notes due 2026 and Senior Notes due 2030; (ii) interest expense on USD50.0 million bank borrowing by EM; (iii) foreign exchange gains and losses; and (iv) interest income from cash and cash equivalents.

The Senior Notes due 2030, issued on 3 April 2025, bear interest at 8.44% per annum payable semi-annually. As at 31 December 2025, the outstanding principal amount was USD350.0 million. The majority of the proceeds from the issuance of Senior Notes due 2030 was used to fully redeem the outstanding USD220.0 million principal amount of the Senior Notes due 2026, which carried interest at 12.5% per annum, at a redemption price of 109.27%. The excess of the redemption consideration over the derecognised carrying amount of the Senior Notes due 2026, amounting to USD25.0 million, was recognised as a loss from refinancing and charged to profit or loss during the reporting year.

A breakdown of net finance costs, Senior Notes and borrowings is set out in notes 6, 23 and 25 to the consolidated financial statements.

The gearing ratio (calculated based on the carrying amount of total bank and other borrowings as stated in the consolidated financial statements of the Group divided by total assets) of the Group as at 31 December 2025 was 16.8% (as at 31 December 2024: 11.1%).

PROFIT FOR THE YEAR

The Group's profit and the profit attributable to equity shareholders of the Company for the year ended 31 December 2025 was USD12.5 million and USD6.1 million, respectively (2024: USD243.6 million and USD242.0 million, respectively).

NON-IFRS MEASURE

The Group's adjusted earnings before interest, taxes, depreciation and amortisation adjusted by other non-cash items ("adjusted EBITDA") was USD203.0 million in 2025 (2024: USD495.9 million). Adjusted EBITDA is not a recognised measure of financial performance or liquidity under IFRS. It is used by management to monitor the underlying performance of the business and operations and is presented as an important supplemental measure of performance. The Group believes that this measure is widely used within the industry in which the Group operates to evaluate operating performance and liquidity. As non-IFRS financial measures are not uniformly defined and may not be calculated on a consistent basis across companies, adjusted EBITDA may not be directly comparable with similarly titled measures presented by other companies.

CASH FLOW

Table 15: Combined cash flow:

	2025 (USD'000)	2024 (USD'000)
Net cash generated from operating activities	234,258	223,491
Net cash used in investing activities ¹	(237,644)	(177,910)
Net cash generated from/(used in) financing activities ²	82,204	(80,426)
Net increase/(decrease) in cash and cash equivalents	78,818	(34,845)
Cash and cash equivalents at the beginning of the year	140,521	175,799
Effect of foreign exchange rate changes	4,609	(433)
Cash and cash equivalents at the end of the year	223,948	140,521

Note:

- Investing activities cashflow comprises: (i) USD128.1 million used for deferred stripping activity, including USD125.6 million attributable to the coal segment and USD2.5 million attributable to the gold and metals segment; (ii) USD100.0 million used for acquisition of property, plant and equipment, including USD46.9 million attributable to the coal segment and USD53.1 million attributable to the gold and metals segment; (iii) USD13.3 million used for acquisition of a subsidiary and an associate; (iv) USD3.6 million interest receipt; and (v) USD0.2 million dividend receipt from an associate.
- Financing activities cashflow comprises: (i) USD343.5 million net proceeds from the Senior Notes due 2030 issuance; (ii) USD30.0 million proceeds from bank borrowing; (iii) USD240.4 million paid for the redemption of the Senior Notes due 2026; (iv) USD35.7 million interest payment for Senior Notes and EM's bank borrowing; (v) USD18.3 million used for share buyback; (vi) USD3.8 million proceeds from share option exercise; and (vii) USD0.7 million payment in relation to lease arrangement.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As at 31 December 2025 and 2024, the capital commitments were as follows:

Table 16. Capital commitments:

	As at 31 December 2025 (USD'000)	As at 31 December 2024 (USD'000)
Contracted for	10,155	31,269
Authorised but not contracted for	22,502	50,833
Total	32,657	82,102

Table 17. The Group's historical capital expenditure for the periods indicated:

	Year ended 31 December	
	2025 (USD'000)	2024 (USD'000)
BKH mine capital development	53,076	55,275
Trucks and equipment	23,939	9,559
Others	22,991	22,554
Total	100,006	87,388

FOREIGN EXCHANGE RISK

As at 31 December 2025, the Group's cash and cash equivalents were mainly held in RMB, USD and MNT.

The Group's coal sales are denominated mainly in RMB, while its gold and silver sales to BoM are settled in MNT.

All borrowings of the Group are denominated in USD.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, the Company did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

On 11 December 2024, the Company and Mongolian Mining Corporation Pte. Ltd (a wholly-owned subsidiary of the Company), entered into a securities purchase agreement with Talst Investment LLC, an independent third party, to acquire 50.5% of the issued and outstanding share capital of UCC, a company engaged in the exploration of copper and other non-ferrous metals, for a consideration of USD20,500,000 (the "**UCC Share Purchase Agreement**"). The acquisition was completed on 11 March 2025, upon which UCC became a subsidiary of the Company. In accordance with the terms of the UCC Share Purchase Agreement, the consideration was agreed to be settled in three instalments, of which the first instalment USD8,500,000 was paid in January 2025, the second instalment USD6,000,000 was paid in March 2026, and the remaining last instalment USD6,000,000 will be paid in March 2027. Please refer to the announcement of the Company dated 11 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2025, the Company has contingent liability in respect of the consideration adjustments for the acquisition of BN mine pursuant to the share purchase agreement entered into by and among the Company, its subsidiary Mongolian Coal Corporation Limited, Quincunx (BVI) Ltd. and Kerry Mining (Mongolia) Limited on 31 May 2011 in relation to the acquisition of the entire share capital of Baruun Naran Limited (formerly known as QGX Coal Ltd.), which may arise from the royalty provision. Under the royalty provision, an additional LOM payment of USD6 per tonne may be payable in each semi-annual period, if the specified semi-annual ROM production exceeds 5.0 Mt. The Company considers the probability of royalty provision to be very low.

OTHER AND SUBSEQUENT EVENTS

Save as disclosed in this annual report, there have been no events subsequent to 31 December 2025 which require adjustment to or disclosure in this annual report.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The Company has entered into the following continuing connected transactions (the "CCTs") in the ordinary course of business with certain of its connected persons. Set out below is a summary of the CCTs entered by the Company in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") recorded for the year ended 31 December 2025 and are required to be disclosed in the annual report of the Company pursuant to Chapter 14A of the Listing Rules.

(1) Service Agreement

Principle Terms

On 22 December 2022, ER entered into a Service Agreement with Uniservice Solution LLC ("USS"), a non wholly-owned subsidiary of MCS Holding LLC, pursuant to which USS agreed to provide office and camp supporting services to the Group for a term of three years commencing from 1 January 2023 to 31 December 2025.

Connected Person

As at 31 December 2025, USS is a non wholly-owned subsidiary of MCS Holding LLC which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, which is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, USS is a connected person of the Company.

Consideration

The aggregate amount of consideration payable by the Group to USS under this agreement is MNT93,654,218,808 (then equivalent to approximately USD27,260,566) inclusive of VAT, other applicable taxes and all other costs associated with the services provided by USS. The consideration was determined after arm's length negotiation between the Company and USS taking into account the size of the location where services are to be provided and the number of employees utilising the camp site, the temporary ger camp located at the operational sites and the fee quotation and costs structure of the services to be provided as set out in the bid proposal submitted by USS. Invoices are issued on a monthly basis and the Company is required to settle payment within 60 days upon receipt of a valid invoice from USS.

Annual cap for this agreement for the year ended 31 December 2025 is MNT31,218,072,936 (then equivalent to approximately USD9,086,855). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2025 under this agreement was approximately USD7,991,375.

(2) Security Service Agreement

Principle Terms

On 22 December 2022, ER entered into a Security Service Agreement with M-Armor LLC (previously MCS Armor LLC), a wholly-owned subsidiary of MCS Holding LLC, pursuant to which M-Armor LLC agreed to provide security services, safeguarding and services for prevention of unlawful conducts and violations at the Ulaanbaatar office, UHG mine site, BN mine site, TKH site and other premises of the Group and vehicle inspection and safety assurance services for the Ulaanbaatar office of the Company on a day-to-day basis. The agreement is for a term of three years commencing from 1 January 2023 to 31 December 2025.

The Security Service Agreement was early terminated effective from 1 June 2025. For further details, please refer to the Company's announcement dated 30 May 2025.

Connected Person

As at 31 December 2025, M-Armor LLC is a wholly-owned subsidiary of MCS Holding LLC which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, which is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, M-Armor LLC is a connected person of the Company.

Consideration

The aggregate amount of consideration payable by the Group to M-Armor LLC under this agreement is MNT51,904,474,764 (then equivalent to approximately USD15,108,186) inclusive of VAT, other applicable taxes and all other costs undertaken by M-Armor LLC and payable on a monthly basis within 60 days upon receipt of valid invoice from M-Armor LLC. The consideration was determined on an arm's length basis between the Company and M-Armor LLC based on the bid submitted by M-Armor LLC, estimated number of security guards required and labour costs.

Annual cap for this agreement for the year ended 31 December 2025 is MNT17,301,491,588 (then equivalent to approximately USD5,036,062). The actual transactions (excluding VAT) made by the Group under this agreement for the year ended 31 December 2025 was approximately USD1,926,501.

(3) Power System Operation and Maintenance Agreement

Principle Terms

On 28 March 2024, ER entered into a Power System Operation and Maintenance Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Mongolia LLC, whereby MCS International LLC agreed to provide services including: (i) UHG Power Plant and electricity distribution facilities operation and maintenance; (ii) heating facilities operation and maintenance; (iii) diesel generators operation and maintenance; and (iv) supply of electricity and heating to end customers and billing for the consumption to the Group for a term of three years commencing from 1 April 2024 to 31 March 2027.

Connected Person

As at 31 December 2025, MCS International LLC is a wholly-owned subsidiary of MCS Mongolia LLC which is in turn directly holds 100% shareholding interest in MCS Mining Group LLC. MCS Mining Group LLC is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, MCS International LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to MCS International LLC under this agreement, which equals to the sum of the annual caps for the three years ending 31 March 2027, is MNT153,615,430,337 (then equivalent to approximately USD45,498,293), including VAT, other applicable taxes and all other costs to be incurred by MCS International LLC in providing the services as set out in the agreement. The monthly fee consists of variable and fixed charges where fixed charge is determined taking into account fixed costs to be incurred by MCS International LLC such as costs of machineries, equipment, tools and consumables used for maintenance and servicing of facilities, labour costs including salary, transportation, insurance, safety, accommodation and catering for personnel of MCS International LLC, other work related direct expenses, overheads to cover indirect expenses, and a profit margin; whereas variable portion of the monthly fee is determined based on agreed electricity tariff applicable for the electricity produced and covers variable costs related to the production of the electricity such as consumables, chemicals, diesel for internal usage of the power plant, costs of running machineries and equipment, etc. The costs, electricity tariff and profit margin applicable to the services were determined on an arm's length basis between the Group and MCS International LLC, taking into account fixed and variable costs to be incurred by MCS International LLC and the historical transaction amounts under the previous agreement. Invoices are issued on monthly basis, payable within 60 days upon receipt of a valid invoice from MCS International LLC.

The Group shall be responsible for the costs of the supplies of fuel, water, coal, spare parts, machineries, materials, lubricants and equipment mechanism and other supplies required for the operation and overhaul of the facilities including the UHG Power Plant, electricity distribution network, boiler houses, heating distribution network, and diesel generators owned by ER and its subsidiaries in relation to the performance of services to be provided by MCS International LLC under the agreement as well as property insurance, immovable property taxes and depreciation.

Annual cap for this agreement for the year ended 31 December 2025 is MNT51,205,143,446 (then equivalent to approximately USD15,166,098). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2025 under this agreement was approximately USD12,186,000.

(4) Power Distribution Facilities Operation and Maintenance Agreement

Principle Terms

On 28 March 2024, KEX entered into a Power Distribution Facilities Operation and Maintenance Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Mongolia LLC, whereby MCS International LLC agreed to provide power distribution facilities operation and maintenance services to the Group with regards to the 35 kilovolts ("kV") of electricity distribution overhead line and 35/0.4 kV of four substations which connects the Company's BN mine site to the UHG mine site continuing approximately 39.3 km for a term of three years commencing from 1 April 2024 to 31 March 2027.

Connected Person

As at 31 December 2025, MCS International LLC is a wholly-owned subsidiary of MCS Mongolia LLC which is in turn directly holds 100% shareholding interest in MCS Mining Group LLC. MCS Mining Group LLC is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, MCS International LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to MCS International LLC under this agreement, which equals to the sum of the annual caps for the three years ending 31 March 2027, is MNT9,069,023,997 (then equivalent to approximately USD2,686,092), including VAT, other applicable taxes and all other costs to be incurred by MCS International LLC in providing the services as set out in the agreement. The monthly fee consists of fixed charges where fixed charge is determined taking into account fixed costs to be incurred by MCS International LLC such as costs of machineries, equipment, tools and consumables used for maintenance and servicing of facilities, labour costs including salary, transportation, insurance, safety, accommodation and catering for personnel of MCS International LLC, other work related direct expenses, overheads to cover indirect expenses, and a profit margin. The costs and profit margin applicable to the services were determined on an arm's length basis between the Group and MCS International LLC, taking into account fixed and variable costs to be incurred by MCS International LLC and the historical transaction amounts. Invoices are issued on monthly basis, payable within 60 days upon receipt of a valid invoice from MCS International LLC.

The Group shall be responsible for the costs of the supplies of fuel for diesel generators, spare parts, machineries, materials, lubricants and equipment mechanism and other supplies required for the operation and overhaul of the power and electricity network and substations owned by KEX in relation to the performance of services to be provided by MCS International LLC under the agreement as well as property insurance, immovable property taxes and depreciation.

Annual cap for this agreement for the year ended 31 December 2025 is MNT3,023,007,999 (then equivalent to approximately USD895,364). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2025 under this agreement was approximately USD608,608.

(5) Supply and Service Agreement

Principle Terms

On 15 August 2023, ER entered into a Supply and Service Agreement with Top Motors LLC, a wholly-owned subsidiary of MCS Holding LLC, whereby Top Motors LLC agreed to supply (i) light vehicles; (ii) spare parts for light vehicles; and (iii) related maintenance services to the Group for a term of three years commencing from 1 September 2023 to 31 August 2026.

Connected Person

As at 31 December 2025, Top Motors LLC is a wholly-owned subsidiary of MCS Holding LLC which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, which is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, Top Motors LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to Top Motors LLC under this agreement, which equals to the sum of the annual caps for the three years ended 31 August 2026, is MNT20,049,564,655 (then equivalent to approximately USD5,777,073) inclusive of VAT, other applicable taxes and all other costs associated with the services to be provided by Top Motors LLC. The consideration was determined after arm's length negotiation between ER and Top Motors LLC taking into account the proposed unit price of the light vehicles, unit rates of the spare parts for light vehicles and related maintenance services and the location where related maintenance services are to be provided and the fee quotation and costs structure of the services to be provided as set out in the bid proposal submitted by Top Motors LLC. Invoices are issued on a monthly basis and ER is required to settle the payment within 45 days upon receipt of a valid invoice from Top Motors LLC.

Annual cap for this agreement for the year ended 31 December 2025 is MNT6,679,461,746 (then equivalent to approximately USD1,924,617). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2025 under this agreement was approximately USD1,665,101.

(6) Operations Support Agreement

Principle Terms

On 28 August 2025, EM entered into an Operations Support Agreement with MCS Property LLC, an indirect wholly-owned subsidiary of MCS Mongolia LLC, whereby MCS Property LLC agreed to provide operations support services for the BKH processing facilities of the Group, including: (i) process commissioning support for EM's equipment and processing infrastructure; (ii) process operations start-up and ramp-up support; (iii) process plant maintenance planning and execution; and (iv) process operations optimisation and improvement support, for a term of three years commencing from 1 September 2025 to 31 August 2028.

Connected Person

As at 31 December 2025, MCS Property LLC is a wholly-owned subsidiary of MCS Properties Holding LLC which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, which is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, MCS Property LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to MCS Property LLC under this agreement, which equals to the sum of the annual caps for the three years ending 31 August 2028, is MNT28,914,280,487 (then equivalent to approximately USD8,046,273), including VAT, other applicable taxes and all other costs to be incurred by MCS Property LLC in providing the services as set out in the agreement.

The monthly fee consists of fixed and variable charges where fixed charge is determined taking into account fixed costs to be incurred by MCS Property LLC such as based on daily rates applied to recorded timesheets with reference to staff classification (on-site or standby, direct or indirect) and covering staff compensation, liability insurance, hand tool consumables, travel costs, and other applicable allowances, excluding accommodation and catering costs; whereas the variable portion of the monthly fee is determined based on the type and quantity of labour resources required, within a prescribed range, taking into account the minimum salary requirements under the Labour Law of Mongolia and prevailing local staff salaries for comparable roles in the industry, and are inclusive of VAT and other applicable taxes. The fees applicable to the services were determined on an arm's length basis between the Group and MCS Property LLC. Invoices are issued on monthly basis, payable within 20 days upon receipt of a valid invoice from MCS Property LLC.

The Group shall be responsible for the costs of the supplies of spare parts, machineries, materials, lubricants and equipment mechanism and other supplies required for the operation and overhaul of the process plant in relation to the performance of services to be provided by MCS Property LLC under the agreement.

The annual cap for this agreement from 1 September 2025 to 31 December 2025 was MNT3,318,985,662 (equivalent to approximately USD923,608). The actual transactions made by the Group for the year ended 31 December 2025 under this agreement amounted to approximately MNT3,318,948,742 (equivalent to approximately USD936,305). As stated in the announcement dated 28 August 2025, the annual cap in USD is for illustration only. The actual transactions for the period from 1 September 2025 to 31 December 2025 were within the approved annual cap in MNT.

CONTINUING CONNECTED TRANSACTION UNDER RULE 14A.101 OF THE LISTING RULES

(7) Marketing Agreement

Principle Terms

On 21 February 2024, the Company entered into a Marketing Agreement with Jiayou International Logistics Co., Ltd.* (嘉友國際物流股份有限公司) ("JIA" and together with its affiliates, the "JIA Group"), pursuant to which the Group shall supply, and the JIA Group shall procure, 1.5 Mt per annum of coal products (including HCC, SSSC, washed thermal coal or any other coal product as mutually agreed) in the first five years commencing from 19 April 2024 and 2.0 Mt per annum of coal products in the next following five years, totaling no more than 17.5 Mt over the ten consecutive years or until the full delivery of 17.5 Mt of coal products is completed, whichever is later (the "Ten-year Term").

Connected Person

As at 31 December 2025, JIA holds a 20% equity interest in KEX, an indirect non-wholly owned subsidiary of the Company owned as to 80% by the Company and 20% by JIA, and is therefore considered as a connected person of the Company at the subsidiary level.

Consideration

The total consideration payable by the JIA Group to the Group under this agreement, which equals to the sum of the annual caps for the Ten-year Term ending 19 April 2034, is USD2,509,632,553, taking into account the market conditions and fluctuations in the ASP per tonne of coal products and the sales volume and selling price. The terms of this agreement were determined and agreed between the parties on an arm's length basis. The selling price shall be determined with reference to the MSE coal auction prices for the same coal product and the same delivery point during the preceding 20 MSE trading days for each delivery batch, and in cases where MSE coal auction prices are unavailable due to various reasons, or the MSE coal auction is interrupted or discontinued, the parties shall jointly identify and agree on alternative publicly available sources to determine the prevailing market price for coal products. The selling price for each delivery batch of a particular coal product will be adjusted to reflect costs related to coal imported from Mongolia to PRC, including but not limited to, VAT and import duties imposed by the relevant rules and regulations, transportation and logistics to the delivery point, financing, quality adjustments, and RMB/USD exchange rate fluctuations. The parties shall agree on the annual volume of each coal product to be supplied and purchased in twelve (12) equal batches, based on the internal projection of the Group's business operations and expected production for the different coal products during the Ten-year Term, as well as the sourcing plan of the JIA Group to procure quality coal products and the volume required for each coal product.

Annual cap for this agreement for the year ended 31 December 2025 is USD219,416,667. The actual transactions received by the Group for the year ended 31 December 2025 under this agreement was approximately USD73,119,505.

(8) Cooperation Agreement

Principle Terms

On 5 November 2024, the Company entered into a Cooperation Agreement with JIA, pursuant to which: (i) ER and KEX (the "Affiliates"), designated Inner Mongolia Wanli Trading Co., Ltd., a wholly-owned subsidiary of JIA ("Wanli"), as the cooperation partner for coal import and distribution at Ganqimaodu (except for coal import and distribution performed by the Group themselves) and accordingly the Group shall export between 1.5 to 3.0 Mt of various types of coal products (including (1) HCC, (2) SSSC, (3) washed thermal coal, and any other products) per annum to Wanli for subsequent distribution to the designated end-users; whereby (ii) Wanli agreed to provide coal import, customs clearance, logistics, storage, transportation, sales and distribution services to the Affiliates (the "Services") for a five consecutive years from 1 January 2025 to 31 December 2029 (the "Five-year Term").

Connected Person

As at 31 December 2025, JIA holds a 20% equity interest in KEX, an indirect non-wholly owned subsidiary of the Company owned as to 80% by the Company and 20% by JIA, and is therefore considered as a connected person of the Company at the subsidiary level.

Consideration

The total consideration payable by the Group to the JIA Group under this agreement, which equals to the sum of the annual caps for the Five-year Term ending 31 December 2029, is RMB2,670,687,332 (then equivalent to approximately USD376,153,145). Such consideration is inclusive of all applicable taxes and VAT incurred in China for the provisions of the Services to the Affiliates, and shall also include any withholding taxes and VAT applicable in Mongolia on payments made by the Affiliates.

The terms of this agreement was determined and agreed between the parties on an arm's length basis, taking into account the factors: (i) the fixed and variable charges to be incurred for the provision of the Services; (ii) the historical transaction amounts; (iii) the anticipated coal export and import quantities; (iv) the projected transportation fees based on the mode of transportation and related materials cost; (v) projected increases in applicable fees due to market conditions; (vi) VAT and other taxes; (vii) the inflation rate and RMB/USD exchange rates during the Five-year Term; and (viii) contingencies applicable to the Services provided by Wanli or JIA Group under this agreement. Invoices are issued on monthly basis, payable within 30 calendar days upon receipt of a valid invoice.

Annual cap for this agreement for the year ended 31 December 2025 is RMB534,137,466.40 (then equivalent to approximately USD75,230,629). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2025 under this agreement was approximately USD17,980,702.

CONTINUING CONNECTED TRANSACTION UNDER RULE 14A.60 OF THE LISTING RULES

(9) Power Purchase Amendment Agreement

Principle Terms

On 27 October 2023, EM entered into a Power Purchase Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Mongolia LLC, whereby MCS International LLC agreed to supply, install, operate and maintain a power solution for the Bayan Khundii project of EM, and to provide a minimum 92% power availability at a minimum of 4.4MW as measured over any 12 months period, starting from 27 October 2023 to 31 August 2031 ("Initial Term").

On 25 April 2025, EM entered into an amendment agreement with MCS International LLC to amend certain terms of the Power Purchase Agreement, pursuant to which the power solution for the BKH mine was changed from the previously adopted hybrid (diesel-solar-battery) power solution with an operating lifespan of 7-25 years to an OHTL power solution with an operating lifespan of 40 years, thereby extending the power system's lifespan and reducing dependency on diesel availability and exposure to diesel price volatility, and the Initial Term was amended to cover the period until 31 March 2027 (the "**Power Purchase Amendment Agreement**").

For further details of the Power Purchase Amendment Agreement, please refer to the announcement of the Company issued on 26 January 2024, 28 March 2024 and 25 April 2025.

Connected Person

As at 31 December 2025, MCS International LLC is a wholly-owned subsidiary of MCS Mongolia LLC which is in turn directly holds 100% shareholding interest in MCS Mining Group LLC. MCS Mining Group LLC is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, MCS International LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to MCS International LLC under the Power Purchase Agreement, which equals to the sum of the annual payments for the period ending 31 August 2031, is approximately USD48,407,981, with the maximum annual payment being approximately USD10,124,400. For further details of the Power Purchase Agreement, please refer to the announcements of the Company dated 26 January 2024 and 28 March 2024.

The total consideration payable by the Group to MCS International LLC under the Power Purchase Amendment Agreement, which equals to the sum of the annual payments for the twenty three months ending 31 March 2027, is approximately MNT134,745,776,343 (equivalent to approximately US\$37,742,752), including VAT, other applicable taxes and all other costs to be incurred by MCS International in providing the services as set out in the agreement.

The monthly fee consists of variable and fixed charges where fixed charge is determined by taking into account fixed costs to be incurred by MCS International such as costs of machineries, equipment, tools and consumables used for maintenance and servicing of facilities, labor costs including salary, transportation, insurance, and safety for personnel of MCS International, other work related direct expenses, overheads to cover indirect expenses, and a profit margin; whereas variable portion of the monthly fee is determined based on agreed electricity tariff applicable for the electricity produced and covers variable costs related to the supply of the electricity such as consumables, operations and maintenance, diesel for internal usage of the back-up power plant, costs of running machineries and equipment, etc. The costs, electricity tariff and profit margin applicable to the services were determined on an arm's length basis between the Group and MCS International LLC. Invoices are issued on monthly basis, payable within 20 days upon receipt of a valid invoice from MCS International LLC.

The Group shall be responsible for the costs of the supplies of water, coal, spare parts, machineries, materials, lubricants and equipment mechanism and other supplies required for the operation and overhaul of the facilities in relation to the performance of services to be provided by MCS International LLC under the Power Purchase Amendment Agreement.

Annual cap for this agreement for the year ended 31 December 2025 is MNT39,855,797,662 (then equivalent to approximately USD11,163,745). The actual transactions made by the Group for the year ended 31 December 2025 under this agreement was approximately USD7,294,957.

(10) Engineering, Procurement and Construction Works Contract

Principle Terms

On 30 November 2023, EM entered into the Engineering, Procurement and Construction Works Contract with MCS Property LLC, a wholly-owned subsidiary of MCS Properties Holding LLC, whereby MCS Property LLC agreed to provide works in relation to site establishment, bulk earth works, aggregate supply, concrete batch plant, process plant, non-process infrastructures for the Bayan Khundii project of EM commencing from 30 November 2023 until completion of the work.

Connected Person

As at 31 December 2025, MCS Property LLC is a wholly-owned subsidiary of MCS Properties Holding LLC which is in turn wholly-owned and controlled by MCS Mongolia LLC. MCS Mongolia LLC directly holds 100% shareholding interest in MCS Mining Group LLC, which is a controlling shareholder holding approximately 31.20% of the issued share capital of the Company. As such, MCS Property LLC is a connected person of the Company.

Consideration

The total consideration payable by the Group to MCS Property LLC under this agreement, which equals to the sum of the annual payments commencing from 30 November 2023 until completion of the work, is approximately USD60,244,128.

For further details of the Engineering, Procurement and Construction Works Contract, please refer to the announcement of the Company issued on 26 January 2024.

To the best of the Directors' knowledge, information, and belief, and having made all reasonable enquiries, the fees under this agreement were determined after arm's length negotiations and on commercial terms consistent with those offered by providers of similar services to independent third parties, taking into account the prevailing market rates for engineering, procurement and construction related services, as well as the contingency.

The actual transactions received by the Group for the year ended 31 December 2025 under this agreement was approximately USD14,617,298.

(11) Net Smelter Returns Agreement

Principle Terms

On 10 January 2023, EM and Leader Exploration LLC, a wholly-owned subsidiary of EM, entered into a Net Smelter Returns Agreement with Erdene Resource Development Corporation ("**ERD**"), pursuant to which EM and Leader Exploration LLC agreed to pay ERD a net smelter return entitlement of 5.0% on the sale or transfer of products exceeding the first 400,000 ounces of gold, for the period from 25 January 2024 (closing date) until the expiry of the relevant mining licences (the "**NSR Agreement**").

For further details of the NSR Agreement, please refer to the announcement of the Company issued on 11 January 2023, 25 January 2024 and 25 April 2025.

Connected Person

As at 31 December 2025, ERD holds 50% equity interest in EM which is a non wholly-owned subsidiary of the Company. As such, ERD is a connected person of the Company at the subsidiary level.

Consideration

If a sale by a payor or an affiliate other than to a smelter, a refinery or the central bank of Mongolia, the net smelter returns shall be deemed to be the greater of (i) the fair market value of recoverable metals or other materials contained in such products and (ii) the actual proceeds received by the relevant payor or an affiliate from the buyer of such products, in each case without deductions except for allowable deductions under the NSR Agreement or penalties or offsets in respect of ore dependent factors, if any. The obligation to pay the NSR Entitlement will accrue when there has been a sale, provided that any NSR Entitlement due in respect of a loss will accrue when the insurance proceeds are paid. The payments of the NSR Entitlement will be due and payable quarterly on the last day of the month following the end of the calendar quarter in which the same accrued. The payors shall pay interest on any delinquent NSR Entitlement payment at a rate per annum equal to the secured overnight financing rate established by the Federal Reserve Bank of New York as at the date such delinquent payment became due and payable plus 8%.

To the best of the Directors' knowledge, information, and belief, and having made all reasonable enquiries, the terms of the NSR Agreement are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

There was no payment made by the Group for the year ended 31 December 2025 under this agreement.

In the opinion of the independent non-executive Directors, the CCTs set out in items (1) to (11) above were entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board has received a letter from the auditor of the Company confirming the matters set out in Rule 14A.56 of the Listing Rules that in respect of the disclosed CCTs as set out in items (1) to (11) above:

- (a) nothing has come to the attention of the auditor that causes them to believe that the disclosed CCTs have not been approved by the Board;
- (b) for transactions involving the provision of goods by the Group, nothing has come to the attention of the auditor that causes them to believe that the disclosed CCTs were not, in all material respects, in accordance with the pricing policies of the Group;

- (c) nothing has come to the attention of the auditor that causes them to believe that the disclosed CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) with respect to the aggregate amount of each of the CCTs set out in items (1) to (9) above, nothing has come to the attention of the auditor that causes them to believe that the disclosed CCTs have exceeded the annual cap as set by the Company in respect of each of the disclosed CCTs.

The engineering, procurement and construction works and NSR Agreement transactions with MCS Property LLC and ERD set out in item (10) and (11) above constitute pre-existing CCTs as set out in the Listing Rules 14A.60. Accordingly, no annual caps were set by the Directors for these CCTs. The engineering, procurement and construction works contract was completed in 2025.

In respect of the aforesaid CCTs, the Company has complied with the disclosure requirements under the Listing Rules.

Internal Control Measures

The Company has comprehensive internal control system to ensure that the terms of the CCTs are fair and reasonable, and the CCTs are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Relevant internal control measures include strict measures for evaluation and selection of suppliers and the tendering process; regular monitoring of actual amounts incurred for the CCTs to ensure the relevant annual caps are not exceeded; regular internal control tests to evaluate completeness and effectiveness of internal control measures; and regular review by the internal audit department, the audit committee of the Board, the Board, and the independent non-executive Directors.

SUSTAINABILITY



CEO's Statement

Dear Stakeholders,

We recognize that people are our key asset. Therefore, MMC places the safety of our personnel the highest priority. As a responsible employer, MMC provides equal employment opportunities within a meritocratic workplace. In 2025, regional housing program for UHG mine operations was expanded and will benefit more than 300 employees and their families. During the year, the Group's coking coal operations recorded a Lost Time Injury Frequency Rate ("LTIFR") of 0.86 per million man-hours worked, and its gold and metals operations recorded an LTIFR of 1.39 per million man-hours worked. As such, the Group's workplace safety performance is favorable as compared to its international peers. For example, rolling 5-year average LTIFR across New South Wales coal mines is approximately 2.5 per million hours worked.

We believe that modern and cost-efficient technology will bring sustainable growth and prosperity. Therefore, MMC aims to use technology and innovate in the same to produce quality products safely at the lowest cost. MMC continues to contribute to the development of technical standards in the global extractive industry. In 2025, in collaboration with our contractor, we initiated the replacement of diesel trucks with electric trucks for coal transportation between the UHG and BN mines, with full replacement targeted within the next 12 months.

We are committed to environmental sustainability in our operations. Therefore, MMC strives to minimise the impact of our operations on the environment. MMC complies with all required environmental standards, and takes further measures to prevent and mitigate potential environmental impact. Water is a precious resource in areas where we operate, and as such, water use efficiency was always in focus. In 2025, we expanded slurry waste dewatering capacity at our coal processing operations and more than doubled water reuse rates. Moreover, we have successfully incorporated ISO 46001:2019 Water Efficiency Management Systems into our existing Integrated Management System implemented within UHG mine operations. MMC became the first company in Mongolia to report its greenhouse gas emissions under all three scopes measured and independently verified each year against internationally recognised reporting standards, with 2023 taken as our baseline.

We are committed to socially responsible mining practices. Therefore, MMC strives to build mutually beneficial relationships with local communities and officials. MMC contributes to social development through community development initiatives and other programmes. Reflecting this commitment, the Group became the first international company to publicly submit Towards Sustainable Mining ("TSM") self-assessment in 2023 and followed by external verification in 2024. MMC remains fully committed to the TSM framework for benchmarking and strengthening its responsible mining practices.

We are committed to transparent and fair business practices. Therefore, MMC fosters mutually beneficial relationships with our suppliers and contractors. MMC develops, maintains and values long-term relationships with our customers. In 2025, the Group's procurement from Mongolian suppliers reached MNT 2.6 trillion, of which MNT 15.7 billion was sourced from Umnugobi aimag and MNT 7.8 billion from Bayankhongor aimag, hosting our coking coal and gold and metals operations, respectively.

We believe sound corporate governance is a cornerstone of MMC's management and operations. Therefore, MMC complies with the best international practices. MMC continues to cultivate a culture of corporate governance as an integral part of its ongoing organisational development. The Board maintains direct oversight through its dedicated committees (Audit Committee, Remuneration Committee, Nomination Committee, and Environmental, Social and Governance Committee). The Board independence and diversity is ensured by Independent Non-executive Directors ("INED") constituting 43% of the Board, which exceeds level required by Hong Kong Stock Exchange ("HKSE") Listing Rules, while 43% of the Board are female Directors, which, I believe, is well above average for companies listed at HKSE.

Dr. Battengel Gotov

Chief Executive Officer

About report

This report presents the Environmental, Social, and Governance (“ESG”) performance of the Group for the period from 1 January to 31 December 2025. It provides a structured account of the Group’s activities, progress, and priorities across material sustainability topics during the reporting year, offering stakeholders a clear view of our operational practices, governance framework, and forward-looking focus areas. The report reflects our ongoing commitment to sustainability, social responsibility, and transparent disclosure, and is intended to support informed engagement with our investors, regulators, communities, employees, and commercial partners.

Reporting Boundaries and scope

In defining the reporting boundary, we consider the impacts captured across our sustainability metrics, including outcomes from operations within our subsidiaries and, to a relevant extent, influences from external parties such as suppliers. Entities and operations that are neither owned, operated, nor directly managed by the Group are excluded from this report. While our objective is to ensure that the information presented is complete, timely, reliable, and accurate, we acknowledge that absolute precision is difficult to achieve given the volume and complexity of data compiled during the reporting period.

Our GHG inventory has been verified in accordance with the WRI/WBCSD Greenhouse Gas Protocol and ISO 14064-3:2019. At present, the inventory covers our Ulaanbaatar head office and our coking coal operations at the Ukhua Khudag (UHG) and Baruun Naran (BN) mines; our gold and metals operations are not currently included within the reporting boundary, and we intend to progressively expand coverage

as these operations mature.

ESG Governance

The Board of the Company maintains direct oversight of the Group’s ESG strategy and risk management through a dedicated ESG Committee. The Committee is responsible for embedding ESG considerations into corporate strategy, decision-making, and operational practice. Its core responsibilities include monitoring performance against key ESG metrics and targets, identifying emerging sustainability risks and opportunities, and recommending actions to address material issues as they arise.

Day-to-day execution is led by the ESG Management Committee, which implements the strategy and initiatives directed by the Board ESG Committee. The ESG Management Committee is chaired by the Chief Executive Officer and comprises ten senior representatives from the Company’s operations and head office, bringing diverse expertise across environmental management, social performance, governance, and finance. This structure ensures that sustainability priorities are translated into operational decisions and that feedback from the operations is reflected at Board level. During 2025, we made meaningful progress across several priority areas identified in previous reporting cycles. Key achievements include the completion of our annual third-party GHG inventory verification, the completion of our second self-assessment under the Towards Sustainable Mining (TSM) framework, the activation of a dedicated, third-party-operated whistleblower platform, and the extension of our Integrated Management System (IMS) to incorporate ISO 46001 (Water Efficiency Management Systems) — providing a structured framework for continuous improvement in water

use across our operations. We also advanced our physical climate risk assessment work during the year. Following a period in which environmental improvements received initial priority, we expanded our focus on the social and governance dimensions of ESG, including strengthening internal engagement platforms and broadening the reach of our governance frameworks.

We are continuing the verification of our 2023 baseline emissions in accordance with ISO 14064, aligned with the GHG Protocol, to provide a robust foundation for any future improvements. In developing transition pathways, we take a measured approach that reflects the current state of available technologies, recognizing that deep decarbonization of coal mining operations is constrained by the commercial maturity of the technologies needed to achieve it. We continue to monitor emerging standards and frameworks, including ISO 14068-1:2023, as part of our broader assessment of the options and pathways available to the Company.

SDG alignment

Our efforts and strategies towards sustainability are based on the United Nations’ Sustainable Development Goals (“SDGs”). To ensure that we make a meaningful contribution to the SDGs, we have identified the most relevant and critical SDGs across our sustainability platform and mapped them out. This helps us to determine our impact on each individual SDG.

Moving forward, we plan to redefine all our sustainability targets to align with the SDGs. This will enable us to further integrate the SDGs into our sustainability framework and ensure that we make a significant and positive contribution towards achieving the global goals.

Community



Environment



Employment



Governance

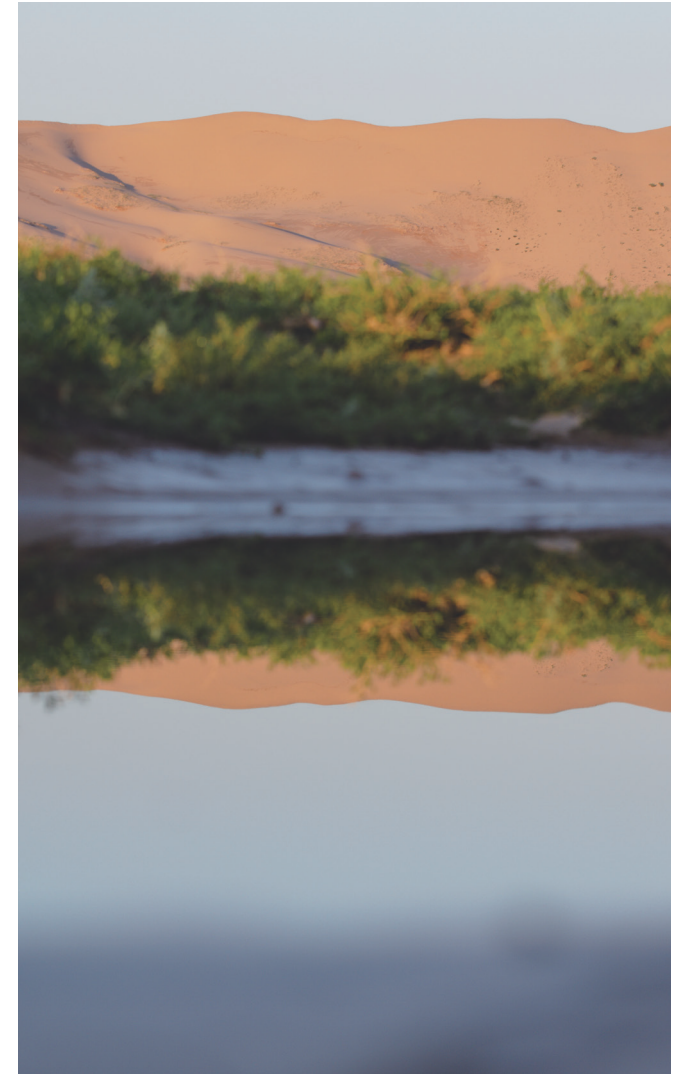
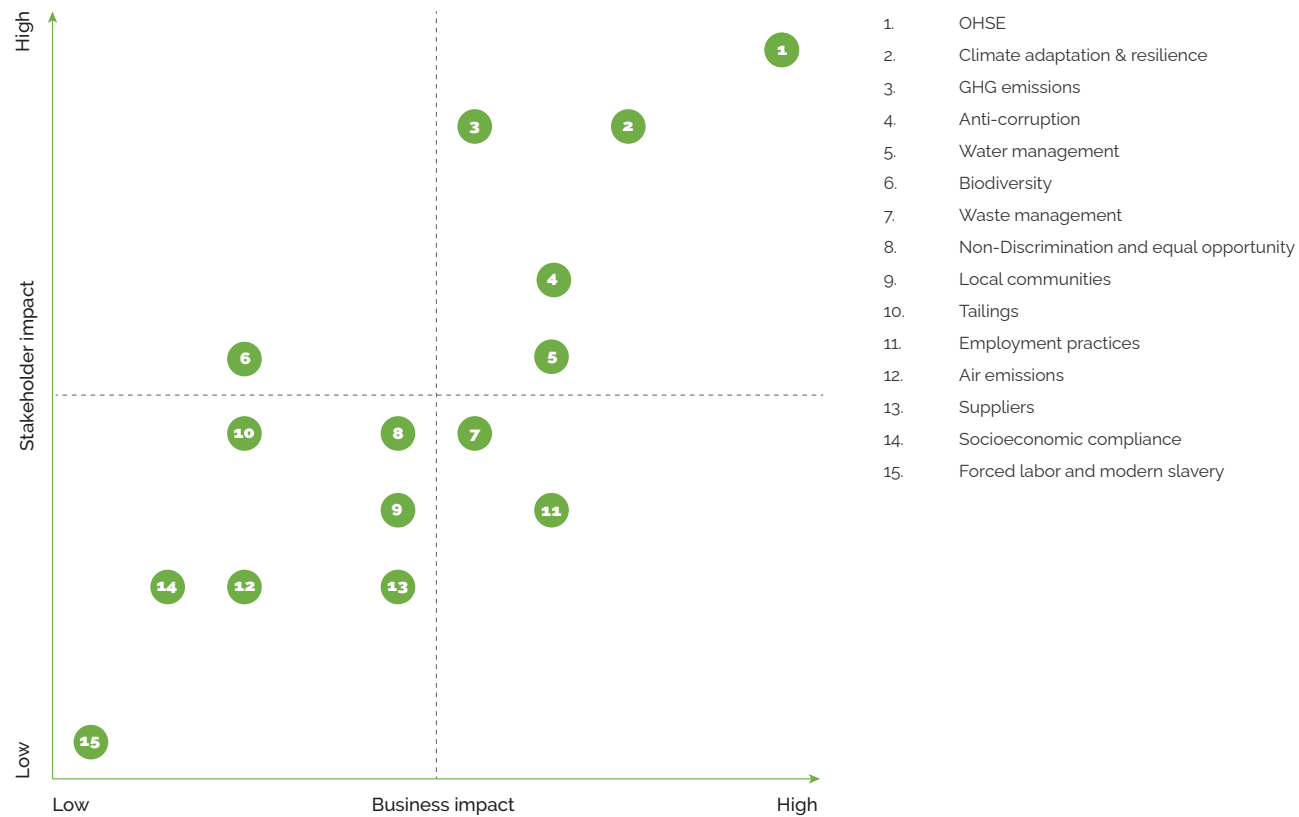


Table 18: Operations and reporting scope

MINE	LOCATION	COMMODITY	AREA (HA)	MMC'S OWNERSHIP (%)	REPORTING BOUNDARY
UHG	Tsogttsetsii soum, Umnugobi aimag	Coking (metallurgical) coal	2,960	100%	Included
BN	Khankhongor soum, Umnugobi aimag	Coking (metallurgical) coal	4,482	80%	Included
BKH	Shinejinst soum, Bayankhongor aimag	Gold	2,309	50%	Partially included

Materiality assessment

An internal materiality assessment has been conducted with our overall policies, strategies, as well as future challenges for the mining sector having been taken into account. This materiality assessment plots our top priorities, mapping them in terms of our environmental, social, and economic impacts, as well as their relevance to our stakeholders



VOLUNTARY DISCLOSURE

CDP

CDP is a non-profit organisation that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Over the years, CDP has become a key mechanism that encourages organisations

around the world to measure, disclose, manage, and share information on their environmental impacts, specifically focusing on climate change, water security, and deforestation.

CDP's climate change program asks companies to disclose their

greenhouse gas emissions and energy use, alongside their climate risk assessments, emissions reduction targets, and strategies to mitigate climate change. This information is used to inform investors, customers, and other stakeholders about the environmental performance and risk management strategies of these companies, encouraging transparency and actions towards a more sustainable economy.

MMC's CDP scores improved from D in previous years to C for Climate Change and B for Water Security in 2024.

TSM

MMC is the first international company to publicly submit the TSM self-assessments through a subscription service independent of a national mining association. In 2025, MMC conducted fourth TSM self-assessment.



TSM is a globally recognised performance system that assists mining companies in mitigating critical environmental and social hazards. TSM was established in 2004 by the Mining Association of Canada ("MAC") and has since been adopted by national associations in 13 countries and six continents, with over 200 enterprises actively implementing the TSM program internationally. It provides a set of tools and indicators designed to drive performance and ensure that critical mining hazards are properly managed at participating mining and metallurgical plants. An independent Community of Interest (COI) Advisory Panel oversees TSM. As a current member of the program, we have completed high-quality,

evidence-based, rigorous self-assessments and seek to improve the industry's performance, foster dialogue, and shape the TSM initiative. In this program, we demonstrate leadership by engaging with communities and driving world-leading environmental practices. Each TSM protocol is comprised of a set of indicators referred to as assessing the quality and scope of facility-level management systems. These protocols were intended to provide the public with an overview of the industry's performance in critical environmental and social areas.

The TSM Verification Process included an independent review performed by Envirochem Services Inc., in accordance with the Terms of Reference for Verifiers. The Company's reported 2024 TSM performance indicator results for the period ending 31 December 2024, were assessed by the verifier with respect to the mandatory TSM Performance Protocols standards by MAC. For 2025 self-assessment scores and 2024 verified scores visit the MAC website by the following link: <https://mining.ca/companies/mongolian-mining-corporation/>

EITI



Information on taxes and fees paid to the government is publicly accessible since we joined the Extractive Industries'

Transparency Initiative (EITI) in 2009. Extractive Industries Transparency Initiative (EITI) is a global standard to promote the open and accountable management of oil, gas, and mineral resources. Guided by the belief that transparency and accountability in extractive industries can lead to improved governance, reduced corruption, and fair distribution of revenues, EITI requires participating countries and companies to disclose information on tax payments, licenses, contracts, production, and other key elements involved in their extractive industries. This initiative brings together stakeholders from the government, extractive companies, and civil society to collaborate on enhancing transparency and accountability in the extractive sector. By making this information publicly available, EITI aims to provide citizens with the tools they need to advocate for a fairer distribution of the natural resource wealth of their country. The initiative currently has a broad membership of countries and continues to influence global norms on resource management.



Climate Adaptation

As climate change intensifies, mining companies are increasingly expected to measure, report, and progressively reduce greenhouse gas (GHG) emissions where operationally and commercially feasible. Our approach covers Scope 1, 2, and 3 emissions and is supported by verified reporting, a defined base year, and a practical reduction program grounded in available technologies.

Operating in the coal sector and in Mongolia, a country highly exposed to physical climate risks, places specific responsibilities on us. Deep decarbonization of coal mining is constrained by current technology, and we do not overstate what is achievable in the near term. Our focus is on reductions that are feasible today, while monitoring emerging technologies that may allow further progress over time.

GHG Emissions Accounting and Reporting

Since 2017, we have tracked Scope 1 and Scope 2 emissions, expanding to six categories of Scope 3 in 2019 and nine categories in 2023. Our GHG inventory is prepared in line with the 'GHG Protocol Corporate Accounting and Reporting Standard' and 'ISO 14064-1:2018', consolidated using the operational control boundary. It covers our Ulaanbaatar head office and coking coal operations at the UHG and BN mines; gold and metals operations are not yet within the reporting boundary.

The inventory is subject to annual third-party verification. Emissions are calculated separately for each scope and include CO₂, CH₄, N₂O, HFCs, NF₃, PFCs, and SF₆. We have adopted 2023 as our base year for Scopes 1, 2, and 3 — the first year our emissions were independently verified. No offsets were used in the 2023, 2024, or 2025 reporting periods. The Company may recalculate its baseline or subsequent year disclosures in response to mergers, acquisitions, divestitures, changes in reporting boundaries or methodologies, or other adjustments exceeding a ±8% threshold, and will disclose any such updates.

Emissions Reduction Approach

Our reduction approach prioritizes Scope 1, which stems from sources we own or control, primarily the mining fleet, coal transportation trucks, and on-site power generation. Scope 2 remains minimal, as most electricity is generated in-house at our power plant.

The most material source of direct operational emissions is diesel consumption across the mining fleet and coal transportation between our UHG and BN mines and the TKH transshipment facility.

EV Deployment

We have fully replaced conventional diesel trucks with electric heavy-duty trucks (EV trucks) on the UHG-BN coal haul route. The transition followed a two-year pilot assessing operational performance, energy consumption, battery performance in Gobi extreme weather conditions, and logistics integration. Full replacement was completed at the end of 2025, making this one of the first heavy-haul coal corridors in Mongolia to operate entirely on electric trucks.

We have also deployed fully electric small and mid-size loaders at coal handling operations, supporting emission reductions in lower-intensity material handling and expanding low-emission technology across our operations.

Extending EV deployment to long-haul routes will depend entirely on the pace of infrastructure development in the TKH area. We continue to monitor regional infrastructure and advancements in EV truck technology, particularly battery range, payload capacity, and performance at Gobi and will make future electrification decisions based on a clear operational and commercial case.

Alongside the EV program, we continue to invest in energy efficiency upgrades across the CHPP operations, groundwater supply systems, and power infrastructure, including LED lighting, frequency converters, power factor correction, and SCADA-based load optimization. These measures deliver incremental reductions in energy consumption and represent the most reliable near-term source of emission savings using proven technology.

Climate Adaptation

Beyond emissions reduction, we actively manage the physical climate risks affecting our operations. The Gobi region is exposed to extreme heat, prolonged drought, sand and dust storms, and temperature volatility, all of which affect water availability, dust management, equipment performance, and worker safety. Our environmental programs topsoil stockpiling, progressive revegetation, dust suppression, water efficiency measures, and biodiversity protection are designed both to reduce environmental impact and to strengthen long-term operational resilience. Our tree planting, agroforestry, anti-desertification efforts, and wildlife support programs help build landscape resilience and support local herders facing direct climate impacts.

Just Transition

The global response to climate change carries high-risk potential to reshape the markets for the commodities we produce, with implications for our workforce, host communities.

We mainly produce metallurgical coal, which is key a ingredient in current steelmaking process. We believe that metallurgical coal demand will decline more slowly than thermal coal, as commercially mature and economically viable alternatives in steel production are not yet available. The pace of change will depend on the development of hydrogen direct reduction, and electric arc furnace technologies in our key market.

The commencement of commercial gold production at the BKH mine broadens our revenue base and reduces exposure to single commodity cycle.

For our workforce, we continue to invest in skills development, technical training, and internal career progression. For host communities our support programmes such as sustainable livelihood support, community gardening, local education support, and infrastructure investments help broaden economic activity beyond mining.

We will continue to develop our approach to just transition as part of broader climate risk management, including through the scenario analysis.

GHG Inventory Verification

Our 2024 GHG inventory has been independently verified in accordance with the WRI/WBCSD Greenhouse Gas Protocol and ISO 14064-3:2019 by SGS International Certification Services Singapore Pte Ltd. The verification provides limited assurance over reported Scope 1, 2, and 3 emissions within the defined reporting boundary (Ulaanbaatar head office, UHG mine, BN mine).

Emissions-limiting Regulatory Coverage

As at 31 December 2025, 0% of the Group's Scope 1 emissions are covered under emissions-limiting regulations such as cap-and-trade schemes, carbon taxes, or permit-based mechanisms, as Mongolia has not yet introduced a carbon pricing framework.

GHG EMISSIONS (ISO 14064)

Table 19: GHG Emissions according ISO 14064-1:2018

CATEGORY 1	Emission tCO ₂ e		Intensity - tCO ₂ e/ROMt		% of total	
	2023*	2025	2023*	2025	2023*	2025
1.1: Mobile combustion	237,381.15	461,856.67	0.02	0.03	0.77%	1.54%
1.2: Stationary combustion	257,095.58	257,551.08	0.02	0.02	0.84%	0.86%
1.3: Fugitive	674,077.62	677,350.50	0.05	0.05	2.19%	2.26%
1.4: Process emission	-	351.31	-	0.00	-	0.00%
TOTAL	1,168,554.35	1,397,109.56	0.09	0.10	3.80%	4.66%
CATEGORY 2 (Location-based)						
2.1 Purchased electricity	16,816.24	19,344.62	0.00	0.00	0.05%	0.06%
2.1 Purchased Heating	-	242.66	-	0.00	-	0.00%
TOTAL	16,816.24	19,587.28	0.00	0.00	0.05%	0.06%
CATEGORY 3						
3.1: Upstream transport and distribution for goods	6,274.43	-	0.00	-	0.02%	-
3.2: Downstream transport and distribution for goods	2,758.49	2,437,491.31	0.00	0.17	0.01%	8.12%
3.3: Employee Commuting	1,539.89	3,760.46	0.00	0.00	0.01%	0.01%
3.4: Business travel	225.15	59.49	0.00	0.00	0.00%	0.00%
TOTAL	10,797.96	2,441,311.26	0.00	0.17	0.04%	8.13%
CATEGORY 4						
4.1: Purchased Goods and Services	159,409.58	117,025.92	0.01	0.01	0.52%	0.39%
4.2: Fuel- and Energy-Related Activities	54,323.91	105,882.51	0.00	0.01	0.18%	0.35%
4.3: Waste Generated in Operations	13,399.40	5,808.94	0.00	0.00	0.04%	0.02%
4.4: Capital Goods	-	6,472.02	-	0.00	-	0.02%
TOTAL	227,132.89	235,189.39	0.01	0.02	0.74%	0.78%
CATEGORY 5						
5.1: Use of Sold Products	29,306,686.77	25,908,491.60	2.01	1.77	95.37%	86.36%
5.2: End-of-Life Treatment of Sold Products	30.57	13.69	0.00	0.00	0.00%	0.00%
TOTAL	29,306,717.34	25,908,505.29	2.01	1.77	95.37%	86.36%

Emission by gases CATEGORY 1	CO ₂		CH ₄		N ₂ O			
	2023*	2025	2023*	2025	2023*	2025		
1.1: Mobile combustion	233,267.20	453,952.09	619.58	1,104.83	3,494.37	6,799.75		
1.2: Stationary combustion	256,396.54	256,865.06	116.22	115.24	582.82	570.79		
1.3: Fugitive	29,274.36	32,977.61	640,878.02	644,372.89	-	-		
1.4: Process emission	-	136.62	-	214.70	-	-		
TOTAL	518,938.10	743,931.38	641,613.82	645,807.66	4,077.19	7,370.54		
CATEGORY 1	HFCs		SF ₆		NF ₃		PCFs	
	2023*	2025	2023*	2025	2023*	2025	2023*	2025
1.1: Mobile combustion	-	-	-	-	-	-	-	-
1.2: Stationary combustion	-	-	-	-	-	-	-	-
1.3: Fugitive	3,925.24	-	-	-	-	-	-	-
1.4: Process emission	-	-	-	-	-	-	-	-
TOTAL	3,925.2	-	-	-	-	-	-	-

Non-material excluded categories

CATEGORY 4

4.8: Upstream Leased Assets We do not lease any assets.

CATEGORY 6

6.1: Downstream Leased Assets We do not lease any assets.
6.2: Franchises We do not have any franchise operations.
6.3: Investment We do not provide any financial services.
6.4: Processing of Sold Products Our products are not processed by third parties

Note: the increase in total emissions in 2025 from base year was primarily reflects a change in product sales composition. A greater proportion of production was classified and sold as mid-ash semi-hard coking coal ("MASHCC") rather than thermal coal, which carries a higher applicable Scope 3 emission factor under the GHG Protocol methodology. The underlying operational activity did not change materially over the same period.
2023* base year numbers.

GHG EMISSIONS (GHG PROTOCOL)

Table 20: GHG Emissions according GHG Protocol

SCOPE 1	Emission tCO ₂ e		Intensity - tCO ₂ e/ROMt		% of total	
	2023*	2025	2023	2025	2023	2025
Mobile combustion	237,381.15	461,856.67	0.02	0.03	0.77%	1.54%
Stationary combustion	257,095.58	257,551.08	0.02	0.02	0.84%	0.86%
Fugitive	674,077.62	677,350.50	0.05	0.05	2.19%	2.26%
Process emission	-	351.31	-	0.00	-	0.00%
TOTAL	1,168,554.35	1,397,109.56	0.09	0.10	3.80%	4.66%
SCOPE 2 (location-based)						
Purchased electricity	16,816.24	19,344.62	0.00	0.00	0.05%	0.06%
Purchased heating	-	242.66	-	0.00	-	0.00%
TOTAL	16,816.24	19,587.28	0.00	0.00	0.05%	0.06%
SCOPE 3						
Category 1: Purchased goods and service	159,409.58	117,025.92	0.01	0.01	0.52%	0.39%
Category 2: Capital goods	-	6,472.02	-	0.00	-	0.02%
Category 3: Fuel and energy related	54,323.91	105,882.51	0.00	0.01	0.18%	0.35%
Category 4: Upstream transportation	6,274.43	-	0.00	-	0.02%	-
Category 5: Waste generated in operations	13,399.40	5,808.94	0.00	0.00	0.04%	0.02%
Category 6: Business travel	225.15	59.49	0.00	0.00	0.00%	0.00%
Category 7: Employee commute	1,539.89	3,760.46	0.00	0.00	0.01%	0.01%
Category 9: Downstream transportation	2,758.49	2,437,491.31	0.00	0.17	0.01%	8.12%
Category 11: Use of sold product	29,306,686.77	25,908,491.60	2.01	1.77	95.37%	86.36%
Category 12: End of life treatment of sold product	30.57	13.69	0.00	0.00	0.00%	0.00%
TOTAL	29,544,648.19	28,585,005.94	2.02	1.96	96.15%	95.27%

Note: * base year numbers.

SCOPE 1	CO ₂		CH ₄		N ₂ O			
	2023*	2025	2023*	2025	2023*	2025		
Mobile combustion	233,267.20	453,952.09	619.58	1,104.83	3,494.37	6,799.75		
Stationary combustion	256,396.54	256,865.06	116.22	115.24	582.82	570.79		
Fugitive	29,274.36	32,977.61	640,878.02	644,372.89	-	-		
Process emission	-	136.62	-	214.70	-	-		
TOTAL	518,938.10	743,931.38	641,613.82	645,807.66	4,077.19	7,370.54		
SCOPE 1								
	HFCs		SF ₆		NF ₃		PCFs	
	2023*	2025	2023*	2025	2023*	2025	2023*	2025
Mobile combustion	-	-	-	-	-	-	-	-
Stationary combustion	-	-	-	-	-	-	-	-
Fugitive	3,925.24	-	-	-	-	-	-	-
Process emission	-	-	-	-	-	-	-	-
TOTAL	3,925.2	-	-	-	-	-	-	-

Non-material excluded categories

SCOPE 3

Category 8: Upstream Leased Assets	We do not lease any assets.
Category 10: Processing of Sold Products	Our products are not processed by third parties.
Category 13: Downstream Leased Assets	We do not lease any assets.
Category 14: Franchises	We do not have any franchise operations.
Category 15: Investment	We do not provide any financial services.

DATA QUALITY ASSESSMENT

Evaluating data quality indicators involves a qualitative approach that assigns rating descriptions to each indicator for direct emissions data, activity data, and emission factors. This method incorporates elements of subjectivity in the assessment process.

Table 21: Data reliability scoring methodology

Score	Very good	Good	Fair	Poor
Reliability	Verified data based on measurements	Verified data partly based on assumptions or non-verified data based on measurements	Non-verified data partly based on assumptions, or a qualified estimate	Non-qualified estimate

Table 22: Scorecard

Categories	Reliability	Description
Mobile combustion	Good	Verified data based on fuel provided to the mobile equipment by the fuel station of the Company.
Stationary combustion	Good	Verified data based on fuel and coal provided to the stationary equipment.
Fugitive – Refrigerant	Good	Verified data based on purchase of refrigerant from suppliers.
Fugitive - Explosives	Very Good	Verified data based on explosives usage.
Purchased electricity	Good	Verified data based on electricity purchased from the Central Grid.
Purchased goods and service	Good	Financially audited data – calculated on a spent based method.
Capital goods	Good	Financially audited data – calculated on a spent based method.
Fuel and energy related	Fair	Financially verified data based on assumptions of fuel delivered.
Upstream Transportation	Very Good	Verified data based on coal weight measurement and distance travelled.
Waste generated in operations	Fair	Qualified estimate of total waste generated.
Business travel	Poor	Based on assumptions and estimates of travel distance.
Employee commute	Good	Verified data partly based on travel assumptions.
Downstream Transportation	Very Good	Verified data based on coal weight measurement and distance travelled.
Use of sold product	Very Good	Verified data based on total sales amount, backed by coal weight measurement.
End of life treatment of sold product	Good	Non-verified data based on measurements – coal weight measurement is verified, however, full usage is based on partial assumption from end-users.

Environment



As a responsible mining company operating in the ecologically sensitive Gobi region, we view environmental stewardship as an integral part of our operations. Our approach is guided by a structured framework covering land and resource rights, biodiversity, waste management, hazardous waste, and air emissions — each supported by measurable targets, systematic monitoring, and close engagement with local communities. We apply this framework consistently across both our coking (metallurgical) coal operations and our gold and metals operations, tailoring specific measures to the environmental conditions and community context of each site.

Our environmental management is built on the principle that every stage of the mining lifecycle, from pre-construction planning to operations and closure, must incorporate measures to prevent, mitigate, and remediate potential impacts. We apply the mitigation hierarchy across all operations: avoiding impacts where possible, minimizing those that cannot be avoided, restoring affected areas, and offsetting residual impacts through targeted conservation initiatives. This approach ensures that environmental considerations are embedded into operational decision-making rather than treated as a separate function, allowing us to progressively balance land disturbance with restoration, protect biodiversity alongside production, and maintain air, water, and soil quality within applicable national standards.

Monitoring and transparency underpin the entire framework. Environmental performance is measured through continuous internal monitoring programs covering water, air, soil, flora, and fauna, complemented by independent third-party assessments and audits. Results are benchmarked against Mongolian national standards and internationally recognized frameworks, and findings are openly shared with employees, local communities, government authorities, and other stakeholders. Community feedback is actively solicited and directly informs the design and prioritization of our environmental programs — reflecting our belief that effective environmental management in the Gobi region cannot be delivered by the Company alone but must be built through long-term partnership with the people who live on and rely upon the land where we operate.

Water

Responsible water management is a core priority in the arid Gobi region where we operate, where water availability is limited, seasonally variable, and critical to both ecosystems and local communities. Following the release of the WRI Aqueduct 4.0 Water Risk Atlas in August 2023 — which introduced an updated global assessment of baseline water stress using more than forty years of hydrological data (1979–2019) — both Umnugobi aimag and Bayankhongor aimag, which host our coking coal and gold operations respectively, are classified as areas of

Extremely High Baseline Water Stress, reflecting the structural water-scarcity conditions inherent to the South Gobi ecosystem.

100% of our water withdrawal and water consumption occur in regions classified as Extremely High Baseline Water Stress under the WRI Aqueduct 4.0 framework. We recognize that operating in this context places heightened responsibilities on us, and our water management framework is designed accordingly, focused on reuse, recycling, and continuous efficiency improvement.

In response to these heightened water-stress conditions, during 2025 we incorporated ISO 46001:2019 – Water Efficiency Management Systems into our pre-existing Integrated Management System, establishing a structured framework for continuous improvement in water use across our operations. Beyond these internal systems, we have endorsed the Voluntary Code of Practice on Responsible Water Management alongside other leading mining companies operating in the South Gobi region, and we work closely with international organizations on water stewardship.

During 2025, our water management performance demonstrated measurable YoY improvement across our operations, shown in Table 23:

Table 23: Water consumption

m ³	Coking (metallurgical) coal		
	2025	2024	2023
Fresh water extraction	2,231,760	2,998,260	2,913,508
Intensity (L/ROMt)	152.0	170.0	207.0
Recycled water usage	1,385,678	748,355	1,145,400

Energy

Energy efficiency is a strategic priority across our operations, both for its direct impact on operational performance and for its contribution to reducing greenhouse gas emissions. Our approach is guided by the Energy Law of Mongolia, the Energy Conservation Law of Mongolia, and the Law on Renewable Energy, and is embedded within our Integrated Management System (IMS).

The coal handling and processing plant (CHPP) accounts for approximately 70% of the total electricity consumption within our electricity distribution system, making it the primary focus of our energy efficiency initiatives. In 2025, we continued to enhance the energy efficiency of the CHPP through ongoing upgrades to power factor correction, lighting, heating, and groundwater supply systems, building on the measurable improvements achieved in previous years.

Air Emissions

Managing air emissions from our operations is critical to protecting workforce health, community wellbeing, and the arid Gobi environment in which we operate. Our air emissions management focuses on two main sources: stationary combustion from the on-site power plant at the UHG mine, and fugitive dust from mining, hauling, and material handling activities.

Table 24: Air emissions

tonnes	2025	2024	2023
NOx	3,107.2	2,725.9	2,445.6
SOx	1.39	1.55	1.4
PM	88.0	77.2	69.2

Stationary source emissions from the on-site power plant are monitored in accordance with Mongolian national standard MNS 5919:2008, and ambient air quality is monitored under MNS 4585:2025 (updated during the reporting year from MNS 4585:2016 with tighter PM_{2.5} limits). An accredited third-party laboratory conducts annual external monitoring of SO_x and NO_x emissions at the UHG mine, the TKH transshipment area, and the BN mine, providing independent verification of our emissions data. Ambient PM_{2.5} monitoring is undertaken continuously at fifteen automatic monitoring stations across our operational footprint.

We report air emissions against the seven pollutants specified under the SASB Metals & Mining Standard (EM-MM-120a.1). NO_x, SO_x, and particulate matter are measured and disclosed as set out below. Carbon monoxide (CO) is not currently monitored, as it is not required under applicable Mongolian national standards for our operations; we will keep this position under review as monitoring practices evolve. Mercury (Hg), lead (Pb), and volatile organic compounds (VOCs) are not considered material pollutants for the Group's operations. Neither our coking coal processing nor our gold recovery processes involve mercury amalgamation, lead-bearing mineralisation, or significant volatile organic compound generation that would require routine monitoring under Mongolian national standards or applicable international frameworks.

A comprehensive dust risk assessment identified the ROM stockpile, coal handling area, and power plant as the primary dust emission sources at the coking coal operations. In response, we implemented targeted mitigation measures including regular removal of fine coal residues, enforcement of a 5 km/h site speed limit, and routine water spraying on haul roads — which predominantly uses recycled water from our on-site wastewater treatment plant rather than fresh water. At the power plant, measures to reduce fly ash

riability have limited ash dispersion and contamination. A 24-hour automatic dust monitoring station installed at the centre of the mining area provides continuous real-time data, and a multidisciplinary working group oversees ongoing dust abatement, including the deployment of electric vehicles to reduce transportation-related emissions. Dust separators installed on coal handling equipment have reduced dust concentrations by approximately 50%.

Engagement with local communities remains central to our approach. During 2025, following a community complaint, we identified the return water pond as a source of fugitive dust and implemented surface covering measures, bringing the total treated area to 43 hectares out of 64.

In 2025, a total of 591,937 m³ of water was applied for dust suppression (2024: 442,435 m³), and 291,271 m³ of low-dust road material was deployed across pit haul roads and working areas (2024: 26,955 m³). Winter dust-reduction trials using saltwater spraying confirmed effective suppression on treated surfaces at low temperatures, forming the basis for a regular winter spraying programme.

Land and Resource Rights

Land and natural resources are fundamental to people's access to food, shelter, culture, livelihoods, water, health, and overall well-being. We are committed to supporting sustainable land and resource management through community-focused initiatives that strengthen local ecosystems and long-term environmental sustainability in the regions where we operate.

We work closely with local communities to secure their rights to use land resources through community-based land management. As part of this effort, at coking (coal)

operations we allocated 2.15 hectares to 43 newly migrated employees during the reporting year. To reduce environmental pressures associated with unplanned migration and informal settlement, we facilitate structured and sustainable land use by granting land titles and formal residency status to local households. Since 2018, we have granted permanent residency status to more than 329 employees and issued 329 land titles across 16.45 hectares of land, with each household receiving a 500 m² plot. Secure ownership encourages families to invest in soil protection, proper fencing, tree planting, and cleaner household environments — contributing to reduced land degradation and strengthened community resilience.

We further support land stewardship through the "Modtoi Khashaa" (Household with Trees) campaign, launched in 2021, which encourages every household in Tsogtsetsii soum to plant and maintain ten trees. Through this program, we have

distributed 6,000 saplings from seven tree species to 600 households, reaching 2,352 people. In 2025, an additional 138 households received 1,330 saplings, further extending the program's impact.

Topsoil Management and Rehabilitation

A central part of our responsible land management is the protection, storage, and reuse of topsoil. At the coking coal operations, we strip and store fertile soil from areas disturbed by pit expansion and waste rock development in full compliance with the national standard MNS 5916:2008 — "Topsoil Stripping, Storage, and Handling During Earthworks." During 2025, 321,310 m³ of topsoil was stripped and safely stockpiled, compared with 107,856 m³ in the previous

Table 25: Energy Consumption

kWh	Coking (metallurgical) coal			Gold and metals	
	2025	2024	2023	2025	2024
Total electricity consumption	123,116,074	117,226,599	102,142,348	8,869,744	-
Direct	114,342,936	106,505,229	99,636,196	-	-
Indirect	8,823,138	10,721,370	2,506,152	8,869,744	-
Intensity (kWh/ROMt)	8.4	6.9	7.3	24.3	-

year, and safely stockpiled during recent expansion works, bringing the cumulative total to 2.47 million m³ since 2008. During 2025, the northeastern section of the waste dump was reshaped in accordance with applicable methodologies and national standards, resulting in 12.5 hectares of newly recontoured land and increasing the total reshaped area to 82 hectares. Of this, 10 hectares were covered with fertile topsoil in the reporting year, raising the total topsoil-covered area to 50 hectares. A further 7 hectares were successfully revegetated using native plant species and potted shrubs, increasing the cumulative revegetated area to 12 hectares since 2020. All biological rehabilitation activities were carried out by a certified professional organization, ensuring full compliance with environmental restoration requirements.

Mine Closure Planning

We integrate mine closure planning into operations from the earliest stages of mining, ensuring that land disturbance is progressively balanced by restoration and long-term stewardship. At the Ukhua Khudag mine, since operations began in 2009, the disturbed footprint has reached 2,255 hectares as of 2025, projected to extend to 3,379 hectares by planned closure. To support these long-term commitments, we allocate a dedicated mine closure provision of USD 37.8 million to ensure adequate financial resources are available for progressive rehabilitation, final closure, and post-closure monitoring activities. To date, 82 hectares have undergone technical rehabilitation (regrading and stabilization) and 12 hectares have undergone biological rehabilitation through revegetation. Total topsoil reserves are expected to reach 5.62 million m³ by closure, securing essential natural capital for ecosystem reconstruction.

In coking (metallurgical) coal operations, our closure landform design embeds restoration directly into the mining sequence. Internal dumping initiated in 2023 will backfill approximately 40% of the final open-pit void by 2056, directly rehabilitating about 664.8 hectares of disturbed land and significantly reducing long-term exposure and geotechnical risks associated with the 1,272-hectare, 500-meter-deep pit. Remaining void areas will be secured through engineered bunds and protective measures to ensure long-term stability and public safety. External waste rock dumps covering 1,591 hectares will be regraded to stable slopes and contoured to integrate with the surrounding steppe landscape.

These long-term commitments are backed by a dedicated mine closure provision. As at 31 December 2025, the Group's mine closure provision was USD 37.8 million (2024: USD 32.0 million), representing the present value of the estimated cost of progressive rehabilitation, final closure, and post-closure monitoring for the UHG and BN mines. The provision is recognised in accordance with IFRS, reviewed annually, and adjusted for changes in the mine plan, disturbed footprint, cost estimates, and the applicable discount rate.



Biodiversity

Protecting biodiversity is a cornerstone of our environmental performance. Guided by our corporate ESG policy, we are committed to preserving ecosystems both within and beyond our operational areas, including those that support the Gobi region's biodiversity, such as Gobi Gurvan Saikhan National Park and the Great Gobi Strictly Protected Area. We recognize that the Gobi hosts rare and endangered species — including the Gobi bear, argali sheep, ibex, and a diverse range of migratory birds and endemic flora — many of which depend on fragile habitats already under pressure from climate change and land-use shifts.

Our biodiversity programs are designed to go beyond mitigation, actively contributing to species conservation, habitat restoration, and long-term ecosystem resilience. We apply the mitigation hierarchy across all operations — avoiding impacts where possible, minimizing those that cannot be avoided, restoring affected areas, and offsetting residual impacts through targeted conservation initiatives. This work is delivered through structured partnerships with local communities, government authorities, researchers, and conservation organizations, combining scientific expertise with the traditional knowledge of herders and rangers who know the land best.

In 2025, we launched a volunteer engagement programme through which safety instructors and field teams integrate environmental practices into their daily responsibilities. Over 3,000 employees have participated.

Ecological Monitoring

At the coking coal operations, we have been working with fauna and flora experts since 2018 to assess ecological conditions and biodiversity trends across our mining and associated infrastructure, including power lines, the water pipeline, and the airport. Over the past five years, our avian monitoring program has recorded more than 1,600 individual birds representing 54 species across seven taxonomic groups at our forest belt. Annual monitoring results show a clear upward trend in species richness: 146 individuals from 18 species in 2021, 276 from 22 species in 2022, 298 from 34 species in 2023, 531 from 29 species in 2024, and approximately 500 from 28 species in 2025. Behavioral observations confirm successful foraging, nesting attempts, and regular seasonal movement — indicating that the restored environment supports essential life-cycle needs and has evolved into an important avian habitat and biodiversity corridor.

At the gold operations, EM has established a comprehensive environmental monitoring program covering water availability and quality, air quality, soil quality, and surveys for flora and fauna biodiversity. Monitoring results are analyzed and compared against Mongolian national standards, and outcomes are used to further improve the effectiveness of mitigation and management measures.

Avoidance and Protection Measures

To avoid adverse impacts on local bird populations from our electricity infrastructure, we installed 58 bird deterrent spikes and 40 strip-type bird repellents at the 35 kV BN substation. Along the powerlines supplying the water pipeline system, bird deterrents were installed on 9 poles, achieving 100% completion. Routine inspections conducted at the Naimdain Khundii deep well substation confirmed full functionality, with minor issues on 5 poles promptly corrected.

To minimize wildlife loss in arid, low-vegetation areas, we implement annual biotechnical measures to strengthen habitat resilience. In 2025, following an official request from the Governor of Tsogtsetsii township, we deployed eight feeder boxes (24 feeders) at Khukh Ovoo and Khanginakh — both located more than 30 km from our mining operations — to support mountain ungulates. An additional seven feeder boxes (21 feeders) were installed at Khanginakh Khad Mountain in April 2025, with wildlife camera traps supporting ongoing monitoring.

Ecological Restoration

In 2025, at coking coal operations ecological restoration implementation reached 23 hectares, surpassing target level by 3 hectares. In line with the Government's 2020–2024 program to rehabilitate abandoned and degraded mining sites across Mongolia, we carried out technical reclamation on a 2-hectare area at Ger Ovoo in Mandakh bag, Khanhongor soum, where our Baruun Naran operation is located and where gold had previously been manually extracted. The fully rehabilitated site has been formally handed over to the local working group.

To offset the loss of natural saxaul communities and preserve potentially endangered woody species, we coordinated with the ranger of Nomgon soum, following guidance from the Umnugovi Province Environmental Department, to protect a *Populus diversifolia* stand known as "Guagiin Tooroi." A 15-hectare area was fenced using metal mesh to prevent disturbance from livestock grazing and support the regeneration of young individuals. To further support environmental stewardship, we provided community rangers who are responsible for monitoring the Khanginakh and Tugiin Tsokhio

areas with monitoring and communications equipment. Recent fauna and flora assessments in these areas recorded 7 individual ibex (*Capra sibirica*), two herds totaling 17 ibex, one herd of 8 Argali sheep (*Ovis ammon*), and several Mongolian gazelles (*Procapra gutturosa*).

Tree Nursery and Native Species Propagation

In 2009 a 2.5-hectare tree nursery established at the coking coal operations supports long-term land reclamation, biodiversity restoration, and green infrastructure development by propagating native species well adapted to the Gobi region. In 2025, over 35,000 seedlings of native trees and shrubs including *Elaeagnus* L., *Tamarix* L., *Ulmus* L., *Populus diversifolia*, *Haloxylon Amodendron*, *Caragana Lam.*, *Amygdalus mongolica*, *Nitraria sibirica*, and *Zygophyllum xanthoxylon* were cultivated using seeds and cuttings. A further 14,965 seedlings were supplied from the nursery for landscaping, green infrastructure, and rehabilitation activities.

At the gold and metals operations, a similar approach has been adopted. Since 2022, during the pre-construction planning stage of the Bayan Khundii mine, a 2.5-hectare vegetation trials area has cultivated endemic plant species for community and rehabilitation use. In 2025, EM launched a programme supporting local residents to plant and maintain endemic species at selected locations across the sub-province within which the Bayan Khundii mine is located. Six individual residents and the administration of a provincial protected area participated, with 5,000 seedlings planted across seven locations covering 6.5 hectares.

Aligned with Mongolia's One Billion Trees campaign launched in 2021, our afforestation efforts across the Group have expanded from the original 23-hectare Forest Belt to 40 hectares with 80,000 five-year-old trees in 2022. We have also extended reforestation initiatives to the Khangai region, including Khentii and Uvurkhangai provinces. To date, a total of 530,000 trees covering 211.6 hectares have been planted across three provinces in collaboration with five professional forestry and environmental organisations

Gobi Bear Conservation Program

Since 2023, EM has supported the Gobi bear conservation program of the Ministry of Environment and Climate Change ("MECC"). Activities to date have included improving habitat conditions, providing supplementary feed, supporting field researchers, strengthening coordination between stakeholders, and promoting public awareness of this unique endangered species.

In 2025, EM supported the MECC initiative to attempt the

installation of satellite collars on Gobi bears to enable continuous spatial monitoring and better determine habitat use patterns. Due to the species' scarcity and elusiveness, only around 30 individual Gobi bears are estimated to have been collared to date. In June 2025, an independent research team mobilized into the Great Gobi Strictly Protected Area Part A ("GGSPA Part A"), located approximately 160 km from EM's Bayan Khundii mine. While the initial expedition did not result in a successful collaring, valuable field data were collected, including tracks, hair, and scat samples.

In September 2025, a second field mission successfully fitted a male Gobi bear with a satellite tracking collar in the GGSPA Part A. The bear — weighing over 120 kg and estimated to be around ten years old — was named "Erdene." This achievement represents a significant advancement in the collection of monitoring data with which scientists may further test and develop measures to support this rare and endangered species.

Winter Wildlife Support

The Gobi region provides critical habitat for a range of wildlife species, including migratory ungulates such as the black-tailed gazelle (*Gazella subgutturosa*) and endangered species such as the Gobi bear (*Ursus arctos gobiensis*). In 2025, at the request of the local Environmental Department in the sub-province of Shinejinst, within which the BKH mine is located, EM provided 100 bundles of hay to enhance foraging resources during the extreme dry and cold period of winter, ahead of the spring birthing season. In collaboration with local wildlife rangers, the hay was distributed at key stopover zones, including areas near a remote ephemeral spring. Similarly, 1,000 kg of animal feed was supplied to selected locations within the GGSPA Part A. The timing and target locations for food distribution were chosen to support the survival of critical wild mammals during a period of acute environmental hardship.

Improving Water Availability for Wildlife

Surface water in the Gobi region is scarce and highly seasonal. In 2025, to enhance water availability for wildlife, EM supported the installation of a 24 m³ capacity pond within a protected area located approximately 140 km from the Bayan Khundii mine. The site was selected for its relative distance from other known points of ephemeral surface water and its proximity to an existing near-surface water well, which had previously been out of use due to its remoteness and protected area status. A small solar-battery system was installed to automatically feed the pond when water levels fall below a defined threshold, establishing a sustainable source of surface water for wildlife in the area.

WASTE MANAGEMENT

Effective waste management is a critical component of our commitment to environmental sustainability. By systematically reducing, reusing, and recycling waste, we aim to minimize our environmental footprint and conserve natural resources, aligning with global best practices and regulatory standards. Our employees actively participate in environmental activities, receiving regular training and toolbox sessions that emphasize waste segregation at source and sustainable practices. As members of the local community, they apply these principles at home as well, embodying the 3Rs — Reduce, Reuse, and Recycle. In 2025, employees participated in 84 cleanup activities, a significant increase from 22 in 2024. Through consistent efforts, the amount of waste collected decreased from 44 m³ in 2024 to 22 m³ in 2025, reflecting measurable progress in reducing waste accumulation. Reduction at Source

To reduce overall waste generation, we focus on material efficiency, process optimization, and responsible procurement. A key priority is minimizing mineral waste — the largest waste stream in mining — through the extension of our dewatering system at the coking coal operations. In 2025, dewatering systems reduced liquid waste from 1,955,099 m³ to 1,075,617 m³ — a reduction of approximately 45%. Over the same period, the volume of water routed to the dewatering plant increased from 1,167,729 m³ to 2,435,770 m³, representing an increase of around 109% for operational reuse. Our belt press and filter press systems have significantly improved how we manage water and liquid discharge, enabling us to reduce liquid waste volumes, minimize tailings and sludge disposal footprint, and return cleaner water back into circulation.

Reuse

To promote reuse practices, we actively recover and redistribute items that retain functional value. In 2025, we identified 895 tonnes of reusable waste — representing 9.2%

of total non-hazardous waste — and successfully reused 100% of this material. We collected 91 tonnes of waste wood from the mining site and shared it with local communities for secondary uses. Reused iron has become highly valued among local herders for constructing livestock fences, and in 2025, we provided 804 tonnes of iron to local communities, contributing to resource efficiency while supporting local livelihoods.

Recycling

In 2025, a total of 9,647 tonnes of non-hazardous waste was generated, of which 2,169 tonnes (22.48%) was identified as recyclable. Of this recyclable portion, 688 tonnes — equivalent to 31.72% — was recycled during the reporting year.

We segregated 22.2 tonnes of plastic waste in 2025, up from 21.4 tonnes in 2024, and delivered it to TML Plastics, Mongolia's largest plastic recycling company. At TML, collected bottles are processed at a modern plant that converts waste into food-grade rPET granules — high-quality recycled plastic pellets remade into new bottles and food containers. By channeling our plastic waste into this closed-loop system, we help strengthen national recycling infrastructure and create shared value.

We also contributed to Mongolia's national effort to address waste tire accumulation by transferring 15,229 used tires to a certified tire-recycling manufacturer for safe processing and material recovery, supporting circular economy principles and sustainable waste management across the industry.

Hazardous Waste

We recognize the critical importance of responsible hazardous waste management, particularly given limited national compliance and handling capacity in Mongolia. We implement practices to reduce, reuse, recycle, and when necessary safely dispose of and store hazardous waste, with

the greatest emphasis placed on preventive measures.

To prevent environmental risks, we have established dedicated facilities and infrastructure for the proper collection, temporary storage, and handling of hazardous waste, including 427 square meters of impermeable surface at oil collection containers to prevent spillage and soil contamination.

In 2025, a total of 926 tonnes of hazardous waste were generated, of which 806 tonnes — equivalent to 87.04% — were delivered to licensed suppliers for proper treatment and disposal. A key focus of our approach is ensuring that hazardous waste is returned to suppliers or certified disposal companies for treatment and recovery. In 2025, we returned 1,744 IBC tanks, a 77% increase from 983 in 2024, demonstrating our strengthened reuse and recovery practices. Waste oil returned for recycling decreased by 26%, from 782 tonnes in 2024 to 578 tonnes in 2025, reflecting more efficient oil consumption across our operations. All collected waste oil is sent to a licensed recycler, where it is cleaned, re-refined, and prepared for industrial reuse. The number of used accumulators also declined by 17%, from 560 units in 2024 to 465 units in 2025, reflecting improved maintenance practices and extended equipment life.

Single-Use Batteries and E-Waste Initiatives

To reduce hazardous waste generation, we set a target to replace disposable alkaline batteries (AA and AAA) with rechargeable alternatives. In 2025, we launched a phased replacement program, purchasing 50 lithium-ion rechargeable batteries and 10 charging devices, introduced for pilot use starting September 2025. As a result, we eliminated the need for 584 AA and 640 AAA single-use batteries per year. We also initiated an e-waste collection project in 2025 to address the growing volume of electronic waste identified during our waste analysis. A total of 36 units of e-waste were collected starting in October, marking the beginning of our broader effort to responsibly manage electronic waste.



Table 26: Non-hazardous waste disposal, coking (metallurgical) coal

m ³	2025	2024	2023
Total non-hazardous waste	33,878.3	41,704	37,397
Landfill	96.1%	94.7%	97.3%
Recycling	0.5%	1.1%	0.4%
Burn	0.4%	0.5%	0.0%
Storage	3.0%	3.7%	2.4%
Intensity (m ³ /ROMt)	0.00005	0.0025	0.0026

Table 27: Hazardous waste disposal, coking (metallurgical) coal

m ³	2025	2024	2023
Total non-hazardous waste	4,617	2,670	3,253
Landfill	2.4%	9.5%	14.7%
Recycling	33.6%	24.7%	15.1%
Burn	56.3%	36.7%	63.8%
Storage	14.0%	29.1%	6.4%
Intensity (m ³ /ROMt)	0.000315	0.00016	0.0002

Tailings management

Responsible tailings management is one of the most material environmental and safety topics in mining. Regulatory expectations, investor scrutiny, and international standards on tailings governance have risen substantially in recent years. We view tailings management as a critical safety, environmental, and governance responsibility requiring engineering discipline, structured oversight, and transparent disclosure.

Our tailings management at the coking coal operations is guided by a dedicated Tailings Storage Facility (“TSF”) Management Framework. The Framework establishes the governance structure, management principles, and system-level requirements for the safe and responsible management of the UHG TSF across all phases of its lifecycle.

The Framework is aligned with the Towards Sustainable Mining (TSM) Tailings Management Protocol, applicable Mongolian legislation, and recognized international good practice. It is supported by a standalone Tailings Storage Facility Policy approved at senior executive level, which affirms that the protection of human life, the environment, and surrounding communities takes precedence over production, cost, or schedule considerations in all tailings-related decisions.

Facility Overview

The UHG TSF is located in Tsogttsetsii soum, Umnugovi Province, approximately 2 km east of the UHG open-pit mine and the CHPP. The facility is an engineered earthfill structure with an HDPE geomembrane liner on the upstream slope and a compacted clay base liner, constructed within a naturally confined valley and designed for the seismic, hydrological, and climatic conditions of the Gobi region. Under Mongolian standards, the facility is classified as a Class III tailings dam (Medium-scale structures with moderate consequence). Under the Global Industry Standard on Tailings Management (GISTM) consequence classification framework, the TSF is preliminarily assessed as falling within the Low to Significant Consequence Category, reflecting its remote desert location,

absence of permanent downstream settlements, limited environmental receptors, and current standby and contingency operational status.

Primary Tailings Management Method

Our primary method of tailings management is dewatering and dry stacking, implemented at the CHPP since 2013. This approach significantly reduces the volume of free water associated with tailings, enables high rates of process water reuse, and reduces reliance on wet tailings storage. As a result, the TSF has been maintained as a standby and contingency facility rather than an active disposal site.

Inspection and Monitoring

The Framework provides the structure for our inspection and monitoring activities, covering embankment stability, tailings surface conditions, pipelines, groundwater, seepage water, and dust. Ongoing monitoring during the reporting year confirmed that the facility continues to perform in a structurally stable condition. Groundwater monitoring is conducted through dedicated wells downstream of the TSF, with results analyzed by an accredited laboratory against Mongolian National Standards; sampled parameters remained within baseline ranges and applicable limits.

Progressive Rehabilitation and Dust Control

Progressive rehabilitation and surface covering measures have been implemented since 2017 to reduce dust generation from exposed tailings surfaces, with work continuing through the reporting year as part of our integrated dust suppression and rehabilitation planning.

Assurance and External Review

Our tailings management approach is subject to national environmental audit in accordance with Mongolian regulatory

requirements, most recently completed in November 2025 covering the UHG mine site including the TSF. An independent geotechnical assessment of the TSF was also completed in 2024 and confirmed that the facility is performing in a stable condition.

Alignment with TSM Tailings Management Protocol

Our Tailings Management Framework is aligned with the TSM Tailings Management Protocol, which sets out indicators for responsible tailings governance covering policy and commitment, accountability, tailings management systems, operation and surveillance, and annual review. The Framework provides the structure through which these indicators are implemented.

Our most recent internal self-assessment against the Protocol reflected an early-stage position across the indicators, in part reflecting that available supporting information at the time of assessment did not fully capture more recent developments in our tailings governance and documentation. With the Framework now in place and providing a more current basis for assessment, we expect our alignment position to progress in future assessment cycles.

Closure Considerations

Closure planning for the TSF is integrated with the broader UHG mine closure process and guided by applicable Mongolian legislation and the TSM Protocol. Given the continued reliance on tailings dewatering and dry stacking, the focus is on maintaining the facility in a safe and stable care-and-maintenance condition under the governance of the Framework, in preparation for eventual closure to be planned in consultation with local authorities and communities.

Stakeholder engagement

Effective stakeholder engagement is fundamental to our operations. We engage with individuals, communities, and organisations affected by our activities to gather feedback, address concerns, and support collaborative decision-making. This includes ensuring their participation, maintaining continuous feedback, fostering collaboration, and building mutual trust.

In our engagement with stakeholders and other interested parties, we prioritize clear and purposeful communication tailored to their specific needs. Our approach emphasizes simplicity, accessibility, and inclusiveness, while carefully reflecting local characteristics, traditions, customs, and cultural contexts. To support effective and meaningful engagement, we apply a range of communication methods suited to different audiences and situations.

In 2025, the Company updated two key policies: the Stakeholder Engagement Policy, which defines procedures for identifying stakeholders, engagement methods, and guiding principles; and the policy on identifying stakeholders' needs and expectations, including the receipt and resolution of complaints and grievances. Moreover, through various engagement channels, the Company systematically collects and reviews stakeholder feedback. Feedback process supports continuous improvement of engagement practices and helps ensure effective and ongoing stakeholder engagement.

The following groups have been identified as the Company's key stakeholders:

External stakeholders:

- Local residents, interest groups, and business entities operating in the area,
- The company's suppliers, contractors, subcontractors, vendors, buyers, and business partners,
- Relevant national and local government authorities, policymakers, and decision-makers,
- Relevant non-governmental organizations and civil society organizations,
- Relevant law enforcement and regulatory bodies,
- Public organizations of Umnugobi aimag,
- Investors, banks, financial institutions, and insurance

- organizations,
- Other external stakeholders.

Internal stakeholders:

- All employees of the company,
- Shareholders and Board of Directors members,
- Subsidiary and affiliated companies,
- Family members and close relatives of employees
- Retired employees,
- Employees on temporary leave (e.g., maternity or postnatal leave, long-term study leave, or other justified reasons),
- The company's trade union,
- Other internal stakeholders.

Stakeholder grievance mechanism

The Company is committed to openly receiving and addressing stakeholders' applications, grievances, complaints, and suggestions, particularly from local communities, through all available channels. In accordance with established procedures for receiving and resolving complaints and grievances, all submissions are reviewed and responded to within 30 days of receipt. Where necessary, the confidentiality of grievances is ensured.

During the reporting period, the Company's Community relations section received a total of 64 submissions, inquiries and requests, all of which were addressed. All cases were reviewed and resolved within the timeframe set by the Company's grievance procedures. A total of 64 cases were formally closed, and no pending or unresolved grievances remained at the end of the reporting period. Since 2025, the Company has implemented a third-party-operated Bitrix CRM system to enhance the efficiency, transparency, and fairness of its grievance mechanism. This centralized digital platform enables the timely registration, monitoring, and resolution of grievances while ensuring confidentiality. The system integrates multiple channels, allowing both open and anonymous submissions, and is accessible to all stakeholders, including vulnerable and remote groups. All grievances are reviewed fairly and resolved within defined timelines. During the reporting period, a total of 6,003 stakeholder interactions were recorded in the system, categorized as follows:

ENGAGEMENTS METHODS	FREQUENCY
Direct engagement: The Community Relations Team conducts household visits within the area of influence, meets with local residents in person, gathers feedback, and receives inquiries and information via phone.	Continuous
Local information center: Receiving community members, conducting round-table discussions, and collecting feedback.	Continuous
Public consultations: Organizing public consultations to present activities, projects, and programs, and gather feedback from stakeholders.	Once every 2-3 years
Community council: Providing support and creating an environment for the regular and effective functioning of the Community Council, ensuring the participation of diverse community representatives.	Quarterly
Announcements: Making announcements, reports, and updates available at publicly accessible locations, including the Soum Cultural Center, Governor's Office, Local Information Center, and Gallery Camp.	Once/twice a month
Digital communication: Engaging and exchanging information through digital channels, and regularly publishing company reports and updates on websites, social media, and other online platforms.	Annually/semi-annually
Company's official social media pages: Regularly publishing information on the Company's official social media pages.	Daily
Organizing local training sessions, public consultations, and community events.	Once/twice a year
Conducting targeted surveys and baseline studies involving stakeholders.	Once every 1-2 years
A program to openly involve local residents in environmental, groundwater, and dust monitoring to ensure direct citizen participation.	Once a month
Open feedback and complaints system.	Continuous
Organizing the Ukhxaa khudag naadam festival and local cultural events to ensure active participation of the community members.	Once a year
Other engagement channels.	As applicable

Information inquiries: 2,511
 Suggestions and requests: 491
 Official email inquiries: 537
 Other interactions: 2,464

Community information sharing at the gold operations

Public information sharing can be challenging in remote rural Mongolia, where population density is low and transportation infrastructure is limited. To ensure that environmental management and monitoring information reaches local residents, Erdene Mongol LLC (EM) carried out herder household visits throughout the sub-province in which the Bayan Khundli mine is located, together with relevant local government representatives. During these visits,

the team presented and explained activities implemented in the local area during 2024–2025 by both EM and the local government, including environmental monitoring efforts and results, as well as cooperation initiatives supporting community development. These visits also serve as an important forum for receiving direct feedback and suggestions from herder households, ensuring that engagement with remote communities is active, face-to-face, and responsive to local needs.

Socio-economic benefits

In 2025, as part of its commitment to social welfare and non-profit initiatives, the Company partnered with a number of organizations serving both communities and their members. Key partners included the Mongolian National Mining Association, Gobi Miners NGO,

Tsetsiin ungu NGO, Basketball Champions Premier League NGO, and the Mongolian Association of Securities Dealers NGO. Through these collaborations, the Company supported projects across multiple areas, including local infrastructure development, sports promotion, and the advancement of the mining, industrial, and youth sectors. In total, more than MNT 90 billion was invested in both monetary and non-monetary contributions to support these initiatives.

Sponsorship and donation committee

We annually disclose our payments, grants, donations and all other sponsorships and scopes of engagement to the EITI, Mongolia. We also have a dedicated Sponsorship and donation committee which reviews all requests from organisations and individuals requesting emergency, project, event donations and/or various monetary sup-

ports. In accordance with the Sponsorship and donation committee policy, long-term values are preferred over one-off grants and donations and committee meetings are held on a quarterly basis. In the reporting period, the gross amount of our charitable donations and sponsorships totaled MNT 16.7 billion (approximately USD 4.7 million).

Long-term support for basketball teams in Mongolia

With its growing popularity in Mongolia, 3x3 basketball continues to attract an increasing number of players and spectators nationwide. To support the sports development, MMC launched a long-term collaboration program with the 3x3 basketball national teams in 2020, providing resources and opportunities to enhance training, build competitive teams, and participate in national and international

competitions. The program also helps aspiring young athletes advance to professional teams and pursue careers in team sports. The Company supports Energy 3x3 Club NGO, officially established in 2020, currently enabling 12 athletes across two professional teams and their supporting staff, offering professional guidance, access to facilities and equipment, and opportunities to compete in high-level international 3x3 tournaments.

In 2025, the Mongolian women's national 3x3 team won the silver medal at the FIBA 3x3 World Cup, highlighting the success of these initiatives. The Company also played a key role in sponsoring and co-organizing the FIBA 3x3 World Cup hosted in Mongolia, contributing to the successful staging of this prestigious international event



Community

Focus areas:	Key Objectives
Environmental stewardship	<ul style="list-style-type: none"> Comply with laws and proactively manage restoration, water use, land, dust, and pollution. Support local authorities with equipment, medical assistance, and personnel during emergencies.
Infrastructure development	<ul style="list-style-type: none"> Ensure the sustainable and continuous operation of key infrastructure developed for mining activities, including power supply, water systems, housing, and social facilities, while supporting local development and settlement planning. Prioritize qualified local residents and registered taxpayers in recruitment and the procurement of goods, works, and services.
Employment and skills	<ul style="list-style-type: none"> Maintain a workforce comprising about 50% local residents. Collaborate with local labor authorities and publicly disclose available job opportunities and their requirements to support local employment.
Contributing to local sustainable development	<ul style="list-style-type: none"> Improve access to local schools and kindergartens. Implement health screening, diagnosis, and preventive programs. Preserve and promote local traditions and cultural heritage. Strengthen the capacity of local small and medium-sized enterprises. Ensure transparency through public consultations and diverse communication channels. Support local residents in developing gardening activities.

While respecting local cultures and minimising the impact of our mining operations, we strive to build quality relationships with our host communities and create lasting benefits. As one of the largest private sector companies of Mongolia and one of the largest local employers, MMC is proud of the contributions it makes to the host communities as well as the country's socio-economic development

In conducting community engagement activities, we follow the ISO:26000 voluntary guidance on social responsibility in addition to the local standards and legislations, such as the relevant sections of the Minerals Law of Mongolia. We also follow applicable recommendations of international bodies such as the United Nations, International Finance Corporation and requirements of other international banking and financial institutions.

Our corporate social responsibility ("CSR") policy guides our activities in the areas of community engagement and require us to carry out risk assessments to determine both the positive and negative impacts of our operations to the stakeholders. Based on the findings of the assessments, we develop individual plans to mitigate any adverse impacts associated with our activities, and at the same time,

initiate programs and investments that support positive impacts to the sustainable development of the communities.

Community development agreement

We believe that through mutual trust, respect and two-way communication with the host communities we can address our social and environmental impacts and minimise any potential adverse effects. Thus, we aim to foster robust relationships and build trust with the local community members, local authorities and other stakeholders, which is vital for our successful operations and social license.

Tsogtsetsii soum of Umnugobi aimag, where our main operations take place, is a small administrative unit home to about 10,000 permanent residents and "mobile" populations of over 20,000. Although several mining companies operate in the soum, herder families still constitute roughly 20% of the officially registered households in Tsogtsetsii and live outside of the soum center. Compared to 2000s, where it had just over 2,000 residents, the soum has experienced substantial development in terms of communications, business,



services and overall basic infrastructure, and currently records nearly "0" rate of unemployment. With the UHG project development, the Company has carried out numerous social infrastructure and large-scale community projects in Tsogtsetsii, thereby benefiting the majority of the soum residents with associated social facilities.

To strengthen community relations, MMC initiated the first public consultation and discussion event in Umnugobi in 2008, creating a platform for dialogue with local residents, including herders living in the mine's impact area. The most recent event, held in 2025, brought together over 600 participants, including residents of Tsogtsetsii and nearby soums, herders, employees' families, guests, and other stakeholders, with approximately 470 actively participating in surveys and feedback activities.

Our long-standing partnership with Umnugobi aimag was established in 2009 through the signing of a Memorandum of Agreement (MOA). Building on this established partnership, we signed a long-term community development and cooperation agreement with the Umnugobi aimag Governor's Office in 2017, in accordance with Clause 42.1 of the Minerals Law of Mongolia and the standard form of agreement approved under Government Resolution No. 179. The

Agreement provides a mechanism through which the benefits of our community investments reach the broader communities and are based on mutual discussion and understandings. According to the terms of the agreement, the performances of our community-related cooperation activities are reviewed every year and suggestions for improvements are reflected where necessary. Accordingly, we submit annual reports on the performance of the agreement and submit it to the Governor's Office of Umnugobi aimag and Geology and mining state authorities.

Investment

Through community investment, we strive to create opportunities for "shared value" – an outcome that benefits both the Company and the host community. Our contributions range from improving the local infrastructure, access to quality education and creation of training and employment opportunities to capacity building of local small and medium enterprises ("SMEs"). Preferential local procurement, implementation of community targeted programs, such as Sustainable Livelihood Support Program, "Good Neighbor" program, or community health support programs aim to bring sustainable positive impact to the local communities including herdersmen. In 2025,



Table 28: Community Investment, Coal & Energy

MNT billion	2025	2024	2023
Local (Umnugobi aimag) procurement	15.0	15.7	14.1
Local infrastructure development	69.3	12.9	8.7
Community development programs	7.2	5.2	5.7
Total	91.5	33.8	28.5

Note: To better reflect our expanding scope of operations, we have expanded the dimensions of our existing community investment criteria and also integrated "donations" item to the "community projects and support" area.

our coal & energy sector maintained the scope of our community investment and allocated a total of MNT 91 billion on community investment and related activities.

Based on the needs of the local communities we identified through consultation and our socio-economic baseline studies, we design and prioritise our community development programs. We implement a wide range of programs in the areas of education, health and wellbeing, cultural heritage preservation and local business development to build strong and sustainable communities. Since the commencement of our mining operations in 2009, we have implemented around 50 independent projects and programs in the area of community development. Many of the programs are long-term based and are still ongoing.

Sustainable Livelihood Support Program

Since 2012, the Company has implemented a Sustainable livelihood support program, providing micro-financial support to local start-ups and SMEs. Through this initiative, we aim to create new economic opportunities and promote sustainable development in local com-

munities. The program's outreach has gradually expanded, including families of resettled employees. Currently, the program provides interest-free loans to local start-ups and small businesses of Umnugobi province, namely in Tsogtsetsii, Khankhongor and Tsogt-ovoo soums. In 2025, the program received 37 applications and provided loans totaling MNT 180 million to 18 individuals.

Local education support program

We have been carrying out our local education support program since 2013. Based on baseline studies for community outreach, we established an education center in Tsetsii miners' town in 2024 to provide extracurricular activities for local secondary school students and support improvements in their academic performance. During the 2024-2025 academic year, more than 500 students from local secondary school in Tsogtsetsii benefited from the center. Through an agreement, over 500 m² of space was made available to support the school's educational operations until June 2025. For the 2025-2026 academic year, the Company continues to support the school by providing access to the training center and additional facilities in the second building of Tsetsii miners' town, ensuring uninterrupted

learning and teaching activities.

As part of our long-term employee engagement program and resettlement support policies, we have also provided 520 sq. meters of fully furnished apartment space to the local pre-school and kindergarten for 5 years, enabling them to provide pre-school services in a comfortable environment for about 180 local children.

In line with our commitment to youth development, we have implemented the "Summer job – Paid Internship Program" since 2018. This initiative allows students from Umnugovi Province to gain work experience and improve their competitiveness in the labor market. Over the past years (2018, 2019, 2023, 2024, and 2025), a total of 148 students from Khanbogd, Tsogtsetsii, Bayan-Ovoo, and Tsogt-Ovoo soums have participated in this program. In 2025, 27 students participated in paid internships. The program was implemented in 2025 at a total cost of MNT 139,760,848.

Community Agroforestry and Green Spaces

To support local livelihoods in the water-scarce Gobi region, in 2009 we established a 4-hectare vegetable cultivation zone within a 23-hectare Forest Belt at the coking coal operations. The surrounding Forest Belt — with more than 12,000 trees and a 10-hectare windbreak — creates the sheltered microclimate needed to grow crops in otherwise harsh Gobi conditions.

The Company manages the land and irrigation infrastructure, and provides community members with seeds, supplies, and professional training on vegetable cultivation and drip irrigation. In 2025, 52 households and 2 cooperatives cultivated 27 types of crops in this zone including potatoes, carrots, cabbage, and maize for livestock feed harvesting approximately 15 tonnes of produce, which was subsequently sold within the soum.

As part of our efforts to expand green space in Tsogtsetsii, we completed installation of vegetative barriers along the 400-meter pedestrian walkway from Tsetsii township to Gallery Camp and carried out 5.5 hectares of landscaping around Tsetsii township.

"Good Neighbor" program

Within the scope of our long-term based "Good Neighbor" program, we provide in-kind assistance to the host communities every year and organise various community events. The following were carried out in 2025:

We continued to provide Tsogtsetsii soum where we operate with 24-hour electricity and filtered drinking water.

Approximately 89,500 tonnes of thermal coal were provided free of charge to the Dalanzadgad soum power plant and to 11 soums of Umnugovi aimag and several soums of Dundgovi aimag during the winter heating season.

Over 400 herder households in Tsogtsetsii soum and neighboring soums were provided with 11,050 bundles of hay and 45 tons of bagged feed. The total investment amounted to MNT 194,250,000. 450 senior citizens aged over 70 in Tsogtsetsii, Tsogt-Ovoo, Bayan-Ovoo, and Khanhongor soums received gifts in recognition of their contributions and as a gesture of respect for the elderly.

Local health support program

With a notable increase of population density and household size in Tsogtsetsii soum of Umnugobi aimag where we operate, the Company aims to target the local health support activities towards the sharing of overloads at the local health service providers. Recognizing the need to enhance healthcare accessibility, we have undertaken several initiatives in Tsogtsetsii Soum, where approximately 45% of the population consists of children and where specialised pediatric care is limited. Since 2022, in collaboration with "Khairlaya Khuvaaltsaya" NGO and the National Center for Maternal and Child Health (NCMCH), we have organized annual pediatric specialist consultations. Between 2022 and 2025, a total of 2,866 children received medical examinations under this initiative. More than 30 children were referred for advanced medical care, including surgeries and hospital services, without waiting in line, addressing their health issues promptly.

Local cultural heritage support program

We value local traditions and actively promote the unique cultural heritage of the Gobi region to the wider community. The "Gobi Shankhi" long song is a valuable intangible cultural heritage of the Gobi people. In 2014, it was officially registered by the Mongolian Cultural Heritage Centre as an intangible cultural heritage of the community. In 2025, to raise public awareness and ensure its preservation among local youth, the Company collaborated with Central TV, a nation-wide broadcasting TV with the highest viewer ratings. The program "Mongolian Heritage and Culture" featured performances by long-song singer O. Oyunerdene and horsehead fiddle musician B. Tsogtbaatar, who shared the history and cultural significance of traditional songs such as "Kholch mori," "Undriin uvs," and "Undur Khaan." Launched in 2025, the initiative is broadcast frequently and is planned to run over a three-year period. It has already enhanced public appreciation of Gobi's intangible cultural heritage, fostering cultural continuity among local communities and younger generations. The total investment for the project amounted to MNT 220,000,000.

Employment practices

We recognize our people as the most important asset and foundation of our business. MMC is committed to providing a safe, healthy, inclusive, and results-oriented work environment that supports both personal and professional growth. Our employment practices are built on fairness, transparency, and equal opportunity — ensuring that talent is effectively attracted, developed, and retained across all areas of the Company. Through continued investment in employee well-being and development, we strive to maintain a skilled, resilient, and responsibly managed workforce that drives long-term operational performance in line with our strategic objectives.

As at 31 December 2025, the Group had 3,284 employees (2024: 2,646 employees), comprising 2,905 employees at the coking (metallurgical) coal operations and 379 employees at the gold and metals operations.

Workforce Structure and Diversity

Throughout the reporting period, we maintained a stable and capability-driven workforce structure aligned with the operational demands of the mining industry. Our workforce comprises professionals with deep industry experience and the technical competencies required for continuous and reliable mining operations. The average employee age of 34.8 years reflects a skilled and experienced workforce that supports long-term operational stability.

Within the scope of our projects, over 8,000 people support our operations, including core staff, contracted employees, and personnel from subcontractor companies. The workforce covers a wide range of roles across extraction, infrastructure development, and support functions, reflecting the broad operational requirements.

Providing sustainable employment opportunities for local communities remains a key priority within our human resources strategy. Currently, 37% of all employees are residents of Umnugovi aimag, including 30% from Tsogtsetsii soum. We consider local employment fundamental to ensure steady and reliable employment in the regions where we operate.

We continue to implement targeted initiatives to strengthen diversity and inclusion across the organization. As a result, the proportion of women in the total workforce increased from 11.1% in 2024 to 12.5% in 2025. This improvement reflects the effectiveness of internal policies designed to broaden participation and ensure equal opportunities. The indicator remains close to the national average of 14%, which is consistent with the structural characteristics and working conditions of the mining industry.

Career Progression and Equal Opportunities

Our management approach is centered on developing internal talent. A significant proportion of middle and senior management positions are held by employees who have

advanced through the organization, building their competencies through practical, on-site experience over the course of their tenure. Employees have clearly defined pathways for professional development and career progression, reinforcing our culture of developing leaders from within. This promotion-based system ensures that managers possess a deep understanding of operational processes, enabling informed decision-making.

We place priority on regular assessment of employee competencies, knowledge, experience, and performance. Through these evaluations, employees are considered for internal roles that align with their demonstrated capabilities, ensuring talent is placed effectively across the Company. By facilitating internal career transitions, we strengthen workforce engagement, support career development, and ensure that qualified personnel are placed in roles critical to operational performance. All decisions regarding promotions and internal transfers are made solely on the basis of skills, experience, and development potential, free from subjective factors.

We uphold strict principles of equality and maintain zero



Table 29: Employee statistics

Category	Coking (metallurgical) coal					Gold and metals				
	Senior management	Middle management	Professional/technical	Operational	Total	Senior management	Middle management	Professional/technical	Operational	Total
Male	22	53	299	2,122	2,496	12	12	95	209	328
Female	11	27	140	231	409	2	6	40	3	51
Female employee percentage	33%	34%	32%	10%	14%	14%	37%	30%	1%	14%
Under 30	-	2	168	790	960	-	2	45	90	137
30-50	23	72	251	1,391	1,737	8	15	85	117	225
Over 50	10	6	20	172	208	6	2	5	5	18
Total	33	80	439	2,353	2,905	14	19	135	212	379

tolerance for any form of discrimination, or bias based on personal characteristics. We are committed to promoting a culture of openness and respect across all levels of the organization. Additionally we ensure meaningful employment opportunities for people with disabilities, with roles and workplace conditions adapted to individual capabilities. We do not employ anyone under the age of 18 and strictly prohibit any form of child or forced labor in our operations.

Employee Compensation and Well-being

The Company's compensation policy follows a strict principle of equal treatment, applying the same criteria to all employees. In 2025, we allocated USD68.7 million toward salary, remuneration, bonuses, and benefits. In 2025, the average salary per employee increased by 20% and performance bonuses by 50%, reinforcing a remuneration system clearly linked to individual performance and accountability. Our average salary exceeds the national average by 2.5 times and is 25% higher than the mining industry average.

To promote employment opportunities for single-parent households and local residents, we provide professional training programs such as operator and fitter courses. We also support employees by enabling family members to work together where feasible, assisting with family relocation, and providing housing and land to maintain stable living conditions. Long-term employees are further recognized through financial incentives.

We prioritize the physical and mental health of our employees. All employees are covered through comprehensive health insurance, and regular medical examinations are conducted to identify potential health risks at an early stage. Psychological training and counselling sessions are provided to help employees manage stress and reduce mental strain, contributing to a healthier working environment. We continually strive to build a healthy workplace through facility improvements, green space development, employee satisfaction surveys, and team-building initiatives that strengthen collaboration and social engagement.

Recruitment

We conduct our recruitment openly, ensuring equal access

to employment opportunities and quality of hire. To reach a wider pool of qualified candidates, we use multiple channels including job fairs, digital platforms, phone services, and other outreach methods, making it easy for applicants to learn about available positions and connect with us.

We support new graduates by providing employment opportunities and training to develop the professional skills required for their roles. Graduates gain hands-on experience in real working conditions and are given a clear pathway to continue their careers within the Company.

Our recruitment process follows a structured four-stage approach to ensure a fair and transparent selection process:

1. Application Screening — Submitted applications are reviewed against job requirements. Applicants who meet the criteria are invited to the initial interview.
2. Initial Interview — The initial interview assesses general skills, job suitability, and attitude. Successful candidates proceed to the skills assessment.
3. Skills Assessment — Candidates complete professional and practical skills tests relevant to the position. Those who pass are invited to the final interview.
4. Final Interview — The final interview evaluates the applicant's alignment with job requirements, team compatibility, and relevant experience. Successful candidates receive a job offer.

Development and Training

Our training and development framework is guided by a unified policy aimed at continuously strengthening employees' professional competencies and the skills required to meet organizational needs. Employees' knowledge, experience, and development goals are regularly assessed, and individual development plans are established to identify specific training required for each employee. We also continuously

enroll senior leadership in training programs to strengthen executive-level capabilities.

To make more effective use of internal expertise, we introduced dedicated trainer positions in selected roles, enabling on-the-job training and faster transfer of knowledge internally. As digital technologies continue to advance, we have provided training in AI and digital skills, delivered in stages to strengthen employees' ability to operate effectively in digital environments. Annual training sessions on corruption and bribery risks, as well as compliance with applicable laws and standards of conduct, are also delivered to all employees through the Human Resources Department.

We operate on-site simulation training facilities that replicate the real working conditions of our mine pits, enabling new operators to safely develop essential operational skills before entering the field. This program serves as a key entry point for local residents and job seekers to gain the practical experience required for employment in mining operations.

As part of our education support policy, university students are offered paid internship opportunities in their respective fields of study, giving them hands-on experience in a real working environment.

Operating Practices

We follow established procedures that maintain coherence and transparency across all employee-related processes. In 2025, we reorganized the human resources function at the departmental level, with the Head of HR elevated to senior management to align the function with corporate-level strategic decision-making. We regularly review and update HR policies and procedures, removing those no longer applicable and adjusting the organizational structure where needed.

Our HR operations are subject to multi-level oversight

through internal audits, and external assessments to ensure compliance with applicable laws and standards. All workplace-related complaints and grievances are formally tracked, investigated, and resolved within defined timeframes, with outcomes reported directly to senior management. We conduct regular workplace culture assessments to measure psychological safety and employee trust, using the results to inform targeted corrective actions. Risk assessments are carried out on an ongoing basis across labor relations, compensation, performance evaluation, and HR data integrity. We also clearly communicate our zero-tolerance position on any form of bribery and corruption to all employees and contractors engaged with the Company, irrespective of whether such matters may occur within or outside of the business relationship.

We maintain open communication with employees through regular one-on-one meetings to understand their feedback, needs, and satisfaction. Employees actively participate in joint health and safety committees, ensuring that workforce perspectives are directly represented in operational decision-making. To strengthen cross-functional understanding, we organize an annual "Khishig Udur" event where employees temporarily switch roles for a full workday. We also hold biannual recognition events to acknowledge outstanding employee performance and contributions across departments. We collaborate with universities to offer workplace experience to students, with the possibility of continued employment upon graduation.

Whistleblowing

We maintain accessible channels for employees to report concerns confidentially, with strict protections in place to safeguard the identity of all reporters.

Table 30: Training statistics

	Coking (metallurgical) coal	Gold and metals
Total training sessions	3,098	116
Total training hours	213,817	15,660
Training delivered to employee	29,821	2,740
Average hours per employee	7.2	6.5

Health & Safety

The safety and well-being of our employees, contractors, and all those who work with us remain our highest priority. In the mining sector, where operational risks are inherent, we see health and safety as going beyond compliance requirements, it is a fundamental commitment to every individual who enters our sites. Our Integrated Management System (IMS) Policy ensures continuous strengthening of company-wide safety communication and reflects our unwavering commitment to the principle of "Vision Zero" — a culture in which all fatalities and incidents are considered fully preventable, and in which we strive for minimal adverse impact on the environment and host communities.

Our health and safety management systems are designed to guide employees and contractors in practicing safe work behaviors and to hold each individual accountable for the implementation of the IMS and its supporting rules and procedures. We operate a formally approved health, safety, and environmental management structure, aligned with ISO 14001:2015 and ISO 45001:2018 standards.

We operate in full compliance with local legislation and international standards, including the Occupational Safety and Hygiene Law of Mongolia, State regulations on the prevention of industrial accidents, and ISO 45001:2018. Our framework is further supported by over 60 internal policies, procedures, and guidelines covering IMS implementation, change management, and risk management. In line with our internal policy, all health and safety procedures are reviewed every three years, with urgent updates made whenever required. In 2025, a total of 15 procedures were reviewed and updated, including all emergency response procedures, which were aligned with internationally recognized NFPA standards.

Our safety system covers the entire operational lifecycle and extends to all contractors, sub-contractors, and suppliers.

Over 7,200 direct employees and contractor personnel are currently covered by the system. All contractors and sub-contractors are required to report monthly on occupational health and safety performance, attend monthly safety meetings, and take corrective actions where necessary. In accordance with our Procedure on Incident Investigation and Reporting, all incidents and near misses — including those involving contractors — are captured in our safety reports, with appropriate follow-up actions.

Safety Performance

At the coking (metallurgical) coal operations, 16.4 million man-hours were recorded in 2025 by employees, contractors, and sub-contractors, with 14 Lost Time Injuries ("LTIs") resulting in a Lost Time Injury Frequency Rate ("LTIFR") of 0.86 per million man-hours worked (2024: 0.69). At the gold and metals operations, 2.2 million man-hours were recorded, with 3 LTIs resulting in an LTIFR of 1.39 per million man-hours worked (2024: 0.52).

In 2025, the Group experienced a traffic accident resulting in one fatality. Two fatalities were reported within its premises, however, these were due to pre-existing health conditions and unrelated to work-related activities. Throughout the investigation process, the Group worked closely and transparently with the relevant authorities, which confirmed that the illness-related cases were not work-related. Drawing lessons from these incidents, the Group further strengthened its approach to employee health and well-being.

Training

At the coking (metallurgical) coal operations, 20,324 occupational health and safety training sessions were delivered, totaling 156,523 man-hours. At the gold and metals operations, 5,239 occupational health and safety training sessions were

Table 31: Safety statistics

	Coking (metallurgical) coal			Gold and metals	
	2025	2024	2023	2025	2024
Total man-hours worked (in million)	16.4	14.6	12.6	2.2	1.9
Fatalities	3	1	3	0	0
TRIFR	2.51	1.85	2.55	0.00	0.00
LTIFR	0.86	0.69	0.80	1.39	0.52

delivered, totaling 17,743 man-hours. Safety training materials and methods were updated, and manuals were developed in line with ISO 45001:2018 and the requirements of the Ministry of Labor and Social Welfare.

Risk Assessment and Management

We maintain an Occupational Health and Safety Risk Management Procedure that applies to all employees, contractors, and sub-contractors. The procedure outlines every step required for the prevention, registration, and handling of potential workplace risks — from individual and team risk assessments to change management and feedback systems.

Workplace risk assessments are carried out in five structured steps:

1. Workplace hazard notification and subsequent actions,
2. Stop-Look-Assess-Manage individual checklist and subsequent actions,
3. Team risk assessment before the start of any task,
4. Formal workplace risk assessment,

Change management and continuous improvement

During the reporting year, the Group identified and remedied 17 Class 1 risks — risks that could result in a fatality or permanent disabling injury — across our operational areas. Additional training and safety inductions were conducted as

countermeasures for all employees and contractors. Routine working condition inspections were performed, including monitoring of heat, noise, lighting, vibration, dust, and toxic gases. An accredited independent third party was engaged to assess occupational working conditions and confirm compliance with applicable health and safety requirements.

In 2025, 98% of all non-conformities were corrected through immediate corrective actions, and 94% of reported hazards were eliminated. Our online-based safety program continues to enable real-time registration and communication of risk and hazard information by on-site teams.

Ethics and Responsible Operations

Responsible business conduct is essential to our license to operate, the integrity of our stakeholder relationships, and the long-term sustainability of our business. Our approach spans ethical operations, responsible sourcing, respect for human rights across our value chain, and transparent economic contribution to the jurisdictions where we operate.

Detailed disclosures on the Company's Whistleblower Policy, Anti-Corruption and Anti-Bribery Policy, inside information handling procedures, and data confidentiality controls are set out in the Corporate Governance Report of this Annual Report. This section of the sustainability report focuses on the operational and stakeholder-facing dimensions of responsible business — including our supply chain, the stakeholder reach of our ethics and reporting mechanisms, our human rights commitments, and our approach to tax transparency.

SUPPLY CHAIN AND RESPONSIBLE SOURCING

Our supply chain spans domestic and international suppliers across mining equipment, consumables, professional services, and logistics. We view responsible supply chain management as essential to operational continuity, environmental performance, and the integrity of our broader ESG commitments.

We maintain a Supplier Code of Conduct that sets out the minimum expectations for all parties doing business with MMC. The Code addresses ethical conduct, labor rights, occupational health and safety, environmental management, and human rights. Our suppliers are expected to acknowledge the Code and align their practices with it.

Supporting local businesses and maximizing economic contribution to the Mongolian economy and our host communities is a priority. We give preference to Mongolian suppliers and, within Mongolia, to businesses based in Umnugovi aimag and the soums where we operate. In 2025, local procurement reached MNT 15.0 billion.

We work with a broad supplier base that reflects our strong focus on local content while maintaining access to specialized international expertise where required. In 2025, approximately 86% of our suppliers were Mongolian, with the remainder primarily from China and, to a lesser extent, Europe and Australia.

Major contractors and service providers are expected to align with MMC's health, safety, and environmental standards, in-

cluding alignment with ISO 45001 principles for occupational safety and ISO 14001 principles for environmental management. Environment and OHSE criteria are incorporated into contract performance evaluations for main sub-contractors and service providers operating on-site. Main contractors and sub-contractors participate in regular safety performance reporting and site safety meetings, and are expected to implement corrective actions where issues are identified. Incidents and near misses involving contractor personnel are captured and addressed through our incident investigation process.

Our zero-tolerance position on any form of bribery and corruption is clearly communicated to all contractors engaged with the Company, irrespective of whether such matters may occur within or outside of the business relationship with MMC.

HUMAN RIGHTS

We are committed to respecting and upholding human rights across our operations, supply chain, and stakeholder relationships. Our approach is informed by recognized international frameworks, including the UN Guiding Principles on Business and Human Rights, and is operationalized through our corporate policies, Supplier Code of Conduct, and grievance mechanisms.

We prohibit any form of child labor, forced labor, or modern slavery across our business and supply chain. This expectation extends to all contractors, sub-contractors, and suppliers engaged with the Company, and is reinforced through our Supplier Code of Conduct.

We engage with local herder communities and rural residents in the areas where we operate, recognizing their connection to the land and traditional livelihoods. Our community engagement, grievance mechanisms, and development programs are designed to respect these relationships and to provide channels through which residents can voice concerns and participate in decisions that affect their lives and livelihoods.

Our security arrangements at operational sites are designed to protect personnel, assets, and infrastructure while respecting the human rights of employees, contractors, and local communities. Security personnel are required to operate in line with Mongolian law and recognised international expectations, including the principles set out in the Voluntary

Principles on Security and Human Rights. All security-related concerns can be raised through the Group's grievance mechanisms and Whistleblower Policy. No material incidents involving security personnel were recorded during the reporting period.

Any individual, employee, contractor, supplier, community member, or other stakeholder, may raise human rights concerns through our grievance mechanism, including through the third-party-operated reporting platform, which provides confidential and, where requested, anonymous submission channels. This platform extends the reach of the Company's Whistleblower Policy (described in the Corporate Governance Report) to all stakeholder groups across our supply chain, host communities, and operational workforce. Submissions are reviewed within defined timeframes, and outcomes are reported to senior management.

Employee-specific rights including non-discrimination, equal opportunity, freedom of association, and prohibition of workplace harassment are addressed in the Employment Practices section of this report.

TAX TRANSPARENCY AND GOVERNANCE

Transparent tax conduct is core to our social licence to operate. Our approach is anchored in full compliance with Mongolian tax law and the timely payment of all applicable taxes, royalties, and fees in the jurisdictions in which we operate. During 2025, the Group contributed MNT 531 billion in taxes, royalties, and fees to the Mongolian state (2024: MNT 780 billion), reflecting our continuing role as one of Mongolia's significant taxpayers.

Accountability for tax strategy and compliance rests with the Chief Financial Officer, with Board oversight exercised through the Group's internal control and financial reporting governance arrangements. Tax risks are identified and managed within the Group's broader risk management framework, and compliance is reviewed as part of the Group's internal control environment supported by annual external audit of the consolidated financial statements.

We engage constructively with Mongolian tax authorities on compliance and interpretation matters. The Group does not engage in aggressive tax planning and does not use jurisdictions lacking transparency on beneficial ownership. Concerns regarding the Group's tax conduct can be raised through the Whistleblower Policy described elsewhere in this report.

Independent Assurance

We recognize that independent assurance strengthens the credibility and reliability of sustainability disclosures. The following assurance and verification activities have been conducted for matters addressed in this report:

IMS Audits

Our IMS at the coking coal operations is certified by AFNOR Certification (France) — one of the world's leading internationally accredited certification bodies — across the following standards:

- ISO 45001:2018 — Occupational Health and Safety Management Systems,
- ISO 14001:2015 — Environmental Management Systems,
- ISO 46001:2019 — Water Efficiency Management Systems (integrated into our IMS during 2025).

These audits provide independent verification of the design and implementation of our management systems across safety, environmental management, and water efficiency at our coking coal operations.

GHG Emissions Verification

Our GHG emissions inventory for the reporting year has been independently verified by SGS International Certification Services in accordance with the WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and ISO 14064-3:2019. The verification provides limited assurance over the reported Scope 1, Scope 2, and nine categories of Scope 3 emissions data within the defined reporting boundary, which currently covers the Ulaanbaatar head office and our coking coal operations at the UHG and BN mines.

Towards Sustainable Mining (TSM) External Verification

Our TSM performance indicator results have been independently verified by Envirochem Services Inc. in accordance with the Terms of Reference for TSM Verifiers established by the Mining Association of Canada (MAC). External verification was conducted under the TSM Verification Protocol, and the

verification summary report and externally validated scores are publicly available on the Mining Association of Canada website at <https://mining.ca/companies/mongolian-mining-corporation/>.

National Environmental Audit

In accordance with Mongolian regulatory requirements, environmental management and legal compliance at our coking coal, gold and metals operations are subject to scheduled external audits by accredited national entities. The Environmental Department of Umnugobi aimag and Bayankhongor aimag conducted an external audit on environmental management at the UHG mine site in November 2025, covering the scope and implementation of the site Environmental Management Plan. Environmental management and legal compliance were rated at 95.75% out of 100.0%.

A further independent third-party audit of environmental legal compliance, conducted by an accredited national audit entity in October 2025, rated environmental legal compliance performance at 99.0%.

Voluntary Disclosure Frameworks

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021 and has been informed by the SASB Metals & Mining Standard and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with progressive alignment to IFRS S2 developing over subsequent reporting cycles. Detailed alignment indices are provided in the Appendixes to this report.

Forward Commitment

We will continue to expand the scope, rigor, and independence of assurance activities across our sustainability disclosures as our reporting framework matures and as additional operations are progressively incorporated into the reporting boundary.

ESG Disclosure Index

SUSTAINABILITY REPORTING FRAMEWORKS INDEX

This Appendix sets out the alignment of Mongolian Mining Corporation's 2025 Sustainability Report with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the SASB Metals & Mining Sustainability Accounting Standard (version 2023-12, effective 1 January 2025), the GRI Universal and Topic Standards, and the GRI Sector Standards applicable to the Group's coal and mining operations (GRI 12: Coal Sector 2022 and GRI 14: Mining Sector 2024). The index supports investors, regulators, and other stakeholders in locating specific disclosures and in assessing the comprehensiveness of the Company's reporting. Page references correspond to the 2025 Sustainability Report.

1. Task Force on Climate-related Financial Disclosures (TCFD)

The following table maps the TCFD's eleven recommended disclosures, organized across the four core pillars of Governance, Strategy, Risk Management, and Metrics and Targets, to the corresponding sections of this report. The Company will progressively align its climate-related disclosures with IFRS S2 Climate-related Disclosures over subsequent reporting cycles, building on the TCFD foundation reflected in this report.

Pillar	Recommended Disclosure	Reference in this Report	Page
Governance	a) Board's oversight of climate-related risks and opportunities	ESG Governance; CEO Statement	28, 29
	b) Management's role in assessing and managing climate-related risks and opportunities	ESG Governance (ESG Management Committee)	29
Strategy	a) Climate-related risks and opportunities identified over the short, medium, and long term	Materiality Assessment; Climate Adaptation	30, 32
	b) Impact of climate-related risks and opportunities on businesses, strategy, and financial planning	Climate Adaptation; Emissions Reduction Approach	32
	c) Resilience of the organization's strategy, including under different climate-related scenarios	Climate Adaptation (physical risk assessment; operational and community adaptation)	32
Risk Management	a) Processes for identifying and assessing climate-related risks	Materiality Assessment; Climate Adaptation	30, 32
	b) Processes for managing climate-related risks	Climate Adaptation; EV Deployment; Operational Efficiency Measures	32
	c) Integration of climate risk processes into overall risk management	ESG Governance; Climate Adaptation	29, 32
Metrics and Targets	a) Metrics used to assess climate-related risks and opportunities	GHG Emissions Accounting and Reporting	33-34
	b) Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and related risks	GHG Emissions (ISO 14064); GHG Emissions (GHG Protocol)	33-34
	c) Targets used to manage climate-related risks and opportunities, and performance against targets	Climate Adaptation; Emissions Reduction Approach; GHG Inventory Verification	32

2. SASB Metals & Mining Sustainability Accounting Standard

The Company reports against the SASB Metals & Mining Standard (EM-MM), version 2023-12, which is effective for annual periods beginning on or after 1 January 2025 and is now under the stewardship of the International Sustainability Standards Board (ISSB). The Standard identifies the sustainability issues most likely to be financially material to entities operating in the metals and mining industry, including the disclosure topic on Tailings Storage Facilities Management introduced in the December 2021 update.

Note on SASB industry classification:

Under the Sustainable Industry Classification System (SICS®), the Group's coking (metallurgical) coal operations fall within the Coal Operations industry (EM-CO) while the gold and metals operations fall within the Metals & Mining industry (EM-MM). The Company has elected to report against the Metals & Mining Standard on a consolidated basis, reflecting the Group's strategic diversification into gold and metals production that commenced with the launch of the BKH mine. Where disclosure topics are shared between EM-CO and EM-MM Standards, the Metals & Mining codes are used. The Company will keep this approach under review as the gold and metals segment scales and may report against both Standards in future reporting cycles.

CODE	ACCOUNTING METRIC	REFERENCE IN THIS REPORT	PAGE
GHG Emissions			
EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	GHG Emissions (GHG Protocol); GHG Emissions Accounting and Reporting	33-34
EM-MM-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate Adaptation; Emissions Reduction Approach; EV Deployment; Operational Efficiency Measures	32
Air Quality			
EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM ₁₀), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	Air Emissions (Table: Air emissions)	37

Energy Management			
EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Energy (Table: Energy Consumption); Performance Dashboard	37
Water Management			
EM-MM-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Water (Table: Water consumption); Performance Dashboard	36
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Independent Assurance (National Environmental Audit)	50
Waste & Hazardous Materials Management			
EM-MM-150a.4	Total weight of non-mineral waste generated	Waste Management (Table: Non-hazardous waste disposal)	40
EM-MM-150a.5	Total weight of tailings produced	Tailings Management (Primary Tailings Management Method — dewatering and dry stacking)	41
EM-MM-150a.6	Total weight of waste rock generated	Environment (Mine Closure Planning — external waste rock dumps); Tailings Management	38, 41
EM-MM-150a.7	Total weight of hazardous waste generated	Waste Management (Hazardous Waste — 926 tonnes in 2025)	40
EM-MM-150a.8	Total weight of hazardous waste recycled	Waste Management (Hazardous Waste — 806 tonnes delivered to licensed suppliers; 87.04%)	40
EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	Independent Assurance; CEO Statement (no significant incidents reported)	28, 50
EM-MM-150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Waste Management; Hazardous Waste	40
Biodiversity Impacts			
EM-MM-160a.1	Description of environmental management policies and practices for active sites	Environment; Biodiversity	36, 39
EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Environment (mitigation hierarchy); Independent Assurance	39, 50
EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Biodiversity (Gobi Gurvan Saikhan National Park; Great Gobi Strictly Protected Area Part A); Gobi Bear Conservation Program	39
Security, Human Rights & Rights of Indigenous Peoples			
EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Ethics and Responsible Operations (Human Rights)	49
EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Ethics and Responsible Operations (Human Rights)	49
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Ethics and Responsible Operations (Human Rights; Supply Chain)	49
Community Relations			
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Stakeholder Engagement; Community; Community Development Agreement	42, 44
EM-MM-210b.2	(1) Number and (2) duration of non-technical delays	Stakeholder grievance mechanism (no material non-technical delays recorded)	42
Labour Practices			
EM-MM-310a.1	Percentage of active workforce employed under collective agreements	Employment Practices (Operating Practices)	47
EM-MM-310a.2	(1) Number and (2) duration of strikes and lockouts	Employment Practices (no strikes or lockouts recorded in the reporting period)	47
Workforce Health & Safety			
EM-MM-320a.1	(1) All-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) direct employees and (b) contract employees	Health & Safety (Safety Performance; Training; Table: Safety statistics)	48
Business Ethics & Transparency			
EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Ethics and Responsible Operations; Employment Practices (Operating Practices); Supply Chain and Responsible Sourcing	47, 49
EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Not applicable — Mongolia is not ranked within the 20 lowest CPI countries; see Voluntary Disclosure (EITI)	31
Tailings Storage Facilities Management			
EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Tailings Management (Facility Overview — UHG TSF; Class III under Mongolian standards; Low to Significant Consequence Category under GISTM; independent geotechnical assessment 2024)	41
EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Tailings Management (TSF Management Framework; Inspection and Monitoring; Alignment with TSM Tailings Management Protocol)	41
EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Tailings Management (Closure Considerations); Health & Safety (emergency response procedures aligned with NFPA standards)	41, 48
Activity Metrics			
EM-MM-000.A	Production of (1) metal ores and (2) finished metal products	Performance Dashboard (ROMt basis); GHG Emissions intensity (tCO ₂ e/ROMt)	33-34
EM-MM-000.B	Total number of employees, percentage contractors	Employment Practices (Workforce Structure and Diversity — 3,284 employees; over 8,000 people including contractors)	46

3. GRI Universal Standards and Topic Standards

This report has been prepared with reference to the GRI Standards 2021. The table below maps the Company's disclosures against GRI 2: General Disclosures, GRI 3: Material Topics, and the Topic Standards corresponding to the material issues identified in the Materiality Assessment.

GRI STANDARD	DISCLOSURE	REFERENCE IN THIS REPORT	PAGE
GRI 2: General Disclosures 2021			
2-1	Organizational details	About the Report	29
2-2	Entities included in the organization's sustainability reporting	About the Report (Reporting Boundaries and Scope)	29
2-3	Reporting period, frequency and contact point	About the Report	29
2-4	Restatements of information	About the Report: GHG Emissions Accounting and Reporting (baseline recalculation policy)	29, 33-34
2-5	External assurance	Independent Assurance	50
2-6	Activities, value chain and other business relationships	About the Report: Ethics and Responsible Operations (Supply Chain)	29, 49
2-7	Employees	Employment Practices (Table: Employee statistics)	46
2-8	Workers who are not employees	Employment Practices (contracted and subcontractor personnel)	46
2-9	Governance structure and composition	ESG Governance	29
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Governance	29
2-13	Delegation of responsibility for managing impacts	ESG Governance (ESG Management Committee)	29
2-14	Role of the highest governance body in sustainability reporting	ESG Governance	29
2-22	Statement on sustainable development strategy	CEO Statement	28
2-23	Policy commitments	Environment: Health & Safety; Employment Practices; Ethics and Responsible Operations	26, 46, 48, 49
2-24	Embedding policy commitments	ESG Governance: Health & Safety (IMS Policy)	29, 48
2-25	Processes to remediate negative impacts	Stakeholder Engagement (Stakeholder grievance mechanism; Bitrix CRM system)	42
2-26	Mechanisms for seeking advice and raising concerns	Employment Practices (Whistleblowing); Ethics and Responsible Operations	47, 49
2-27	Compliance with laws and regulations	Independent Assurance (National Environmental Audit)	50
2-28	Membership associations	Voluntary Disclosure (CDP, TSM, MSCI, EITI)	31
2-29	Approach to stakeholder engagement	Stakeholder Engagement	42
2-30	Collective bargaining agreements	Employment Practices (Operating Practices)	47
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality Assessment	30
3-2	List of material topics	Materiality Assessment	30
3-3	Management of material topics	Throughout the report (Environment, Employment, Community, Governance sections)	36-49
Topic Standards — Economic			
201-1	Direct economic value generated and distributed	Management Discussion and Analysis (Annual Report); Community (Investment); Performance Dashboard	19, 44
201-2	Financial implications and other risks and opportunities due to climate change	Climate Adaptation	32
203-1	Infrastructure investments and services supported	Community (Investment; Good Neighbor program; Local education support)	44
203-2	Significant indirect economic impacts	Community; Stakeholder Engagement (Socio-economic benefits)	42, 44
204-1	Proportion of spending on local suppliers	Ethics and Responsible Operations (Supply Chain); Performance Dashboard	49
205-2	Communication and training about anti-corruption policies and procedures	Employment Practices (Development and Training); Ethics and Responsible Operations	47, 49
205-3	Confirmed incidents of corruption and actions taken	Ethics and Responsible Operations (detail in Corporate Governance Report)	49, 67
207-1	Approach to tax	Ethics and Responsible Operations (Tax transparency)	49
207-4	Country-by-country reporting	Voluntary Disclosure (EITI); Ethics and Responsible Operations	31, 49

Topic Standards — Environmental			
301-2	Recycled input materials used	Waste Management (Reuse; Recycling)	40
301-3	Reclaimed products and their packaging materials	Waste Management (Hazardous Waste — IBC tank, oil return; Single-Use Batteries and E-Waste)	40
302-1	Energy consumption within the organization	Environment (Energy — Table: Energy Consumption)	37
302-3	Energy intensity	Performance Dashboard (Power Usage Rate)	37
302-4	Reduction of energy consumption	Climate Adaptation (Operational Efficiency Measures): Energy	32, 37
303-1	Interactions with water as a shared resource	Environment (Water)	36
303-2	Management of water discharge-related impacts	Environment (Water); Tailings Management (Inspection and Monitoring)	36, 41
303-3	Water withdrawal	Environment (Table: Water consumption); Performance Dashboard	36
303-4	Water discharge	Tailings Management; Waste Management (Reduction at Source — dewatering)	40, 41
303-5	Water consumption	Environment (Table: Water consumption); Performance Dashboard	36
304-1	Operational sites in or adjacent to protected areas and areas of high biodiversity value	Biodiversity (Gobi Gurvan Saikhan NP; Great Gobi Strictly Protected Area)	39
304-2	Significant impacts on biodiversity	Biodiversity (mitigation hierarchy; Avoidance and Protection Measures)	39
304-3	Habitats protected or restored	Biodiversity (Ecological Restoration); Environment (Topsoil Management and Rehabilitation; Anti-Desertification Trial)	37-39
304-4	IUCN Red List and national conservation list species affected	Biodiversity (Gobi bear, argali sheep, ibex, black-tailed gazelle)	39
305-1	Direct (Scope 1) GHG emissions	GHG Emissions (ISO 14064); GHG Emissions (GHG Protocol)	33-34
305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions (ISO 14064); GHG Emissions (GHG Protocol)	33-34
305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions (ISO 14064); GHG Emissions (GHG Protocol)	33-34
305-4	GHG emissions intensity	Performance Dashboard (tCO ₂ e/ROMt); GHG Emissions	33-34
305-5	Reduction of GHG emissions	Climate Adaptation (Emissions Reduction Approach; EV Deployment)	32
305-7	NOx, SOx, and other significant air emissions	Environment (Air Emissions — Table: Air emissions); Data Quality Assessment	35, 37
306-1	Waste generation and significant waste-related impacts	Waste Management; Tailings Management	40, 41
306-2	Management of significant waste-related impacts	Waste Management (Reduction at Source; Reuse; Recycling; Hazardous Waste)	40
306-3	Waste generated	Waste Management (Tables: Non-hazardous and Hazardous waste disposal)	40
306-4	Waste diverted from disposal	Waste Management (Recycling; Hazardous Waste returned to suppliers)	40
306-5	Waste directed to disposal	Waste Management (Tables: Non-hazardous and Hazardous waste disposal)	40
308-1	New suppliers screened using environmental criteria	Ethics and Responsible Operations (Supplier Code of Conduct)	49
Topic Standards — Social			
401-1	New employee hires and employee turnover	Employment Practices (Workforce Structure; Recruitment)	46, 47
401-2	Benefits provided to full-time employees	Employment Practices (Employee Compensation and Well-being)	47
401-3	Parental leave	Employment Practices (Employee Compensation and Well-being)	47
403-1	Occupational health and safety management system	Health & Safety (IMS Policy; ISO 45001:2018)	48
403-2	Hazard identification, risk assessment, and incident investigation	Health & Safety (Risk Assessment and Management)	48
403-3	Occupational health services	Employment Practices (Employee Compensation); Health & Safety	47, 48
403-4	Worker participation, consultation, and communication on OHS	Employment Practices (Operating Practices — Joint H&S committees)	47
403-5	Worker training on occupational health and safety	Health & Safety (Training)	48
403-6	Promotion of worker health	Employment Practices (Employee Compensation and Well-being)	47
403-7	Prevention and mitigation of OHS impacts directly linked by business relationships	Health & Safety (contractor coverage); Ethics and Responsible Operations (Supply Chain)	48, 49
403-8	Workers covered by an OHS management system	Health & Safety (7,200+ direct employees and contractors covered)	48

403-9	Work-related injuries	Health & Safety (Table: Safety statistics; Safety Performance)	48
403-10	Work-related ill health	Health & Safety (Safety Performance; Risk Assessment and Management)	48
404-1	Average hours of training per year per employee	Health & Safety (Training); Employment Practices (Development and Training)	47, 48
404-2	Programs for upgrading employee skills and transition assistance	Employment Practices (Development and Training)	47
404-3	Percentage of employees receiving regular performance and career development reviews	Employment Practices (Career Progression and Equal Opportunities)	46
405-1	Diversity of governance bodies and employees	Employment Practices (Table: Employee statistics)	46
405-2	Ratio of basic salary and remuneration of women to men	Employment Practices (Employee Compensation — principle of equal treatment)	47
406-1	Incidents of discrimination and corrective actions taken	Employment Practices (Career Progression — zero tolerance)	46
408-1	Operations and suppliers at significant risk for incidents of child labor	Employment Practices; Ethics and Responsible Operations (Human Rights)	46, 49
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Ethics and Responsible Operations (Human Rights; Supplier Code of Conduct)	49
410-1	Security personnel trained in human rights policies or procedures	Ethics and Responsible Operations (Human Rights)	49
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement; Community; Community Development Agreement	42, 44
413-2	Operations with significant actual and potential negative impacts on local communities	Environment (Air Emissions); Stakeholder Engagement (grievance mechanism)	37, 42
414-1	New suppliers screened using social criteria	Ethics and Responsible Operations (Supplier Code of Conduct)	49

4. GRI Sector Standards — GRI 12 (Coal) and GRI 14 (Mining)

Under the GRI system, organizations are required to apply all Sector Standards relevant to sectors in which they have substantial activities. Given the Group’s diversified operations, two Sector Standards are applicable: GRI 12: Coal Sector 2022 (effective 1 January 2024) for the coking coal operations, and GRI 14: Mining Sector 2024 (effective 1 January 2026) for the gold and metals operations. The table below addresses each likely material topic identified by the respective Standards, indicating whether the topic has been determined as material for the Group and, where applicable, the section of this report in which the topic is addressed. This approach follows the requirement in GRI 3 that organizations list each topic from an applicable Sector Standard in the content index and, where not determined to be material, provide an explanation.

TOPIC	LIKELY MATERIAL TOPIC	DETERMINATION AND REFERENCE	PAGE
GRI 12: Coal Sector 2022 — applicable to the Group’s coking (metallurgical) coal operations			
12.1	GHG emissions	Material. Climate Adaptation; GHG Emissions (ISO 14064 and GHG Protocol)	32-34
12.2	Climate adaptation, resilience, and transition	Material. CEO Statement: Climate Adaptation (physical risk; operational and community adaptation)	28, 32
12.3	Closure and rehabilitation	Material. Environment (Mine Closure Planning; Topsoil Management and Rehabilitation; closure landform design)	38
12.4	Air emissions	Material. Environment (Air Emissions; Dust Control)	37
12.5	Biodiversity	Material. Biodiversity (Ecological Monitoring; Avoidance and Protection Measures; Ecological Restoration)	39
12.6	Waste	Material. Waste Management; Hazardous Waste; Tailings Management	40, 41
12.7	Water and effluents	Material. Environment (Water); Performance Dashboard	36
12.8	Economic impacts	Material. Community (Investment); Ethics and Responsible Operations (Tax transparency); Performance Dashboard	44, 49
12.9	Local communities	Material. Stakeholder Engagement; Community; Community Development Agreement	42, 44
12.10	Land and resource rights	Material. Environment (Land and Resource Rights); Community (land allocation to employees; herder engagement)	36, 44
12.11	Rights of indigenous peoples	Not material. There are no indigenous peoples (as defined in UNDRIP) in the operating areas. Engagement with local herder communities is addressed under topic 12.9 and in Ethics and Responsible Operations (Human Rights)	-
12.12	Conflict and security	Not material. Operations are not located in areas of active conflict. Security arrangements are addressed in Ethics and Responsible Operations (Human Rights)	49
12.13	Asset integrity and critical incident management	Material. Tailings Management (TSF Management Framework; Inspection and Monitoring; Assurance and External Review); Health & Safety (emergency response procedures)	41, 48
12.14	Occupational health and safety	Material. Health & Safety (IMS Policy; Risk Assessment and Management; Training; Table: Safety statistics)	48
12.15	Employment practices	Material. Employment Practices (Workforce Structure; Compensation; Recruitment; Development and Training; Operating Practices)	46-47
12.16	Child labor	Material. Employment Practices (no employees under 18; strict prohibition); Ethics and Responsible Operations (Human Rights; Supplier Code of Conduct)	46, 49
12.17	Forced labor and modern slavery	Material. Ethics and Responsible Operations (Human Rights; Supplier Code of Conduct)	49

12.18	Freedom of association and collective bargaining	Material. Employment Practices (Operating Practices — joint H&S committees; open communication)	47
12.19	Non-discrimination and equal opportunity	Material. Employment Practices (Career Progression and Equal Opportunities — zero tolerance; employment for people with disabilities)	46
12.20	Anti-corruption	Material. Ethics and Responsible Operations; Employment Practices (Operating Practices — zero-tolerance); detail in Corporate Governance Report	47, 49, 67
12.21	Payments to governments	Material. Voluntary Disclosure (EITI participant since 2009); Ethics and Responsible Operations (Tax transparency); Performance Dashboard (Tax & Fees)	31, 49
12.22	Public policy	Addressed via Voluntary Disclosure (EITI, TSM, CDP memberships). No political contributions made during the reporting period	31
GRI 14: Mining Sector 2024 — applicable to the Group's gold and metals operations			
14.1	GHG emissions	Partially reported. Gold operations not yet within GHG inventory reporting boundary; progressive expansion planned in future cycles. See Climate Adaptation; About the Report (Reporting Boundaries)	29, 32
14.2	Climate adaptation and resilience	Material. Climate Adaptation; Biodiversity (Winter Wildlife Support; Improving Water Availability for Wildlife)	32, 39
14.3	Air emissions	Material. Environment (Air Emissions; Anti-Desertification Trial)	37, 38
14.4	Biodiversity	Material. Biodiversity (Gobi Bear Conservation Program; Ecological Monitoring at EM; Avoidance and Protection Measures)	39
14.5	Waste	Material. Waste Management; Hazardous Waste	40
14.6	Tailings	Material. Tailings Management (applies to UHG TSF at coking coal operations; gold operations' tailings approach at early development stage)	41
14.7	Water and effluents	Material. Environment (Water — minimal water use strategy at gold operations)	36
14.8	Closure and rehabilitation	Material. Environment (Mine Closure Planning; Anti-Desertification Trial at BKH; vegetation trials area)	28, 39
14.9	Economic impacts	Material. Community (Investment); Ethics and Responsible Operations (Tax transparency)	44, 49
14.10	Local communities	Material. Stakeholder Engagement (Community information sharing at the gold operations); Community Engagement	42, 44
14.11	Rights of Indigenous Peoples	Not material. There are no indigenous peoples (as defined in UNDRIP) in the operating areas. Engagement with local herder communities is addressed under topic 14.10	-
14.12	Land and resource rights	Material. Environment (Land and Resource Rights); Community (herder engagement in BKH sub-province)	36, 44
14.13	Artisanal and small-scale mining	Material. Biodiversity (Ecological Restoration at Ger Ovoo — technical reclamation of site where gold had previously been manually extracted)	39
14.14	Security practices	Material. Ethics and Responsible Operations (Human Rights — security protocols consistent with applicable laws and international expectations)	49
14.15	Critical incident management	Material. Health & Safety (emergency response procedures aligned with NFPA standards); Tailings Management	41, 48
14.16	Occupational health and safety	Material. Health & Safety (coverage across coking coal and gold & metals operations; Table: Safety statistics)	48
14.17	Employment practices	Material. Employment Practices (Workforce Structure; Recruitment; Development and Training)	46-47
14.18	Child labor	Material. Employment Practices; Ethics and Responsible Operations (Human Rights)	46, 49
14.19	Forced labor and modern slavery	Material. Ethics and Responsible Operations (Human Rights; Supplier Code of Conduct)	49
14.20	Freedom of association and collective bargaining	Material. Employment Practices (Operating Practices — open communication; joint H&S committees)	49
14.21	Non-discrimination and equal opportunity	Material. Employment Practices (Career Progression and Equal Opportunities)	47
14.22	Anti-corruption	Material. Ethics and Responsible Operations; Employment Practices (Operating Practices); detail in Corporate Governance Report	47, 49, 67
14.23	Payments to governments	Material. Voluntary Disclosure (EITI); Ethics and Responsible Operations (Tax transparency)	31, 49
14.24	Public policy	Addressed via Voluntary Disclosure (EITI, TSM, CDP memberships). No political contributions made during the reporting period	31
14.25	Conflict-affected and high-risk areas	Not material. Operations are not located in conflict-affected or high-risk areas as defined under OECD Due Diligence Guidance	-

5. Notes on Reporting Approach and Forward Commitment

GRI reporting status. This report has been prepared with reference to the GRI Standards 2021. The Company has not made an in-accordance claim for this reporting cycle and is progressively strengthening disclosure coverage, data quality, and governance of reported information with the objective of moving toward in-accordance reporting in future cycles. Topics from GRI 12 and GRI 14 that have not been determined to be material are listed in the Sector Standards Index above with an explanation, as required by GRI 3.

SASB coverage. Disclosures against the SASB Metals & Mining Standard reflect the Company's. Where some specific quantitative metrics are not yet fully reported, the relevant qualitative context and management approach are disclosed. The Company will continue to enhance the completeness of its SASB reporting in future cycles, in particular in relation to the new Tailings Storage Facilities Management disclosure topic.

GOVERNANCE



The Board is pleased to present this Corporate Governance Report in the annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and strengthen its transparency and accountability.

The Company has adopted the principles of code provisions contained in Appendix C1 of the Listing Rules as basis of the Company's corporate governance practices. In the opinion of the Directors, throughout the year ended 31 December 2025, the Company has complied with all the code provisions as set out in the CG Code applicable for the financial year under review.

The Company will continue to review and enhance its corporate governance practices to ensure that it will continue to meet the requirements of the CG Code and the rising expectations of the shareholders and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company has also established written guidelines (the "Employees Written Guideline") on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guideline by the employees was recorded by the Company for the year ended 31 December 2025.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director and whether the Director is allocating sufficient time to perform his/her duties effectively to the Company.

- Ms. Delgerjargal Bayanjargal has been appointed as an independent non-executive Director and member of the Audit Committee with effect from 17 January 2025. She has also been appointed as a member of the Nomination Committee from 19 June 2025, the Chairman of the Remuneration Committee and a member of the Environmental, Social and Governance Committee of the Company with effect from 12 October 2025. Ms. Bayanjargal has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 16 January 2025 and has confirmed that she understood her obligations as a Director;
- Dr. Tsend-Ayush Tuvshintur has been appointed as an independent non-executive Director and member of the Environmental, Social and Governance Committee with effect from 17 January 2025. She has also been appointed as the Chairman of the Environmental, Social and Governance Committee and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 12 October 2025. Dr. Tuvshintur, had obtained legal advice referred to in Rule 3.09D of the Listing Rules on 15 January 2025 and has confirmed that she understood her obligations as a Director;
- Mr. Od Jambaljamts resigned as a non-executive Director and ceased to be a member of the Environmental, Social and Governance Committee with effect from 12 October 2025;

- Dr. Khashchuluun Chuluundorj resigned as an independent non-executive Director and ceased to be the Chairman of the Remuneration Committee and member of the Audit Committee, the Environmental, Social and Governance Committee and the Nomination Committee with effect from 12 October 2025;
- Mr. Unenbat Jigjid resigned as an independent non-executive Director and ceased to be the Chairman of the Environmental, Social and Governance Committee and member of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 12 October 2025;
- Ms. Enkhtuvshin Gombo, a non-executive Director, was appointed as a member of the Environmental, Social and Governance Committee of the Company with effect from 12 October 2025;
- Mr. Myagmarjav Ganbyamba resigned as a non-executive Director and ceased to be a member of the Environmental, Social and Governance Committee with effect from 1 January 2026;
- Mr. Ariunbayar Byambadorj has been appointed as a non-executive Director and a member of the Environmental, Social and Governance Committee with effect from 1 January 2026. Mr. Byambadorj has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 24 December 2025 and has confirmed that he understood his obligations as a Director.

The Board currently comprised seven Directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors:

Mr. Odjargal Jambaljamts, *Chairman of the Board, Chairman of the Nomination Committee and member of the Remuneration Committee*
Dr. Battsengel Gotov, *Group Chief Executive Officer*

Non-Executive Directors:

Ms. Enkhtuvshin Gombo, *member of the Audit Committee and the Environmental, Social and Governance Committee*
Mr. Ariunbayar Byambadorj, *member of the Environmental, Social and Governance Committee*

Independent Non-Executive Directors:

Mr. Chan Tze Ching, Ignatius, *Chairman of the Audit Committee and member of the Environmental, Social and Governance Committee*
Ms. Delgerjargal Bayanjargal, *Chairman of the Remuneration Committee and member of the Audit Committee, the Nomination Committee and the Environmental, Social and Governance Committee*
Dr. Tsend-Ayush Tuvshintur, *Chairman of the Environmental, Social and Governance Committee and member of the Audit Committee, the Nomination Committee and the Remuneration Committee*

The biographical information of the Directors are set out in the subsection headed "Board of Directors" and "Senior Management" under the Overview section on pages 5 to 7 of the annual report for the year ended 31 December 2025 and there is no other relationship (including financial, business, family or other material/relevant relationship(s)) between the Board.

Chairman and Group Chief Executive Officer

The positions of Chairman and Group Chief Executive Officer of the Company are held by Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Group Chief Executive Officer focuses on the Company's business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-Executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing the adequate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in character and judgement.

Board Independence Evaluation

The Company recognises the importance of board independence to corporate governance. In particular, the following mechanisms are in place in order to ensure that there is a strong independent element on the Board which is key to the Board's effectiveness:

In assessing whether a potential candidate is qualified to become an independent director of the Company, the Nomination Committee, Environmental, Social and Governance Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time on performing his/her duties as an independent director of the Company, and the background and qualification of the candidate, in order to assess whether such candidates are able to bring independent views to the Board.

In considering whether an independent director should be proposed for re-election, the Nomination Committee, Environmental, Social and Governance Committee and the Board will assess and evaluate the independent director's contribution to the Board during the term, in particular, whether the independent director was able to bring independent views to the Board.

The Company will ensure that there are channels (in addition to independent directors) where independent views are available, including but not limited to availability of access by directors of the Company to external independent professional advice to assist their performance of duties.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then-current term.

All the Directors of the Company are subject to retirement by rotation and eligible for re-election at the AGM. Under the Articles of Association of the Company (the "**Articles**"), at each AGM, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles also provides that all Directors appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first AGM after appointment. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the overall management of the Company's business. The Board provides leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. All Directors take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing, and coordinating the daily operation and management of the Company are delegated to the management.

The day-to-day management, administration and operation of the Company are delegated to the Group Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company, providing a balance in the Board by exercising effective independent judgement and impartial advices on issues of strategy, policy, performance, accountability, standard of conducts etc., and taking the lead where potential conflicts of interests arise.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Continuous Professional Development (CPD) of Directors

Directors shall keep abreast of regulatory developments and changes in order to perform their responsibilities effectively and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should commit with appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where applicable. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The CPD trainings¹ undertaken by the Directors during the reporting period summarised as follows, representing an average of approximately 26.5 hours undertaken by each Director during the year:

Directors	Areas					Approximate number of hours of CPD training completed in 2025 ²
	Board and Directors' Duties/Board Effectiveness	Legal and Regulatory (incl. Listing Rules Updates)	Corporate Governance/ ESG matters/ Sustainability Practices	Financial Reporting/ Risk Management and Internal Controls	Industry developments, business trends and strategies	
Executive Directors						
Mr. Odjargal Jambaljamts (Chairman)	✓	✓	✓	✓	✓	25.5 hours
Dr. Battengel Gotov (Group CEO)	✓	✓	✓	✓	✓	23.5 hours
Non-executive Directors						
Ms. Enkhtuvshin Gombo	✓	✓	✓	✓	✓	19.5 hours
Mr. Od Jambaljamts (resigned on 12 October 2025)	✓	✓	✓	-	-	8 hours
Mr. Myagmarjav Ganbyamba (resigned on 1 January 2026)	✓	✓	✓	-	-	8 hours
Independent Non-executive Directors						
Mr. Chan Tze Ching, Ignatius	✓	✓	✓	✓	-	64.7 hours
Dr. Khashchuluun Chuluundorj (resigned on 12 October 2025)	✓	✓	✓	-	✓	27 hours
Mr. Unenbat Jigjid (resigned on 12 October 2025)	✓	✓	✓	✓	✓	29 hours
Ms. Delgerjargal Bayanjargal (appointed on 17 January 2025)	✓	✓	✓	✓	✓	50.5 hours
Dr. Tsend-Ayush Tuvshintur (appointed on 17 January 2025)	✓	✓	✓	✓	✓	24 hours

1 The trainings include (i) attendance at online or physical training sessions, including but not limited to briefings, seminars, conferences, workshops and webcasts; and (ii) reading materials, news alerts, newspapers, journals, magazines and relevant publications.

2 The total number of hours included both the training provided by the Company and other CPD trainings undertaken by the Directors.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Tze Ching, Ignatius (who possesses the appropriate professional qualifications or accounting or related financial management expertise), Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, and one non-executive Director, namely Ms. Enkhtuvshin Gombo. Mr. Chan Tze Ching, Ignatius is the Chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Audit Committee include the following:

- To review the financial statements and reports and to consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, the internal auditor or the external auditor before submission to the Board;
- To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and to make recommendations to the Board on the appointment, reappointment and removal of the external auditor;

- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures and the work of the internal audit function; and
- To review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, risk management and internal controls or other matters of the Company

During the year ended 31 December 2025, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor, engagement of non-audit services and relevant scope of work, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met with the external auditor twice during the year ended 31 December 2025.

Remuneration Committee

The Remuneration Committee consists of three members, namely Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being independent non-executive Directors, and Mr. Odjargal Jambaljamts, being executive Director. Ms. Delgerjargal Bayanjargal is the Chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include the following:

- To determine the remuneration packages of individual executive Directors and senior management;
- To make recommendation on the remuneration policy and structure for all Directors and senior management;
- To assess performance of executive Directors and approve the terms of executive Directors' service contracts;
- To establish transparent procedures for developing the remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and
- To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2025, the Remuneration Committee met once to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters.

During the year ended 31 December 2025, the Remuneration Committee has also reviewed and recommended for the Board's approval the letters of appointment and remuneration packages regarding the appointment of Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur as independent non-executive Directors and the appointment of Mr. Ariunbayar Byambadorj as non-executive Director.

Table 32. Remuneration by band of the senior management:

	2025	2024
HKD3,500,001 to HKD4,000,000	3	-
HKD4,000,001 to HKD4,500,000	-	2
HKD4,500,001 to HKD5,000,000	-	2

Details of the remuneration of each of the Directors for the year ended 31 December 2025 are set out in note 10 to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Odjargal Jambaljamts, being executive Director, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being independent non-executive Directors. Mr. Odjargal Jambaljamts is the Chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include the following:

- To review the structure, size and composition of the Board, assist the Board in maintaining a board skills matrix, and to make recommendations regarding any proposed changes;
- To develop and formulate relevant procedures for nomination and appointment of directors;
- To identify suitable candidates for appointment as Directors;
- To make recommendations to the Board on appointment or re-appointment of and the succession planning of Directors;
- To assess the independence of independent non-executive Directors; and
- To support the Company's regular evaluation of the Board's performance.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and consider agreeing on and setting measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Procedures that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Director Nomination Procedures as adopted by the Board sets out the procedures and criteria in the nomination and appointment of Directors.

During the year ended 31 December 2025, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors to consider the qualifications of the retiring directors standing for re-election at the AGM. The Nomination Committee reviewed and discussed the measurable objectives for implementing diversity of the Board and considered an appropriate balance of diversity perspectives of the Board is maintained. During the year ended 31 December 2025, the Nomination Committee has also reviewed and made recommendations to the Board on the nomination of Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur as independent non-executive Directors and Mr. Ariunbayar Byambadorj as a non-executive Director in accordance with the Director Nomination Procedures and the change of Board committees composition.

Board Diversity Policy

The Company has adopted a Board Diversity Policy on 27 August 2013 which was subsequently revised by the Board on 17 October 2022 and 24 March 2025 which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to, professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The assessment also takes into account a candidate's existing directorships in other issuers listed on the HKEX, significant external time commitments, as well as other relevant factors such as character, integrity, independence and experience. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives. The Board currently consists of four male Directors and three female Directors, following the appointment of two female Directors on 17 January 2025 and the change of Directors on 12 October 2025 and 1 January 2026.

Currently, the Board has not established a specific target number or date by which to achieve a specific number of women on the Board or in the workforce (including senior management). However, in recognising the particular importance of gender diversity so as to further improve our gender diversity at the Board level and workforce, we will endeavour to ensure there is gender diversity when recruiting staff at a mid to senior level so that we will have a pipeline of female employees (including senior management) and potential successors to our Board and engage more resources in training female staff who have extensive and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group. For details of the gender ratio of the Group in the workforce, please refer to the Environmental, Social and Governance Report under the Sustainability section on page 46 of this annual report.

As at the date of this annual report, the Board comprises three independent non-executive Directors with diverse industry backgrounds, representing approximately 43% of the Board. The Board also demonstrates diversity in age and gender, with female Directors accounting for approximately 43% of the Board. Taking into account the Group's business model, specific needs and the varied backgrounds of the Directors, the current Board composition satisfies the Board Diversity Policy, as illustrated in the Board Diversity Matrix below:

2	Executive Directors Chairman, Group CEO 29%	+	2	Non-executive Directors 29%	+	3	Independent Non-executive Directors 43%
Gender	Female 3 Directors 43%		Male 4 Directors 57%				
Nationality	Mongolian 6 Directors 86%		HKSAR 1 Director 14%				
Age Group	Below 50 1 Director 14%	50-59 4 Directors 57%	60-69 2 Directors 29%				
Directorship (Years)	1-5 3 Directors 43%	6-14 1 Director 14%	15+ 3 Directors 43%				
Education	Bachelor's 2 Directors 29%	Master's 3 Directors 43%	Doctorate 2 Directors 29%				
Other Public Company Directorship(s)	No 6 Directors 86%	Yes 1 Director 14%					

The Nomination Committee has reviewed the mix of skills and experience of the Directors to ensure the Board maintains an appropriate balance of expertise required for the Group's business.

Our Directors have a balanced mix of knowledge and skills, supported by their professional experience. They obtained degrees in various majors including business administration, organic chemistry, banking and finance and economics.

The table below sets out the skills and experience of our Directors as at the date of this annual report, demonstrating the broad and diverse mix of experience and backgrounds that the Directors bring to the Board and its Committees, which are relevant to the Group's business.

	Board/board committees leadership/ other listed roles	Executive Leadership & Strategy/ directorship or senior executive experience	Mining industry experience	Accounting professionals/ Corporate Finance/ Finance Strategic Planning	Regulatory Compliance & Risk Management	Sustainability (Environmental, Social & Governance)	Global/ Local capital markets experience and practice
Executive Directors							
Mr. Odjargal Jambajants (Chairman)	✓	✓	✓	-	✓	✓	✓
Dr. Battengel Gotov (Group CEO)	✓	✓	✓	✓	✓	✓	✓
Non-executive Directors							
Ms. Enkhtuvshin Gombo	✓	✓	✓	✓	✓	-	✓
Mr. Ariunbayar Byambadorj (appointed on 1 January 2026)	✓	✓	✓	✓	✓	✓	✓
Independent Non-executive Directors							
Mr. Chan Tze Ching, Ignatius	✓	✓	-	✓	✓	✓	✓
Ms. Delgerjargal Bayanjargal (appointed on 17 January 2025)	✓	✓	✓	✓	✓	✓	✓
Dr. Tsend-Ayush Tuvshintur (appointed on 17 January 2025)	✓	✓	-	-	✓	✓	✓
Coverage (% of entire Board)	100%	100%	71%	71%	100%	86%	100%

The Nomination Committee will review the Board Diversity Policy on an annual basis and as appropriate to ensure its effectiveness.

Gender Diversity

The Board will ensure that an appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices with the ultimate goal of bringing the Board to gender parity. Details on the gender ratio of the Group in the workforce together with relevant data can be found in the Environmental, Social and Governance Report on page 46 of this annual report.

Director Nomination Procedures

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Board has adopted the Director Nomination Procedures on 27 August 2013 which was subsequently revised by a Board on 24 March 2025 which shall guide the Nomination Committee in selecting and nominating the suitable candidates for directorships. The Director Nomination Procedures sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following before moving onto the nomination process:

- Character and integrity;
- Qualifications including educational background, professional qualifications, skills, knowledge and experiences that are relevant to the Company's business and corporate strategy;
- Commitment in respect of available time, energy and relevant interest to discharge duties as a member of the Board and other directorships and significant commitments;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- Diversity aspects under the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge, industry and regional experience, and term of office.

Where there is more than one candidate, the Nomination Committee shall rank the candidates by order of preferences based on the needs of the Company and where appropriate, to make recommendations to the Board. Furthermore, the Nomination Committee shall ensure that independent non-executive Directors do not hold more than six directorships in HKEX listed issuers concurrently. The Director Nomination Procedures also set out the procedures for re-election of Directors at the general meeting. The Nomination Committee shall also review the overall contribution and service to the Company of the retiring directors including their participation and performance before making recommendations to the shareholders in respect of the proposed re-election of directors at the general meeting.

During the year ended 31 December 2025, and up to the date of this annual report, the change in the composition of the Board were as follows:

1. Ms. Delgerjargal Bayanjargal was appointed as an independent non-executive Director with effect from 17 January 2025.
2. Dr. Tsend-Ayush Tuvshintur was appointed as an independent non-executive Director with effect from 17 January 2025.
3. Mr. Od Jambaljamts resigned as a non-executive Director with effect from 12 October 2025.
4. Dr. Khashchuluun Chuluundorj resigned as an independent non-executive Director with effect from 12 October 2025.
5. Mr. Unenbat Jigjid resigned as an independent non-executive Director with effect from 12 October 2025.

6. Mr. Myagmarjav Ganbyamba resigned as a non-executive Director with effect from 1 January 2026.
7. Mr. Ariunbayar Byambadorj was appointed as a non-executive Director with effect from 1 January 2026.

The Director Nomination Procedures is regularly reviewed to ensure its effectiveness. The Nomination Committee has reviewed the Director Nomination Procedures and considered the policy is effective and the calibre implemented is appropriate to ensure the policy's effectiveness

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of five members with a majority of independent non-executive Directors, namely Dr. Tsend-Ayush Tuvshintur, Ms. Delgerjargal Bayanjargal and Mr. Chan Tze Ching, Ignatius, being independent non-executive Directors, and Ms. Enkhtuvshin Gombo and Mr. Ariunbayar Byambadorj, being non-executive Directors. Dr. Tsend-Ayush Tuvshintur is the Chairman of the Environmental, Social and Governance Committee.

The Environmental, Social and Governance Committee was established by the Board on 23 August 2019 in replacement of the Corporate Governance Committee for performing the functions set out in the code provision A.2.1 and for overseeing the environmental, social and governance matters of the Company.

The principal duties of the Environmental, Social and Governance Committee include the following:

- To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of Directors and senior management;

- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

- To review the Company's compliance with the code and disclosure in the Corporate Governance Report;

- To oversee the development of the Company's environmental, social and governance vision, strategy and policies; and

- To oversee the implementation of the Company's environmental, social and governance vision, strategy and policies.

During the year ended 31 December 2025, the Environmental, Social and Governance Committee held one meeting to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guideline, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out in the table below:

Table 33. Attendance records:

Name of Director	Attendance/Number of Meetings					
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Environmental, Social and Governance Committee	Annual General Meeting
Odjargal Jambaljamts	4/4	1/1	1/1	N/A	N/A	1/1
Battsengel Gotov	4/4	N/A	N/A	N/A	N/A	1/1
Od Jambaljamts	3/3	N/A	N/A	N/A	1/1	1/1
Enkhtuvshin Gombo	4/4	N/A	N/A	2/2	N/A	1/1
Myagmarjav Ganbyamba	4/4	N/A	N/A	N/A	1/1	1/1
Khashchuluun Chuluundorj	3/3	1/1	1/1	2/2	1/1	1/1
Unenbat Jigjid	3/3	1/1	1/1	2/2	1/1	1/1
Chan Tze Ching, Ignatius	4/4	N/A	N/A	2/2	1/1	1/1
Delgerjargal Bayanjargal	4/4	0/0	0/0	2/2	0/0	1/1
Tsend-Ayush Tuvshintur	4/4	0/0	0/0	0/0	1/1	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

Responsibility

The Board acknowledges its responsibility for the Company's risk management and internal control ("RMIC") systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective RMIC systems. The Audit Committee is delegated by the Board in leading the management and overseeing their design, implementation, and monitoring of the RMIC systems. The Company's management, under the oversight of the Board, through the Audit Committee, is responsible for designing, implementing, and monitoring the RMIC systems and the effectiveness of such systems are reviewed by the management, the Audit Committee and the Board at least annually.

The Company has an Internal Audit Department which performs independent review of the adequacy and effectiveness of the RMIC systems of the Company. The Internal Audit Department examines key issues in relation to the connected transactions, inside information handling, material risks and controls and provides its findings and recommendations for improvement to the management and the Board through the Audit Committee.

The Company maintains RMIC systems designed to support the achievement of its strategic, operational, financial reporting and compliance objectives and to provide a structured framework for identifying, assessing and managing risks across the Group's operations and business activities.

Risk Management and Internal Control Framework

The Company's RMIC framework is established through the Risk Management Policy approved by the Board of Directors, which sets out the principles and framework for identifying, assessing and managing risks across the Group through structured risk registers, probability-impact risk assessments and periodic monitoring by the management through the Risk Management Committee, while the Risk Management Procedure, together with supporting policies, procedures and work instructions, further operationalises the Risk Management Policy by setting out detailed processes and responsibilities for risk mitigation, monitoring and reporting across the Group.

The Company maintains a comprehensive RMIC framework through policies, procedures and operational instructions that implement Company-level governance principles across its subsidiaries and operational units. These policies define internal controls to prevent, manage and monitor risks across functional and operational areas, supporting the implementation of the Company's business strategy and objectives. The Manual of Authorities ("MoA") forms an integral part of this framework, setting authority levels and approval thresholds for capital and revenue nature

transactions across the Group. Separate MoAs at the subsidiary levels apply consistent authorisation principles while reflecting organisational differences. The MoAs are regularly revised to reflect organizational changes and further strengthen approval authority and oversight across functional and operational management.

Furthermore, the Company's internal control system is based on the "Three Lines of Defense" model. Under the first "line of defense", internal controls are implemented through policies, procedures and operational instructions embedded in day-to-day operations. Operational and functional management reviews and controls constitute the second "line of defense". In addition to these ongoing controls, the Compliance unit of the UHG branch conducts annual compliance reviews to identify compliance risks that may affect the Group's operations. Under the third "line of defense", the Internal Audit Department performs independent reviews of the adequacy and effectiveness of the Company's RMIC systems.

Key Risks, Governance and Oversight

The Company has established processes to identify, evaluate and manage principal risks that may affect the achievement of its business objectives. These risks are reviewed periodically by management and reported to the Board and the Audit Committee as part of the Company's RMIC process.

Operational risks are managed by respective business units, while corporate and external risks are coordinated and overseen by management through the Risk Management Committee. Risk registers, supported by mitigation plans and periodic reviews, are maintained at the operational level. Significant risks are escalated to subsidiary-level risk management subcommittees for discussion and oversight, and consolidated risk profiles are periodically reviewed by management at subcommittee meetings.

Key risks and uncertainties relating to the Company's business and industry are categorised into (i) routine operational and technical risks; (ii) corporate risks; and (iii) external risks. Specific risks are identified via executives', management, and tool-box meetings and other communication channels, and included into risk registers, which are maintained for each risk category and contain specific risk rating by evaluating (i) occurrence possibility; and (ii) impact significance with the controls and mitigation measures defined.

Routine operational and technical risks arise from the Group's are those arising within the organisation that are controllable and ought to be minimised with its' consequences mitigated. These include, but are not limited to, risks related to mining, processing, transportation, technical compliances; HSE risks; project-related risks; and procurement and contract management risks. The Company's approach to managing these risks is to avoid or minimise occurrence through a compliance-based approach and active prevention by monitoring operational processes and guiding people's behaviours and decisions towards desired norms by managers in charge. Through extensive training of personnel and establishment of policies, standard operating procedures, work instructions, standard compliance tools, and internal controls, the management aims to have zero defects in operational and technical level processes. The internal control procedures are implemented to monitor these risks by verifying if policies, procedures, and work instructions are being followed without exception and by highlighting defects and deviations in compliance and routine operating processes.

Mining operations' elevated health, safety and environmental risks are managed through a comprehensive OHSE system integrated into the RMIC framework. OHSE objectives are embedded in operational OGSMs and employee performance evaluations, with periodic workplace inspections conducted and non-compliances tracked until corrective actions are verified. Regulatory compliance risks are addressed through structured subsidiary-level monitoring and annual reviews by Compliance and Quality Assurance teams covering applicable Mongolian laws, regulations and technical standards.

Corporate risks are those that arise within the organisation. Risks under this category include:

- Legal compliance risks;
- Financial compliance risks;
- Financial risks such as liquidity, credit risks, financial planning and reporting risks;
- Investor relations risks;
- IT-related risks;
- HR related risks;
- Sales and trading risks, such as customer, brand, reputation, and supply chain risks;
- Public relations and communications risks; and
- ESG (Environment, Social and Governance) related risks.

The management's approach in managing these risks is to reduce the likelihood and impact of such risks, through the implementation of appropriate processes and internal control procedures that protect the Company from fraud, negligence, legal and other potential regulatory liabilities, including segregation of duties and dual authorisations. Moreover, the management identifies the major plausible risks inherent in the decision-making process, attempts to mitigate and manage those risks, and then continuously monitors the acceptable risk exposures.

External risks arising from events outside the Company and are beyond our influence and control include, but are not limited to:

- Political and government-related risks (Sovereign risk);
- Natural disaster and pandemics risks;
- Industry and market-related risks; and

- Macroeconomic risks such as foreign currency, inflation, economical shifts.

The Company implements different risk management techniques, such as risk avoidance, risk minimisation, risk mitigation, and risk transfer, and places different internal controls to address these risks.

The Group has insured its key assets, including all modules and support facilities of the CHPP, the Power Plant and its relevant assets, the Water Supply System, and other support infrastructure and properties at the UHG mine site, with a panel of international reinsurers. Additionally, mining fleets, heavy haul trucks, helicopter, airport facility, and light vehicles are sufficiently covered by local and international insurance policies, ensuring seamless operational continuity and asset protection. To safeguard employee well-being, the Group provides comprehensive health and personal accident insurance coverage for all employees. All local and international insurance policies are structured to ensure maximum risk coverage, with annual risk reviews conducted by international insurers. The Group implements continuous improvements based on their recommendations.

Furthermore, certain high-risk operations, such as blasting, power systems, facilities operation and maintenance, catering, camp and security services, are outsourced to specialised professional companies, thereby transferring associated risks. A contract management procedure is in place to ensure oversight of contractor performance and risk mitigation.

Summary of Risk Management Activities in 2025

During the year 2025, the following risk management activities were conducted under the RMIC framework as part of the Company's ongoing efforts to strengthen its RMIC systems and to support the Audit Committee and the Board in reviewing the effectiveness of these systems.

- ER operational risk registers were updated quarterly, and the ER risk management subcommittee met twice to review the risk profiles and the implementation of mitigation actions for the UHG and BN mines.

- The Company also continued enhancing the risk management framework of its newly acquired subsidiaries' operations, including Erdene Mongol LLC ("EM").

- Following the Third-Party Risk Management audit conducted by the Internal Audit Department in 2024, certain operational subsidiaries were initiated measures to strengthen contractor risk management. Key contractors at the Company's mine sites were advised to establish appropriate risk management and internal control systems, while contract managers were tasked with periodically reviewing the effectiveness of such control. Implementation of these measures is ongoing.

- The Company commenced renovation and upgrading of the fire alarm and fire suppression systems at the CHPP at UHG mine based on recommendations from its international insurers.

- Management also continued implementing recommendations arising from two OHSE audits conducted by the Internal Audit Department in 2024.

- In 2025, an Information Security Audit and a Cyber Security Assessment were conducted by certified third-party specialised audit firms in accordance with the Cyber Security Law of Mongolia. The reviews identified opportunities to further strengthen IT governance and cybersecurity controls, and management has initiated follow-up actions.

- Regulatory compliance monitoring continued across certain operational subsidiaries. Compliance reviews at the UHG and BN mines covered 77 regulatory areas, with compliance improving from 94% to 97% following the review. At EM, 22 regulatory areas were reviewed, and corrective actions have been initiated where improvements were required.

- In 2025, the Company refined its organisational structure to support its business segments, established subsidiary boards and governance committees, and adjusted management roles to strengthen oversight and decision-making.

Internal Audit and Assurance

The Internal Audit Department provides independent assurance on the effectiveness of the Company's RMIC systems, reporting functionally to the Audit Committee and administratively to management, thereby maintaining its independence. Internal Audit Department conducts reviews based on a risk-based audit plan approved by the Audit Committee, with key findings reported on a quarterly basis.

During the year 2025, Internal Audit Department conducted several engagements, including reviews of connected transactions, inside information controls, internal policies and regulations (advisory), performance management, UHG extraction costs, UHG fuel consumption and controls, and CHPP and TLD spare parts and inventory management. Implementation of audit recommendations is monitored through an internal follow-up system, with progress reported regularly to executive management and the Audit Committee.

Audit Committee Review of the RMIC System

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's RMIC systems for the year ended 31 December 2025. Management has confirmed to the Board and the Audit Committee that these systems were adequate and effective. Based on the reviews conducted and the work of management and the Internal Audit function, the Audit Committee is satisfied that the Company's RMIC systems are adequate, effective, and in compliance with the relevant provisions of the Corporate Governance Code. The Audit Committee will continue to monitor the effectiveness of the RMIC systems and oversee the implementation of improvements where appropriate.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control, fraud, or other matters of the Company. The Company's Whistleblower Policy sets out the procedures for employees and other stakeholders to raise concerns, in confidence and anonymity, with the Audit Committee, executive management, or the respective direct management about possible improprieties.

The Procedures and Internal Controls for Handling and Dissemination of Inside Information

The general principle for the handling of inside information is to limit access to confidential information to a minimum number of employees on a "need to know" basis, prohibit employees from disclosing any confidential information that the Company considers private and is not generally available outside the Company to third parties or other employees who do not have a valid business reason for receiving such information, prohibit employees from using the information for personal gain; and to ensure that the Directors and relevant employees refrain at all times from dealing in any securities of the Company when they are in possession of unpublished inside information. The Company conducts its affairs in strict compliance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company has:

- approved the "Written Guideline for Securities Transactions by Relevant Employees" for securities transactions by employees;
- adopted the "Model Code" for securities transactions by Directors; and
- approved the Relevant employees list and updates it annually.

All of the above policies require that the Directors and the relevant employees not to deal in the securities of the Group when they are in possession of inside information and must ensure that the strictest security of the information is observed within the Company as well as by its advisers.

Further, the Company has:

- implemented "Disclosure Policy" that guides the Directors, officers, senior management and relevant employees of the Company in handling confidential and inside information and ensures material information is promptly identified, assessed, and escalated to the Board or its delegate for a decision on disclosure and preservation of confidentiality of the information;
- established procedures for responding to external inquiries about the Company's affairs. Senior managers of the Company are identified and authorised to act as the Company's spokespersons and respond to inquiries in allocated areas of issues; and
- implemented "Communication Strategy Policy" that (i) ensures the Company's commitment to comply with the Listing Rules; (ii) ensures disclosure of timely and accurate information equally to all shareholders and market participants; (iii) identifies channels for disseminating information to stakeholders in a fair, timely and cost-efficient manner.

There are also several internal policies and procedures that further regulate and clarify processes of and controls over handling of inside information. These include:

- Corporate internal labor rules;
- Procedures for employment contract closure and off-boarding;
- IT policy and information security procedures;
- Confidentiality procedure;
- Standard employment agreement; and
- Standard non-disclosure agreement.

The Internal Audit Department reviewed current policies, procedures and practices for the handling and dissemination of inside information within the Group and the Board concluded that the Group's policies and procedures extensively cover matters related to inside information and are adequate and effective that meet the requirements specified in Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the Listing Rules.

The Internal Audit Department conducts periodic reviews of policies, procedures, and the implementation practices, including those for the handling of inside information. In 2025, the department reviewed the implementation and the effectiveness of the policies and procedures of the Company which included among others, policies and procedures for handling and dissemination of inside information. The review report was submitted to and considered by the Audit Committee of the Board.

In addition, the Internal Audit Department annually reviews the (i) updates made to the policies and procedures related to the handling of inside information, if any; (ii) disclosable events that occurred during the year and the announcements made; (iii) black-out period notices sent to the directors and relevant employees; (iv) directors' and employees' written confirmations about their compliance with the policies and procedures on inside information; and (v) updated list of relevant employees, signed confidentiality agreements, working documents and communications on a sample basis. Any non-conformances, if identified, are reported to the Audit Committee.

Whistleblower Policy and Anti-Corruption and Anti-Bribery Policy

The Company has in place the Whistleblower Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption and Anti-Bribery Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025. The Directors consider that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, which is set out in note 2(b) to the consolidated financial statements. The Directors are in the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 78 to 80.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, KPMG, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable
Audit Services	USD458,000
Review Services	USD236,000
Non-audit Services including the fees for tax advisory services	USD206,000
	USD900,000

COMPANY SECRETARY

Ms. Cheung Yuet Fan has been appointed by the Board as the Company's Company Secretary. Ms. Cheung is a director of Tricor, a member of Vistra Group and a global professional services provider specialising in integrated business, corporate and investor services. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Dr. Battsengel Gotov, executive Director and Group Chief Executive Officer and Ms. Uurtsaikh Dorjgotov, Executive Vice President and Group Chief Legal Officer of the Company are the primary contact persons at the Company who would work and communicate with Ms. Cheung on the Company's corporate governance and secretarial and administrative matters.

During the year ended 31 December 2025, Ms. Cheung Yuet Fan has complied with the professional training requirement of taking no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles, any one or more members of the Company holding on the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. If within 21 days of such deposit the Board does not proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Pursuant to Article 85 of the Articles, any member duly qualified to attend and vote at a general meeting who wish to propose a person other than a retiring director at the meeting for election as Director of the Company may lodge a notice signed by the member (other than the person to be proposed) of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected at the Company's head office at 16th Floor, Central Tower, Sukhbaatar District, Ulaanbaatar 14200, Mongolia or at the Registration Office at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days, and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Shareholders who wish to put forward other proposals at general meetings may follow the procedures set out in the previous paragraph to request the Company to convene an extraordinary general meeting for business specified in the written requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 16th Floor, Central Tower
Sukhbaatar District
Ulaanbaatar 14200
Mongolia
(For the attention of the Board of Directors/Group Chief Financial Officer)

Email: contact@mmc.mn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address apart from other specified address, if any, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. With the objective of ensuring that the shareholders and potential investors are provided with timely access to information about the Company, the Company has established several channels to communicate and disseminate information with the shareholders and solicit and understand the views of Shareholders. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through AGMs and other general meetings. At the AGM, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. The Company will from time to time conduct briefings to its institutional investors, brokers and analysts. Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website. The Company will ensure the shareholders are given sufficient advance notice of meetings to enable them to familiarise themselves with the procedures for conducting a poll and addressing shareholder questions during the meetings.

The Company's Shareholders' Communication Policy is regularly reviewed to ensure its effectiveness.

The Company reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered the policy to be effective for the year ended 31 December 2025 after reviewing the shareholder and investor communication activities conducted during the year.

The CG Code provision stipulates that the chairman of the board should attend the AGM. Mr. Odjargal Jambaljamts, the Chairman of the Board, appointed Mr. Chan Tze Ching, Ignatius, independent non-executive Director, to attend and answer questions on his behalf at the 2025 AGM of the Company. Mr. Odjargal Jambaljamts joined the 2025 AGM via webcast.

During the year under review, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

POLICIES RELATING TO SHAREHOLDERS***Dividend Policy Summary***

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends, which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of dividends to the shareholders of the Company. The Company does not have any pre-determined dividend payout ratio. According to the Dividend Policy, the Board has the discretion to declare and distribute dividends to the shareholders subject to the Articles and all applicable laws and regulations and taking into account the relevant factors of the Company and its subsidiaries, including but not limited to financial results, cash flow situation, business conditions and strategies, interests of shareholders and any other factors that the Board may consider relevant. The Board may propose and/or declare interim, final or special dividends and any distribution of net profits that the Board may deem appropriate, and while doing so, the Board should ensure that the Company maintains adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. Any final dividend for a financial year will be subject to the shareholders' approval. To the best knowledge of our Directors, none of the Shareholders has waived or agreed to waive any dividend.

DIRECTORS' REPORT

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in the Cayman Islands with its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its headquarters and principal place of business in Mongolia is located at 16th Floor, Central Tower, Sukhbaatar District, Ulaanbaatar 14200, Mongolia, and its principal place of business in Hong Kong is located at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Company are mining, processing, transportation and sale of coking coal products and gold products. The principal activities and other particulars of the subsidiaries and associates are set out in note 17 and note 18 to the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in note 4(b) to the consolidated financial statements.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial KPIs is provided in the Financial & Operating Reviews section on pages 9 to 26 and Financial Summary section on page 128 of this annual report. The Group generated a total revenue of approximately USD823.4 million during the year ended 31 December 2025, compared to USD1,039.9 million of revenue generated during the year ended 31 December 2024.

The Group's adjusted EBITDA for the year ended 31 December 2025 was approximately USD203.0 million, compared to the adjusted EBITDA of approximately USD495.9 million recorded for the year ended 31 December 2024.

The profit attributable to the equity shareholders of the Company for the year ended 31 December 2025 was USD6.1 million, compared to USD242.0 million of profit attributable to the equity shareholders of the Company recorded for the year ended 31 December 2024.

The basic and diluted earnings per share attributable to the equity shareholders of the Company amounted to USD0.59 cents and USD0.58 cents, respectively, for the year ended 31 December 2025, compared to the basic and diluted earnings per share of USD22.12 cents and USD21.77 cents, respectively, for the year ended 31 December 2024.

Environmental Policies and Performance

We are committed to complying with Mongolian environmental laws, regulations and applicable international standards as part of our effort to minimise the adverse impact of our operations on the environment. Our integrated HSE Management System ("MS") helps to achieve the targets set out in our HSE policy. These systems and processes provide our employees and contractors the necessary directions to practice safe work behaviors and make them accountable for the implementation of the HSE MS. Our environmental team continually upgrades the HSE MS and its accompanying elements and procedures and ensures that our activities in relevant fields comply with national legislations and international standards. The HSE MS has been developed to align with requirements under the international management system standards ISO 14001:2015 (Environmental management system standard) and ISO 45001:2018 (Occupational health and safety management system standard).

We are required to comply with applicable national legislations including the Law on Environmental Protection (1995), Law on Environmental Impact Assessment (2012), Law on Natural Resources Use Fee (2012), Law on Water and Water Pollution Fee (2012), Law on Air (2012) and Law on Air Pollution Fee (2010), Law on Land (2002), Law on Land Fee (1997), Law on Soil Protection and Desertification Prevention (2012) and Law on Toxic and Hazardous Chemicals (2006). In line with these legislations and pursuant to the Law on Environmental Protection and Law on Environmental Impact Assessment, we submit an environmental management plan followed by an implementation report to the Ministry of Environment and Climate Change on an annual basis. We get comprehensive inspections on environmental and occupational health activities by respective ministries and their local units regularly and our compliance rate has been assessed to be satisfactory since the start of our mining operations. The details on our environmental management activities, compliance with relevant legislations and environmental impact mitigation measures can be found in the subsection headed "Environment" set out in the Environmental, Social and Governance Report section on pages 36 to 38 of this annual report.

Compliance with relevant Laws and Regulations

Discussions on compliance with relevant laws and regulations which have a significant impact on the Group are set out under the Financial & Operating Reviews section on page 10 of this annual report.

The Group has complied with all the relevant laws and regulations that have a significant impact on their businesses.

Key Relationships with Stakeholders

In relation to the Company's key relationships with its employees, customers and suppliers, discussions on the Company's policies on human resources management, community involvement and contribution in relation to environmental concerns and social responsibility are provided in Sustainability section on pages 27 to 50 of this annual report.

Risk Management, Key Risks and Uncertainties

A description of possible risks and uncertainties that the Group may be facing is provided in the Financial & Operating Reviews section on page 20 of this annual report.

The Group's management is responsible for establishing and maintaining an effective risk management system. The management team aims at efficient and effective operations, reliable financial reporting and compliance with regulations. The Group's operations, financial condition and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties relating to our business and industry are categorised into (i) routine operational and technical risks; (ii) corporate risks; and (iii) external risks.

The Risk Management Committee comprising of the executive management report directly to the Audit Committee of the Board. The committee oversees the Group's overall risk management framework and assesses the effectiveness of risk controls and its mitigation tools.

Operational risks are risks arising within the organisation, that are controllable and ought to be minimised with its consequences mitigated. Operational risks include, but not limited to, risks related to mining, processing, transportation activities; technical compliance risks; health, safety and environmental risks; project related risks; and procurement and contract management risks. The objective of our risk management is to avoid or minimise occurrence through a compliance based approach and active prevention by monitoring operational processes and guiding people's behaviors and decisions toward desired norms. This is implemented through the establishment of standard operating procedures and internal controls, and extensive training of personnel.

Corporate risks that arise within the organisation mainly include legal compliance risks; financial compliance risks; financial risks such as liquidity, credit risks, financial planning and reporting risks; sales and trading related risks, such as customer, brand, reputation and supply chain risk; and public relations and communication risks. Our risk management's objective is to reduce the likelihood and impact of such risks, through implementation of appropriate procedures and internal control processes that protect the Company from fraud, negligence, legal and other potential regulatory liabilities. Moreover, the management shall identify the major plausible risks inherent in the decision making process, and will endeavor to mitigate and manage those risks, with the subsequent continuous monitoring of the accepted risk exposures.

External risks arising from events outside the Company and are beyond our influence and control, include, but not limited to, industry related risks; and macroeconomic risks, such as foreign currency exposure risks, inflation, economical shifts; political and government-related risks (sovereign risk); natural disaster risks and others. These types of risks can be the most devastating should they occur and ought to be projected through risk assessment, stress testing and scenario planning tools. The Group did not hedge its foreign currency net investments through currency borrowings or other hedging instruments.

Corporate and external risks require distinct risk management processes that encourage the management to identify, openly discuss and find cost effective ways to reduce the likelihood of occurrence of such risk events and to mitigate the consequences should they occur.

Prospects

A description of the likely future development in the Company's business is provided in the subsection headed "OUTLOOK AND BUSINESS STRATEGIES IN 2026" under the Financial & Operating Reviews section on page 18 of this annual report.

Subsequent Events

A description of particulars of important events affecting the Company that have occurred since the end of the financial period can be found in the paragraph headed "Other and Subsequent Events" under the Financial & Operating Reviews section on page 20 of this annual report. Save as disclosed above, there have been no post balance sheet events subsequent to 31 December 2025 and up to the date of this annual report which require adjustment to or disclosure in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is set out in Table 34.

Table 34. Sales and purchases attributable to the major customers and suppliers:

	Percentage of the Group's total Revenue from sales of goods and rendering of services	Purchases
The largest customer	11.4%	
Five largest customers in aggregate	42.7%	
The largest supplier		16.8%
Five largest suppliers in aggregate		44.3%

To the best knowledge of the Directors, save for Jiayou International Logistics Co., Ltd.'s interests in JASN International Pte. Ltd. which is the third largest customer, none of the Directors nor any of their close associates nor any shareholder who holds more than 5% of the Shares has any interests in the customers or suppliers disclosed above. JASN International Pte. Ltd. is a direct wholly-owned subsidiary of Jiayou International Logistics Co., Ltd. which in turn a connected persons of the Company at the subsidiary level. For further details, please refer to the subsection headed "Non-exempt Continuing Connected Transaction" on pages 21 to 26.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2025 and the state of the Group's affairs as at that date are set out in the consolidated financial statements on pages 81 to 127.

RESERVES

Profit attributable to equity shareholders, before dividend, of USD6.1 million (2024: profit of USD242.0 million) has been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 83.

As at 31 December 2025, the Group had distributable reserves amounting to USD486.7 million (2024: USD480.5 million).

DIVIDEND

No dividend has been declared and paid by the Group during the year ended 31 December 2025. The Board does not recommend the payment of a dividend for the year ended 31 December 2025 (dividend for the year ended 31 December 2024: nil).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2025 amounted to USD5,717,346.96 (2024: USD5,825,326.54).

PROPERTY, PLANT AND EQUIPMENT

Details of these acquisitions and other movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 25 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 128.

DIRECTORS

The Directors during the financial year and up to the date of this annual report are:

Executive Directors

Mr. Odjargal Jambaljamts (*Chairman of the Board*)
Dr. Battseengel Gotov (*Group Chief Executive Officer*)

Non-executive Directors

Mr. Od Jambaljamts (resigned on 12 October 2025)
Ms. Enkhtuvshin Gombo
Mr. Myagmarjav Ganbyamba (resigned on 1 January 2026)
Mr. Ariunbayar Byambadorj (appointed on 1 January 2026)

Independent Non-executive Directors

Dr. Khashchuluun Chuluundorj (resigned on 12 October 2025)
Mr. Unenbat Jigjid (resigned on 12 October 2025)
Mr. Chan Tze Ching, Ignatius
Ms. Delgerjargal Bayanjargal (appointed on 17 January 2025)
Dr. Tsend-Ayush Tuvshintur (appointed on 17 January 2025)

In accordance with the Articles, Dr. Battseengel Gotov, being the executive Director, Mr. Ariunbayar Byambadorj, being a non-executive Director and Ms. Delgerjargal Bayanjargal, being an independent non-executive Director will retire from directorship by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. Biographical details of the Directors are set out in the subsection headed "Board of Directors" under Overview section on pages 5 to 7.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent in accordance with the guidelines set out under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of three years. Each of the non-executive Directors and independent non-executive Directors is engaged on a letter of appointment with the Company for a term of three years.

None of the Directors proposed for re-election at the forthcoming AGM has entered into any service agreement with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As at 31 December 2025 or during the year, none of the Directors or entities connected with the Directors was materially interested, either directly or indirectly, in any transaction, arrangement or contract that is significant in relation to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Company's Articles, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to the Director or other officer. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, or any other person engaged in the full-time employment of the Company, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group.

NON-COMPETITION UNDERTAKING

Pursuant to a deed of non-competition dated 20 September 2010, and as amended on 3 April 2012, 4 July 2012 and 31 March 2021 (the "Deed of Non-competition") executed by Mr. Odjargal Jambaljamts, Mr. Od Jambaljamts (resigned as Director on 12 October 2025), MCS Mining Group LLC and MCS Mongolia LLC (collectively the "Undertakers") in favour of the Company (for itself and on behalf of the Group), the Undertakers undertake, among other things, that at any time when the shares of the Company are listed on the SEHK and for so long as the Undertakers and its associates together hold, whether individually or taken together, 30% or more of the issued share capital or are otherwise regarded as a controlling shareholder of the Company under the Listing Rules, the Undertakers will not, and will procure that its associates (excluding the Group) will not, directly or indirectly, either on its own account or with each other or in conjunction with or on behalf of any person, firm or company, except through a member of the Group, among other things, carry on, participate or be interested or engaged in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business (except for their aggregate 10% interest in Quincunx (BVI) Ltd) which is or may be in competition with the Restricted Mining Business (as defined in the prospectus of the Company dated 28 September 2010) of any member of the Group from time to time. In the event that a business opportunity in relation to the Restricted Mining Business (as defined in the prospectus of the Company dated 28 September 2010) is made available

to the Undertakers and/or any of their associates, the Undertakers shall promptly notify the Company in writing and refer such business opportunity for the Company's consideration and the Undertakers shall not and procure his/their associates shall not, invest or participate in any project or business opportunity unless such project or business opportunity has been rejected by the Company and the principal terms on which the Undertakers or his/their associates invest or participate are no more favourable than those made available to the Company.

Each of the Undertakers has reviewed his/their respective business (excluding the business of the Group) and advised that during the year ended 31 December 2025, his/their respective business did not compete with the Group and there was no opportunity made available to the Undertakers to invest or participate in any such project or business opportunity that is governed by the Deed of Non-competition. Each of the Undertakers has given a written confirmation to the Company that he/it has fully complied with the terms of the Deed of Non-competition. The independent non-executive Directors have also reviewed the confirmations by each of the Undertakers and concluded that each of the Undertakers has been in compliance with the Deed of Non-competition during the year ended 31 December 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interest and short positions of the Directors and chief executive of the Company in the shares and underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Table 35. Interests in Shares:

Name of Director	Nature of interest	Ordinary shares of USDo.10 each	
		Total number of Shares held	Approximate percentage of total issued share capital (Note 3)
Mr. Odjargal Jambaljamts (Note 1)	Beneficial Owner	46,164,754 (L)	4.45%
	Interest of controlled corporation	323,492,188 (L)	31.20%
Mr. Myagmarjav Ganbyamba (Note 2)	Beneficial Owner	12,000 (L)	0.0012%

(L) – Long position

Notes:

- (1) Mr. Odjargal Jambaljamts is directly interested in approximately 58.18% of MCS Mongolia LLC. MCS Mongolia LLC holds the entire interest of MCS Mining Group LLC which in turn holds 323,492,188 shares in the Company.
- (2) Mr. Myagmarjav Ganbyamba has resigned as a Director of the Company with effect from 1 January 2026.
- (3) As at 31 December 2025, the total number of Shares in issue was 1,036,847,786 Shares.

Table 36. Interest in underlying Shares:

Name of Director	Nature of interest	Ordinary shares of USDo.10 each	
		Total number of underlying Shares held pursuant to Share Options under the Share Option Scheme	Approximate percentage of total issued share capital
Dr. Battsengel Gotov	Beneficial Owner	5,000,000 (L)	0.48%

(L) – Long position

Save as disclosed above, as at 31 December 2025, so far as was known to any Director or chief executive of the Company, neither the Directors nor the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 16 June 2021 (the "Adoption Date") in which the Board is authorised, at its discretion, to grant to eligible participants Share Options of the Company subject to the terms and conditions stipulated therein. Currently, the Share Option Scheme is the only share option scheme of the Company. The previous share option scheme which was adopted by the Company on 17 September 2010 expired on 12 October 2020. The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons under the Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Share Option Scheme shall be valid for a period of 10 years from the Adoption Date and will expire on 15 June 2031. As at 31 December 2025, the remaining life of the Share Option Scheme was approximately 5 years and 6 months.

Eligibility

Under the Share Option Scheme, the Directors may invite any person belonging to any of the following classes of participants to take up options to subscribe for Shares:

- any employee or proposed employee (whether full time or part-time and including any executive Director), business partners, consultants or advisers of or to the Company or any of its subsidiaries;
- any non-executive Directors (including independent non-executive Directors) of the Company or any of its subsidiaries;
- any supplier of goods or services to any member of the Group;
- any customer of the Group;
- any person or entity that provides research, development or other technological support to the Group; and

- any shareholder of any member of the Group or any holder of any securities issued by any member of the Group.

And for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

The basis of eligibility of any of the classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the participants' contribution to the development and growth of the Group.

Grant of Options

Unless terminated by a resolution adopted at general meeting, the Directors shall be entitled at any time within a period of 10 years commencing on the adoption date of the Share Option Scheme to make an offer to such participant as the Directors may select to subscribe for such number of Shares at the subscription price as the Directors shall determine.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Directors may determine which shall not exceed 10 years from the date of grant ("Offer Date") subject to the provisions of early termination thereof.

The option period of an option within which the Shares must be taken up may not end later than 10 years from the Offer Date, while the Directors may fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the option can be exercised upon the grant of an option to participant. HKD1.00 is payable on acceptance of the option within 28 days from the Offer Date. Save for the above, no other amount is payable on application or acceptance of the option, and there is no period within which payments or calls must or may be made or loans for such purposes must be repaid.

Subscription Price

The subscription price in respect of any option must be at least the highest of:

- the closing price of the Shares as stated in the SEHK's daily quotations sheet on the Offer Date;
- the average closing price of the Shares as stated in the SEHK's daily quotations sheet for the five business days immediately preceding the Offer Date; and
- the nominal value of the Shares.

Exercise of Options

An option shall be exercisable in whole or in part by giving notice in writing to the Company accompanied by a payment for the full amount of the subscription price for the Shares. An option shall be personal to the grantee and shall not be transferable or assignable.

Maximum Number of Shares Available for Subscription

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date of the Share Option Scheme, i.e. up to 102,918,678 Shares. The total number of Shares available for issue under the Share Option Scheme is 87,158,678 Shares, representing 8.41% of the issued Shares of the Company as at the date of this annual report.

The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital from time to time. No option may be granted under any schemes of the Company (or the subsidiary of the Company) if such grant will result in the maximum number being exceeded.

As at the date of this annual report, the Company has a total of 15,802,500 outstanding Share Options granted under the Share Option Scheme which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the Share Option Scheme. The number of Shares that may be issued in respect of the Share Options granted under the Share Option Scheme during the reporting period divided by the weighted average number of the Shares in issue for the reporting period is 1.52%.

Maximum Entitlement of Each Participant

Unless approved by the Shareholders of the Company, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue. Each grant of options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

On 3 April 2023, the Company granted 10,000,000 and 23,250,000 Share Options to a Director and employees, respectively, at the exercise price of HKD3,260 under the Share Option Scheme. The closing price of the shares of the Company immediately before the grant of Share Options on 3 April 2023 was HKD3,260. There is no performance target attached to the Share Options.

The total number of Share Options available for grant under the Share Option Scheme was 71,106,178 as at 1 January 2025 and 71,356,178 as at 31 December 2025.

Details of the fair value of the Share Options at the Grant Date and the accounting standards and policy adopted are set out in the Note 27 to the consolidated financial statements set out in page 117 of this annual report.

Details of the movements in the number of Share Options granted under the Share Option Scheme during the year ended 31 December 2025 were as follows:

Table 37. Director:

Name of Director	Date of Grant	Exercise period	Exercise price per share	Number of Share Options							Weighted average closing price of the shares immediately before the dates of exercise during the year ended 31 December 2025
				Balance as at 1 January 2025	Granted during the year ended 31 December 2025	Lapsed during the year ended 31 December 2025	Cancelled during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Balance as at 31 December 2025		
Dr. Battsengel Golov	3 April 2023	Note 1	HKD3,260	8,000,000	-	-	-	3,000,000	5,000,000	HKD8,512	

Table 38. Employees of the Group other than Directors:

Date of Grant	Exercise period	Exercise price per share	Number of Share Options							Weighted average closing price of the shares immediately before the dates of exercise during the year ended 31 December 2025
			Balance as at 1 January 2025	Granted during the year ended 31 December 2025	Lapsed during the year ended 31 December 2025	Cancelled during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Balance as at 31 December 2025		
3 April 2023	Note 1	HKD3,260	17,208,500	-	250,000	-	6,031,000	10,927,500	HKD7,929	

Notes:

- The Share Options are subject to exercising scale in four tranches of 25% each. The exercise periods are as follows:
 - first 25% of the Share Options granted – 3 April 2024 to 3 April 2028
 - second 25% of the Share Options granted – 3 April 2025 to 3 April 2028
 - third 25% of the Share Options granted – 3 April 2026 to 3 April 2028
 - fourth 25% of the Share Options granted – 3 April 2027 to 3 April 2028
- There are no vesting period nor purchase price attached to the Share Options under the Share Option Scheme.
- Save for the aforesaid, there are no other outstanding Share Options under the Share Option Scheme during the reporting period; and there are no other grants of Share Options to (i) any Directors, chief executive or substantial shareholders of the Company or their respective associates; (ii) any participant with options and awards granted and to be granted in excess of the 1% individual limit (as defined in the Listing Rules); and (iii) any related entity participant or service provider.

Treatment of Lapse of the Share Options

Pursuant to the Share Option Scheme, in the event that an employee ceases to be an employee of the Group by reason other than his death, ill-health or retirement in accordance with his contract of employment, the Option (to the extent not already vested) shall lapse on the date of cessation or termination of employment and not be exercisable unless the Directors otherwise determine. The Options that have already been vested but not exercised prior to the date of cessation of employment remain exercisable in accordance of the terms of the offer.

In the event that an employee ceases to be an employee of the Group by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, the employee or, if appropriate his or her lawful personal representative(s) may exercise the Option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment (or such longer period as the Board may determine), failing which it will lapse.

In the event that an employee's employment is terminated for cause before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of termination of employment and not be exercisable unless the Directors otherwise determine.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" above, for the year ended 31 December 2025, the Company has not entered into any equity-linked agreement.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed under the section headed "Share Option Scheme" above, at no time during the year ended 31 December 2025 had the Company or any of its subsidiaries or any fellow subsidiaries entered into any arrangement which enables the Directors or chief executive to have the right to acquire benefits by means of acquisition of shares or debentures in the Company or any associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as was known to the Directors and chief executive of the Company and based on the information publicly available, the following persons (other than a Director or chief executive of the Company whose interests are disclosed above) had interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Table 39. Interests in the Shares and underlying Shares:

Name of substantial shareholder	Nature of interest	Ordinary shares of USDo.10 each	
		Total number of Shares held	Approximate percentage of total issued share capital (Note 4)
MCS Mining Group LLC (Note 1)	Beneficial Owner	323,492,188 (L)	31.20%
MCS Mongolia LLC (Note 1)	Interest of controlled corporation	323,492,188 (L)	31.20%
Ms. Batmunkh Dashdeleg (Note 1)	Interest of spouse	369,656,942 (L)	35.65%
Mr. Od Jambaljamts (Note 1)	Beneficial Owner	26,576,226 (L)	2.56%
	Interest of controlled corporation	323,492,188 (L)	31.20%
Ms. Munkhsuren Surenkhuu (Note 1)	Interest of spouse	350,068,414 (L)	33.76%
Continental General Holdings LLC ("CGH") (Note 2)	Interest of controlled corporation	93,888,000 (L)	9.06%
Continental Insurance Group, Ltd. ("CIG") (Note 2)	Interest of controlled corporation	93,888,000 (L)	9.06%
Continental General Insurance Company ("CGIC") (Note 2)	Beneficial Owner	93,888,000 (L)	9.06%
Percy Rockdale LLC ("Percy") (Note 2)	Beneficial Owner	1,365,000 (L)	0.13%
Mr. Michael Gorzynski (Note 2)	Interest of controlled corporation	95,253,000 (L)	9.19%
Kerry Mining (UHG) Limited ("KMUHG") (Note 3)	Beneficial owner	73,383,000 (L)	7.08%
Kerry Mining (Mongolia) Limited ("KMM") (Note 3)	Interest of controlled corporation	73,383,000 (L)	7.08%
Fexos Limited ("Fexos") (Note 3)	Interest of controlled corporation	73,383,000 (L)	7.08%
Kerry Holdings Limited ("KHL") (Note 3)	Interest of controlled corporation	73,383,000 (L)	7.08%
Kerry Group Limited ("KGL") (Note 3)	Interest of controlled corporation	73,383,000 (L)	7.08%

(L) – Long position

Notes:

- (1) MCS Mining Group LLC is wholly-owned by MCS Mongolia LLC. MCS Mongolia LLC is owned as to approximately 58.18% by Mr. Odjargal Jambaljamts, and approximately 30.67% by Mr. Od Jambaljamts. MCS Mining Group LLC holds 323,492,188 shares in the Company. Mr. Odjargal Jambaljamts and Mr. Od Jambaljamts directly hold 46,164,754 shares and 26,576,226 shares, respectively, in the Company. Ms. Batmunkh Dashdeleg is the spouse of Mr. Odjargal Jambaljamts, and Ms. Munkhsuren Surenkhuu is the spouse of Mr. Od Jambaljamts.
- (2) (a) CGIC is a direct wholly-owned subsidiary of CIG which in turn is wholly-owned by CGH. CGH is 100% owned by Mr. Michael Gorzynski. Accordingly, CIG, CGH and Mr. Michael Gorzynski were deemed to be interested in the 93,888,000 shares of the Company that CGIC was interested.
(b) Percy is 100% owned by Mr. Michael Gorzynski. Accordingly, Mr. Michael Gorzynski was deemed to be interested in the 1,365,000 shares of the Company that Percy was interested.
- (3) KMUHG is a direct wholly-owned subsidiary of KMM which in turn is approximately 59.04% owned by Fexos. Fexos is a direct wholly-owned subsidiary of KHL which in turn is a direct wholly-owned subsidiary of KGL. Accordingly, KMM, Fexos, KHL and KGL were deemed to be interested in the 73,383,000 shares of the Company that KMUHG was interested.
- (4) As at 31 December 2025, the total number of Shares in issue was 1,036,847,786 Shares.

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2025, the non-exempt CCTs of the Group were USD138.3 million. The details of non-exempt CCTs for the year ended 31 December 2025 are set out on pages 21 to 26 of this annual report.

CONNECTED TRANSACTIONS

As at 31 December 2025, the Group had not entered into any non-exempt connected transactions.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2025, the Group had no pledge of assets.

EMOLUMENT POLICY

The emolument policy of the Group is set to (i) recruit, retain and motivate qualified and experienced staff, including directors and senior management; (ii) apply a responsible and sustainable remuneration practice that is determined by reference to the performance of the individual, the operational and financial results of the Group, and is in line with the market practice and conditions; (iii) ensure that no individual participates in deciding his/her own remuneration; and (iv) ensure that the base salary levels and annual incentives are competitive in the market and comparable to the similar jobs in the peer companies.

The emolument of executive directors and senior management of the Group is determined by the remuneration committee of the Board, the emolument of non-executive directors and independent non-executive directors is recommended by the remuneration committee of the Board and determined by the Board and the emolument of staff is determined by the group management.

In addition to a base salary, the emolument of staff and directors and senior management is structured to include bonuses (such as a discretionary bonus) and benefits.

The Company has a Share Option Scheme to provide a long-term incentive and an opportunity for employees of the Group to acquire an equity participation in the Company.

The required competencies, skills and performance of the individual concerned and the specific role and responsibilities of the relevant position are considered in determining the emolument of an individual director or member of senior management.

None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2025.

RETIREMENT SCHEME

The Group duly contributes to retirement benefit schemes in accordance with the relevant labour rules and regulations of Mongolia, the country of operation, whereby the Group is required to make contributions to the retirement schemes at a rate of 8.5% of the eligible employees' salaries, which is applicable to both legal entities and insureds, effective from 1 January 2024 under the General Law on Social Insurance adopted on 7 July 2023.

Pursuant to the Collective (Tariff) Agreement of the Geology, Mining and Heavy Industry Sector for 2023-2024, which came into force on 22 June 2023, employees retiring from the mining industry are entitled to a payment equivalent to two times the industry minimum wage multiplied by the number of years worked in the mining industry. A similar provision has been maintained under the Collective Agreement of the Industry and Mineral Resources Sector for 2026-2027, which came into force on 14 November 2025.

The Group has no other retirement schemes beyond the retirement contributions described above. Particulars of the retirement scheme are set out in note 6(b) to the consolidated financial statements.

Pursuant to the General Law on Social Insurance, retirement scheme contributions are mandatory to be paid to the State Pension Fund and such fund is managed by respective public authorities. Thus, employers have no access nor right to use any contributions that are paid to the State Pension Fund, irrespective of employee's change of employers. As such, during the year ended 31 December 2025, no forfeited contributions had been used by the Company to reduce the existing level of contributions.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

As at the date of this annual report, the Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CHARGE OF SHARES BY CONTROLLING SHAREHOLDER

There were no charge of shares of the Company by the controlling shareholder during the year ended 31 December 2025.

CHARGES ON GROUP ASSETS

As at 31 December 2025, the Group did not have any charges over its assets.

ISSUE OF EQUITY SECURITIES

Save for the issue of shares as a result of the exercise of share options, no additional shares were issued during the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2025, the Company repurchased a total of 21,264,000 of its own shares on the Stock Exchange at an aggregate purchase price of approximately HKD142.2 million (equivalent to USD18.3 million), all of which were subsequently cancelled.

Having regard to prevailing market conditions and available funding, the Board was of the view that share repurchase would optimise the Company's capital structure and enhance the net asset value of the Company and/or its earnings per share, and were in the best interests of the Company and its Shareholders as a whole.

Details of the shares of the Company repurchased during the reporting period are set out as follows:

Month/year	Number of Shares repurchased	Purchase price per share		Aggregate purchase price (HKD million)
		Highest (HKD)	Lowest (HKD)	
January 2025	2,937,000	7.41	6.41	19.7
April 2025	13,962,000	6.77	4.79	76.9
November 2025	2,145,000	10.30	9.25	21.3
December 2025	2,220,000	11.40	10.31	24.3

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities or sold any treasury Shares during the reporting period. As at 31 December 2025, the Company did not hold any treasury Shares.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 32 to the consolidated financial statements. In respect of those related party transactions that constitute CCTs under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules. Save as disclosed in this annual report on pages 21 to 26, the related party transactions set out in note 32 to the consolidated financial statements, which constitute connected transactions are exempted connected transactions of the Company under Chapter 14A of the Listing Rules and none of them constituted a non-exempt connected transaction of the Company (including CCT) as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the SEHK) at the time of listing must be at least 25% of the issuer's total issued share capital.

At the time of listing, the Group applied to the SEHK to request the SEHK to exercise, and the SEHK exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 20% or such higher percentage of the issued share capital as would be held by the public in the event that the whole or a part of the over-allotment option is exercised (which discretion may be exercised in respect of issuers with an expected market capitalisation at the time of listing of over HKD10,000 million)

on the basis that the SEHK was satisfied that the number of the shares concerned and the extent of their distribution would enable the market to operate properly with the lower percentage, and on the condition that the Company would make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company dated 28 September 2010 and confirm sufficiency of public float in the successive annual reports after listing. At the time of the listing of the Company on 13 October 2010, the market capitalisation exceeded HKD10,000 million.

The over-allotment option was fully exercised on 18 October 2010 in respect of an aggregate of 10,791,400 shares and accordingly the lower public float percentage of the Company accepted by the SEHK is approximately 22.3%. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

CHANGES IN DIRECTORS' INFORMATION

Changes of information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2025 Interim Report are set out below:

Mr. Od Jambaljamts has resigned as a non-executive Director and ceased to be a member of the Environmental, Social and Governance Committee of the Company with effect from 12 October 2025.

Dr. Khashchuluun Chuluundorj has resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Environmental, Social and Governance Committee and the Nomination Committee of the Company with effect from 12 October 2025.

Mr. Unenbat Jigjid has resigned as an independent non-executive Director, and ceased to be the chairman of the Environmental, Social and Governance Committee and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 12 October 2025.

Ms. Enkhtuvshin Gombo, a non-executive Director, has been appointed as a member of the Environmental, Social and Governance Committee of the Company with effect from 12 October 2025.

Ms. Delgerjargal Bayanjargal has been appointed as an independent non-executive Director and member of the Audit Committee with effect from 17 January 2025. She has also been appointed as a member of the Nomination Committee on 19 June 2025, and the chairman of the Remuneration Committee and a member of the Environmental, Social and Governance Committee of the Company with effect from 12 October 2025.

Dr. Tsend-Ayush Tuvshintur has been appointed as an independent non-executive Director and member of the Environmental, Social and Governance Committee with effect from 17 January 2025. She has also been appointed as the chairman of the Environmental, Social and Governance Committee and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 12 October 2025.

Mr. Myagmarjav Ganbyamba has resigned as a non-executive Director and ceased to be a member of the Environmental, Social and Governance Committee of the Company with effect from 1 January 2026.

Mr. Ariunbayar Byambadorj has been appointed as a non-executive Director and a member of the Environmental, Social and Governance Committee of the Company with effect from 1 January 2026.

Dr. Battsengel Gotov has been appointed as a chairman of board of directors of ER with effect from 1 January 2026.

AUDITOR

Messrs. KPMG was engaged as auditor of the Company for the year ended 31 December 2025. Messrs. KPMG has audited the accompanying financial statements which were prepared in accordance with International Financial Reporting Standards.

The Company has retained Messrs. KPMG since the date of listing. Messrs. KPMG was re-appointed as auditor of the Company at the AGM held on 26 May 2025.

Messrs. KPMG will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Messrs. KPMG as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong, 17 March 2026

FINANCIAL STATEMENTS





Independent Auditor's Report to the Shareholders of Mongolian Mining Corporation
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Mongolian Mining Corporation ("the Company") and its subsidiaries ("the Group") set out on pages 81 to 127, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition

Refer to notes 2(v) and 4(a) to the consolidated financial statements and the accounting policies.

The Key Audit Matter

The Group is principally engaged in the mining, processing, transportation and sale of coal products. The Group has generated relevant revenue from coal products amounted to USD792,133,000 for the year ended 31 December 2025.

The Group enters into sale agreements with customers and, in accordance with the terms of the agreements, revenue is recognised when the control of the coal has been transferred to the customers. Management evaluates the terms of individual agreements in order to determine the appropriate timing for revenue recognition.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of revenue recognition through recording fictitious revenue by management to meet specific targets or expectations.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls over revenue recognition;
- inspecting sale agreements, on a sample basis, to understand the terms of delivery and assessing whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards;
- obtaining confirmations from customers, on a sample basis, to confirm the sales transactions during the year, and for unreturned confirmations, performing alternative procedures by comparing details of the transactions with the relevant sale agreements and good delivery notes ("underlying documentation"); and
- selecting, on a sample basis, specific revenue transactions recorded before and after the financial year end date and inspecting underlying documentation to determine whether the related revenue had been recognised in the appropriate financial period.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have been engaged to perform an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Man Siu Kei (practising certificate number: P07419).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

17 March 2026

Consolidated Statement of Profit or Loss for the year ended 31 December 2025

(Expressed in United States dollars)

	Note	2025 USD'000	2024 USD'000
Revenue	4	823,398	1,039,852
Cost of revenue	5	(679,356)	(628,177)
Gross profit		144,042	411,675
Other net income		3,672	13,049
Selling and distribution costs	6(c)	(35,431)	(9,767)
General and administrative expenses		(33,515)	(46,633)
Profit from operations		78,768	368,324
Finance income	6(a)	10,453	4,272
Finance costs	6(a)	(43,125)	(37,349)
Net finance costs	6(a)	(32,672)	(33,077)
Loss from repurchase of Senior Notes due 2026	7	(25,049)	-
Share of profits of associates		2,076	957
Share of losses of joint ventures		-	(1)
Profit before taxation	6	23,123	336,203
Income tax	8	(10,613)	(92,651)
Profit for the year		12,510	243,552
Attributable to:			
Equity shareholders of the Company		6,100	242,012
Non-controlling interests		6,410	1,540
Profit for the year		12,510	243,552
Basic earnings per share	9(a)	0.59 cents	22.12 cents
Diluted earnings per share	9(b)	0.58 cents	21.77 cents

The notes on pages 85 to 127 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 29(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025

(Expressed in United States dollars)

	Note	2025 USD'000	2024 USD'000
Profit for the year		12,510	243,552
Other comprehensive income for the year (after tax and reclassification adjustments)	12		
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on re-translation		(3,021)	(2,614)
Other comprehensive income for the year		(3,021)	(2,614)
Total comprehensive income for the year		9,489	240,938
Attributable to:			
Equity shareholders of the Company		2,677	239,539
Non-controlling interests		6,812	1,399
Total comprehensive income for the year		9,489	240,938

The notes on pages 85 to 127 form part of these financial statements.

Consolidated Statement of Financial Position at 31 December 2025

(Expressed in United States dollars)

	Note	2025 USD'000	2024 USD'000		Note	2025 USD'000	2024 USD'000
Non-current assets				Non-current liabilities			
Property, plant and equipment, net	13	1,281,241	1,099,868	Borrowing	25	-	20,000
Construction in progress	14	13,860	86,782	Senior notes	23	344,012	216,122
Other right-of-use assets	15	47	49	Provisions	28	37,844	32,030
Intangible assets	16	533,627	506,741	Other non-current liabilities	33	6,000	-
Interests in associates	18	15,847	8,718	Deferred tax liabilities	26(b)	154,248	160,523
Interest in joint ventures		-	5				
Other non-current assets	19	5,527	30,639	Total non-current liabilities		542,104	428,675
Deferred tax assets	26(b)	21,384	15,654				
				NET ASSETS		1,396,824	1,380,919
Total non-current assets		1,871,533	1,748,456				
Current assets				CAPITAL AND RESERVES			
Inventories	20	156,430	148,339	Share capital	29(c)	103,685	104,908
Trade and other receivables	21	95,115	97,897	Reserves		1,131,035	1,140,602
Cash and cash equivalents	22	223,948	140,521				
				Total equity attributable to equity shareholders of the Company		1,234,720	1,245,510
Total current assets		475,493	386,757	Non-controlling interests		162,104	135,409
Current liabilities				TOTAL EQUITY		1,396,824	1,380,919
Trade and other payables	24	179,701	138,970				
Contract liabilities		167,359	115,421	Approved and authorised for issue by the board of directors on 17 March 2026.			
Borrowing	25	50,000	-				
Lease liabilities		69	567				
Current taxation	26(a)	10,969	70,661				
				Odjargal Jambaljamts		Battsengel Gotov	
Total current liabilities		408,098	325,619	Chairman		Chief Executive Officer	
Net current assets		67,395	61,138				
Total assets less current liabilities		1,938,928	1,809,594				

The notes on pages 85 to 127 form part of these financial statements.

The notes on pages 85 to 127 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

(Expressed in United States dollars)

Note	Attributable to equity shareholders of the company									
	Share capital	Share premium	Other reserve	Exchange reserve	Property revaluation reserve	Retained profits	Total	Perpetual notes	Non-controlling interests	Total equity
	USD'000 (Note 29(c))	USD'000 (Note 29(d)(i))	USD'000 (Note 29(d)(iii))	USD'000 (Note 29(d)(iii))	USD'000 (Note 29(d)(iv))	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2024	104,248	773,014	37,036	(519,507)	368,890	351,156	1,114,837	55,476	(447)	1,169,866
Profit for the year	-	-	-	-	-	242,012	242,012	-	1,540	243,552
Other comprehensive income 12	-	-	-	(2,473)	-	-	(2,473)	-	(141)	(2,614)
Total comprehensive income	-	-	-	(2,473)	-	242,012	239,539	-	1,399	240,938
Repurchase of perpetual notes	-	-	-	-	-	(87,052)	(87,052)	(55,476)	-	(142,528)
Distribution made to holders of perpetual notes	-	-	-	-	-	(21,348)	(21,348)	-	-	(21,348)
Equity-settled share-based transactions 27	660	3,065	914	-	-	-	4,639	-	-	4,639
Reclassification of property revaluation reserve to retained profits upon disposals of assets concerned	-	-	-	-	(801)	801	-	-	-	-
Capital injection by a non-controlling interest	-	-	-	-	-	-	-	-	542	542
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	40,000	40,000
Partial disposal of investment in a subsidiary	-	-	-	-	-	(5,105)	(5,105)	-	93,915	88,810
At 31 December 2024	104,908	776,079	37,950	(521,980)	368,089	480,464	1,245,510	-	135,409	1,380,919

The notes on pages 85 to 127 form part of these financial statements.

Note	Attributable to equity shareholders of the company									
	Share capital	Share premium	Treasury shares	Other reserve	Exchange reserve	Property revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	USD'000 (Note 29(c))	USD'000 (Note 29(d)(i))	USD'000 (Note 29(e))	USD'000 (Note 29(d)(iii))	USD'000 (Note 29(d)(iii))	USD'000 (Note 29(d)(iv))	USD'000	USD'000	USD'000	USD'000
At 1 January 2025	104,908	776,079	-	37,950	(521,980)	368,089	480,464	1,245,510	135,409	1,380,919
Profit for the year	-	-	-	-	-	-	6,100	6,100	6,410	12,510
Other comprehensive income 12	-	-	-	-	(3,423)	-	-	(3,423)	402	(3,021)
Total comprehensive income	-	-	-	-	(3,423)	-	6,100	2,677	6,812	9,489
Equity-settled share-based transactions 27	903	4,407	-	(475)	-	-	4,835	-	-	4,835
Repurchase of own shares 29(e)	-	-	(18,302)	-	-	-	(18,302)	-	-	(18,302)
Cancellation of own shares	(2,126)	(16,176)	18,302	-	-	-	-	-	-	-
Reclassification of property revaluation reserve to retained profits upon disposals of assets concerned	-	-	-	-	-	(181)	181	-	-	-
Acquisition of a subsidiary 33	-	-	-	-	-	-	-	-	20,094	20,094
Dividends paid	-	-	-	-	-	-	-	-	(211)	(211)
At 31 December 2025	103,685	764,310	-	37,475	(525,403)	367,908	486,745	1,234,720	162,104	1,396,824

The notes on pages 85 to 127 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2025

(Expressed in United States dollars)

	Note	2025 USD'000	2024 USD'000		Note	2025 USD'000	2024 USD'000
Operating activities				Investing activities			
Profit before taxation		23,123	336,203	Payments for acquisition of property, plant and equipment and construction in progress		(228,147)	(188,955)
Adjustments for:				Acquisition of a subsidiary, net of cash acquired	33	(8,266)	6,028
Depreciation and amortisation	6(c)	121,969	124,798	Payments for acquisition of an associate		(5,000)	-
Share of profits of associate and joint venture		(2,076)	(956)	Payments for acquisition of intangible asset		(91)	-
Loss on disposals of property, plant and equipment	6(c)	1,232	862	Interest received		3,595	4,777
Net finance costs	6(a)	32,672	33,077	Dividends received from an associate		265	240
Loss from repurchase of Senior Notes due 2026	7	25,049	-				
Equity-settled share-based payment expenses	6(b)	1,067	1,886	Net cash used in investing activities		(237,644)	(177,910)
Changes in working capital:				Financing activities			
Increase in inventories		(8,091)	(49,387)	Proceeds from borrowing	22(b)	30,000	20,000
Decrease in trade and other receivables		2,782	47,255	Capital injection by a non-controlling interest		-	542
Increase/(decrease) in trade and other payables and contract liabilities		82,436	(180,596)	Proceeds from partial disposal of interests in a subsidiary		-	88,810
Increase in other non-current assets		-	(24,095)	Capital element of lease rentals paid		(672)	(1,099)
				Repurchase of Senior Notes due 2026	22(b)	(240,401)	-
Cash generated from operations		280,163	289,047	Proceeds from new issue of Senior Notes due 2030	22(b)	343,526	-
				Repurchase of perpetual notes		-	(142,528)
Income tax paid	26(a)	(45,905)	(65,556)	Distribution made to holders of perpetual notes		-	(21,348)
				Interest element of lease rentals paid		(38)	(56)
Net cash generated from operating activities		234,258	223,491	Proceeds from shares issued under share option scheme		3,768	2,753
				Repurchase of own shares		(18,302)	-
				Interest paid	22(b)	(35,677)	(27,500)
				Net cash generated from/(used in) financing activities		82,204	(80,426)
				Net increase/(decrease) in cash and cash equivalents		78,818	(34,845)
				Cash and cash equivalents at beginning of the year		140,521	175,799
				Effect of foreign exchange rate changes		4,609	(433)
				Cash and cash equivalents at end of the year	22	223,948	140,521

The notes on pages 85 to 127 form part of these financial statements.

The notes on pages 85 to 127 form part of these financial statements.

Notes to consolidated financial statements

1 CORPORATE INFORMATION

Mongolian Mining Corporation (the "Company") was incorporated in the Cayman Islands on 18 May 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 October 2010. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the mining, processing, transportation and sale of coal products and gold products.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments in debt and equity securities (see Note 2(f));
- Buildings and plants as well as machinery and equipment (see Note 2(g)); and
- Derivative financial instruments (see Note 2(n)).

Non-current assets and disposals groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 2(y)).

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the Group's overseas holding entities and coal operating subsidiaries located in Mongolia is USD, the functional currency of gold and metals operating subsidiaries and other remaining subsidiaries located in Mongolia is Mongolian Tugrog ("MNT").

The Company and the Group's presentation currency is USD.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income ("OCI") as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see Note 2(y)).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see Note 2(y)). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and OCI of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see Note 2(j)(ii)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see Note 2(y)).

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit for loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 30(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. ECLs, interest income calculated using the effective interest method (see Note 2(v)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(g) Property, plant and equipment

The following properties held for own use are stated at their revalued amount, being their fair values at the date of the revaluation less any subsequent accumulated depreciation:

- buildings and plants (under the Property, plant and equipment and Construction in progress); and
- machinery and equipment.

Revaluations are performed with sufficient regularity to ensure that the carrying amounts of these assets do not differ materially from that which would be determined using fair values at the end of reporting period.

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(j)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest;
- motor vehicles;
- office equipment; and
- mining properties.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use, the cost of borrowed funds used during the period of construction and, when relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation. Except for those stated at their revalued amount as aforementioned, other construction in progress items are initially recognised at cost less impairment losses (Note 2(j)). Cost comprises cost of materials, direct labour and an appropriate proportion of production overheads and borrowing costs (see Note 2(x)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Mining properties, except for stripping activity assets related to capitalised stripping costs incurred during the production phase, are depreciated on the units-of-production method utilising only proven and probable coal reserves in the depletion base.

Stripping activity assets related to stripping costs incurred during the production phase are depreciated using a units-of-production basis over the proven and probable coal reserves of the component to which they relate.

Other items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

	Depreciable life
– Buildings and plants	10 – 40 years
– Machinery and equipment	10 years
– Motor vehicles	5 – 10 years
– Office equipment	3 – 10 years
– Right of use assets are depreciated over the unexpired term of lease	

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(h) Intangible assets

Intangible assets (acquired mining rights, software and GS Terminal) acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following the initial recognition, intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)).

Acquired mining rights are depreciated on the units-of-production method utilising only proven and probable coal reserves in the depletion base.

Amortisation of other intangible assets with finite useful lives is recognised in profit or loss on a straight-line basis over the expected useful lives. The software are amortised over 10 years from the date they are available for use, and GS Terminal is amortised for 3 years from the date it is available for use.

Both the period and method of amortisation are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(j)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(f)(i), 2(v)(ii)(a) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- non-equity securities measured at FVOCI (recycling) (see Note 2(f)(i)); and
- loan commitments issued, which are not measured at FVPL.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, inventories and deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Inventories

Inventories are physically measured or estimated and valued at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, an appropriate portion of fixed and variable overhead costs, including the stripping costs incurred during the production phase, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated future sales price of the product the Group expects to realise when such item is sold or processed, less estimated costs to complete and bring the product to sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(j)(ii)).

Insurance reimbursement is recognised and measured in accordance with Note 2(t).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Senior notes

At initial recognition the derivative component is measured at fair value and presented as part of derivative financial instruments. Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. The host liability component is subsequently carried at amortised cost using effective interest method. Interest related to the host liability component is recognised in profit or loss.

Any directly attributable transaction costs are allocated to the host liability and derivative components in proportion to their initial carrying amounts. The portion of the transaction costs relating to the host liability component is recognised initially as a deduction of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(v)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(v)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(v)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(r) Employee benefits

- (i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

- (ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the other reserve until either the option is exercised (when it is included in the amount recognised in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

- (iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Obligations for reclamation

The Group's obligations for reclamation consist of spending estimates at its mines in accordance with the relevant rules and regulations in Mongolia. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash spending to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset associated with the liability for final reclamation and mine closure, which is included in the mining properties. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax ("VAT") or other sales taxes.

(a) Sale of goods

Revenue associated with the sale of goods is recognised when the control over the goods is transferred to the customer. Revenue excludes VAT or other sales taxes and is after deduction of any trade discounts and volume rebates.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(w) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations using the functional currency other than USD, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(y) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(z) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent, if any.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES**(a) Critical accounting judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

- (i) Fair value of buildings and plants, machinery and equipment classified as property, plant and equipment and construction in progress

The Group has changed its accounting policy for its buildings and plants, machinery and equipment, and such class of items under construction status from cost model to valuation model with effect from 31 December 2016. Buildings and plants, machinery and equipment classified as property, plant and equipment and construction in progress were revalued by an external appraiser as at 31 December 2016 and 2021, respectively (see Notes 13 and 14). Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. Judgement is required in relation to the selection of assumptions in arriving at the fair values and the determination of the frequency of performing a revaluation with sufficient regularity.

- (ii) Reserves

The Group estimates and reports mineral resources and ore reserves, commonly referred to as Coal Resources and Coal Reserves in the coal mining industry, and Gold Resources and Gold Reserves in the precious metals sector. These estimates meet the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), and, where applicable, the Canadian National Instrument 43-101 (the "NI 43-101") standards. For coal, the Group also refers to the Australian Guidelines for the Estimation and Classification of Coal Resources (2014).

The JORC Code and NI 43-101 are professional codes of practice that set minimum standards for public reporting of exploration results, mineral resources, and ore reserves. Both codes provide mandatory systems for the classification according to the levels of confidence in geological knowledge, and technical and economic considerations.

Responsibility for demonstrating transparency and materiality in the estimation of Coal and Gold Resources and/or Reserves lies with the Competent Person (JORC Code) or Qualified Person (NI 43-101).

- A Competent Person (JORC Code) must be a member or fellow of the Australasian Institute of Mining and Metallurgy (the "AusIMM"), or of the Australian Institute of Geoscientists (the "AIG"), or another recognised professional organisation, as included in a list available on the JORC website, with a minimum of five years' relevant experience.
- A Qualified Person (NI 43-101) must be a professional engineer or geoscientist in good standing with a recognised professional association, with a minimum of five years' relevant experience.

Coal Reserve

A "Coal Reserve" is the economically mineable part of a Measured and/or Indicated Coal Resource, defined by pre-feasibility or feasibility studies that apply Modifying Factors.

- A Probable Coal reserve is the economically mineable part of an Indicated Coal Resource, and in some circumstances, a Measured Coal Resource, with lower confidence in Modifying Factors than a Proven Coal Reserve.
- A Proven Coal Reserve is the economically mineable part of a Measured Mineral Resource, with a high confidence in the Modifying Factors.

Gold Reserves

A "Gold Reserve" is the economically mineable part of a Measured and/or Indicated Gold Resource, similarly defined by pre-feasibility or feasibility studies applying Modifying Factors.

- A Probable Gold reserve is the economically mineable part of an Indicated Gold Resource, and in some circumstances, a Measured Gold Resource, with lower confidence in Modifying Factors than a Proven Gold Reserve.
- A Proven Gold Reserve is the economically mineable part of a Measured Mineral Resource, with a high confidence in the Modifying Factors.

Modifying Factors

Modifying Factors are considerations used to convert resources to reserves, and include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These factors may change between estimates, resulting in revisions to reported reserves. Changes in reported Coal and Gold Reserves may affect the Group's financial results and financial position in several ways, including the following:

- Asset recoverable amounts may change due to changes in estimated future cash flows.
- Depreciation, depletion and amortisation may change where such charges are based on units of production or asset life.
- Stripping costs may change with revised stripping ratios.
- Reclamation and mine closure provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- Deferred tax assets may be impacted by changes in the recoverability of tax benefits.

(iii) Useful lives of property, plants and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Impairment of mining related assets

The Group identifies if there is any indication of impairment of mining related assets at each end of the reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would result in increase or decrease in the provision of the impairment loss and affect the Group's net asset value.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(v) Obligation for reclamation

The estimation of the liabilities for final reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including future production volume and development plan, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate.

(vi) Derivative financial instruments

In determining the fair value of the derivative financial instruments, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

(vii) Capitalised stripping costs

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. Stripping costs (waste removal costs) are incurred during the development and production phases at open-pit mining and they are accounted separately for each component of an ore body unless the stripping activity provides improved access to the whole of the ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan. Judgement is required to identify and define these components and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and production stripping activity. These are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity assets.

Development stripping costs are capitalised as a stripping activity asset, in construction in progress and forming part of the cost of constructing the mine, when:

- It is probable that future economic benefits associated with the asset will flow to the entity; and
- the costs can be measured reliably.

Capitalisation of development stripping costs ceases and these costs are transferred to mine properties in property, plant and equipment when the ore body or component of ore body is ready for its intended use.

Production stripping can give rise to two benefits being the extraction of ore in the current period and improved access to the ore body or component of ore body in future periods. To the extent that the benefit is the extraction of ore, the stripping costs are recognised as an inventory cost. To the extent the benefit is improved access to the ore body or component of ore body in future periods, the stripping costs are capitalised as mine properties in property, plant and equipment, if the following criteria are met:

- It is probable that the future economic benefit (improved access to ore) will flow to the Group;
- the ore body or component of ore body for which access has been improved can be identified; and
- the costs relating to the stripping activity can be measured reliably.

Production stripping costs are allocated between the inventory produced and the mine properties capitalised using a life-of-component waste to ore strip ratio. When the current strip ratio is greater than the life-of-component ratio, a portion of the stripping costs is capitalised to the existing mine properties.

The development and production stripping assets are depreciated using the units of production method based on the proven and probable mineral reserves of the relevant ore body or component of ore body.

(viii) Taxation

The Group is subject to various taxes and levies in the jurisdictions where it has operations. The Group makes payments and determines the provision for tax and levy liabilities primarily based on the computations as prepared by the Group. Nevertheless, judgement is required in determining the provision for taxes and levies as there are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business, there are possible cases of disagreements with the relevant authorities on treatment of certain items included in the computations and certain non-routine transactions. The Group uses its best judgement to determine the probability although it is typically very difficult to determine the timing and ultimate outcome of each case. If the Group considers it probable that these judgements will result in different positions, the most likely amounts of the outcome will be estimated and adjustments to the liabilities will be made in the period in which such determination is made. Due to the inherent uncertainties related to the eventual outcome of each case, it is probable that certain matters may be resolved for amounts materially different from any estimated provisions or previous disclosures.

(b) Sources of estimation uncertainty

Other than requiring critical accounting judgements, assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period are required in relation to certain Group's accounting policies. Respective information and assumptions and their risk factors are disclosed accordingly in Notes 3(a)(i), (iii), (iv), (v), (vi) and (vii).

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the mining, processing, transportation and sale of coal products and gold products. Revenue represents the sales value of goods sold to customers exclusive of value added or sales taxes and after deduction of any trade discounts and volume rebates. The amount of each significant category of revenue recognised during the year is as follows:

	2025 USD'000	2024 USD'000
Revenue from contracts with customers within the scope of IFRS 15		
Coal mining segment		
Washed hard coking coal	558,121	796,476
Washed mid-ash semi-hard coking coal	137,323	158,594
Washed semi-soft coking coal	42,578	57,860
Middlings	45,060	25,822
Raw thermal coal	9,051	1,100
Gold and metals mining segment		
Gold products	31,124	-
Silver products	141	-
	823,398	1,039,852

Revenue generated from the coal mining segment and gold and metals mining segment is from sale of goods, which is recognised when the goods are transferred at point in time.

During the year ended 31 December 2025, the Group had one customer (2024: nil) that individually exceeded 10% of the Group's revenue from sales of goods and rendering of services.

Revenue during the year ended 31 December 2025 includes approximately USD227,974,000 (2024: USD116,308,000) which arose from sales of coal products to customers through agent sales arrangements for diversifying and expanding the Group's sales channels.

Details of concentrations of credit risk arising from these customers are set out in Note 30(b).

(b) Segment reporting

The Group manages its businesses by business lines, which are divided into coal products and gold and metal products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has identified and presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Coal mining segment: the mining, processing, transportation and sale of coal products;
- Gold and metals mining segment (Note): the mining, processing, transportation and sale of gold and metal products.

Note: The gold mine production has commenced in September 2025. The copper mine is at early exploration and evaluation stage as at 31 December 2025.

(i) Information about segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of head office assets. Segment liabilities include provisions, trade and other payables, lease liabilities, deferred tax liabilities, current taxation, other taxes payables, contract liabilities attributable to the production and sales activities of the individual segments and senior notes and borrowing managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office expenses are not allocated to individual segments.

Segment profit or loss represent the profit or loss earned by each segment.

The information of the segment results is as follows:

	Year ended 31 December 2025				Year ended 31 December 2024		
	Coal mining segment USD'000	Gold and metals mining segment USD'000	Total USD'000		Coal mining segment USD'000	Gold and metals mining segment USD'000	Total USD'000
Revenue from external customers	792,133	31,265	823,398	Revenue from external customers	1,039,852	-	1,039,852
Inter-segment revenue	-	-	-	Inter-segment revenue	-	-	-
Segment revenue	<u>792,133</u>	<u>31,265</u>	<u>823,398</u>	Segment revenue	<u>1,039,852</u>	<u>-</u>	<u>1,039,852</u>
Profit from operations	74,001	8,533	82,534	Profit/(loss) from operations	376,609	(2,084)	374,525
Finance income	10,635	257	10,892	Finance income	1,284	135	1,419
Finance costs	(25,870)	(8,370)	(34,240)	Finance costs	(30,171)	(1,763)	(31,934)
Share of profit of associates	1,184	892	2,076	Share of profit of associates	957	-	957
Share of loss of joint ventures	-	-	-	Share of loss of joint ventures	(1)	-	(1)
Loss from repurchase of Senior Notes due 2026	(20,723)	-	(20,723)	Income tax expense	(92,776)	125	(92,651)
Income tax expense	(11,661)	1,048	(10,613)	Segment profit/(loss)	<u>255,902</u>	<u>(3,587)</u>	<u>252,315</u>
Segment profit	<u>27,566</u>	<u>2,360</u>	<u>29,926</u>	Unallocated head office and corporate expenses			(8,763)
Unallocated head office and corporate expenses			(17,416)	Profit for the year			<u>243,552</u>
Profit for the year			<u>12,510</u>	Other segment information:			
Other segment information:				Depreciation and amortisation	124,473	325	124,798
Depreciation and amortisation	117,858	4,111	121,969				

(ii) Reconciliations of segment assets and liabilities:

	2025 USD'000	2024 USD'000
Assets		
Segment assets		
– Coal mining segment	2,023,826	1,973,702
– Gold and metals mining segment	254,320	148,266
Elimination of inter-segment	–	–
	<u>2,278,146</u>	<u>2,121,968</u>
Unallocated head office assets	<u>68,880</u>	<u>13,245</u>
Consolidated total assets	<u><u>2,347,026</u></u>	<u><u>2,135,213</u></u>

	2025 USD'000	2024 USD'000
Liabilities		
Segment liabilities		
– Coal mining segment	719,435	688,807
– Gold and metals mining segment	83,303	23,857
Elimination of inter-segment	–	–
	<u>802,738</u>	<u>712,664</u>
Unallocated head office liabilities	<u>147,464</u>	<u>41,630</u>
Consolidated total liabilities	<u><u>950,202</u></u>	<u><u>754,294</u></u>

(iii) Geographical information

The majority of the Group's assets and liabilities are located in Mongolia. The majority of its coal mining segment's customers are located in China. All of its gold and metals mining segment's customers are located in Mongolia.

5 COST OF REVENUE

	2025 USD'000	2024 USD'000
Mining costs	315,703	269,334
Processing costs	90,027	67,989
Transportation costs	143,174	143,589
Others (Note)	<u>130,452</u>	<u>147,265</u>
Cost of revenue	<u><u>679,356</u></u>	<u><u>628,177</u></u>

Note: Others mainly include royalty tax on the coal and gold sold, and site administration costs.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance costs:

	2025 USD'000	2024 USD'000
Interest income	(4,804)	(4,272)
Foreign exchange gain, net	<u>(5,649)</u>	<u>–</u>
Finance income	<u><u>(10,453)</u></u>	<u><u>(4,272)</u></u>
Interest on liability component of senior notes (Note 23)	32,710	31,322
Interest on borrowing (Note 25)	5,114	109
Less: interest expense capitalised into construction in progress	<u>1,906</u>	<u>–</u>
Net interest on borrowing	3,208	109
Interest on lease liabilities	38	60
Unwinding interest on accrued reclamation obligations (Note 28)	<u>5,003</u>	<u>3,334</u>
Net interest expense	40,959	34,825
Foreign exchange loss, net	–	1,473
Others	<u>2,166</u>	<u>1,051</u>
Finance costs	<u><u>43,125</u></u>	<u><u>37,349</u></u>
Net finance costs	<u><u>32,672</u></u>	<u><u>33,077</u></u>

(b) Staff costs

	2025 USD'000	2024 USD'000
Salaries, wages, bonuses and benefits	66,805	52,208
Retirement scheme contributions	8,852	6,887
Equity-settled share-based payment expenses (Note 27)	1,067	1,886
	<u>76,724</u>	<u>60,981</u>

Pursuant to the relevant labour rules and regulations in Mongolia, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the Government of Mongolia whereby the Group is required to make contributions to the Schemes at a rate of 8.5% of the eligible employees' salaries. Contributions to the Schemes vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

(c) Other items:

	2025 USD'000	2024 USD'000
Selling and distribution costs (Note (i))	35,431	9,767
Depreciation and amortisation	121,969	124,798
Net loss on disposals of property, plant and equipment	1,232	862
Auditors' remuneration		
– audit and review services	694	679
– tax and other services	206	7
	900	686
Cost of inventories (Note (ii))	679,356	628,177

Notes:

- (i) Selling and distribution costs represent fees and charges incurred for importing coal into China, logistics costs, governmental fees and charges and fixed agent fees associated with sales activities in inland China.
- (ii) Cost of inventories includes USD189,107,000 (2024: USD167,579,000) relating to personnel expenses, and depreciation and amortisation which are also included in the respective amounts disclosed separately above for each of these types of expenses. Cost of inventories also includes transportation and stockpile losses amounted to USD5,853,000 (2024: USD2,929,000).

7 LOSS FROM REPURCHASE OF SENIOR NOTES DUE 2026

	2025 USD'000	2024 USD'000
Loss from repurchase of Senior Notes due 2026	<u>(25,049)</u>	<u>–</u>

On 15 April 2025, all the outstanding senior notes due 2026 ("Senior Notes due 2026") was redeemed. The excess of consideration to settle the financial liabilities over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, has been recognised as a loss from repurchase of Senior Notes due 2026 and charged to profit or loss during the year ended 31 December 2025.

8 INCOME TAX**(a) Income tax in the consolidated statement of profit or loss represents:**

	2025 USD'000	2024 USD'000
Current tax		
Provision for the year (Note 26(a))	22,331	105,542
Deferred tax		
Origination and reversal of temporary difference (Note 26(b))	(11,718)	(12,891)
	<u>10,613</u>	<u>92,651</u>

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2025 USD'000	2024 USD'000
Profit before taxation	<u>23,123</u>	<u>336,203</u>
Notional tax on profit before taxation	8,925	86,500
Tax effect of non-deductible items (Note (iii))	5,681	7,260
Tax effect of non-taxable items (Note (iii))	(4,087)	(1,502)
Prior year tax loss utilised	(779)	(10)
Tax losses not recognised	<u>873</u>	<u>403</u>
Actual tax expenses	<u>10,613</u>	<u>92,651</u>

Notes:

- (i) Pursuant to the income tax rules and regulations of Mongolia, the subsidiaries of the Group located in Mongolia are liable to Mongolian Corporate Income Tax at a rate of 10% of the first MNT6 billion taxable income, and 25% of the remaining taxable income for the years ended 31 December 2025 and 2024. According to the Corporate Income Tax Law of China, the Company's subsidiaries in China are subject to statutory income tax rate of 25%.
- (ii) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands. The Group is not subject to Hong Kong, Luxembourg and Singapore profits tax as it has no assessable income arising in or derived from Hong Kong, Luxembourg and Singapore during the years ended 31 December 2025 and 2024.
- (iii) Non-deductible and non-taxable items mainly include net unrealised exchange gain or loss, other non-deductible expenses and non-taxable income pursuant to the income tax rules and regulations of Mongolia and other related tax source regions during the years ended 31 December 2025 and 2024.

9 EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the adjusted profit attributable to ordinary equity shareholders of the Company of USD6,100,000 (2024: USD231,532,000) and the weighted average of 1,039,941,536 ordinary shares (2024: 1,046,534,536 ordinary shares) in issue during the year, calculated as follows:

The adjusted profit attributable to ordinary equity shareholders of the Company is calculated as follows:

	2025 USD'000	2024 USD'000
Profits attributable to ordinary equity shareholders	6,100	242,012
Allocation of profit of the year attributable to holders of perpetual notes	-	(10,480)
Adjusted profits attributable to ordinary equity shareholders	<u>6,100</u>	<u>231,532</u>

(b) Diluted earnings per share

For the year ended 31 December 2025, the effect of the outstanding share options was dilutive and therefore included in the calculation of diluted earnings per share. The calculation of diluted earnings per share is based on the adjusted profit attributable to ordinary equity shareholders of the Company and the weighted average of 1,051,719,099 ordinary shares (2024: 1,063,424,260 ordinary shares) after adjusting the effects of outstanding share options (see Note 27).

Weighted average number of ordinary shares (diluted) is calculated as follows:

	2025	2024
Weighted average number of ordinary shares at 31 December	1,039,941,536	1,046,534,536
Dilution effect of the Company's share option scheme (Note 27)	<u>11,777,563</u>	<u>16,889,724</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>1,051,719,099</u>	<u>1,063,424,260</u>

10 DIRECTORS' REMUNERATION AND INTEREST OF DIRECTORS

Directors' remuneration was disclosed according to the requirement of Section 383 – *Notes to financial statements to contain information on directors' emoluments* of Companies Ordinance (Cap. 622) and Companies Regulation (Cap. 622G). Details of the Directors' remuneration disclosed are as follows:

	Year ended 31 December 2025					
	Directors' fee USD'000	Salaries, allowances and benefits in kind USD'000	Discretionary bonuses USD'000	Retirement scheme contributions USD'000	Equity-settled share-based payment expenses (Note(v)) USD'000	Total USD'000
Executive directors						
Odjargal Jambaljamts (Chairman)	19	1,139	38	98	–	1,294
Battsengel Gotov	19	1,747	38	146	347	2,297
Non-executive directors						
Enkhtuvshin Gombo	19	–	–	–	–	19
Od Jambaljamts (resigned on 12 October 2025)	17	–	–	–	–	17
Myagmarjav Ganbyamba	19	–	–	–	–	19
Independent non-executive directors						
Khashchuluun Chuluundorj (resigned on 12 October 2025)	17	–	–	–	–	17
Unenbat Jigjid (resigned on 12 October 2025)	17	–	–	–	–	17
Chan Tze Ching, Ignatius	58	–	–	–	–	58
Delgerjargal Bayanjargal (appointed on 12 October 2025)	18	–	–	–	–	18
Tsend-Ayush Tuvshintur (appointed on 12 October 2025)	18	–	–	–	–	18
Total	221	2,886	76	244	347	3,774

Year ended 31 December 2024

	Directors' fee USD'000	Salaries, allowances and benefits in kind USD'000	Discretionary bonuses USD'000	Retirement scheme contributions USD'000	Equity-settled share-based payment expenses (Note(v)) USD'000	Total USD'000
Executive directors						
Odjargal Jambaljamts (Chairman)	19	1,173	75	102	–	1,369
Battsengel Gotov	19	1,113	75	97	598	1,902
Non-executive directors						
Enkhtuvshin Gombo	29	–	–	–	–	29
Od Jambaljamts	29	–	–	–	–	29
Myagmarjav Ganbyamba	29	–	–	–	–	29
Independent non-executive directors						
Khashchuluun Chuluundorj	29	–	–	–	–	29
Unenbat Jigjid	29	–	–	–	–	29
Chan Tze Ching, Ignatius	87	–	–	–	–	87
Total	270	2,286	150	199	598	3,503

Notes:

- (i) No emoluments have been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.
- (ii) There are no loans, quasi-loans or other dealings in favour of the Directors, their controlled bodies corporate and connected entities existed at the end of the year or at any time during the years ended 31 December 2025 and 2024.
- (iii) No transactions, arrangements and contracts in relation to Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the years ended 31 December 2025 and 2024.
- (iv) No consideration was provided to or receivable by third parties for making available Directors' services during the years ended 31 December 2025 and 2024.
- (v) These represent the estimated value of share options granted to the directors under the Company's share option schemes. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(iii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 27.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals is set forth below:

	2025 Number of individuals	2024 Number of individuals
Directors	2	2
Non-directors	3	3
	<u>5</u>	<u>5</u>

The emoluments of the Directors are disclosed in Note 10. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2025 USD'000	2024 USD'000
Basic salaries, allowances and benefits in kind	777	873
Discretionary bonuses	338	450
Retirement scheme contributions	60	108
Equity-settled share-based payment expenses	212	370
	<u>1,387</u>	<u>1,801</u>

The emoluments of the remaining individuals with the highest emoluments are within the following band:

	2025 Number of individuals	2024 Number of individuals
HKD3,500,001 to HKD4,000,000	3	-
HKD4,000,001 to HKD4,500,000	-	1
HKD4,500,001 to HKD5,000,000	-	2
	<u>-</u>	<u>2</u>

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

12 OTHER COMPREHENSIVE INCOME

	2025 USD'000	2024 USD'000
Exchange differences on re-translation of the financial statements of certain subsidiaries	<u>(3,021)</u>	<u>(2,614)</u>

Note:
Exchange differences on re-translation mainly resulted from the fluctuation of MNT and RMB exchange rate against USD during the respective reporting periods.

13 PROPERTY, PLANT AND EQUIPMENT, NET

	Buildings and plants USD'000	Machinery and equipment USD'000	Motor vehicles USD'000	Office equipment USD'000	Mining properties USD'000	Total USD'000	Buildings and plants USD'000	Machinery and equipment USD'000	Motor vehicles USD'000	Office equipment USD'000	Mining properties USD'000	Total USD'000
Cost or valuation:												
At 1 January 2024	509,449	336,542	144,738	5,363	702,412	1,698,504	2,435	–	191,116	9,641	949,133	1,152,325
Acquisition of a subsidiary	29	241	329	178	19,484	20,261	627,970	357,540	–	–	–	985,510
Additions	2,805	6,344	17,249	1,397	99,997	127,792	630,405	357,540	191,116	9,641	949,133	2,137,835
Disposals	(1,779)	(954)	(534)	(251)	–	(3,518)						
Adjustment on mining rehabilitation	–	–	–	–	3,737	3,737						
Exchange adjustments	(354)	(166)	(2)	(4)	(4)	(530)						
At 31 December 2024	510,150	342,007	161,780	6,683	825,626	1,846,246						
Representing:												
Cost	1,858	–	161,780	6,683	825,626	995,947						
Valuation	508,292	342,007	–	–	–	850,299						
	510,150	342,007	161,780	6,683	825,626	1,846,246						
At 1 January 2025	510,150	342,007	161,780	6,683	825,626	1,846,246						
Acquisition of a subsidiary (Note 33)	–	–	–	–	5,990	5,990						
Transferred from constructions in progress	121,054	13,301	–	3	–	134,358						
Additions	6,279	5,245	30,200	3,102	116,973	161,799						
Disposals	(1,843)	(734)	(846)	(89)	–	(3,512)						
Adjustment on mining rehabilitation	–	–	–	–	811	811						
Exchange adjustments	(5,235)	(2,279)	(18)	(58)	(267)	(7,857)						
At 31 December 2025	630,405	357,540	191,116	9,641	949,133	2,137,835						
Accumulated amortisation and depreciation:												
At 1 January 2024	161,687	228,035	47,765	3,926	190,536	631,949						
Charge for the year	15,805	18,676	31,701	567	50,349	117,098						
Written back on disposals	(718)	(925)	(520)	(186)	–	(2,349)						
Exchange adjustments	(191)	(125)	(2)	(2)	–	(320)						
At 31 December 2024	176,583	245,661	78,944	4,305	240,885	746,378						
At 1 January 2025	176,583	245,661	78,944	4,305	240,885	746,378						
Charge for the year	16,156	19,136	33,949	1,072	45,494	115,807						
Written back on disposals	(243)	(646)	(846)	(76)	–	(1,811)						
Exchange adjustments	(2,227)	(1,522)	(4)	(27)	–	(3,780)						
At 31 December 2025	190,269	262,629	112,043	5,274	286,379	856,594						
Carrying amount:												
At 31 December 2025	440,136	94,911	79,073	4,367	662,754	1,281,241						
At 31 December 2024	333,567	96,346	82,836	2,378	584,741	1,099,868						

Notes:

- (a) Majority part of the Group's property, plant and equipment are located in Mongolia.
- (b) Mining properties as at 31 December 2025 include stripping activity assets with a carrying amount of USD604,847,000 (2024: USD531,464,000).
- (c) As at 31 December 2025, the Group is in the process of applying for the ownership certificates for certain of its buildings. The aggregate carrying value of such properties of the Group as at 31 December 2025 is approximately USD12,657,000 (2024: USD5,556,000). The Directors are of the opinion that the Group is entitled to lawfully occupy or use of these properties.
- (d) Fair value measurement of property, plant and machinery
- (i) Fair value hierarchy

The following table presents the fair value of the Group's property, plant and machinery measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2025 USD'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Recurring fair value measurement				
Buildings and plants	439,972	-	-	439,972
Machinery and equipment	94,911	-	-	94,911
Buildings and plants, machinery and equipment under construction (Note 14)	13,860	-	-	13,860
Total	548,743	-	-	548,743

	Fair value as at 31 December 2024 USD'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Recurring fair value measurement				
Buildings and plants	332,629	-	-	332,629
Machinery and equipment	96,346	-	-	96,346
Buildings and plants, machinery and equipment under construction (Note 14)	86,782	-	-	86,782
Total	515,757	-	-	515,757

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

As at 31 December 2021, buildings and plants as well as machinery and equipment were revalued and such valuation was carried out by a firm of external appraisers, Duff and Phelps Corporation, who has among their staff fellows of the American Society of Appraisers, Royal Institute of Chartered Surveyors, Chartered Certified Accountant, Chartered Financial Analyst and Financial Risk Manager with recent experience in the mining property valuation worldwide including valuation of coal mines. The Group's property manager and the chief financial officer had discussion with the appraisers on the valuation assumptions and valuation results when the valuation was performed. At each following interim and annual reporting date, the management reviewed the key indicators adopted in the revaluation assessment as at 31 December 2021 and concluded there was no significant change.

The subject properties are purpose-built industrial facilities including buildings and plants, machinery and equipment and construction in progress located in South Gobi of Mongolia. They are operated according to their highest and best use for coal mining and processing. There is no other alternative use of the subject properties. Upon consideration of all relevant facts, it was concluded that the properties subject to valuations are specialised properties.

Depreciated replacement cost is defined by International Valuation Standards ('IVS') as 'the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'. Depreciated replacement cost application for major assets classes is briefly described below:

- Buildings and plants, and such items under construction status:
 - Reproduction cost new ('RCN') estimations for the buildings and structures were calculated using indexing method;
 - Indices were applied to the historical cost. The indices were obtained from recognised sources such as: FM Global, Unitary Construction costs, etc.;
 - Physical depreciation was applied using straight line method based on the economic useful life of production, auxiliary, administrative facilities, land improvements, and transfer devices; and
 - No any functional obsolescence was revealed.
- Machinery and equipment:
 - Machinery RCN was estimated based on the actual machinery quotations received from the purchase department of the Company. These estimates were adjusted with installation expenses, engineering expenses and interest during construction. Estimated RCN was compared to indexed historical cost and considered to be relevant. Additionally, unitary reproduction cost (USD/kg of equipment weight) of major and most expensive equipment appraised such as crushers, screens, spirals and flotation cells were compared with unitary cost range of similar equipment recently purchased by other mining companies and considered to be in line with these data. Overall Coal Handling and Preparation Plant ('CHPP') modules' estimated unitary RCN (USD/ton of processing capacity) is in the middle of the range of recently constructed coal processing plants;
 - Engineering and general administrative expenses for several analysed coal mines range between 7-8% of RCN; and
 - Interest During Construction estimated to be equal to 7.8% of RCN based on the actual interest paid during CHPP construction.

(ii) Information about Level 3 fair value measurements

IVS requires that for a private sector entity with specialised assets, a valuation assessed by depreciated replacement cost must be subject to a test of profitability in relation to the whole of the assets held by the entity or the CGU. For the purpose of the profitability test, the coal mining segment was considered as a single CGU.

In testing profitability, the impact that current economic conditions may potentially have on the Group's operations, financial performance, expectations of financial performance or financial conditions is considered. Such impact was assessed with the use of financial models, which make use of projections of operating activities and financial performance of the Group provided by the management. No economic obsolescence for the Group was indicated by the profitability test.

(iii) Depreciated cost of properties held for own use carried at fair value

Had the revalued properties held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2025 USD'000	2024 USD'000
Buildings and plants	104,119	111,526
Machinery and equipment	23,095	22,695
Buildings and plants, machinery and equipment under construction	-	3,704
	<u>127,214</u>	<u>137,925</u>

(e) Impairment of mining related assets

The management has performed impairment assessment on the carrying amount of the Group's property, plant and equipment, construction in progress and intangible assets related to the Ukhaa Khudag ("UHG") mine and Baruun Naran ("BN") mine operations (collectively referred to as "UHG and BN Assets"). For the purpose of this, the UHG and BN Assets are treated as a CGU.

The recoverable amount of the CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the UHG and BN Assets. The key assumptions used in the estimation of value in use were as follows:

- Recoverable reserves and resources

Economically recoverable reserves and resources represent management's expectations at the time of completing the impairment testing, based on reserves and resource statements and exploration and evaluation work undertaken by appropriately qualified persons.

- Growth rate

The growth rate is estimated based on coal product price consensus and life-of-mine ("LOM") production plan.

- Coal prices

The coal price assumptions are management's best estimate of the future price of coal in China. Coal price assumptions for the next five years are built on past experience of the industry and consistent with external sources. These prices are adjusted to arrive at appropriately consistent price assumptions for the different qualities and types of coal.

Preparation basis used for the coal price assumptions for the next five years estimated at the year end of 2025 is consistent with that at the year end of 2024, which was also updated with reference to the latest market forecast. The coal price estimation over a period longer than five years contains no growth rate, except for annual inflation rate.

- Sales quantity/production profile

Sales quantity is in line with production profile. Estimated production volumes are based on detailed LOM plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as the recoverable quantities, the production profiles, the costs of the development of the infrastructure necessary to extract the reserves, the production costs, and the contractual duration of mining rights and the selling price of the coal extracted. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proven and probable reserves.

- Operating costs

Operating cost assumptions are based on management's best estimation of the costs to be incurred at the date of impairment testing. Costs are determined after considering current operating costs, future cost expectations, as well as the nature and location of the operation. The estimation also takes future mining contractor arrangements into consideration; and the Directors are of the opinion that such mining contractor arrangements are in line with the Group's business plan.

- Capital expenditure

Future capital expenditure is based on management's best estimate of required future capital requirements. It has been determined by taking into account all committed and anticipated capital expenditure adjusted for future cost estimates.

- Discount rate

This discount rate is derived from the Group's weighted average cost of capital ("WACC"), with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity, weighted based on the Group and comparable peer companies' average capital structure. The cost of equity is derived from the expected return on investment by the Group's investors based on publicly available market data of comparable peer companies. The cost of debt is based on the borrowing cost of interest-bearing borrowings of the Group that reflects the credit rating of the Group.

Post-tax discount rate of 16% and pre-tax discount rate of 21% were applied to the future cash flows projection at the year end of 2025 (2024: post-tax discount rate of 16% and pre-tax discount rate of 20%). The Directors believe that the discount rates were matching with the latest cash flow projection modelling.

Based on above-mentioned impairment assessment, the carrying amount of the CGU has not exceeded its recoverable amount as at 31 December 2025, and has not resulted in the identification of an impairment loss for the year ended 31 December 2025. The Directors are of the opinion that the impairment provision is adequate as at 31 December 2025 and no additional or reversal of impairment provision is needed in respect of the Group's non-financial assets in this regard.

The Directors believe that the estimates and assumptions incorporated in the impairment assessment are reasonable; however, the estimates and assumptions are subject to significant uncertainties and judgements. The Directors consider that a reasonable changes in assumptions will not result in an impairment of mining related assets.

14 CONSTRUCTION IN PROGRESS

	2025 USD'000	2024 USD'000
At 1 January	86,782	7,236
Acquisition of a subsidiary	–	35,465
Additions	64,895	44,668
Transfer to property, plant and equipment (Note 13)	(134,358)	–
Exchange adjustments	(3,459)	(587)
	<u>13,860</u>	<u>86,782</u>
At 31 December	<u>13,860</u>	<u>86,782</u>

Note: The construction in progress is mainly related to buildings and plants. The construction of Bayan Khundii ("BKH") mine of Erdene Mongol LLC ("EM") was completed and transferred to property, plant and equipment in 2025.

15 OTHER RIGHT-OF-USE ASSETS

	2025 USD'000	2024 USD'000
Cost:		
At 1 January	67	65
Additions	–	2
	<u>67</u>	<u>67</u>
At 31 December	<u>67</u>	<u>67</u>
Accumulated depreciation:		
At 1 January	18	17
Charge for the year	2	1
	<u>20</u>	<u>18</u>
At 31 December	<u>20</u>	<u>18</u>
Net carrying amount:	<u>47</u>	<u>49</u>

Note: Right-of-use assets comprise interests in leasehold land held for own use located in Mongolia, with original lease period from 5 years to 60 years.

16 INTANGIBLE ASSETS

	Acquired mining right (Note (i)) USD'000	Software USD'000	GS Terminal (Note (ii)) USD'000	Total USD'000
Cost:				
At 1 January 2024	701,557	3,676	3,174	708,407
Acquisition of a subsidiary	21,900	–	–	21,900
Addition	–	223	–	223
	<u>723,457</u>	<u>3,899</u>	<u>3,174</u>	<u>730,530</u>
At 31 December 2024	723,457	3,899	3,174	730,530
Acquisition of a subsidiary (Note 33)	33,267	–	–	33,267
Reclassification	–	(221)	–	(221)
	<u>756,724</u>	<u>3,678</u>	<u>3,174</u>	<u>763,576</u>
At 31 December 2025	<u>756,724</u>	<u>3,678</u>	<u>3,174</u>	<u>763,576</u>
Accumulated amortisation and impairment loss:				
At 1 January 2024	210,597	3,309	2,184	216,090
Amortisation charge for the year	6,340	369	990	7,699
	<u>216,937</u>	<u>3,678</u>	<u>3,174</u>	<u>223,789</u>
At 31 December 2024	216,937	3,678	3,174	223,789
Amortisation charge for the year	6,160	–	–	6,160
	<u>223,097</u>	<u>3,678</u>	<u>3,174</u>	<u>229,949</u>
At 31 December 2025	<u>223,097</u>	<u>3,678</u>	<u>3,174</u>	<u>229,949</u>
Carrying amount:				
At 31 December 2025	<u>533,627</u>	<u>–</u>	<u>–</u>	<u>533,627</u>
At 31 December 2024	<u>506,520</u>	<u>221</u>	<u>–</u>	<u>506,741</u>

Notes:

(i) Acquired mining right mainly represents the mining right acquired during the acquisition of BN mine.

(ii) GS Terminal represents the permission to operate at the customs bonded terminal.

17 INTERESTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Equity attributable to the Company		Principal activities	Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Equity attributable to the Company		Principal activities
			Direct	Indirect					Direct	Indirect	
Mongolian Coal Corporation Limited	Hong Kong	1 share	100%	–	Investment holding	Baruun Naran S.à.r.l. ("BNS")	Luxembourg	24,918,394 shares of EUR1 each	–	100%	Investment holding
Mongolian Mining Corporation Pte. Ltd. ⁽ⁱ⁾	Singapore	1 share of USD1 each	100%	–	Investment holding	Khanga Exploration LLC ("KEX")	Mongolia	34,532,399 shares of USD1 each	–	80%	Mining and trading of coal
Mongolian Coal Corporation S.à.r.l.	Luxembourg	1,712,669 shares of USD10 each	–	100%	Investment holding	Tianjin Zhengcheng Import and Export Trade Co., Ltd. ("TZJV") ⁽ⁱⁱ⁾	China	RMB10,000,000	–	51%	Trading of coals and machinery equipment
Energy Resources Corporation LLC	Mongolia	19,800,000 shares of USD1 each	–	100%	Investment holding	Inner Mongolia Fangcheng Trade Co., Ltd. ⁽ⁱⁱⁱ⁾	China	RMB5,000,000	–	51%	Trading of coals and machinery equipment
Energy Resources LLC	Mongolia	117,473,410 shares of USD2 each	–	100%	Mining and trading of coal	Erdene Mongol LLC	Mongolia	209,369,988 shares of MNT 1,000 each	–	50%	Mining and trading of gold
Tavan Tolgoi Airport LLC	Mongolia	5,795,521 shares of MNT1,000 each	–	100%	Airport operation and management	Leader Exploration LLC	Mongolia	100 shares of MNT 1,000 each	–	50%	Exploration of gold and other precious metals
Ukhaa Khudag Water Supply LLC	Mongolia	96,016,551 shares of MNT1,000 each	–	100%	Water exploration and supply management	Universal Copper LLC ("UCC")	Mongolia	44,750,400 shares of MNT 1,250 each	–	50.5%	Exploration of copper and other non-ferrous metals
United Power LLC	Mongolia	100,807,646 shares of MNT1,000 each	–	100%	Power supply project management						
Tavan Tolgoi Power Plant Water Supply LLC	Mongolia	6,554,000 shares of MNT1,000 each	–	100%	Power supply and water exploration project						

Notes:

(i) Incorporated as Private Company under the laws of Singapore.

(ii) Registered as Sino-Foreign Cooperative Equity Joint Ventures under China law.

(iii) Registered as Private Enterprise under China law.

18 INTERESTS IN ASSOCIATES

The following table presents the particulars of the associates, which are unlisted corporate entities whose quoted market prices are not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Equity attributable to the Company		Principal activity
				Group's effective interest	Held by a subsidiary	
Gashuun Sukhait Road LLC	Incorporated	Mongolia	100,000 shares of MNT1,000 each	40.00%	40.00%	Paved road maintenance service (Note (i))
Guoneng Inner Mongolia Ganqimaodu International Energy Co., Ltd.	Incorporated	People's Republic of China	RMB500,000,000	10.00%	10.00%	Operate warehouse for coal storage (Note (ii))
Geosan LLC	Incorporated	Mongolia	6,196,367 shares of MNT1,000 each	49.00%	49.00%	Air charter services, aerial photogrammetric surveying and mapping, airborne and ground geophysics services

Notes:

- (i) The principal activities of Gashuun Sukhait Road LLC are supplying safety, readiness, protection, repair and maintenance service for paved road operations from UHG to Gashuun Sukhait ("GS"). The investment in Gashuun Sukhait Road LLC enables the Group to monitor the usage situation of the aforementioned paved road.
- (ii) The principal activities of Guoneng Inner Mongolia Ganqimaodu International Energy Co., Ltd. ("Guoneng Ganqimaodu") are provision of customs-supervised warehousing services, road cargo transportation, general cargo warehousing services, domestic freight forwarding and loading service.

Pursuant to ER's rights stated on the articles of association of Guoneng Ganqimaodu, the directors of the Company considered that the Group has significant influence on Guoneng Ganqimaodu through its participation in the board of directors of Guoneng Ganqimaodu.

All of above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Gashuun Sukhait Road LLC	
	2025 USD'000	2024 USD'000
Gross amounts of the associate:		
Current assets	1,123	2,054
Non-current assets	721	831
Current liabilities	1,609	2,506
Equity	235	379
Revenue	3,236	2,818
Profit/(loss) from continuing operations	39	(185)
Other comprehensive income	(183)	(30)
Total comprehensive income	(144)	(215)
Reconciled to the Group's interests in associate:		
Gross amounts of net assets of the associate	235	379
Group's effective interest	40%	40%
Group's share of net assets of the associate	94	151
Carrying amount in the consolidated financial statements	<u>94</u>	<u>151</u>

Guoneng Inner Mongolia
Ganqimaodu International
Energy Co., Ltd.

	2025 USD'000	2024 USD'000
Gross amounts of the associate:		
Current assets	34,244	21,583
Non-current assets	70,079	70,315
Current liabilities	5,690	6,233
Non-current liabilities	-	-
Equity	98,633	85,665
Revenue	26,580	23,933
Profit from continuing operations	11,685	10,309
Other comprehensive income	4,073	(2,320)
Total comprehensive income	15,758	7,989
Dividend received from the associate	265	240
Reconciled to the Group's interests in associate:		
Gross amounts of net assets of the associate	98,633	85,665
Group's effective interest	10%	10%
Group's share of net assets of the associate	9,863	8,567
Carrying amount in the consolidated financial statements	<u>9,863</u>	<u>8,567</u>

Geosan LLC

	2025 USD'000
Gross amounts of the associate:	
Current assets	3,010
Non-current assets	10,898
Current liabilities	1,888
Equity	12,020
Revenue	4,242
Profit from continuing operations	1,821
Other comprehensive income	(5)
Total comprehensive income	1,816
Reconciled to the Group's interests in associate:	
Gross amounts of net assets of the associate	12,020
Group's effective interest	49%
Group's share of net assets of the associate	5,890
Carrying amount in the consolidated financial statements	<u>5,890</u>

19 OTHER NON-CURRENT ASSETS

	2025 USD'000	2024 USD'000
Prepayments in connection with construction work, equipment purchases and others	4,913	30,025
Other financial asset (Note)	614	614
	<u>5,527</u>	<u>30,639</u>

Note: The Group has an investment of 2.25% equity interest in International Medical Center LLC.

20 INVENTORIES**(a) Inventories in the consolidated statement of financial position comprise:**

	2025 USD'000	2024 USD'000
Coal	117,826	125,961
Ore stockpiles	8,486	–
Gold-in-circuit	2,003	–
Materials and supplies	38,552	32,815
	166,867	158,776
Less: provision on coal inventories	(10,437)	(10,437)
	<u>156,430</u>	<u>148,339</u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 USD'000	2024 USD'000
Carrying amount of inventories sold	<u>679,356</u>	<u>628,177</u>

21 TRADE AND OTHER RECEIVABLES

	2025 USD'000	2024 USD'000
Trade receivables (Note (a))	36,232	40,672
Other receivables (Note (c))	58,883	57,225
	95,115	97,897
Less: allowance for credit losses (Note (b))	–	–
	<u>95,115</u>	<u>97,897</u>

Notes:

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2025 USD'000	2024 USD'000
Within 90 days	32,478	20,630
91 to 180 days	1,878	13,977
181 to 270 days	–	5,079
271 to 365 days	1,299	986
Over 365 days	577	–
	<u>36,232</u>	<u>40,672</u>

(b) Loss allowance for trade receivables

Credit losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the credit losses are written off against trade receivables directly (Note 2(j)(ii)).

As at 31 December 2025, the Group evaluated the loss allowance for ECL and no loss allowance of trade receivables (2024: nil) was made based on the assessment. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in Note 30(b).

(c) Other receivables

	2025 USD'000	2024 USD'000
Amounts due from related parties	994	–
Prepayments and deposits	11,902	9,603
VAT and other tax receivables (Note)	45,005	47,123
Others	982	499
	<u>58,883</u>	<u>57,225</u>

Note:

VAT and other tax receivables include amounts that have been accumulated to date in certain subsidiaries and were due from Mongolian Tax Administration ("MTA"). According to the prevailing tax rules and regulations in Mongolia, a taxpayer may offset future taxes and royalties payable to MTA against VAT receivable from MTA. The Group verifies the collectability of such funds with MTA on a regular basis, and based on currently available information, the Group anticipates full recoverability.

All other receivables were aged within one year and expected to be recovered or expensed off within one year.

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION**(a) Cash and cash equivalents comprise:**

	2025 USD'000	2024 USD'000
Cash on hand	2	2
Cash at bank	<u>223,946</u>	<u>140,519</u>
Cash and cash equivalents in the consolidated cash flow statement	<u><u>223,948</u></u>	<u><u>140,521</u></u>

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Borrowing USD'000 (Note 25)	Senior Notes due 2026 USD'000 (Note 23)	Senior Notes due 2030 USD'000 (Note 23)	Total USD'000
At 1 January 2025	<u>20,109</u>	<u>224,372</u>	<u>-</u>	<u>244,481</u>
Changes from financing cash flows:				
Proceeds from borrowing	30,000	-	-	30,000
Interest paid	(4,713)	(16,194)	(14,770)	(35,677)
Repurchase of Senior Notes due 2026	-	(240,401)	-	(240,401)
Proceeds from new issue of Senior Notes due 2030	<u>-</u>	<u>-</u>	<u>343,526</u>	<u>343,526</u>
Total changes from financing cash flows	<u>25,287</u>	<u>(256,595)</u>	<u>328,756</u>	<u>97,448</u>
Other changes:				
Interest expenses (Note 6(a))	5,114	8,920	23,790	37,824
Loss from repurchase of Senior Notes due 2026 (Note 7)	-	25,049	-	25,049
Others	<u>-</u>	<u>(1,746)</u>	<u>(1,313)</u>	<u>(3,059)</u>
Total other changes	<u>5,114</u>	<u>32,223</u>	<u>22,477</u>	<u>59,814</u>
At 31 December 2025	<u><u>50,510</u></u>	<u><u>-</u></u>	<u><u>351,233</u></u>	<u><u>401,743</u></u>

	Borrowing USD'000 (Note 25)	Senior Notes due 2026 USD'000 (Note 23)	Total USD'000
At 1 January 2024	<u>-</u>	<u>222,243</u>	<u>222,243</u>
Changes from financing cash flows:			
Proceeds from borrowing	20,000	-	20,000
Interest paid	<u>-</u>	<u>(27,500)</u>	<u>(27,500)</u>
Total changes from financing cash flows	<u>20,000</u>	<u>(27,500)</u>	<u>(7,500)</u>
Other changes:			
Interest expenses (Note 6(a))	109	31,322	31,431
Others	<u>-</u>	<u>(1,693)</u>	<u>(1,693)</u>
Total other changes	<u>109</u>	<u>29,629</u>	<u>29,738</u>
At 31 December 2024	<u><u>20,109</u></u>	<u><u>224,372</u></u>	<u><u>244,481</u></u>

Note: Liabilities include accrued interest as disclosed in Note 24.

23 SENIOR NOTES

	2025 USD'000	2024 USD'000
Senior Notes due 2026 (Note (i))	–	216,122
Senior Notes due 2030 (Note (ii))	344,012	–
	<u>344,012</u>	<u>216,122</u>

Notes:

- (i) In 2023, the Group issued the Senior Notes due 2026 with a principal amount of USD220,000,000. The Senior Notes due 2026 was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), bore interest at 12.50% per annum fixed rate, payable semi-annually, and was due on 13 September 2026.

Fair value of the derivative component was estimated based on the Binomial model.

On 15 April 2025, all the outstanding Senior Notes due 2026 was redeemed. The excess of consideration to settle the financial liabilities over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, has been recognised as a loss from repurchase of Senior Notes due 2026 and charged to profit or loss during the year ended 31 December 2025.

- (ii) On 3 April 2025, the Group issued senior notes due 2030 ("**Senior Notes due 2030**") with a principal amount of USD350,000,000. The Senior Notes due 2030 is listed on the SGX-ST, bears interest at 8.44% per annum fixed rate, payable semi-annually, and is due on 3 April 2030.

The Senior Notes due 2030 is accounted for as a hybrid financial instrument containing a derivative component and a liability component. The derivative component of early redemption option was initially recognised at its fair value of nil. The fair value of the derivative component of early redemption option as at 31 December 2025 was nil. The liability component was initially recognised at its fair value, taking into account attributable issuance discount, and will be accounted on amortised cost subsequently.

Fair value of the derivative component was estimated based on the Binomial model.

24 TRADE AND OTHER PAYABLES

	2025 USD'000	2024 USD'000
Trade payables (Note (i))	102,191	86,862
Amounts due to related parties (Note (iii))	10,317	7,949
Payables for purchase of equipment	3,663	1,554
Interest payable (Note (iii))	7,731	8,359
Other taxes payables	32,483	22,824
Payable for acquisition of a subsidiary (Note 33)	6,000	–
Others (Note (iv))	17,316	11,422
	<u>179,701</u>	<u>138,970</u>

Notes:

- (i) As of the end of the reporting period, the ageing analysis of trade creditors based on the invoice date is as follows:

	2025 USD'000	2024 USD'000
Within 90 days	102,040	86,530
91 to 180 days	13	192
181 to 365 days	5	2
Over 365 days	133	138
	<u>102,191</u>	<u>86,862</u>

- (ii) Amounts due to related parties represent contractual service fee payable and payables for equipment and construction work, which are unsecured, interest-free and have no fixed terms of repayments (see Note 32(a)).
- (iii) As at 31 December 2025, interest payable for Senior Notes due 2030 was USD7,221,000 (2024: interest payable for Senior Notes due 2026 was USD8,250,000) and interest payable for borrowing was USD510,000 (2024: USD109,000).
- (iv) Others represent accrued expenses, payables for staff related costs and other deposits.

All of the other payables are expected to be settled or recognised in profit or loss within one year or are repayable on demand.

25 BORROWING

	At 31 December 2025		At 31 December 2024	
	Effective interest rate	USD'000	Effective interest rate	USD'000
Current portion of borrowing	13.30%	50,000	-	-
Long-term borrowing	-	-	13.30%	20,000

On 4 December 2024, EM entered into a loan agreement with a local bank in Mongolia for USD50,000,000. The loan bears interest at 13.3% per annum fixed rate, payable monthly. The principal is repayable in six equal monthly instalments starting from July 2026. The loan was secured by EM's processing plant.

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**(a) Tax payable in the consolidated statement of financial position represents:**

	2025 USD'000	2024 USD'000
At 1 January	70,661	69,249
Provision for the year (Note 8(a))	22,331	105,542
Offsetting with other tax receivables	(37,310)	(52,377)
Income tax paid	(45,905)	(65,556)
Exchange adjustments	1,192	13,803
At 31 December	10,969	70,661

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of other properties USD'000	Tax losses USD'000	Unrealised profits on intra-group transactions USD'000	Depreciation and amortisation USD'000	Unrealised foreign exchange differences on Senior Notes USD'000	Fair value adjustments in relation to the acquisition USD'000	Fair value of financial instrument USD'000	Total USD'000
Deferred tax arising from:								
At 1 January 2024	(63,661)	1,227	(52)	999	(755)	(98,075)	1,700	(158,617)
Credited/(charged) to profit or loss (Note 8(a))	4,057	(100)	377	7,596	172	803	(14)	12,891
Acquisition of a subsidiary (Note 33)	-	-	-	-	(44)	-	-	(44)
Credited/(charged) to reserves	980	(2)	(1)	(73)	1	-	(4)	901
At 31 December 2024	(58,624)	1,125	324	8,522	(626)	(97,272)	1,682	(144,869)
At 1 January 2025	(58,624)	1,125	324	8,522	(626)	(97,272)	1,682	(144,869)
Credited/(charged) to profit or loss (Note 8(a))	3,946	193	16	4,559	2,256	1,314	(566)	11,718
Credited/(charged) to reserves	722	(44)	-	(345)	17	-	(63)	287
At 31 December 2025	(53,956)	1,274	340	12,736	1,647	(95,958)	1,053	(132,864)
						2025 USD'000	2024 USD'000	
Net deferred tax assets recognised in the consolidated statement of financial position						21,384	15,654	
Net deferred tax liabilities recognised in the consolidated statement of financial position						(154,248)	(160,523)	
						(132,864)	(144,869)	

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of USD418,652,000 as at 31 December 2025 (2024: USD410,130,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. According to the amendment to Mongolian Corporate Income Tax Law which is effective on 1 January 2010, for entities engaged in mining or infrastructure construction, the tax losses generated after 1 January 2010 will expire in four to eight years after the tax losses generated under current tax legislation. Tax losses of other entities will expire in two years after the tax losses generated. Expiry of unrecognised tax losses of group entities located in China will expire in five years under the Chinese tax regulations.

Expiry of unrecognised tax losses of group entities located in Mongolia and China:

	2025 USD'000	2024 USD'000
Year of expiry		
2025	–	9
2026	307	307
2027	1,020	1,020
2028	168	168
2029	116	–
	<u>1,611</u>	<u>1,504</u>

In relation to group entities located in the jurisdictions other than Mongolia and China, the tax losses do not expire under current tax legislations.

27 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On 16 June 2021, the Company adopted share option scheme (“Share Option Scheme”), in which the board of Directors of the Company is authorised, at its discretion, to grant to eligible participants options to subscribe for shares subject to the terms and conditions stipulated therein as incentives or rewards for their contributions to the Company.

On 3 April 2023, 33,250,000 share options were granted to a director and employees of the Company under the share option scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 3 April 2024, 3 April 2025, 3 April 2026 and 3 April 2027 separately of 25% each, and then be exercisable until 3 April 2028. The exercise price is HKD3.26, being the closing price as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited on the date of grant.

9,031,000 share options were exercised during the year ended 31 December 2025 (2024: 6,604,000 share options).

(a) The terms and conditions of the grants as at 31 December 2024 are as follows:

Grant Date	Number of options (Note (b)) '000	Vesting conditions	Contractual life of options
3 April 2023	8,312	3 April 2023 to 3 April 2024	3 April 2023 to 3 April 2028
3 April 2023	8,312	3 April 2023 to 3 April 2025	3 April 2023 to 3 April 2028
3 April 2023	8,312	3 April 2023 to 3 April 2026	3 April 2023 to 3 April 2028
3 April 2023	<u>8,314</u>	3 April 2023 to 3 April 2027	3 April 2023 to 3 April 2028
Total share options	<u><u>33,250</u></u>		

(b) The movement of the number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HKD	Number of options '000	Weighted average exercise price HKD	Number of options '000
Outstanding at 1 January	3.26	25,208	3.26	32,750
Forfeited during the year	3.26	(250)	3.26	(938)
Exercised during the year	3.26	<u>(9,031)</u>	3.26	<u>(6,604)</u>
Outstanding at 31 December	<u>3.26</u>	<u>15,927</u>	<u>3.26</u>	<u>25,208</u>
Exercisable at 31 December	<u>3.26</u>	<u>428</u>	<u>3.26</u>	<u>1,584</u>

The options outstanding at 31 December 2025 had a remaining contractual life of 2.26 years (2024: 3.26 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial option pricing model. The variables of the models included expected life of the options, risk-free interest rate, expected volatility and expected dividend of the shares of the Company.

Fair value of share options and assumptions:

	3 April 2023
Fair value at measurement date	HKD1.100 – HKD1.680
Share Price	HKD3.260
Exercise price	HKD3.260
Option life	5 years
Risk-free interest rate	3.020%
Expected volatility	60.0%
Expected dividends	–

The expected volatility is based on the normalised historical share price movement of the Company prior to the option grant date for a period over the option life. Expected dividends are based on management's estimates. The risk-free interest rate is based on the yield of Hong Kong Government Bond corresponding to the options life at the grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

28 PROVISIONS

	2025	2024
	USD'000	USD'000
Accrued reclamation obligations	<u>37,844</u>	<u>32,030</u>

The accrual for reclamation costs has been determined based on management's best estimates. The estimate of the associated costs may be subject to change in the near term when the reclamation on the land from current mining activities becomes apparent in future periods. At the end of each reporting period, the Group reassesses the estimated costs and adjusts the accrued reclamation obligations, where necessary. The Group's management believes that the accrued reclamation obligations at 31 December 2025 are adequate and appropriate. The accrual is based on estimates and therefore, the ultimate liability may exceed or be less than such estimates. The movement of the accrued reclamation cost is as follows:

	2025	2024
	USD'000	USD'000
At 1 January	32,030	24,959
Increase for reassessment of estimated costs	811	3,737
Accretion expense (Note 6(a))	<u>5,003</u>	<u>3,334</u>
At 31 December	<u>37,844</u>	<u>32,030</u>

Accrued reclamation costs change during the years ended 31 December 2025 and 2024 resulted from the reassessment of estimated costs.

29 CAPITAL, RESERVES AND DIVIDENDS**(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Note	Share capital USD'000 (Note 29(c))	Share premium USD'000 (Note 29(d)(i))	Treasury shares USD'000 (Note 29(e))	Other reserve USD'000 (Note 29(d)(iii))	Accumulated losses USD'000	Perpetual notes USD'000	Total equity USD'000
At 1 January 2024	104,248	773,014	-	23,331	(137,729)	55,476	818,340
Changes in equity for 2024:							
Total comprehensive income	-	-	-	-	(3,818)	-	(3,818)
Repurchase of perpetual notes	-	-	-	-	(87,052)	(55,476)	(142,528)
Distribution made to holders of perpetual notes	-	-	-	-	(21,348)	-	(21,348)
Equity-settled share-based transactions	27 660	3,065	-	914	-	-	4,639
At 31 December 2024	104,908	776,079	-	24,245	(249,947)	-	655,285
At 1 January 2025	104,908	776,079	-	24,245	(249,947)	-	655,285
Changes in equity for 2025:							
Total comprehensive income	-	-	-	-	(8,565)	-	(8,565)
Equity-settled share-based transactions	27 903	4,407	-	(475)	-	-	4,835
Repurchase of own shares	29 -	-	(18,302)	-	-	-	(18,302)
Cancellation of own shares	(2,126)	(16,176)	18,302	-	-	-	-
At 31 December 2025	103,685	764,310	-	23,770	(258,512)	-	633,253

(b) Dividends

The board of Directors of the Company does not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (dividend in respect of the year ended 31 December 2024: nil).

(c) Share capital

	2025		2024	
	Number of shares'000	USD'000	Number of shares'000	USD'000
Ordinary shares, authorised				
At 1 January and 31 December	1,500,000	150,000	1,500,000	150,000
	2025		2024	
	Number of shares'000	USD'000	Number of shares'000	USD'000
Ordinary shares, issued and fully paid				
At 1 January	1,049,081	104,908	1,042,477	104,248
Impact of share option exercise	9,031	903	6,604	660
Cancellation of own shares	(21,264)	(2,126)	-	-
At 31 December	1,036,848	103,685	1,049,081	104,908

(d) Nature and purpose of reserves**(i) Share premium**

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid the Company is able to pay its debts as they fall due in the ordinary courses of business.

(ii) Other reserve

The other reserve comprises the following:

- the aggregate amount of share capital and other reserves of the companies now comprising the Group after elimination of the investments in subsidiaries; and
- the portion of the grant date fair value of unexercised share options granted to Directors and employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(r)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange adjustments arising from the translation of the MNT, RMB and EUR denominated financial statements of the Group's entities to the Group's presentation currency. The reserve is dealt with in accordance with the accounting policy set out in Note 2(w).

(iv) Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for own use in Note 2(g).

(e) Purchase of own shares

During the year ended 31 December 2025, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid USD'000
January 2025	2,937,000	7,4100	6,4100	2,535
April 2025	13,962,000	6,7700	4,7900	9,916
November 2025	2,145,000	10,3000	9,2500	2,741
December 2025	2,220,000	11,4000	10,3100	3,110
				18,302

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group defines the capital as total shareholders' equity plus loans and borrowings.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The gearing ratio (calculated as total bank and other borrowings divided by total assets) of the Group as at 31 December 2025 was 16.8% (2024: 11.1%).

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**(a) Financial risk management objectives and policies**

Management has adopted certain policies on financial risk management with the objective of:

- (i) ensuring that appropriate funding strategies are adopted to meet the Group's short-term and long-term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections of each project and that of the Group; and
- (ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding.

(b) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk is primarily attributable to cash at bank, trade and other receivables. Substantially all of the Group's cash at bank are deposited in the reputable banks which management assessed the credit risk to be insignificant.

The Group manages its credit risk by monitoring exposures to customers and, where appropriate, considering customer-specific information and the economic environment in which the customer operates.

The Group establishes a loss allowance for trade receivables that represents its estimate of losses in respect of trade receivables. The components of this allowance are a specific loss component that relates to individually significant exposures. At the end of the reporting period, the Group believes loss allowance for trade receivables is required in the consolidated financial statements is immaterial. The Group does not hold any collateral as security for these receivables. The Group has a certain concentration credit risk as five debtors accounted for 100% (2024: seven debtors accounted for 100%) of the total trade receivables as at 31 December 2025.

Further details on the Group's exposure to credit risk arising from trade and other receivables are set out in Note 21.

(c) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The functional currency of the Group's overseas holding entities and coal operating subsidiaries located in Mongolia is USD, the functional currency of gold and metals operating subsidiaries and other remaining subsidiaries located in Mongolia is MNT. The currencies giving rise to this risk are primarily MNT and RMB.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date.

	Exposure to foreign currencies (expressed in United States Dollars)						
	2025						
	Mongolian Togrog USD'000	Australian Dollar USD'000	Euros USD'000	Renminbi USD'000	Singapore Dollar USD'000	Hong Kong Dollar USD'000	United States Dollar USD'000
Trade and other receivables	1,679	-	-	41,432	-	-	-
Cash and cash equivalents	3,170	-	1	110,940	-	3,050	7,055
Trade and other payables	(86,688)	(11)	(9)	(14,367)	-	(57)	(216)
Current portion of borrowing	-	-	-	-	-	-	(50,000)
Net exposure arising from recognised assets and liabilities	(81,839)	(11)	(8)	138,005	-	2,993	(43,161)
	Exposure to foreign currencies (expressed in United States Dollars)						
	2024						
	Mongolian Togrog USD'000	Australian Dollar USD'000	Euros USD'000	Renminbi USD'000	Singapore Dollar USD'000	Hong Kong Dollar USD'000	United States Dollar USD'000
Trade and other receivables	2,757	-	-	39,410	-	-	-
Cash and cash equivalents	19,094	-	1	12,262	-	1,177	17,734
Trade and other payables	(72,661)	(106)	(76)	(10,716)	(6)	(92)	-
Net exposure arising from recognised assets and liabilities	(50,810)	(106)	(75)	40,956	(6)	1,085	17,734

(ii) Sensitivity analysis

An 5% strengthening/weakening of other currency against functional currencies defined in Note 2(w) as at the respective end of the reporting periods would (decrease)/increase profit after taxation (2024: (decrease)/increase profit after taxation) by the amount shown below. This analysis assumes that all other risk variables remained constant.

Profit/loss for the year	2025 USD'000	2024 USD'000
5% increase in MNT	(3,069)	(1,905)
5% decrease in MNT	3,069	1,905
5% increase in AUD	-	(5)
5% decrease in AUD	-	5
5% increase in EUR	-	-
5% decrease in EUR	-	-
5% increase in RMB	5,165	1,531
5% decrease in RMB	(5,165)	(1,531)
5% increase in SGD	-	-
5% decrease in SGD	-	-
5% increase in HKD	159	55
5% decrease in HKD	(159)	(55)
5% increase in USD	(1,947)	1,354
5% decrease in USD	1,947	(1,354)

(d) Interest rate risk

The Group's interest rate risk arises from senior notes and borrowing. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The detailed interest rates and maturity information of the Group's borrowings are disclosed in Notes 23 and 25.

	2025 USD'000	2024 USD'000
Net fixed rate borrowings:		
Senior Notes due 2026	–	216,122
Senior Notes due 2030	344,012	–
Borrowing	<u>50,000</u>	<u>20,000</u>
	<u>394,012</u>	<u>236,122</u>
Net floating rate borrowings:		
Less: Bank deposits	<u>(223,946)</u>	<u>(140,519)</u>
	<u>(223,946)</u>	<u>(140,519)</u>
Total net borrowings:	<u><u>170,066</u></u>	<u><u>95,603</u></u>

As at 31 December 2025, the interest rate risk of the Group was immaterial.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or manage its obligations associated with financial liabilities. In 2025 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as they fall due. The Group has USD30,000,000 standby facility from a local bank in Mongolia as of the reporting date. The Directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2025. Based on such forecast, the Directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during that period. In preparing the cash flow forecast, the Directors have considered historical cash requirements of the Group as well as other key factors. The Directors are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

The Group's objective is to maintain a suitable level of liquidity to finance the daily operation, capital expenditure and repayment of borrowings. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025				
	Contractual undiscounted cash outflow				
	Within 1 year USD'000	After 1 year but within 2 years USD'000	After 2 years but within 5 years USD'000	Total contractual undiscounted cash flow USD'000	Carrying amount at 31 December USD'000
Senior Notes due 2030 (Note 23)	29,540	29,540	423,850	482,930	344,012
Borrowing (Note 25)	55,262	-	-	55,262	50,000
Trade and other payables (Note 24)	179,701	-	-	179,701	179,701
	<u>264,503</u>	<u>29,540</u>	<u>423,850</u>	<u>717,893</u>	<u>573,713</u>
	2024				
	Contractual undiscounted cash outflow				
	Within 1 year USD'000	After 1 year but within 2 years USD'000	After 2 years but within 5 years USD'000	Total contractual undiscounted cash flow USD'000	Carrying amount at 31 December USD'000
Senior Notes due 2026 (Note 23)	27,500	247,500	-	275,000	216,122
Borrowing (Note 25)	2,565	22,105	-	24,670	20,000
Trade and other payables (Note 24)	138,970	-	-	138,970	138,970
	<u>169,035</u>	<u>269,605</u>	<u>-</u>	<u>438,640</u>	<u>375,092</u>

(f) Fair value measurement

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the redemption option embedded in the senior notes. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

The fair value of redemption option embedded in Senior Notes due 2030 and Senior Notes due 2026 was measured at Level 3 and were nil as at 31 December 2025 and 31 December 2024, respectively.

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Redemption option embedded in Senior Notes due 2030	Binomial model	Expected volatility	8.10% (2024: Not applicable)
Redemption option embedded in Senior Notes due 2026	Binomial model	Expected volatility	Not applicable (2024: 9.20%)

The fair value of redemption option embedded in Senior Notes due 2030 is determined using binomial model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 1% would have decreased/increased the Group's profit by nil.

The net gains or losses resulting from the remeasurement of the redemption option embedded in the Senior Notes due 2030 are recognised in net finance costs in the consolidated statement of profit or loss.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 31 December 2024 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 31 December 2025		At 31 December 2024	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Liability component of Senior Notes due 2030	344,012	353,558	-	-
Liability component of Senior Notes due 2026	-	-	216,122	239,428

31 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital commitments outstanding at respective end of the reporting periods not provided for in the financial statements were as follows:

	2025 USD'000	2024 USD'000
Contracted for	10,155	31,269
Authorised but not contracted for	22,502	50,833
	<u>32,657</u>	<u>82,102</u>

(b) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except for the accrued reclamation obligations as disclosed in Note 28 and amounts incurred pursuant to the environment compliance protection and precautionary measures in Mongolia, the Group has not incurred any other significant expenditure for environmental remediation, is currently not involved in any other environmental remediation, and has not accrued any other amounts for environmental remediation relating to its operations. Under existing legislation, the Directors believe that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. The outcome of environmental liabilities under future environmental legislations cannot be estimated reasonably at present and which could be material.

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the year, the Group entered into transactions with the following related parties.

Name of party	Relationship
MCS Mongolia LLC ("MCS")	Shareholder of MMC
Jiayou International Logistics Co., Ltd. ("Jiayou")	Shareholder of KEX
Inner Mongolia Wanli Trading Co., Ltd.	Subsidiary of Jiayou
JASN International Pte. Ltd.	Subsidiary of Jiayou
MCS Property LLC	Subsidiary of MCS
MCS International LLC	Subsidiary of MCS
MCS Holding LLC	Subsidiary of MCS
International Medical Center LLC	Subsidiary of MCS
Uniservice Solution LLC	Subsidiary of MCS
M Armor LLC	Subsidiary of MCS
Univision LLC	Subsidiary of MCS
Top Motors LLC	Subsidiary of MCS
Tengerleg Ekh Oron LLC	Subsidiary of MCS
Erchim Sujee LLC	Subsidiary of MCS
M Bank JSC	Subsidiary of MCS

Particulars of significant transactions between the Group and the above related parties during the year ended 31 December 2025 are as follows:

	2025 USD'000	2024 USD'000
Engineering, procurement and construction services (Note (i))	14,617	25,862
Ancillary services (Note (ii))	57,086	28,299
Lease of property, plant and equipment	5	675
Purchase of property and goods (Note (iii))	1,823	1,077
Sales of goods (Note (iv))	73,120	67,291
Other	1,165	325

Notes:

- (i) Engineering, procurement and construction services represent costs incurred in relation to the construction work of BKH mine, paid to MCS Property LLC.
- (ii) Ancillary services represent expenditures for support services, including security services, vehicle inspection fees, cleaning and canteen expenses, power and heat generation, agent fees, and distribution and management fees paid to M Armor LLC, Uniservice Solution LLC, MCS International LLC, Inner Mongolia Wanli Trading Co., Ltd., MCS and its affiliates. The service charges are based on comparable or prevailing market rates, where applicable.
- (iii) Purchase of property and goods mainly represents purchase of motor vehicles from MCS and its affiliates. The purchasing charges are based on comparable or prevailing market rates, where applicable.
- (iv) Sales of goods represent the coal sales to JASN International Pte. Ltd. The sales are carried out at comparable or prevailing market rates, where applicable.

The Directors are of the opinion that the above transactions were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

Amounts due from/(to) related parties

	2025 USD'000	2024 USD'000
Other receivables (Note 21(c))	994	-
Other accruals and payables (Note 24)	(10,317)	(7,949)

(b) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Directors.

Remuneration for key management personnel, including amounts paid to the Directors as disclosed in Note 10, and certain of the highest paid employees as disclosed in Note 11, is as follows:

	2025 USD'000	2024 USD'000
Salaries and other emoluments	4,124	3,676
Discretionary bonus	525	750
Retirement scheme contributions	332	340
Equity-settled share-based payment expenses	630	1,091
	<u>5,611</u>	<u>5,857</u>

(c) Applicability of the Listing Rules relating to connected transactions

Certain related party transactions in respect of (a) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Connected transactions and continuing connected transactions" of the Directors' Report.

33 ACQUISITION OF A SUBSIDIARY

Acquisition of UCC

On 11 December 2024, the Group entered into a securities purchase agreement (the "**Securities Purchase Agreement**") with Talst Investment LLC, to acquire 50.5% of the issued and outstanding share capital of UCC, a company engaged in the exploration of copper and other non-ferrous metals for a total consideration of USD20,500,000. The acquisition was completed on 11 March 2025, upon which UCC became a subsidiary of the Company. In accordance with the terms of the Securities Purchase Agreement, the consideration was agreed to be settled in three instalments, of which the first instalment USD8,500,000 was paid in January 2025, the second instalment USD6,000,000 will be paid in March 2026, and the remaining last instalment USD6,000,000 will be paid in March 2027.

UCC's financial results are being consolidated into that of the Group from the Acquisition Date. As substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets, the acquisition of UCC was treated as an asset acquisition.

The recognised amounts of assets acquired and liabilities assumed at the Acquisition date comprise the following:

	Acquisition Date USD'000
Intangible assets	34,154
Property, plant and equipment	5,990
Cash and cash equivalents	234
Trade and other receivables	216
Net identifiable assets acquired	40,594
Non-controlling interests	<u>(20,094)</u>
Total consideration paid in cash	20,500
Less: cash of the subsidiary acquired	234
payable for acquisition of a subsidiary	<u>12,000</u>
Net cash outflow arising from the acquisition of the subsidiary	<u><u>8,266</u></u>

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 USD'000	2024 USD'000
Non-current assets			
Interests in subsidiaries	17	637,228	719,272
Shareholder loan		<u>73,048</u>	<u>52,067</u>
Total non-current assets		<u>710,276</u>	<u>771,339</u>
Current assets			
Trade and other receivables		4,669	1,171
Cash and cash equivalents		<u>65,772</u>	<u>13,215</u>
Total current assets		<u>70,441</u>	<u>14,386</u>
Current liabilities			
Trade and other payables		<u>3,861</u>	<u>91,145</u>
Total current liabilities		<u>3,861</u>	<u>91,145</u>
Net current assets/(liabilities)		<u>66,580</u>	<u>(76,759)</u>
Total assets less current liabilities		<u>776,856</u>	<u>694,580</u>
Non-current liabilities			
Senior Notes		<u>143,603</u>	<u>39,295</u>
Total non-current liabilities		<u>143,603</u>	<u>39,295</u>

	Note	2025 USD'000	2024 USD'000
NET ASSETS		<u>633,253</u>	<u>655,285</u>
CAPITAL AND RESERVES	29(a)		
Share capital		103,685	104,908
Reserves		<u>529,568</u>	<u>550,377</u>
TOTAL EQUITY		<u>633,253</u>	<u>655,285</u>

Approved and authorised for issue by the board of directors on 17 March 2026.

Odjargal Jambaljamts
Chairman

Battsengel Gotov
Chief Executive Officer

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

Financial Summary

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2025 USD'000	2024 USD'000	2023 USD'000	2022 USD'000	2021 USD'000
Revenue	823,398	1,039,852	1,034,821	546,248	184,069
Cost of revenue	(679,356)	(628,177)	(593,180)	(451,131)	(161,490)
Gross profit	144,042	411,675	441,641	95,117	22,579
Other net income/(loss)	3,672	13,049	7,414	4,181	(40)
Selling and distribution expenses	(35,431)	(9,767)	(4,779)	(2,434)	(9,625)
Administrative expenses	(33,515)	(46,633)	(57,272)	(24,775)	(24,242)
Profit/(loss) from operations	78,768	368,324	387,004	72,089	(11,328)
Finance income	10,453	4,272	1,855	6,286	54
Finance costs	(43,125)	(37,349)	(41,958)	(47,081)	(48,980)
(Loss)/Gain from repurchase, refinancing and redemption of Senior Notes due 2024	(25,049)	-	(12,975)	23,144	-
Share of profits/(losses) of associates	2,076	957	996	286	(196)
Share of losses of joint venture	-	(1)	-	(16)	(1)
Profit/(loss) before taxation	23,123	336,203	334,922	54,708	(60,451)
Income tax	(10,613)	(92,651)	(94,820)	4,183	5,013
Profit/(loss) for the year	12,510	243,552	240,102	58,891	(55,438)
Attributable to:					
Equity shareholders of the Company	6,100	242,012	239,686	59,177	(55,238)
Non-controlling interests	6,410	1,540	416	(286)	(200)
Basic earnings/(loss) per share	0.59 cents	22.12 cents	21.95 cents	5.68 cents	(5.35) cents
Diluted earnings/(loss) per share	0.58 cents	21.77 cents	21.95 cents	5.68 cents	(5.35) cents

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2025 USD'000	2024 USD'000	2023 USD'000	2022 USD'000	2021 USD'000
Total assets	2,347,026	2,135,213	2,008,441	1,820,508	1,879,138
Total liabilities	950,202	754,294	838,575	893,431	982,560
Net assets	1,396,824	1,380,919	1,169,866	927,077	896,578
Total equity	1,396,824	1,380,919	1,169,866	927,077	896,578
Equity attributable to equity shareholders of the Company	1,234,720	1,245,510	1,114,837	872,556	829,823
Perpetual notes	-	-	55,476	55,476	66,569
Non-controlling interests	162,104	135,409	(447)	(955)	186

Glossary

"Adoption date"	16 June 2021, the date the Share Option Scheme became unconditional and effective
"AGM"	Annual general meeting
"AN"	Altan Nar
"ASP"	Average selling price
"Au"	Gold
"AuEq2"	Gold Equivalent
"AusIMM"	The Australasian Institute of Mining and Metallurgy
"bcm"	Bank cubic metres
"BHWE"	Base Horizon of Weathering Elevation
"BKH"	Bayan Khundii
"BN"	Baruun Naran
"BNS"	Baruun Naran S.à.r.l
"BN deposit"	BN coal deposit located in the Tavan Tolgoi formation
"BN mine"	The area of the BN deposit that can be mined by open-pit mining methods
"Board"	The Board of Directors of the Company
"CBM"	coal-bed methane
"CBMG"	carbonate-base metal gold
"CG code"	The Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules
"CGH"	Continental General Holdings LLC
"CGIC"	Continental General Insurance Company
"China" or "PRC"	The People's Republic of China
"CHPP"	Coal handling and preparation plant
"CIG"	Continental Insurance Group, Ltd.
"coke"	Bituminous coal from which the volatile components have been removed
"coking coal"	Coal used in the process of manufacturing steel. It is also known as metallurgical coal
"Company", "our Company", "we", "us", "our", "Mongolian Mining Corporation" or "MMC"	Mongolian Mining Corporation, a company incorporated in the Cayman Islands with limited liability on 18 May 2010, the shares of which are listed on the Main Board of the Stock Exchange
"DAP"	Delivery-at-Place
"DKH"	Dark Horse
"Director(s)"	Director(s) of the Company
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"EXW"	Ex-works
"FCA"	Free-carrier
"Fexos"	Fexos Limited
"FOT"	Free-on-Transport
"Ganqimaodu" or "GM"	The China side of the China-Mongolia border crossing
"Gashuunsukhait" or "GS"	The Mongolia side of the China-Mongolia border crossing
"GoM"	Government of Mongolia
"Group" or "our Group"	The Company together with its subsidiaries
"GST"	GS Terminal
"HCC"	Hard coking coal
"HKD"	Hong Kong Dollar
"HR"	Human resources
"HSE"	Health, Safety and Environment
"IASs"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"JORC"	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
"KGL"	Kerry Group Limited
"KHL"	Kerry Holdings Limited
"km"	Kilometres
"KMM"	Kerry Mining (Mongolia) Limited
"KMUHG"	Kerry Mining (UHG) Limited
"Koz"	Thousand Ounces
"KPI"	Key performance indicator
"kt"	Thousand tonnes
"kV"	Kilovolt

"kWh"	Kilowatt hour	"RMB"	Renminbi
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited	"ROM"	Run-of-mine, the as-mined material during room and pillar mining operations as it leaves the mine site (mined glauberite ore and out-of-seam dilution material)
"LOM"	Life-of-Mine	"seam"	A stratum or bed of coal or other mineral; generally applied to large deposits of coal
"LTIFR"	Lost Time Injury Frequency Rate	"SEHK" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"LTIs"	Lost Time Injuries	"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"middlings"	By-product of washed coking coal production	"share(s)"	Ordinary share(s) of USD0.10 each in the share capital of the Company
"mineral resource"	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories	"Share Options" or "Options"	The share options which were granted under the Share Option Scheme to eligible participants to subscribe for shares of the Company
"mining rights"	The rights to mine mineral resources and obtain mineral products in areas where mining activities are licensed	"Share Option Scheme"	A share option scheme which was adopted by the Company on 16 June 2021
"MNT"	Togrog or tugrik, the lawful currency of Mongolia	"Share Purchase Agreement"	Share purchase agreement entered by the Company and its subsidiary Mongolian Coal Corporation Limited with Quincunx (BVI) Ltd and Kerry Mining (Mongolia) Limited in relation to the acquisition of the entire issued share capital of QGX Coal Ltd
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules	"soum"	The second level of Mongolian administrative subdivisions (essentially equivalent to a sub-province)
"MSE"	Mongolian Stock Exchange	"SSCC"	Semi-soft coking coal
"Mt"	Million tonnes	"strip ratio" or "stripping ratio"	The ratio of the amount of waste removed (in bcm) to the amount of coal or minerals (in tonnes) extracted by open-pit mining methods
"MVA"	Megavolt-ampere	"Tavan Tolgoi"	The coal formation located in South Gobi, Mongolia which includes our UHG and BN deposits
"MVar"	Megavolt-ampere reactive	"thermal coal"	Also referred to as "steam coal" or "steaming coal", thermal coal is used in combustion processes by power producers and industrial users to produce steam for power and heat. Thermal coal tends not to have the carbonisation properties possessed by coking coals and generally has lower heat value and higher volatility than coking coal
"NBS"	National Bureau of Statistics of China	"THG"	Tsaikhar Khudag
"Norwest"	Norwest Corporation	"TKH"	Tsagaan Khad
"Offer Date"	3 April 2023, the date of offer of a total of 33,250,000 Share Options to its Director and certain employees under the Share Option Scheme adopted by the Company	"tonne"	Metric tonne, being equal to 1,000 kilograms
"open-pit"	The main type of mine designed to extract minerals close to the surface, also known as "open cut"	"TRIFR"	Total Recordable Injury Frequency Rate
"ore"	A naturally occurring solid material from which a metal or valuable mineral can be extracted profitably	"Tsogttsetsii" or "Tsogttsetsii soum"	Tsogttsetsii soum is the location where Tavan Tolgoi sits
"Parliament"	Parliament of Mongolia	"UHG"	Ukhaa Khudag
"Percy"	Percy Rockdale LLC	"UHG deposit"	Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield which includes both aboveground (<300m) and underground (>300m) deposits
"probable reserve"	The economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified	"UHG mine"	The aboveground (<300m) portion of our UHG deposit
"raw coal"	Generally means coal that has not been washed and processed	"USD"	United States Dollar
		"VAT"	Value added tax
		"washed coal"	Coals that have been washed and processed to reduce its ash content

APPENDIX I

Technical details of the UHG Coal Reserve estimate provided in accordance with the JORC Code (2012) in the form of JORC Table 1' detailed in Section 4. Similar technical details relevant to the underlying UHG Coal Resource estimate were previously published in the form of JORC Table 1' Sections 1, 2 and 3 in the MMC Annual Report 2014.

JORC (2012) TABLE 1

Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. The Mineral Resource estimate used as the basis for this Coal Reserves Statement is "JORC (2012) Standard Resource Estimation UHG mine (Licence MV-11952)", prepared by MMC, Energy Resources LLC, Geology Department, January 2022. The Competent Person for the Mineral Resource estimate was Mr. Byambaa Barkhas, the Group's Chief Geologist of Geology and Geotechnical sub-section. Mr. Barkhas graduated in 2008 with a "Bachelor of Geology" from the "School of Geology and Petroleum Engineering, Mongolian University of Science and Technology", and is a Member of the Australasian Institute of Mining and Metallurgy (#318198). The Coal Resources are reported inclusive of those Coal Resources modified to produce the Coal Reserves.

Criteria	Commentary
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. The Competent Person for the Coal Reserves Statement made consecutive site visits since 2017. His last visit was in November 2021. The outcome of these site visits was observation of site and mining conditions and discussion with site operating personnel that contributed to the determination of project parameters used in the UHG Life of Mine (LOM) plan update study April 2022. The competent person believes a further site visit was warranted in 2022 to review changes in the mining progress as well as mining conditions.
Study status	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically. A LOM study update, equivalent to a Feasibility Study update was completed in January 2018 by GLOGEX. GLOGEX is completing preparation of an updated scenario of the Life of Mine ("LOM") Study for the UHG deposit. UHG design, mine planning has been completed and economic analysis will be completed in April 2022.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. There are no coal quality cut-off parameters used to eliminate the conversion of Coal Resources to Coal Reserves. Coal Resources have already been determined with an ash cut off of 50% (DRY basis). Pit optimisation and LOM planning has been used to determine whether Coal Resources will convert to Coal Reserves.

Criteria	Commentary
Mining factors or assumptions	<ul style="list-style-type: none"> • The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as prestrip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods. • Pit optimisation and LOM planning has been used as the basis of converting Coal Resources to Coal Reserves. • The selected mining method is that in use in the operating mine, i.e. open cut truck and hydraulic excavator mining for both waste mining and coal mining, with out of pit and in pit dumping of waste.

Criteria	Commentary
	<ul style="list-style-type: none"> • Geotechnical parameters for the design of stable slopes have been provided by Australian Mining Consultants ("AMC"). • The mining factors used were: <ul style="list-style-type: none"> – Minimum coal mining thickness of 0.5m. – Minimum parting mining thickness of 0.5m. – Mineable coal section roof and floor loss of 100mm. – Mineable coal section roof and floor dilution of 100mm. – Global mining and geological loss 1%. – The quality of diluting material is relative density of 2.46t/m³, and ash of 92%. – Relative density data in the geological model is based on an average in-situ moisture of 3.58% (ar). ROM moisture is assumed to be 3.64% (ar), coking coal product moisture 8% (ar), middlings product moisture 9% (ar) and thermal product coal moisture 2.68% (ar). • The application of "Affected Zones" with higher global losses, as per the 2013 LOM Study, were discontinued on the basis of actual mining coal recovery reconciliation results supplied by MMC for an 18-month period of sampling undertaken by MMC from January 2014 to June 2015. • Inferred Coal Resources are assigned revenue in the LOM study pit optimiser and included in the LOM production schedule as mineable coal, but are not converted to Coal Reserves. • The infrastructure requirements are in place at the operating mine comprising offices, workshops, service station and shared CHPP facilities with the BN mine. The infrastructure will be expanded as UHG production expands.

Criteria	Commentary
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? The metallurgical process for washing the coking coal seams is already in place and being used. It is a low cut high cut dense media processing plant at the UHG mine site. The process is well tested and robust. Coking coal seams 0C, 3A and 4 have been mined and processed through this plant and the ash-yield curves for these seams have been reconciled and adjusted with the laboratory generated curves from the back analysis of results when these seams were washed. The process generates primary coking coal product from a low cut point that will produce a 11.0% (dry) ash HCC and 9.5% (dry) ash SSCC product, and a secondary middlings product of varied ash per customer request is produced from a variable high cut. International coal processing consultant Norwest Corporation has generated ash-yield curves for major coking coal seams. MMC recently modified ash yield curves of extracted coal seams in the mine based on in pit bulk sampling. Thermal coal seams to produce a relatively high ash low energy thermal coal product suitable for export or domestic use.

Criteria	Commentary
Environmental	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. An Environmental Impact Statement has been prepared and all environmental approvals obtained. Waste rock characterisation results do not require special placement requirements or procedures in the dumps. Coal processing plant reject is stored appropriately in the waste dumps or storage cells in accordance with the environmental approvals.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. All necessary infrastructure to support the UHG mine is in place at either the mine site or at the UHG mine industrial area. Power is supplied from an onsite coal fired power station, and also from the transmission line connected to the Mongolian power grid. Water is supplied from a nearby bore field. The workforce is accommodated in a purpose built camp or in housing provided in the nearby communities.

Criteria	Commentary	Criteria	Commentary
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private. Project capital cost estimates for mining plant and equipment have been provided by MMC. The mining, hauling, processing, handling, administration, transportation, air pollution, logistic and import duty charges costs were adjusted from an actual costs incurred at UHG provided by MMC year to date 1 January 2022 based on 2,850 MNT/USD exchange rate. GLOGEX reviewed key cost inputs and adjusted actual costs to reflect the key factors of the project to increase the accuracy of pit optimisation results. Operating cost estimates have been provided from MMC's assessment of existing operating costs incurred in the operation and also from MMC's mining contractor. <ul style="list-style-type: none"> Actual mining contractor coal mining costs were provided and applied in the study in USD/bcm; however for presentation in Table 5.7 Glogex converted to USD/t ROM using the weight average relative density of coal in the pit shells. Coal processing costs are based on those actually being incurred in the existing CHPP operation. Government royalty costs are based on currently legislated rates applicable to the forecast sales prices of UHG product coal. There are no private royalties payable. 	Revenue factors	<ul style="list-style-type: none"> The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. Shanxi Fenwei Energy Consulting Co Ltd ("Shanxi Fenwei") completed an independent market study for UHG products and identified principal coking and thermal coal markets in Mongolia and China. The coal selling prices for Hard Coking Coal were estimated based on 6 years average of 2020-2021 historical prices and price forecast 2022-2025, as provided by MMC's actual coal selling prices as well as price forecast of Shanxi Fenwei product value at the DAP Ganqimaodu port of China. The coal selling prices for Semi-soft coking coal, Middlings and Thermal coal were estimated based on 6 years average of price forecast 2020-2025, as provided by MMC's actual coal selling prices as well as price forecast of Shanxi Fenwei product value at the DAP Ganqimaodu port of China. The coal selling prices assigned to each product, were: <ul style="list-style-type: none"> HCC < 11% ash (dry): USD134.7/t product (ar), SSCC < 9.5% ash (dry): USD95.9/t product (ar), Middlings ~ benchmark CV 6,000 kcal/kg (gar): USD48.8/t product (ar), Thermal coal ~ benchmark CV 5,000 kcal/kg (gar): USD30.7/t product (ar).
		Market assessment	<ul style="list-style-type: none"> The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract. Shanxi Fenwei completed an independent market study for UHG and identified principal coking and thermal coal markets in Mongolia and China in April 2021.

Criteria	Commentary
Economic	<ul style="list-style-type: none"> The inputs to the economic analysis to produce the net present value (“NPV”) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs. No economic analysis.
Social	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social licence to operate. All key stakeholder agreements are in place providing a social licence to operate.
Other	<ul style="list-style-type: none"> To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: <ul style="list-style-type: none"> Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. All material legal agreements, marketing agreements and government agreements are in place to allow the UHG mine to successfully operate. As expansion proceeds it is reasonably expected any modifications to existing agreements or additional agreements that may be required can be obtained in a timely manner.

Criteria	Commentary
Classification	<ul style="list-style-type: none"> The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person’s view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). Measured Resources have been classified as Proved Reserves, Indicated Resources have been classified as Probable Reserves. No Probable Reserves have been derived from Measured Resources. No Inferred Resources have been converted to Reserves (although Inferred Resource was assigned revenue in the pit optimiser and reported as mineable ROM coal in the LOM schedule). The result reflects the Competent Persons view of the deposit.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of the Ore Reserve estimates. Internal peer review by GLOGEX CONSULTING LLC of the Reserves estimate has been completed. Technical information in this UHG Coal Reserve estimation has been peer reviewed by Independent consultant Mr. Gary Ballantine. Mr. Ballantine is a member of the Australasian Institute of Mining and Metallurgy (Member #109105) and has over 29 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).

Criteria	Commentary
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li data-bbox="293 268 1095 424">• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. <li data-bbox="293 454 1095 528">• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. <li data-bbox="293 557 1095 632">• Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. <li data-bbox="293 661 1095 736">• It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. <li data-bbox="293 765 1095 810">• Coal production at UHG commenced in April 2009. Coal production of 79.2 Mt was reported by mine survey measurement from April 2009 until end of 2021. <li data-bbox="293 839 1095 973">• Since the preparation of Reserves estimate effective as of 1 January 2022 the UHG mine has completed reconciliations of actual coal mined against the geological model for the period from January 2021 to January 2022. Last Coal Reserves Statement for UHG was prepared as at 1 January 2022 by GLOGEX and reported as 371Mt (ROM) and the total Marketable reserve is 230 Mt. <li data-bbox="293 1003 1095 1136">• As a result of the coal recovery reconciliations that have been undertaken by MMC and the observations made associated with the mining activities over this period of time, the mining modifying factors in this Reserves estimate have been adjusted to be less conservative particularly with respect to assumed losses incurred in the "affected zones", and in the assumed reassignment of thermal to coking coal and semi-soft coal to hard coking coal.

APPENDIX II

Technical details of the BN Coal Reserve estimate provided in accordance with the JORC Code (2012) in the form of 'JORC Table 1' detailed in Section 4.

JORC (2012) TABLE 1

Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. The Mineral Resource estimate used as the basis of this Coal Reserves Statement is "JORC (2012) Standard Resource Estimation Baruunnaran and Tsaikharkhudag coal mine (Licence MV-14493 and MV-017336)", prepared by Mongolian Mining Corporation, Energy Resources LLC, Geology Department, January 2021. The Competent Person for the Mineral Resource estimate was Mr. Byambaa Barkhas, the Group's Chief Geologist of Geology and Geotechnical sub-section. Mr. Barkhas graduated in 2008 with a "Bachelor of Geology" from the "School of Geology and Petroleum Engineering, Mongolian University of Science and Technology", and is a Member of the Australasian Institute of Mining and Metallurgy (#318198). The Coal Resources are reported inclusive of those Coal Resources modified to produce the Coal Reserves.

Criteria	Commentary
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. The Competent Person for the Coal Reserves Statement made consecutive site visits since 2017. His last visit was in November 2021. The outcome of these site visits was observation of site and mining conditions and discussion with site operating personnel that contributed to the determination of project parameters used in the BN Life of Mine (LOM) plan update study April 2022. The competent person believes a further site visit was warranted in 2022 to review changes in the mining progress as well as mining conditions.
Study status	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. A LOM study update, equivalent to a Feasibility Study update, was completed in January 2018 by GLOGEX. GLOGEX is completing preparation of an updated scenario of the LOM Study for the BN deposit. BN design, mine planning has been completed and economic analysis has been completed in March 2022.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. There are no coal quality cut-off parameters used to eliminate the conversion of Coal Resources to Coal Reserves. Coal Resources have already been determined with an ash cut off of 50% (DRY basis). Pit optimisation and LOM planning has been used to determine whether Coal Resources will convert to Coal Reserves.

Criteria	Commentary
Mining factors or assumptions	<ul style="list-style-type: none"> • The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by pre-liminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as prestrip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods. • Pit optimisation and LOM planning has been used as the basis of converting Coal Resources to Coal Reserves. • The selected mining method is that in use in the operating mine, i.e. open cut truck and hydraulic excavator mining for both waste mining and coal mining, with out of pit and in pit dumping of waste. • Geotechnical parameters for the design of stable slopes have been provided by Australian Mining Consultants.

Criteria	Commentary
	<ul style="list-style-type: none"> • The mining factors used were: <ul style="list-style-type: none"> – Minimum coal mining thickness of 0.5m. – Minimum parting mining thickness of 0.5m. – Mineable coal section roof and floor loss of 100mm. – Mineable coal section roof and floor dilution of 100mm. – Global mining and geological loss 1%. – The quality of diluting material is relative density of 2.81g/cc (ar), and ash of 93.86% (ar). – Relative density data in the geological model is based on an average in-situ moisture of 4.55% (ar). ROM model moisture is 2.26% (ar), coking coal product moisture 8% (ar), middlings product moisture 9% (ar), and thermal product coal moisture 2.62% (ar). • Inferred Coal Resources are assigned revenue in the LOM study pit optimiser and included in the LOM production schedule as mineable coal, but are not converted to Coal Reserves. • The infrastructure requirements are in place at the operating mine comprising offices, workshops, service station and shared CHPP facilities with the UHG mine. The infrastructure will be expanded as BN production expands.

Criteria	Commentary
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? The metallurgical process for washing the coking coal seams is already in place and being used. It is a low cut high cut dense media processing plant at the UHG mine site. The process is well tested and robust. UHG Coking coal seams 0C, 3A, and 4 have been mined and processed through this plant and the ash-yield curves for these seams have been reconciled and adjusted with the laboratory generated curves from the back analysis of results when these seams were washed. The process generates primary coking coal product from a low cut point that will produce a 11.5% (ad) ash SHCC and 9.5% (ad) ash SSCC product, and a secondary middlings product of varied ash per customer request produced from a variable high cut point. International coal processing consultant Norwest Corporation has generated ash-yield curves for major coking coal seams. MMC recently modified ash yield curves of extracted coal seams in the mine based on in pit bulk sampling. Thermal coal seams to produce a relatively high ash low energy thermal coal product suitable for export or domestic use.

Criteria	Commentary
Environmental	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. An Environmental Impact Statement has been prepared and all environmental approvals obtained. Waste rock characterisation results do not require special placement requirements or procedures in the dumps. Coal processing plant reject is stored appropriately in the waste dumps or storage cells in accordance with the environmental approvals.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. All necessary infrastructure to support the BN mine is in place at either the mine site or at the UHG mine industrial area. UHG power is supplied from an onsite coal fired power station, and also from the transmission line connected to the Mongolian power grid. Water is supplied from a nearby bore field. The workforce is accommodated in a purpose built camp or in housing provided in the nearby communities.

Criteria	Commentary	Criteria	Commentary
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private. Project capital cost estimates for mining plant and equipment have been provided by MMC. The mining, hauling, processing, handling, administration, transportation, air pollution, logistic and import duty charges costs were adjusted from an actual costs incurred at BN provided by MMC year to date 1 January 2022 based on 2.850 MNT/USD exchange rate. GLOGEX reviewed key cost inputs and accepted for pit optimisation. Operating cost estimates have been provided from MMC's assessment of actual costs incurring in the operation and as provided by MMC's mining contractor. Actual mining contractor coal mining costs were provided and applied in the study in USD/bcm; however, for presentation in Table 5.5 GLOGEX converted to USD/t ROM using the weight average relative density of coal in the pit shells. Coal processing costs are based on contract price between Energy Resources and Khangad exploration. Government royalty costs are based on currently legislated rates applicable to the forecast sales prices of BN product coal. There are no private royalties payable. 	Revenue factors	<ul style="list-style-type: none"> The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. Shanxi Fenwei Energy Consulting Co Ltd ("Shanxi Fenwei") completed an independent market study for UHG products and identified principal coking and thermal coal markets in Mongolia and China. The coal selling prices for semi-soft coking coal were estimated based on 5 years average price forecast of 2022-2025, as provided to MMC by Shanxi Fenwei product value at the DAP Ganqimaodu port of China. The coal selling prices for semi-soft coking coal were estimated based on actual coal price provided by MMC from 2020 to 2021 and 5 years average price forecast of 2022-2025 by Shanxi Fenwei. The selling prices of Middlings and Thermal coal were estimated based on 5 years average price forecast of 2022-2025 as provided to MMC by Shanxi Fenwei product value at the DAP Ganqimaodu port of China. The coal selling prices assigned to each product, were: <ul style="list-style-type: none"> SHCC < 11.5% ash (dry): USD128.8/t product (ar), SSCC < 9.5% ash (dry): USD95.9/t product (ar), Middlings ~ benchmark CV 6,000 kcal/kg (gar): USD48.8/t product (ar), Thermal coal ~ benchmark CV 5,000 kcal/kg (gar): USD30.7/t product (ar).

Criteria	Commentary
Market assessment	<ul style="list-style-type: none"> The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract. Shanxi Fenwei completed an independent market study for MMC and identified principal coking and thermal coal markets in Mongolia and China in April 2021.
Economic	<ul style="list-style-type: none"> The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs. No economic analysis.
Social	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social licence to operate. All key stakeholder agreements are in place providing a social licence to operate.

Criteria	Commentary
Other	<ul style="list-style-type: none"> To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves. Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. All material legal agreements, marketing agreements and government agreements are in place to allow the BN mine to successfully operate. As expansion proceeds it is reasonably expected any modifications to existing agreements or additional agreements that may be required can be obtained in a timely manner.

Criteria	Commentary
Classification	<ul style="list-style-type: none"> • The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). • Measured Resources have been classified as Proved Reserves, Indicated Resources have been classified as Probable Reserves. No Probable Reserves have been derived from Measured Resources. • No Inferred Resources have been converted to Reserves (although Inferred Resource was assigned revenue in the pit optimiser and reported as mineable ROM coal in the LOM schedule). • The result reflects the Competent Persons view of the deposit.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of the Ore Reserve estimates. • Internal peer by Glogex of the Reserves estimate has been completed. Technical information in this BN Coal Reserve estimation has been peer reviewed by independent consultant Mr. Gary Ballantine. Mr. Ballantine is a member of the Australasian Institute of Mining and Metallurgy (Member #109105) and has over 32 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012).

Criteria	Commentary
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. • Coal production at BN commenced in 2011 and since that time some 34 Mbcm of waste and 4.9 Mt of ROM coal has been mined until 1st January 2018. ROM coal production of 4.9 Mt was reported by mine survey measurement from 2011 until end of 2021. • Since the preparation of Reserves estimate effective as of 1 January 2018 the BN mine has completed reconciliations of actual coal mined against the geological model for the period January 2017 to January 2018. Last Coal Reserves Statement for BN was prepared as at 1st January 2018 by GLOGEX and reported as 176Mt (ROM). • As a result of the coal recovery reconciliations that have been undertaken by MMC and the observations made associated with the mining activities over this period. The mining modifying factors in this Reserves estimate have been adjusted to accommodate size of the equipment being used in the mine (i.e., excavator) and the reassignment of hard coking coal to semi-hard coking coal.

