MONGOLIAN MINING CORPORATION

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

ANNUAL REPORT 2024

Algui ulaan tsav, Umnugobi, Mongolia.

Contents

OVERVIEW

About us

Mongolian Mining Corporation ("**MMC**" or the "**Company**" and together with its subsidiaries, the "**Group**") (HKEX: 975; OTCQX: MOGLF) is the largest producer and exporter of high-quality washed hard coking coal ("**HCC**") in 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. The BKH gold mine is currently under development and gold production is expected to commence in the second half of 2025.

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.

People

MMC places the safety of our personnel the highest priority.
As a responsible employer, MMC provides equal employment opportunities within a meritocratic workplace.

Technology

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.

Sustainability

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.

Community

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

Transparency

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

Corporate Governance

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

Stock code: 975 | **website:** www.mmc.mn

BOARD OF DIRECTORS		
Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
Odjargal Jambaljamts *(Chairman)* Battsengel Gotov *(Group Chief Executive Officer)*	Od Jambaljamts Enkhtuvshin Gombo Myagmarjav Ganbyamba	Khashchuluun Chuluundorj Unenbat Jigjid Chan Tze Ching, Ignatius Delgerjargal Bayanjargal (appointed since 17 January 2025) Tsend-Ayush Tuvshintur (appointed since 17 January 2025)

COMPANY SECRETARY	AUTHORISED REPRESENTATIVES
Cheung Yuet Fan	Battsengel Gotov Cheung Yuet Fan

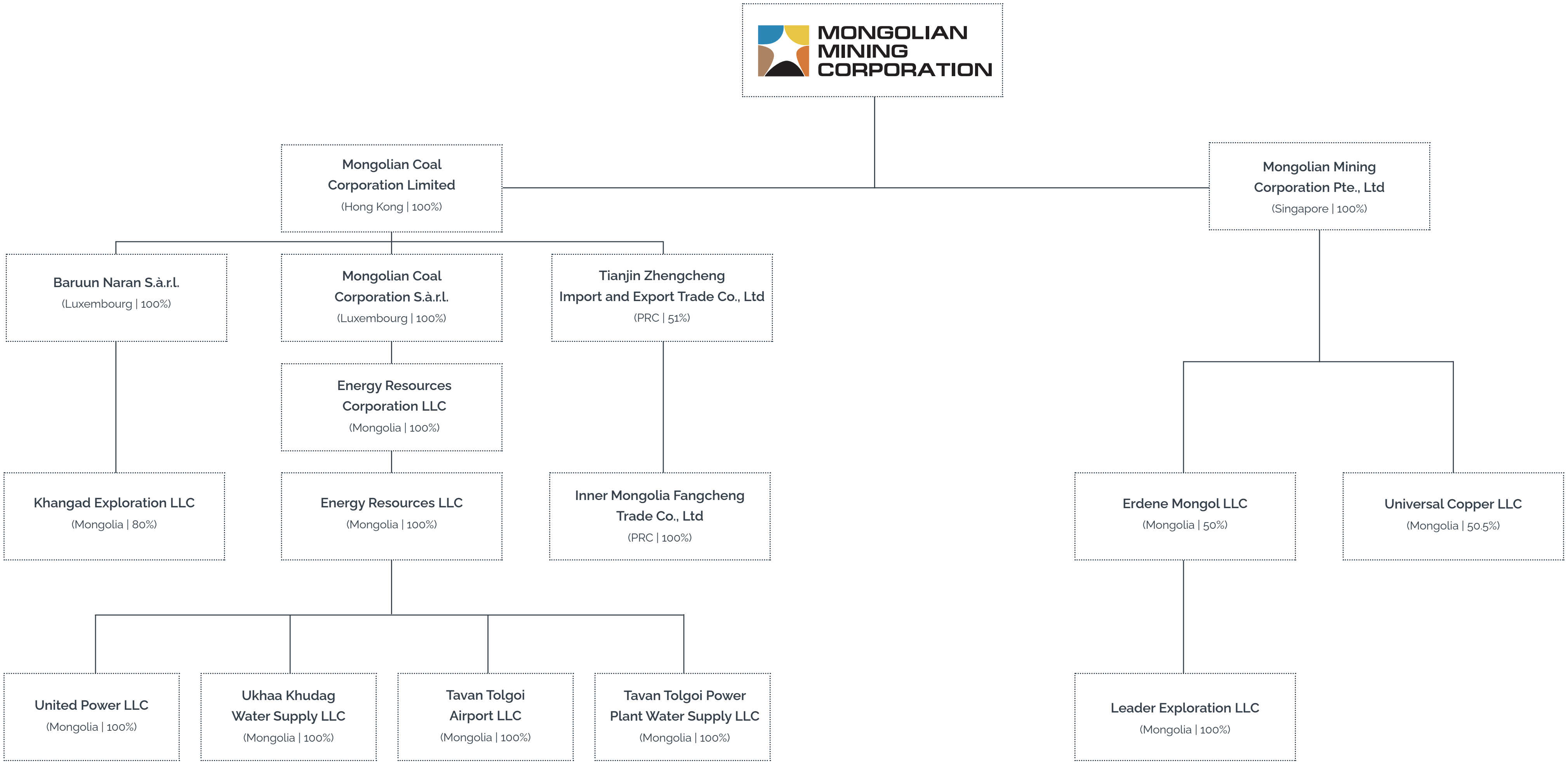
REGISTERED OFFICE	PRINCIPAL PLACE OF BUSINESS IN HONG KONG	HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MONGOLIA
Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong	16th Floor, Central Tower Sukhbaatar 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 2025)



Board of Directors

ODJARGAL JAMBALJAMTS

Executive Director and Chairman of the board of directors

Mr. Jambaljamts, aged 59, 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 the brother of Mr. Od Jambaljamts, a non-executive Director and 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 Egiin 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.

BATTSENGEL GOTOV

Executive Director and Group Chief Executive Officer

Dr. Gotov, aged 52, 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. 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.

OD JAMBALJAMTS, aged 60, is a non-executive Director of the Company. Mr. Jambaljamts was appointed as a non-executive Director of the Company on 4 July 2012. He is also a member of the Environmental, Social and Governance Committee of the Company. Mr. Jambaljamts is the president of MCS Group and a director of a number of subsidiaries within MCS Group, and a member of the board of MCS Mongolia LLC, a controlling shareholder of the Company. Mr. Jambaljamts was appointed as the president of Ulaanbaatar Chamber of Commerce in March 2015 and was re-designated as a member of the board of Ulaanbaatar Chamber of Commerce in January 2017. He also works as the Honorary Council General of Denmark. Mr. Jambaljamts has over 20 years of experience in both private and public sectors and has extensive experience in working with companies in diverse field. Mr. Jambaljamts is the brother of Mr. Odjargal Jambaljamts, the Chairman of the Board, an executive Director and a controlling shareholder of the Company. Mr. Jambaljamts was a director of MCS Global Limited and MCS (Mongolia) Limited from 2012 to 2017, MCS Mining Group Limited from July 2012 to January 2021, and Trimunkh Limited from July 2011 to March 2020, respectively. Mr. Jambaljamts was awarded a bachelor's degree in International Relations by the Institute of International Relations, Moscow, Russia in 1988 and master's degree in arts majoring in foreign affairs by the University of Oxford, United Kingdom in 1993. Mr. Jambaljamts was awarded the Honorary Labour Medal of Mongolia in 1997, and twice awarded with the Polestar medal of Mongolia.

ENKHTUVSHIN GOMBO, aged 53, 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 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.

MYAGMARJAV GANBYAMBA, aged 40, is a non-executive Director of the Company. Mr. Ganbyamba was appointed as a non-executive Director of the Company on 1 January 2022. He is a member of the Environmental, Social and Governance Committee of the Company. Mr. Ganbyamba joined MCS Group in 2005 as a financial analyst at Interpress LLC and Anun LLC. He then served as a financial analyst at MCS Holding LLC from 2007 to 2009, and then at the Company from 2009 to 2010. He was the deputy chief executive officer of Goyo LLC from 2012 to 2013, and was the vice president and chief financial officer of Unitel Group from 2013 to 2020. He served as the chief executive officer of MCS Ventures LLC from July 2020 to November 2023. Mr. Ganbyamba has been serving as the chief executive officer of MCS Investment LLC since May 2020. Mr. Ganbyamba was awarded a bachelor's degree in Financial Management from the Mongolian University of Science and Technology in 2006 and awarded a master's degree in Financial Management by the Keller Graduate School of Management, DeVry University in California, United States in 2012. Mr. Ganbyamba is also a Chartered Financial Analyst.

UNENBAT JIGJID, aged 62, is an independent non-executive Director of the Company. Mr. Jigjid was appointed as an independent non-executive Director of the Company on 16 September 2010. Mr. Jigjid 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. From 1990 to 2000, Mr. Jigjid held various positions in the Bank of Mongolia, including economist, senior economist, director of the monetary policy department and governor. From 2000 to 2006, Mr. Jigjid was the executive director of the Mongolian Bankers Association. He was a director of Resources Investment Capital from October 2010 to November 2013. Mr. Jigjid was appointed as an executive director of the Corporate Governance Development Center in Mongolia from 2009 to 2015 and was appointed as the Head of the Center on 30 March 2015. He served as a member of the supervisory board of the Bank of Mongolia from January 2004 to January 2019. From March 2011 to present, Mr. Jigjid has been serving as a member of Open Society Forum in Mongolia. Mr. Jigjid was appointed as an independent non-executive director of APU JSC on 26 April 2013, the shares of which are listed on the Mongolian Stock Exchange ("**MSE**"). He was appointed as an independent member of the board of Golomt Bank in October 2010 and has been appointed as a member of the board in 2020, the shares of which are listed on the MSE on 23 November 2022. From April 2015 to April 2019, Mr. Jigjid served as a non-executive director of Mongolia Telecom JSC, a company listed on the MSE. Mr. Jigjid was reappointed and served as an executive director and secretary general of the Mongolian Bankers Association from November 2015 to February 2020. Mr. Jigjid was appointed as a member of the board of the International Bank for Economic Cooperation on 15 October 2022. Mr. Jigjid was awarded a master's degree in economics by the Moscow Institute of Economics and Statistics, Russia, and a master's degree in international affairs by Columbia University, United States.

KHASHCHULUUN CHULUUNDORJ, aged 58, is an independent non-executive Director of the Company. Dr. Chuluundorj was appointed as an independent non-executive Director on 8 January 2016. He 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. Dr. Chuluundorj is a professor at the Department of Economics and a member of the Academic Council of the National University of Mongolia. He serves as an executive director of the Mongolia Oil Shale Association and is engaged in managing a number of non-governmental organisations and research consulting activities. Dr. Chuluundorj contributed as a member of the working group on the Long-term Development Strategy for Mongolia for 2016-2030 and served on the board of directors of the Ulaanbaatar City Development Corporation from 2015 until June 2020. He joined the National University of Mongolia as a lecturer of Political Economy in 1989. From 2011 to 2012, he was a member of the board of directors of Erdenes MGL LLC, a state-owned enterprise for strategic mining deposits. From 2009 to 2012, he served as the chairman of the National Development and Innovation Committee of Mongolia, a government agency in charge of national development strategy and investment policy. From 2010 to 2011, he was appointed as the inaugural chairman of the board of directors to lead the establishment of Development Bank of Mongolia and served as a member of the board of directors of the Central Bank of Mongolia from 2006 to 2012. Dr. Chuluundorj also served as a member of the President's Economic Advisory Council from 2006 to 2008 and the Policy Council of the Ministry of Trade and Industry from 2005 to 2007. He also led government initiatives to introduce the concept of private-public partnership and facilitated the adoption of the Law on Concession, Law on Innovation and Law on Economic Development Planning. Dr. Chuluundorj also managed the revision of the Law on Budget to incorporate development policies, introduced a Regional Development index for fiscal transfers and implemented policies to support private sector. Dr. Chuluundorj was appointed as an independent director of MIK Holding JSC in June 2017, the shares of which are listed on the MSE. From January 2017 to June 2020, he served as an independent director of Ulaanbaatar Development Corporation JSC, the shares of which are listed on the MSE. He also served as the chairman of the board of Practical Insurance LLC from May 2018 to February 2023 and as an independent director of MMFG Group from January 2018 to January 2023. He served as an independent member of the Monetary Policy Council of the Bank of Mongolia from June 2018 to January 2025 and has been serving as an independent director of Invescore Financial Group since November 2018. In June 2019, he was also appointed as an independent director of Invescore NBFI, the shares of which are listed on the MSE. He was appointed as a member of the board of directors of Mongolian Investment Rating Agency on 1 December 2021. Dr. Chuluundorj was awarded a bachelor's degree in economics by the Moscow State University, Moscow, Russia in 1989, a master's degree in economics from the Graduate School of Economics, Yokohama City University, Yokohama, Japan in 1996 and a doctorate degree in international economics by the Graduate School of Economics, Keio University, Tokyo, Japan in 2003.

CHAN TZE CHING, IGNATIUS, aged 68, 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 52, 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. Ms. Bayanjargal has been serving as the Chief Financial and Operating Officer of Zes Erdeniin Huvi LLC since July 2021, a company incorporated in Mongolia and engaged in the cathode copper processing business. 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 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 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 54, 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 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 National University of Mongolia (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 University of Finance and Economics (the "**UFE**") in Mongolia 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.

Company Secretary

CHEUNG YUET FAN, aged 59, is the Company Secretary of the Company. Ms. Cheung is a director of Company Secretarial Services of Tricor Services Limited ("**Tricor**"), a member of Vistra group, a global professional services provider specialising in integrated business, corporate and investor services. The Company has engaged Tricor as external service provider and appointed Ms. Cheung as the Company Secretary of the Company since 30 October 2017. Ms. Cheung has over 30 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Prior to joining Tricor, Ms. Cheung worked in the corporate secretarial department of Deloitte Touche Tohmatsu in Hong Kong and in various Hong Kong listed companies in the role of company secretary and corporate governance areas. She is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators"). Ms. Cheung obtained a Bachelor of Arts degree in Accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

Senior Management

OYUNBAT LKHAGVATSEND

President and Chief Executive – Gold & Metals

Mr. Lkhagvatsend, aged 48, 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 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 43, 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 46, 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 61, 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,

China's coal sector was marked by record production and imports in 2024, while regulators have continuously imposed and enforced stricter safety and environmental regulations with lowest number for newly approved and/or added coal production capacity recorded since 2019. China's coal imports (including lignite) reached a record high of 525 million tonnes ("**Mt**") in 2024, including 120 Mt of coking (metallurgical) coal. Mongolia remained as a dominant source for imported coking (metallurgical) coal with around 47% market share.

I am extremely pleased to report that the Group delivered a robust operational performance in 2024 by extracting 16.3 Mt of run-of-mine ("**ROM**") coal from UHG and BN coking (metallurgical) coal mines, processing 15.3 Mt of ROM coal, producing 8.4 Mt of washed coking coal products, and transporting and delivering to its customers 7.9 million tonnes of washed coking coal products.

Based on such solid operational performance in 2024, the Group recorded revenue over USD1.0 billion, adjusted EBITDA almost USD500 million and the profit attributable to equity shareholders around USD250 million. As such, the Group continued to deliver strong operational and financial results in 2024, while remaining fully committed to safety, environment, and socially responsible operations.

However, continuing challenges faced by the property sector impacted the steel industry's performance in China and subsequently prices for steel making ingredients such as iron ore and coking coal during the last year. Later in 2024, China government announced economic stimulus package focused on liquidity improvements, boosting the property market, and stabilising financial markets.

Yet, a global geopolitical situation is expected to continuously add increased volatility and uncertainty to economic performance in 2025. Nevertheless, I am confident that the Group's leadership team will deliver the best efforts to proactively navigate through any encounters which may arise by finding agile and resilient ways to respond.

According to industry sources, gold prices increased by over 27% in 2024, marking the largest annual gain since 2010. The Group's subsidiary EM has successfully advanced project for BKH gold mine construction and development in 2024, and first gold production is expected to start from the second half of 2025. The estimated and projected average annual saleable gold production from BKH mine is expected to reach up to 85,000 troy ounces ("**oz**"), with potential to generate revenue over USD200 million per year based on current gold price. Therefore, I strongly believe that 2025 will be marked as a transformational year in line with the Group's long-term development objectives to diversify the revenue sources and reduce its reliance on a single commodity.

Moreover, the Group concluded acquiring majority stake in Universal Copper LLC ("**UCC**"), a company engaged in the exploration for copper and other non-ferrous metals. It is expected that during next decades, the global demand for copper will be supported in connection with so-called "green transition" trends driven by increase in electric vehicles manufacturing, renewable energy capacity installation and so on. In 2025, the Group is planning to initiate project activities required to complete feasibility study and planning work for White Hill ("**WHT**") copper deposit, a primary mining asset controlled by UCC. This project has the possibility to adopt environmentally friendly solutions for copper extraction technology and coupled with value added production for copper products. WHT project shall serve as a unique opportunity for the Group to build up its in-house knowledge and expertise to manage copper mining and processing operations.

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

The Group shall remain absolutely focused on maximising asset utilisation and optimising business performance for coal and energy segment and at same time continue to explore new opportunities to expand its business operations for gold and metals segment through potential strategic cooperation and joint venture arrangements by also identifying possible investment and development targets, primarily in Mongolia.

This shall be the key to creating the utmost value for our shareholders and all other stakeholders, including communities where we operate and our people, a driving force of over 2,500 hard-working talented professionals, fully dedicated to pursuing our joint objectives.

Odjargal Jambaljamts
Chairman

24 March 2025

FINANCIAL & OPERATING REVIEWS

Industry Overview

CHINESE STEEL, COKE AND COKING COAL SECTORS' PERFORMANCE

According to the World Steel Association, China's crude steel production decreased to 1,005.1 Mt in 2024 from 1,022.5 Mt in 2023, representing a 1.7% decrease year-on-year ("**y-o-y**"). Global crude steel production reached 1,882.6 million metric tonnes in 2024, with China maintaining its leading position by accounting for 53.4% of the total global output.

China exported 110.7 Mt crude steel in 2024, marking a 22.7% increase from the previous year and the highest level since 2015.

In 2024, China's steel consumption stood at 928.0 Mt, which is virtually same to the levels reported in 2023, based on the estimates made by Fenwei Digital Information Technology Co., Ltd. ("**Fenwei**").

According to the National Bureau of Statistics of China, coke production decreased to 489.3 Mt in 2024, marking a 0.7% y-o-y decrease from 492.6 Mt recorded in 2023. Fenwei estimates indicate that coke consumption dropped by 2.4% y-o-y to 459.1 Mt in 2024, compared to 470.6 Mt in 2023. Coke exports from China dropped to 8.3 Mt in 2024 from 8.9 Mt in 2023.

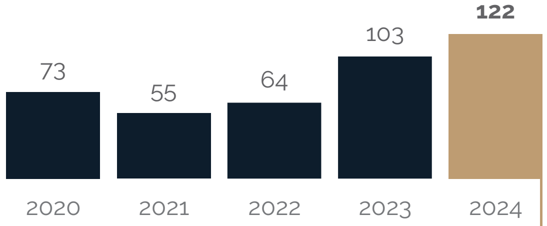
According to Fenwei, China's coking coal consumption was 587.8 Mt in 2024, a decrease of 0.6% from the previous year, while domestic coking coal production dropped to 473.0 Mt, representing a 3.7% decrease from 2023.

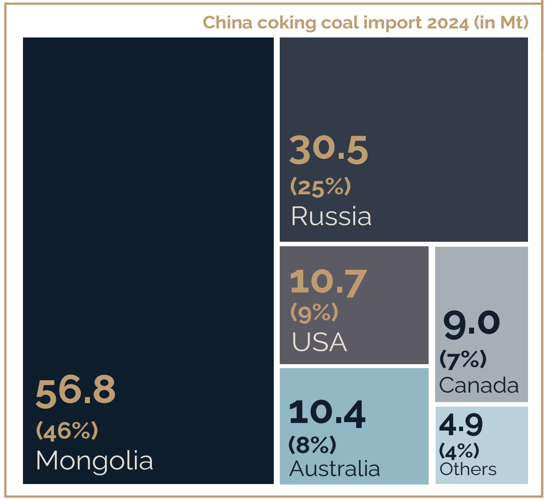
Chinese Coking Coal Imports and Mongolian Coal Exports Dynamics

Coking coal imports to China increased to a record high of 122.3 Mt in 2024, representing a 19.3% y-o-y increase compared to 102.5 Mt imported in 2023 according to the data compiled by the General Administration of Customs of China. While China's coking coal imports reached unprecedented levels in 2024, future import dynamics will likely be shaped by domestic production capabilities, international market conditions, and evolving trade policies.

Mongolia and Russia remained the predominant suppliers of coking coal to China in 2024, jointly accounted for 71.3% of China's total import volume. Imports from Mongolia increased by 5.2% to reach 56.8 Mt in 2024.

China coking coal import (in Mt)





GOLD SECTOR'S PERFORMANCE

Gold prices remained strong in international markets during 2024 and spot price quoted by the World Gold Council ("**WGC**") was USD2,609.1 per oz as at the end of 2024, reflecting an increase of 20.6% in USD terms compared to the beginning of the year. According to the WGC, gold jewellery accounted for around 44%, investment accounted for around 26% and central bank purchases accounted for about 23% of total demand for gold, respectively.

Global gold exchange-traded funds ("**ETFs**") have experienced outflows totaling 58.5 tonnes during 2024, mainly from Europe. North American and Asian markets have been significant contributors of inflows, with a recorded 77.1 tonnes of inflows in 2024. Central banks continued to raise their gold reserves which resulted in buying exceeding 1,000 tonnes for the third year in a row from 2022 and accelerated sharply in the last quarter of 2024 to 333 tonnes.

Looking ahead to 2025, the WGC forecasts that gold will still be an important component of central banks' reserves because of its safety, liquidity and return characteristics. According to the outlook by the WGC, it is highly likely that central banks' net buying will again exceed 1,000 tonnes in 2025. In addition, ETFs investors are likely to drive demand with economic uncertainty supporting gold's role as a risk hedge. However, increased gold prices may impact demand from jewellery sales.

The Bank of Mongolia ("**BoM**") is the most active purchaser of domestically produced gold, with purchases made in prevailing global market prices denominated in MNT. During the year ended 31 December 2024, the BoM purchased 16.5 tonnes of gold, representing an 8% decrease from the level reported for 2023.

Operating Environment

Legal Framework

REGULATIONS RELATED TO COAL EXPORTS

On 13 November 2024, the Government of Mongolia ("**GoM**") issued Resolution No. 170, amending GoM Resolution No. 362 dated 5 October 2022. Under this amendment, starting from January 2025, the National Centre of Auto-Transportation will issue border crossing transportation multi-permits ("**C permits**") for a period of 120 days. Previously, in 2022, these permits were granted to mine-operating entities, which were authorised to issue C permits to qualified transporters meeting the requirements for cross-border cargo transportation between the Gashuunsukhait ("**GS**") border point of Mongolia and the Ganqimaodu ("**GM**") border point of the People's Republic of China ("**PRC**").

The cross-border railway interconnection between GS-GM border points was determined by the GoM as one of the top development priorities. On 27 December 2024, the Parliament of Mongolia ("**Parliament**") approved the basic guidelines for concluding an agreement between the GoM and the Government of the PRC on the construction of the GS-GM cross-border railway. Subsequently, inter-government agreement was signed on 14 February 2025 during the Prime Minister's visit to the PRC. This bilateral agreement is set to be ratified by the Parliament, and construction works are expected to commence in 2025. The successful implementation of this project is expected to significantly increase Mongolia's coal export capacity, driving substantial economic growth and trade expansion.

REGULATIONS RELATED TO TAXATION

On 13 November 2024, the GoM amended Government Resolution No. 502 dated 21 December 2015 and updated the list of "finished mineral products" eligible for 0% value added tax ("**VAT**") rate when exported. Specifically, the types and codes for processed coal products were revised in accordance with MNS6457:2023 (Classification of Coal Quality) and updated customs codes. As a result, HCC, SSCC, washed non-coking coal, washed semi-hard coking coal, and MASHCC are included in the VAT zero-rate list for exports from Mongolia. These updates do not impact the Group, as its washed coal products remain included in the VAT zero-rate list, as they were previously.

On 25 December 2024, the GoM issued Resolution No. 241, extending the 0% excise tax on imported gasoline and diesel fuel until 1 January 2026 (previously set to expire on 1 January 2025). The excise tax on imported diesel fuel continued to be 0% during the reporting year. As heavy machinery and trucks used in mining operations and transportation rely on diesel fuel, this exemption will have a positive impact on Group's operation.

Additionally, on 25 December 2024, the GoM issued Resolution No. 242, extending the 0% customs tax on imported 92-octane gasoline until 1 January 2026 (previously set to expire on 1 January 2025). As a result, customs tax on imported 92-octane gasoline will remain at 0% throughout 2025.

REGULATIONS RELATED TO SOVEREIGN WEALTH FUND

As reported in the Company's Interim Report 2024, the Law on the National Wealth Fund and amendments to related Mongolian laws, including the Minerals Law, were adopted by the Parliament on 19 April 2024 and came into effect on 11 May 2024. The Law on the National Wealth Fund introduced a new three-tier structured national sovereign wealth fund, and two newly defined funds were established: (i) the Savings Fund, dedicated to the health and wellness, education, and housing needs of the citizens of Mongolia; and (ii) the Development Fund, aimed at enhancing development projects with nationwide economic significance in addition to the former Future Inheritance Fund.

On 10 January 2025, the Parliament amended certain provisions of the Law on the National Wealth Fund and the Minerals Law, which became effective on 2 February 2025. Under these amendments, special royalty revenues derived from (i) the Minerals Law, applicable for the mineral deposits of strategic importance, and (ii) the Law on Nuclear Energy, applicable to radioactive mineral deposits, are designated to be sources of the Savings Fund. Additionally, Article 47^2 of the Minerals Law was revised to align with the Law on Nuclear Energy, granting the Parliament authority to determine the specific percentage of special royalty for each mineral deposit of strategic importance considering the specification of the deposit. This revision eliminated the previous special royalty threshold of up to 5%, removing a predefined limit under the law.

Therefore, pursuant to Article 5.4 of the Minerals Law, if a mineral deposit of strategic importance and its residual deposit (including ore and mineral stockpiles with economically viable reprocessing potential) were identified through state-funded exploration, the state may hold up to 50 percent of the shares in the license-holding legal entity free of charge, 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 an additional special royalty, as to be defined by the Parliament.

LABOR RELATED LAW AND REGULATION

On 7 October 2024, the National Trilateral Committee of Labor and Social Consensus issued Resolution No. 03, setting the national minimum wage rate for 2025 at MNT 792,000, effective from 1 April 2025, representing an increase from the previous rate of MNT 660,000. As a result, the minimum monthly wage for employees in the mining sector will increase to MNT 1,584,000 in accordance with the "Collective (Tariff) Agreement of the Geology, Mining, and Heavy Industry Sector" which mandates doubling the national minimum wage for workers in this sector. The Group does not expect any material impact on its current remuneration policies and practices.

Outlook and Business Strategies in 2025

The Group remains committed to pursuing its key strategies in order to maintain and enhance its competitive position as the largest internationally listed private mining company operating 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 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 in Mongolia; and (v) remaining fully committed to safety, environment and socially responsible operations.

Gold Project Update

On 25 January 2024, the Company announced the closing of the investment agreement dated 10 January 2023 and EM became a subsidiary of the Company.

The processing plant construction and installation works were around 67.0% completed at BKH mine as of 31 December 2024 and gold production is expected to start in the second half of 2025. The BKH mine has an expected life-of-mine ("**LOM**") total production of 476 thousand ounces ("Koz") of recovered gold according to the NI 43-101 compliant updated feasibility study prepared in 2023.

The processing plant will consist 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 bars. The processing plant will have a nameplate ore feed capacity of 650 Kt throughput per annum and is expected to produce an average of 74 Koz of gold within a doré per annum, over the planned mine life, at an average recovery rate of 92.7%.

All major long-lead components of the processing plant were delivered to the construction site. Additionally, the Group has significantly advanced to constructing non-processing facilities, including the accommodation camp, workshops, warehouses and laboratory with expected completion in the first half of 2025.

Business Overview

Coal Resources and Exploration Activities

UKHAA KHUDAG (UHG) DEPOSIT

The UHG deposit sits within the 2,960 hectares 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. Since the UHG mining license was granted, the Group has prepared four Australasian Joint Ore Reserves Committee ("**JORC**") compliant Coal Resource estimates, the most recent of which, stated as at 31 December 2021.

The most recent Coal Resource estimate has been made in accordance with the requirements of the JORC Code (2012), including in compliance with the most recent Australian Guidelines for the Estimation and Classification of Coal Resources (2014). The last update stated as at 31 December 2024 was made only on the basis of revised surface topography, to account for depletion as a result of mining activity between 1 January 2024 to 31 December 2024 and no further exploration data was incorporated.

Resources are divided in order of increasing geological confidence, into inferred, indicated, and measured categories. The most recent resource update performed in 2021 focused on improving the details and accuracy of the 3D coal seam model. As a result, the unclassified, inferred, and indicated coal resources were moved to the measured resource category, representing higher confidence level. The updated resource report includes new information gathered from 16,935 metres ("**m**") of drilling by 89 boreholes and 6,108 samples with laboratory analysis that were completed between October to December of 2020.

Exploration activities conducted in the process of preparing the four preceding JORC compliant Coal Resource estimates and used by the Group to prepare the structural and coal quality models supporting the latest Coal Resource estimate as at 31 December 2021, included:

- 1,645 individual boreholes drilled for 208,211 m, including 116,709 m of HQ-3 (63.1 millimetre ("**mm**") core, 96.0 mm hole diameter) and 91,502 m of 122 mm diameter open hole drilling;
- 43,656 individual analytical samples collected and analysed;
- 71 kilometres ("**km**") of high resolution 2D seismic in-field measurements, collected by Polaris Seismic International Ltd ("**Polaris**") and analysed by Velseis Processing Pty Ltd ("**Velseis**"); and
- results from large-diameter, bulk-sample drilling samples analysed at the ALS Group laboratories in Ulaanbaatar.

JORC compliant Coal Resource estimate figures reported are based upon an in-situ density, at an as-received moisture basis, are summarised in Table 1.

Internal peer review of these latest structural and coal quality models was conducted by Mr. Lkhagva-Ochir Said, employed by the Group as Chief Operating Officer – Coal & Energy. This peer review confirmed that the Group's work to update the UHG geological model, and thus the Coal Resource estimate for the UHG mining license area, was in compliance with requirements of the JORC Code (2012).

During the first half of 2024, the Group conducted 21,957 m of drilling across 108 boreholes, collecting and completing laboratory analyses on 7,968 samples. This drilling was solely for infill purposes to assess the coal structure.

Appendix I of the Group's 2023 Annual Report can be referred to for the detailed information required to be presented under the JORC Code (2012) upon release of a JORC (2012) Coal Resource estimate.

UHG mine, Tsogttsetsii soum, Umnugobi aimag


BN mine, Khankhongor soum, Umnugobi aimag

BARUUN NARAN (BN) DEPOSIT

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.

In 2021, the Group's geological team updated the JORC (2012) Coal Resource estimations as at 31 December 2021 for the BN and THG mining licenses. The last update stated for BN and Tsaikhar Khudag ("**THG**") as at 31 December 2024 was made only on the basis of revised surface topography, to account for depletion as a result of mining activity between 1 January 2024 to 31 December 2024, and no further exploration data was incorporated.

The new resource update in 2021 was done based on 8,335.4 m of drilling data on the BN deposit. The drilling focused on the H pit mining boundary. 3,766 samples were collected and tested, confirming the coal quality and coal seam structure. As a result, the inferred and indicated coal resources were moved to the measured resource category, and the geological model was updated with improved accuracy. Moreover, based on 2018 exploration drilling result, the technical team improved the interpretation of the seam correlation between the BN and THG deposits and classified an indicated resource in THG resource estimation.

The Coal Resource stated as at 31 December 2021 incorporated additional exploration data gained from the exploration drilling program conducted in 2018. The following information provided the basis for updating the structural and coal quality geological models underpinning the updated Coal Resource statement as at 31 December 2021:

- total of 135 exploration boreholes at BN, with a total of 36,875 m drilled, of which 16,102 m were HQ-3, 9,640 m were PQ-3 (83.0 mm core, 122.6 mm hole diameter) and 11,133 m were 122 mm diameter open boreholes;
- total of 32 exploration boreholes at THG, with a total of 9,970 m drilling at THG, of which 5,900 m were HQ-3, 3,610 m were PQ-3 and 460 m were 122 mm open boreholes;
- total of 12,502 (BN) and 3,824 (THG) coal samples were collected and analysed; and
- total of 75 km of 2D seismic survey captured by Polaris over the BN mining license, and analysed by Velseis.

Internal peer review was conducted by Mr. Lkhagva-Ochir Said, the Group's Chief Operating Officer – Coal & Energy. This peer review confirmed compliance of the Group's work to update the Coal Resource estimations in compliance with the requirements of the JORC Code (2012).

Summary of the updated Coal Resources statement as at 31 December 2024 for BN and THG mining license areas are shown in Table 2 and Table 3. The figures in these tables represent calculation based upon in – situ density at an assumed 5% moisture basis.

Baruun Naran Gas LLC ("**BNG**") was established in 2019 and is jointly owned 66% by Jade Gas Mongolia LLC ("**Jade**") and 34% by KEX, BN mining license holder.

On 21 July 2022, BNG has entered into a prospecting contract with the Mineral Resources and Petroleum Authority of Mongolia to conduct coal-bed methane ("**CBM**") prospecting work within the area covered by the BN mining license area.

As part of the prospecting work, BNG drilled seven wells with a total depth of 4,418.3m and conducted respective logging and permeability tests in 2023 and 2024. Within the prospecting work scope, 244 samples were extracted from coal seams, and gas desorption was identified in the N, K, J, I, H, and G coal seams. The average gas content of the gas-bearing coal seams (N, K, J, I, H, and G) was estimated to be in the range of 9.4-15.2 cubic meters per tonne.

Detailed information about the results of CBM prospecting works conducted by BNG was publicly disclosed by Jade Gas Holdings Limited (Jade's parent company) on the Australian Stock Exchange (ASX: JGH) and respective announcements are available at Jade Gas Holdings Limited's corporate website under link: https://jadegas.com.au/investors/asx-announcements/.

Table 1. UHG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2024 (Notes):

Total Coal Resource	Resource Category (Mt)				
Depth limit from topographic surface	**Measured**	**Indicated**	**Inferred**	**Total (M+I)**	**Total (M+I+I)**
Subcrop to Base Horizon of Weathering Elevation ("**BHWE**")	7	1	3	8	11
BHWE to 100m	53	4	12	57	69
From 100m to 200m	87	9	19	96	115
From 200m to 300m	125	6	13	131	144
From 300m to 400m	88	3	4	91	95
Below 400m	85	7	14	92	106
Sub-Total above 300m	272	20	47	292	339
Sub-Total below 300m	173	10	18	183	201
Total	**445**	**30**	**65**	**475**	**540**
Total (Rounded)	**450**	**30**	**60**	**470**	**540**

Table 2. BN mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2024 (Notes):

Total Coal Resource	Resource Category (Mt)				
Depth limit from topographic surface	**Measured**	**Indicated**	**Inferred**	**Total (M+I)**	**Total (M+I+I)**
Subcrop to BHWE	5	1	1	6	7
BHWE to 100m	55	9	5	64	69
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	236	35	22	271	293
Sub-Total below 300m	87	16	9	103	112
Total	**323**	**51**	**31**	**374**	**405**
Total (Rounded)	**320**	**50**	**30**	**370**	**400**

Table 3. THG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2024 (Notes):

Total Coal Resource	Resource Category (Mt)				
Depth limit from topographic surface	**Measured**	**Indicated**	**Inferred**	**Total (M+I)**	**Total (M+I+I)**
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 to Table 1:

(i) Technical information in the UHG 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 Australasian Institute of Mining and Metallurgy (the "**AusIMM**") (Member #318198) and has over 15 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 1 presented in this report are considered to be a true reflection of the UHG Coal Resource as at 31 December 2024, 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) Mr. Lkhagva-Ochir Said is employed by the Group as Chief Operating Officer – Coal & Energy. Mr. Said is a member of the AusIMM (Member #316005) and has over 17 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 to Table 2 and Table 3:

(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 15 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 and Table 3 presented in this report are considered to be a true reflection of the BN deposit Coal Resource as at 31 December 2024, 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) Mr. Lkhagva-Ochir Said is employed by the Group as Chief Operating Officer – Coal & Energy. Mr. Said is a member of the AusIMM (Member #316005) and has over 17 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 Reserves

UKHAA KHUDAG (UHG) DEPOSIT

The Group engaged Glogex Consulting LLC ("**Glogex**") to prepare an updated JORC (2012) Coal Reserve statement as at 1 January 2025 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 2024 and 1 January 2025.

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 optimisation algorithms used included for implementation of 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 4.

BARUUN NARAN (BN) DEPOSIT

Coal Reserve statement for the BN deposit was prepared by Glogex with the resulting statement dated 1 January 2025. 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 2024 to 1 January 2025.

The pit optimisation algorithms used for implementation included the following:

- limitation of open pit depth to 360 m 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;
- cost input assumptions based on stripping and blasting estimates derived from the current mining contractors; and
- revenue input assumptions derived from an updated market study of the principal coking and thermal coal markets in China, completed by Fenwei.

The JORC (2012) Coal Reserve estimate for the BN deposit prepared on basis of the above is summarised in Table 5, 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 4. UHG mining license JORC (2012) Coal Reserve estimate, as at 1 January 2025 (Notes):

ROM Coal Reserve Coal Type	Reserve Category (Mt) Proved	Probable	Total
Coking	311	10	321
Thermal	19	–	19
Total	**330**	**10**	**340**

Table 5. BN mining license JORC (2012) Coal Reserve estimate, as at 1 January 2025 (Notes):

ROM Coal Reserve Coal Type	Reserve Category (Mt) Proved	Probable	Total
Coking	239	23	262
Thermal	9	1	10
Total	**248**	**24**	**272**

Notes to Table 4 and Table 5:

(i) The estimate of Coal Reserve presented in Table 4 and 5 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 and BN Coal Reserve estimation report have 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 23 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.

(ii) Due to rounding, discrepancy may exist between sub-totals and totals.

Gold Resources and Exploration Activities

KHUNDII MINING LICENSE

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. Since the Khundii mining license was granted, EM has prepared independent mineral resource estimates for two deposits located within the license area, the BKH gold deposit and the Dark Horse ("**DH**") gold deposit.

The current BKH Mineral Resource Estimate ("**BKH Mineral Resource**") was prepared 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 by AGP Mining Consultants Inc. with an effective date of 20 April 2023. The BKH Mineral Resource was prepared by Mr. Paul Daigle, P.Geo., who is a qualified person ("**QP**") as defined in the CIM Standards of Disclosure.

The BKH Mineral Resource has been constrained to a conceptual pit shell and is reported at a cut-off grade of 0.4 g/t gold (Au). The assumptions and parameters utilised to establish the cut-off grade and pit shell are reported below in notes to Table 6.

EM reported the maiden mineral resource estimate for the DH gold deposit ("**DH Mineral Resource**") discovered in 2021 within Khundii mining license area and located 2 km north of the BKH gold deposit. The DH Mineral Resource was prepared in accordance with NI 43-101 and CIM standards by RPM Global ("**RPM**") with an effective date of 1 November 2022.

The DH Mineral Resource is reported above a gold cut-off grade of 0.35 g/t Au for oxide and transition mineralisation and 1.02 g/t Au for fresh mineralisation. The DH Mineral Resource has been constrained to a conceptual pit shell.

The northern portion of the Khundii mining license, approximately 20 square km, and extending into the Ulaan exploration license ("**UN exploration license**") is characterised by elevated gold in soil anomalism with multiple surface rock-chip, trench and drill core samples assaying greater than 1 g/t Au. Trace element anomalism, geophysical anomalies related to alteration and mineralisation, structures interpreted to represent conduits for mineralising fluids, and alteration signatures supporting an epithermal mineralisation model characterise this prospect area. As at the end of the reporting period, 25,132 m of drilling in 236 holes ranging in vertical depths from 8 m to 318 m within this prospect area was completed, including 18 holes totaling 1,040 m completed in 2023.

The DH gold deposit is associated with a north-south trending, linear structural corridor which intersects deep seated northeast trending transform faults, believed to be a conduit for primary mineralising fluids. The near surface oxide gold zones discovered at DH gold deposit are the result of oxidation of sulfide bearing epithermal veins and hydrothermal breccias within white mica altered host lithologies. Limited deeper drilling has identified gold bearing epithermal veins and associated white mica and sulfide alteration zones to a depth of up to 230m vertically, that remain open at depth.

Scout drilling and IP surveys completed during the second quarter of 2023 identified several new prospects within the prospect area. The program identified multiple areas of near-surface, gold and indicator element anomalism, with 10 holes intersecting anomalous gold (greater than 0.1 g/t Au) and indicator elements mineralisation, and a further 6 holes returning indicator element anomalies.

ALTAN NAR MINING LICENSE

The Altan Nar ("**AN**") 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.

The AN mining license hosts 18 mineralised (gold, silver, lead, zinc) target areas within a 5.6 by 1.5 km mineralised corridor.

AN gold-polymetallic deposit is an intermediate sulphidation, carbonate-base metal gold ("**CBMG**") deposit. CBMG deposits generally occur above porphyry intrusions in arc settings and may extend for more than 500 m vertically.

RPM calculated the Mineral Resource Estimate for AN gold-polymetallic deposit ("**AN Mineral Resource**") in May 2018 at several gold cut-offs, and RPM recommends reporting the AN Mineral Resource at cut-off of 0.7 g/t AuEq2 (see definition for AuEq2 in note vii of Table 8) above a pit and 1.4 g/t AuEq2 below the same pit shell.

ULAAN (UN) EXPLORATION LICENSE

The UN exploration license (XV-016057) 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 June 2021, EM completed the maiden gold exploration program in the southern portion of the UN exploration license, whereas, a multiple drill holes have returned up to 354 m of gold mineralisation.

Gold Reserves

KHUNDII MINING LICENSE

On 15 August 2023, an updated independent feasibility study for the BKH gold deposit was completed. The technical report complaint with NI 43-101, dated 25 September 2023, was prepared by O2 Mining Limited. The study incorporates detailed mine design and scheduling, front-end engineering and design for the processing plant and site infrastructure, a hydrogeological assessment, mineral waste facility design, comprehensive capital and operating cost estimation, and an updated economic model.

The cut-off grade for Mineral Reserve calculations is 0.63 g/t Au for the BKH gold deposit and 0.68 g/t Au for DH gold deposit, based on a gold price of USD1,816/oz. The reserves, as defined by the regularised block model, contain modelled mineral losses of 2.5% and average internal dilution of 10%, within the ultimate pit.

It is estimated that a total of 4.0 Mt of mineralised material mined from BKH mine within Khundii mining license area with an average diluted head grade of 4.0 g/t Au will be processed at the plant over the course of the mine life to produce a total of 476 Koz recovered gold by using an estimated 92.7% gold recovery rate.

Table 6. BKH gold deposit NI 43-101 compliant Mineral Resource, as at 20 April 2023 (Notes):

Resource Classification	Quantity (Mt)	Gold Grade (g/t Au)	Gold (Koz)	Silver Grade (g/t Au)	Silver (Koz)
Measured	4.0	3.03	394	1.44	187
Indicated	3.3	2.04	219	1.22	131
Measured and Indicated	7.4	2.58	613	1.34	319
Inferred	0.2	1.08	6	1.32	8

Notes:
(i). Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(ii). Summation errors may occur due to rounding.
(iii). Open pit mineral resources are reported within an optimised constraining shell.
(iv). 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.

(v). Further details are disclosed in Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report dated 15 August 2023.

Table 7. DH gold deposit NI 43-101 compliant Mineral Resource, as at 1 November 2022 (Notes):

	Indicated Mineral Resource			Inferred Mineral Resource		
Type	Tonnage (Kt)	Gold Grade (g/t Au)	Gold (Koz)	Tonnage (Kt)	Gold Grade (g/t Au)	Gold (Koz)
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:
(i). Technical information of the DH Mineral Resource estimation report 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 QP.
(ii). Rounding may cause some computational discrepancies.
(iii). Mineral Resources are reported on a dry in-situ basis.
(iv). 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 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 oz, and processing recovery of 90% for oxide, 87% for transitional and 30% for fresh mineralisation. Further details are disclosed in Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report dated 15 August 2023.
(v). 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 8. AN deposit NI 43-101 compliant Mineral Resource, as at 7 May 2018 (Notes):

			Grade					Contained Metal				
Cut-off AuEq2 g/t	Resource Classification	Quantity (Mt)	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:
(i). 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.
(ii). 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.
(iii). Rounding may cause some computational discrepancies.
(iv). Mineral Resources reported on a dry in-situ basis.
(v). No dilution or ore loss factors have been applied to the reported Resource Estimate.
(vi). No allowances have been made for recovery losses that may occur should mining eventually result.
(vii). 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 9. Khundii mining license NI 43-101 Mineral Reserves estimate, as at 1 August 2023 (Notes):

DH 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**

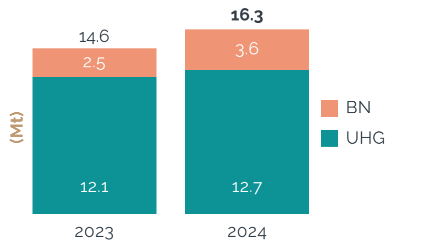
BKH gold deposit:

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**

Notes:
(i). The QP for the estimate is Mr. Julien Lawrence of O2 Mining Limited.
(ii). The Mineral Reserve estimates were prepared with reference to the CIM Definition Standards (2014) and the CIM Best Practice Guidelines (2003).
(iii). Reserves estimated assuming open-pit mining method.
(iv). Waste to ore cut-offs were determined using a net smelter return ("**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.
(v). Reserves are based on gold price of USD1,816 per oz.
(vi). Mineral Reserves were calculated from a diluted "mining" block model which included average dilution of 10% and losses of 2.5%.

Production & Transportation

FIGURE 1. THE GROUP'S ANNUAL ROM COAL PRODUCTION VOLUMES (IN MT) FOR 2023-2024:



COAL MINING

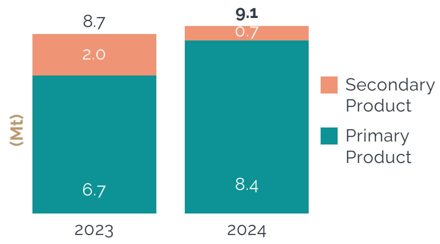
The Group's total ROM coal production was 16.3 Mt in 2024, of which 12.7 Mt and 3.6 Mt of ROM coal was produced from UHG and BN mines, respectively.

A total of 59.6 million bank cubic metres ("**bcm**") of prime overburden was removed, resulting in an actual stripping ratio of 4.7 bcm per ROM tonne for the reporting year at UHG mine.

At BN mine, a total of 26.5 million bcm of prime overburden was removed, resulting in an actual stripping ratio of 7.3 bcm per ROM coal tonne for the reporting year.

The Group's combined annual mine production from UHG and BN mines for the last two years are shown in Figure 1.

FIGURE 2. THE GROUP'S ANNUAL PROCESSED COAL PRODUCTION VOLUMES (IN MT) FOR 2023-2024:



COAL PROCESSING

The Group processed a total of 15.4 Mt of ROM coking coal in 2024, of which 12.5 Mt and 2.9 Mt was sourced from UHG and BN mines, respectively. The coal handling and processing plant ("**CHPP**") has produced 8.4 Mt of washed coking coal as a primary product at 55% yield, and 0.7 Mt of middlings as a secondary product at 5% yield.

The Group's washed coal production in 2024 remained stable, and the CHPP's operating ROM coal feed run rate reached and surpassed 15.0 million tonnes per annum name-plate capacity. The comparative figures for the Group's processed coal production for the last two years are shown in Figure 2.

TRANSPORTATION AND LOGISTICS

The Group predominately shipped its coal products for exports to China via GM port upon export clearance made by Mongolian Customs by utilising trans-shipping facilities at Tsagaan Khad ("**TKH**") and GS Terminal ("**GST**"). Coal was transported from UHG to TKH or GST exclusively by Group's own trucking fleet, whereas, transport from TKH or GST to GM was mainly performed by third-party contractors' trucking fleet and supplemented by the Group's own trucking fleet.

In 2024, a total of 282,001 coal-loaded trucks passed through GS-GM border crossing from Mongolia to China, representing 3.8% y-o-y increase as compared to 271,563 coal-loaded trucks reported for 2023.

According to the data compiled by the Group and its customers, a total of 65,853 coal-loaded trucks passed through the GS-GM border crossing by carrying the Group's coal products in the reporting year, representing 9.2% y-o-y increase from 60,327 coal-loaded trucks recorded in 2023.

SALES AND MARKETING

The Group sells coal products under the following terms: (i) ex-warehouse ("**EXW**") UHG; (ii) free carrier ("**FCA**") TKH; (iii) Delivery-at-Place ("**DAP**") GM; and (iv) FOT GM basis.

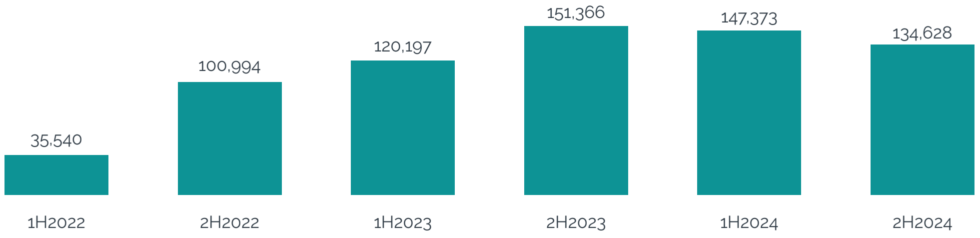
Coal products sold at the UHG coal stockyard under EXW UHG term, which apply to coal products sold to local customers in Mongolia. FCA TKH term refer to exported coal products sold from designated customs bonded yards located in Mongolia. DAP GM term refer to exported coal products delivered to designated customs bonded yards located at GM. FOT GM term applies for coal products sold from designated customs bonded yards located at GM after completing import customs clearance and quality inspections by relevant authorities in China.

The Group sold a total of 8.6 Mt of coal products in 2024, with 4.7 Mt of coal products sold through the MSE, accounting for approximately 55% of total sales. Sales split by product type as follows: (i) 7.8 Mt of primary products, including 4.7 Mt of HCC and 0.4 Mt of SSCC; and (ii) 0.8 Mt of secondary products.

In 2024, the Group auctioned approximately 2.6 Mt of HCC with weighted average price of Renminbi ("**RMB**") 1,224 per tonne and all key information (including product price and volume) related for coal traded by MSE during 2024 is publicly available via the link: https://mse.mn/en/ coal_trading_history/2024.

During the reporting year, ER, the Group's main operating subsidiary, supplied free-of-charge 0.4 Mt of middlings under EXW UHG terms to Tavan Tolgoi Tulsh LLC ("**TTT**") as part of its commitment to socially responsible operations. TTT is a state-owned entity, designated for manufacturing and distributing coal briquettes to Ulaanbaatar residents under the GoM's program to reduce air pollution and improve air quality during the winter heating season.

FIGURE 3. TOTAL NUMBER OF COAL-LOADED TRUCKS CROSSING VIA GS-GM BORDER FOR 2022-2024:



OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

During the reporting year, 14.6 million man-hours were recorded as worked at the coking coal operations by employees, contractors, and sub-contractors of the Group. In 2024, nine occurrences of Lost Time Injuries ("**LTI**") were recorded, resulting in a Lost Time Injury Frequency Rate ("**LTIFR**") of 0.69 LTIs per million man-hours worked equivalent being recorded as compared to 0.8 LTI per million man-hours worked equivalent being recorded during 2023. Unfortunately, one fatal traffic accident involving the Group's staff occurred outside its premises in 2024. The Group has fully cooperated with relevant authorities in conducting the investigation process. Applicable insurance coverage and financial assistance were provided to the families in line with applicable law and internal regulations. The Group is committed to creating and maintaining a culture of "Vision Zero" in which fatalities and incidents shall be fully preventable.

At the gold operations, approximately 1.9 million man-hours were recorded as worked by employees, contractors, and sub-contractors of the Group. There was one occurrence of LTI recorded and TRIFR was 0.6 during the reporting year.

The Group identified and remedied 17 risks that may pose risks classified as class 1, risks that could result in a fatality or permanent disabling injury, throughout our operational areas. Additional training and safety inductions were conducted as part of the countermeasure for the situations identified for all employees and contractors.

Risk assessment and safety analysis were conducted during the reporting year to minimise or eliminate work-related hazards and to enhance awareness of daily safety routines among the Group's employees. Routine working condition inspections and checks were performed, including monitoring heat, noise, lighting, vibration, dust, and toxic gases. During the reporting year, the Group engaged a third party to perform an audit of its Occupational Health Management system. The Group continued to deliver Occupational Health, Safety and Environment ("**OHSE**") specific training to employees, contractors, and sub-contractors, with 21,670 training sessions to individuals, totaling 173,433 man-hours in 2024.

At the gold operations, OHSE specific training was provided to employees, contractors, sub-contractors and visitors, with 5,239 training sessions to individuals, totaling 17,743 man-hours in 2024. In addition, safety training materials and methods were updated, and manuals were developed to meet ISO 45001:2018 standard and the order of Ministry of Labor and Social Welfare.

The Group records all types of safety and environmental incidents, conducts incident investigations, and plans and implements corrective actions to prevent the recurrence of incidents.

In 2024, the Group recorded no environmental incidents. In accordance with the Law on Environmental Protection, an external audit on environmental management was conducted by the Environment Department of Umnugobi aimag (province) at the Group's mine site in December 2024 with the results in the areas of environmental management and legal compliance rated at 96.2% out of 100.0% (2023: 93.4% out of 100.0%).

In July 2024, the Company underwent an external verification process under the Towards Sustainable Mining (TSM) framework, achieving AAA rankings in Biodiversity Conservation Management and Safety & Health protocols.

The Group provides all employees with adequate health and personal accident insurance coverage.

Financial Review

REVENUE

The Group generated a total revenue of USD1,039.9 million during the year ended 31 December 2024, compared to USD1,034.8 million of revenue generated during the year ended 31 December 2023. Total sales volume for 2024 comprised approximately 7.8 Mt of primary products and 0.8 Mt of secondary products, compared to 6.7 Mt of primary products and 3.1 Mt of secondary products sold during 2023.

The Group's average selling price ("**ASP**") for HCC, sold under various delivery terms and excluding applicable VAT in China was USD168.4 per tonne during the year ended 31 December 2024, compared to USD160.2 per tonne during the year ended 31 December 2023.

In 2024, the Group sold approximately 2.6 Mt of HCC through the MSE commodities exchange platform under DAP GM term at ASP of USD178.3 per tonne.

COST OF REVENUE

The Group's cost of revenue consists primarily of mining costs, processing and handling costs, transportation and logistics costs, costs related to site administration, stockpile and transportation loss, and governmental royalties and fees. During the year ended 31 December 2024, the total cost of revenue was USD628.2 million, compared to USD593.2 million during the year ended 31 December 2023.

From the total cost of revenue, USD542.0 million was attributable to coal products produced from the UHG mine and USD86.2 million was attributable to coal products produced from the BN mine.

TABLE 10. TOTAL AND INDIVIDUAL COSTS OF REVENUE:

	Year ended 31 December	
	2024 (USD'000)	**2023 (USD'000)**
Cost of revenue	628,177	593,180
Mining cost	269,334	250,465
Variable cost	156,912	156,598
Fixed cost	36,844	38,544
Depreciation and amortisation	75,578	55,323
Processing cost	67,989	63,456
Variable cost	28,211	26,202
Fixed cost	17,031	13,962
Depreciation and amortisation	22,747	23,292
Handling cost	18,839	17,095
Transportation cost	143,589	92,291
Logistic cost	15,691	12,626
Variable cost	7,533	6,319
Fixed cost	6,529	4,752
Depreciation and amortisation	1,629	1,555
Site administration cost	30,398	27,203
Transportation and stockpile loss	2,929	11,109
Royalties and fees	79,408	118,935
Royalty	75,042	113,902
Air pollution fee	863	871
Customs fee	3,503	4,162

The mining costs are associated with overburden and topsoil removal and ROM coal extraction, including costs related to mining staff and equipment, fuel cost, blasting contractors' cost and mining contractors' cost.

The Group identifies components of the ore body in accordance with the mine plan. Accounting of the unit mining cost is based on the accounting stripping ratio applicable to each component of an ore body mined during the respective reporting periods. The average accounting stripping ratio for components mined was 4.2 bcm per tonne for the year ended 31 December 2024 (2023: 4.4 bcm per tonne).

Unit mining cost was USD18.8 per ROM tonne during the reporting year, compared to USD18.1 per ROM tonne in 2023. The increase in unit mining cost is mainly attributable to increase in depreciation and amortisation cost.

TABLE 11. UNIT MINING COST PER ROM TONNE:

	Year ended 31 December	
	2024 (USD/ROM tonne)	**2023 (USD/ROM tonne)**
Mining cost	18.8	18.1
Blasting	1.3	1.4
Plant cost	5.9	6.1
Fuel	3.7	3.8
National staff cost	1.1	0.9
Expatriate staff cost	0.2	0.2
Contractor fee	1.1	1.6
Ancillary and support cost	0.3	0.1
Depreciation and amortisation	5.2	4.0

Mining costs are not only recorded in the statement of profit or loss but also in the statement of financial position. The cost of pre-stripped overburden, which is associated with the coal to be mined, processed, transported and sold in the future, is capitalised as mining structure in the statement of financial position and subsequently amortised once the attributable ROM coal is extracted according to the mining operations progress.

Processing costs primarily include costs associated with operations of the CHPP, including power generation and water extraction costs. During the year ended 31 December 2024, the Group's processing costs were approximately USD68.0 million (2023: USD63.5 million), of which approximately USD22.7 million was related to the depreciation and amortisation of the CHPP, USD8.1 million was costs related to power generation and distribution and USD2.6 million was costs incurred for water extraction and distribution related to the washed coal products sold during the reporting year.

TABLE 12. UNIT PROCESSING COST PER ROM TONNE:

	Year ended 31 December	
	2024 (USD/ROM tonne)	**2023 (USD/ROM tonne)**
Unit processing cost	4.8	4.6
Consumables	0.3	0.5
Maintenance and spares	0.9	0.7
Power	0.6	0.5
Water	0.2	0.2
Staff	0.3	0.3
Ancillary and support	0.9	0.7
Depreciation and amortisation	1.6	1.7

Handling costs are related to feeding ROM coal from ROM coal stockpiles to the CHPP, raw and thermal coal handling, and the removal of course reject (primarily rock and sediment separated from coal) after coal processing. The Group's handling costs were approximately USD18.8 million during the year ended 31 December 2024 (31 December 2023:USD17.1 million).

Logistics costs are associated with loading and unloading of coal products at UHG, TKH and GST. The Group's logistics costs were USD15.7 million during the reporting year, compared to USD12.6 million recorded in 2023.

During the year ended 31 December 2024, the Group's transportation costs were USD143.6 million (2023: USD92.3 million), including fees paid for the usage of the UHG-GS paved road. In 2023, the majority of coal products were sold on the Mongolian side of the border, whereas in 2024, the majority were sold on the Chinese side of the border. As a result, the total unit transportation cost increased to USD18.2 per tonne in 2024, compared to USD13.8 per tonne in 2023.

The Group used two-step shipment for coal export transportation from the mine area to GM during the reporting year. The first step is around 240 km long-haul section from UHG to TKH, the transshipment yard on the Mongolian side of the border. The transportation on the long-haul section is primarily performed by the Group's own trucking fleet with transportation cost of USD7.1 per tonne during the year ended 31 December 2024, compared to USD7.2 per tonne in 2023.

The second step is around 20 km cross border short-haul shipment between TKH and GM, the Chinese side of the Sino-Mongolian border crossing. During the reporting year, for this short-haul section, the Group utilised a combination of its own trucking fleet and third party contractors' fleet. The transportation cost on the short-haul was USD11.0 per tonne during the year ended 31 December 2024, compared to USD10.6 per tonne in 2023.

For the year ended 31 December 2024, the Group recorded a total transportation loss of around USD1.3 million and a net unrealised inventory loss of USD1.6 million for ROM coal and washed coal product stockpiles (2023: transportation loss of USD1.3 million and net unrealised inventory loss of USD9.8 million). The inventory losses or gains are assessed based on periodic survey measurements of the Group's ROM coal stockpile inventories at the mine sites and coal stockpile inventories at UHG, TKH and inland China. Survey of coal quantity is a measurement of volume, and as for every bulk commodity, the conversion to tonnage requires the application of density assumption, which involves natural variance. Hence, the measurement of stockpile quantities is an estimation in which errors are inherent.

Site administration costs are primarily associated with the site support facilities, such as overall supervision and management of the Group's mining, processing, transportation, and other supporting activities. During the year ended 31 December 2024, the site administration costs were USD30.4 million compared to USD27.2 million in 2023.

Governmental royalties and fees are related to royalties, air pollution fees and customs fees paid in accordance with the applicable laws and regulations of Mongolia. The progressive royalty rate is applied in the range of 5% to 8% for exported processed coal products and 5% to 10% for exported raw coal products based on monthly reference price determined by the relevant governmental authorities of Mongolia. For coal products traded through the MSE commodities exchange platform, royalties are calculated based on the monthly average trading price as published by the MSE. The Group's effective royalty rate was 7.2% during the year ended 31 December 2024, compared to 11.1% in 2023.

GROSS PROFIT

The Group's gross profit for the year ended 31 December 2024 was approximately USD411.7 million, compared to USD441.6 million recorded for the year ended 31 December 2023.

NON-IFRS MEASURE

Certain parts of financial reporting and disclosure may contain non-IFRS financial measures and ratios, such as EBITDA, adjusted EBITDA, free cash flow and net debt, which are not recognised measures of financial performance or liquidity under IFRS. The non-IFRS financial measures presented are measures used by the management to monitor the underlying performance of the business and operations and are presented because they are considered important supplemental measures of performance, and the Group believes that these and similar measures are widely used in the industry in which the Group operates as a way to evaluate operating performance and liquidity. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to the measures used by other companies under the same or similar names.

The Group's adjusted EBITDA was approximately USD495.9 million for the reporting year, compared to approximately USD509.0 million recorded in 2023.

SELLING AND DISTRIBUTION COSTS

The Group's selling and distribution costs were USD9.8 million for the year ended 31 December 2024 (2023: USD4.8 million). The selling and distribution costs are associated with the sales volume realised under FOT GM term for inland China sales activities. The increase in selling and distribution costs was mainly attributable to the reinstatement of China's customs fee on coal imported from Mongolia.

GENERAL AND ADMINISTRATIVE EXPENSES

The Group's general and administrative expenses relate primarily to head office 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 approximately USD46.6 million during the reporting year, compared to USD57.3 million in 2023.

During the reporting year, the Group recorded USD16.6 million in general and administrative expenses in relation to coal donations (2023: USD12.4 million), including USD14.1 million worth of middlings supplied free of charge to TTT, a state-owned entity designated for manufacturing and distributing coal briquettes to Ulaanbaatar residents under the GoM's programme to reduce air pollution and improve air quality, as part of the Group's social contribution (2023: USD10.9 million worth of middlings supplied to TTT).

NET FINANCE COSTS

The Group's net finance cost decreased to USD33.1 million in 2024 from USD40.1 million recorded in 2023. The net finance costs primarily consist of (i) accrued interest expense of 12.5% per annum on the Senior Notes due 2026 with outstanding principal amount of USD220,000,000; (ii) amortisation of the difference between the fair value and the principal amounts due on the Senior Notes due 2026 using the effective interest rate method; (iii) foreign exchange net loss; and (iv) interest income accrued on cash and cash equivalents. The decrease in net finance costs was attributable to decreases in interest expense on senior notes and foreign exchange net loss and increase in interest income.

Breakdown of the net finance costs is set out in note 6 to the consolidated financial statements.

INCOME TAX EXPENSES

The Group's income tax expenses for the year ended 31 December 2024 were approximately USD92.7 million, compared to approximately USD94.8 million incurred for 2023.

PROFIT FOR THE YEAR

The profit attributable to equity shareholders of the Company for the year ended 31 December 2024 amounted to approximately USD242.0 million, compared to approximately USD239.7 million recorded for the year ended 31 December 2023.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended 31 December 2024, the Group's cash needs were primarily related to working capital needs and project development of BKH gold mine.

TABLE 13. COMBINED CASH FLOWS:

	Year ended 31 December	
	2024 (USD'000)	**2023 (USD'000)**
Net cash generated from operating activities	223,491	481,879
Net cash used in investing activities(Note 1)	(177,910)	(172,300)
Net cash used in financing activities(Note 2)	(80,426)	(197,583)
Net (decrease)/increase in cash and cash equivalents	(34,845)	111,996
Cash and cash equivalents at the beginning of the year	175,799	64,695
Effect of foreign exchange rate changes	(433)	(892)
Cash and cash equivalents at the end of the year	140,521	175,799

Notes:

1. Net cash of USD177.9 million used for investing activities comprises of (i) USD101.6 million incurred for payments of deferred stripping activity; (ii) USD87.4 million used for acquisition of property, plant and equipment and construction in progress, of which USD55.3 million was attributable to the project development of BKH gold mine; (iii) USD6.0 million existing cash balance of EM at the date of acquisition; (iv) USD4.8 million interest receipt; and (v) USD0.2 million dividend receipt from an associate.

2. Net cash of USD80.4 million used in financing activities comprises of (i) USD163.9 million used for redemption and payment of distribution of Perpetual Notes; (ii) USD27.5 million interest payment for Senior Notes due 2026; (iii) USD1.1 million payment in relation to lease arrangements; (iv) USD88.8 million generated from disposal of shares in a subsidiary; (v) USD20.0 million proceeds from bank loan; (vi) USD2.8 million proceeds from share option exercise; and (vii) USD0.5 million capital injection received from a non-controlling interest.

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 as at 31 December 2024 divided by total assets) of the Group as at 31 December 2024 was 11.1% (31 December 2023: 10.7%). All borrowings are denominated in USD. Cash and cash equivalents are mainly held in USD, RMB and MNT.

INDEBTEDNESS

As at 31 December 2024, the Group had USD240.0 million outstanding principal payments consisting of (i) USD220.0 million Senior Notes due 2026 and (ii) USD20.0 million bank loan, obtained by EM, of which EM's accounts were held as security for the loan with the bank. (2023: USD220.0 million outstanding principal payment of Senior Notes due 2026).

CREDIT RISK

The Group closely monitors its credit exposure. Credit risk is primarily attributable to trade and other receivables.

As at 31 December 2024, the Group had approximately USD40.7 million in trade receivables and USD57.2 million in other receivables. As at 31 December 2023, the Group had approximately USD33.7 million in trade receivables and USD111.5 million in other receivables.

According to the Group's internal Credit Policy (the "**Credit Policy**"), the Group holds periodic Credit Committee meetings to review, assess and evaluate the Group's overall credit quality and the recoverable amount of each individual trade credit based on quantitative and qualitative analysis. The purpose of the Credit Policy is to set limits for and monitor the unsecured credit provided to customers at an aggregated Group level and to a single customer, and the maximum contractual term for unsecured limit. The management continues to monitor, on an ongoing basis, the exposure, including but not limited to, the current ability to pay, and takes into account information specific to the customer and pertaining to the economic environment in which the customer operates.

The other receivables of USD57.2 million is mainly related to USD47.0 million of VAT receivables and the remaining amounts are deposits, advances, prepayments and other receivables in the ordinary course of business. The management believes that there is no issue in the collectability of such receivables.

FOREIGN EXCHANGE RISK

Cash and cash equivalents denominated in the currency other than the functional currency of the entity to which they relate as at 31 December 2024 and 31 December 2023 amounted to USD50.3 million and USD73.3 million, respectively. Total borrowings denominated in the currency other than the functional currency of the entity to which they relate amounted to USD20.0 million as at 31 December 2024 (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Company has contingent liability in respect of the consideration adjustments for the acquisition of BN mine pursuant to the share purchase agreement (the "**BN 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.

FINANCIAL INSTRUMENTS

On 3 April 2023 (the "**Grant Date**"), the Company granted 10,000,000 and 23,250,000 share options ("**Share Options**" or "**Options**") pursuant to the share option scheme ("**Share Option Scheme**") adopted and approved by the shareholders of the Company on 16 June 2021 ("**Adoption Date**") to a director and employees, respectively, at the exercise price of HKD3.260 under the Share Option Scheme. During 2024, a total of 6,604,000 Share Options were exercised (2023: nil).

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 model. The variables of the models included 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
Expected life	5 years
Risk-free interest rate	3.020%
Expected volatility	60%
Expected dividends	–

The risk-free interest rate is based on the market yield of Hong Kong Government Bond corresponding to the expected life of the Options as at the Grant Date. 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 life of the Options. Expected dividends are based on management's estimates. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share Options were granted under service conditions. 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.

During the year ended 31 December 2024, USD1.9 million was recognised in administrative expenses and capital reserves in relation to the equity-settled share-based transactions (2023: USD2.2 million).

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As at 31 December 2024 and 2023, the capital commitments were as follows:

TABLE 14. CAPITAL COMMITMENTS:

	As at 31 December 2024 (USD'000)	As at 31 December 2023 (USD'000)
Contracted for	31,269	21,142
Authorised but not contracted for	50,833	192
Total	82,102	21,334

Note: Capital commitment of USD82.1 million includes USD45.1 million commitment related to the project development of BKH gold mine.

TABLE 15. THE GROUP'S HISTORICAL CAPITAL EXPENDITURE FOR THE PERIODS INDICATED:

	Year ended 31 December	
	2024 (USD'000)	2023 (USD'000)
CHPP	158	313
Project development of BKH gold mine	55,275	–
Trucks and equipment	9,559	31,444
Others	22,396	9,539
Total	87,388	41,296

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Company did not hold any significant investments.

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

(i) Subscription of 50% interest in EM

On 10 January 2023, the Company entered into an investment agreement with EM and Erdene Resource Development Corporation to subscribe for 50% of the issued and outstanding share capital of EM for a total consideration of USD40,000,000. Upon completion of the subscription, on 25 January 2024, EM became a subsidiary of the Company. Please refer to the announcements of the Company dated 11 January 2023 and 25 January 2024 for further details.

(ii) Disposal of 20% interest in a wholly-owned subsidiary

On 21 February 2024, Baruun Naran S.a.r.l ("**BNS**") (an indirect wholly-owned subsidiary of the Company) and the Company (each as the "**Seller**") and Jiayou International Logistics Co., Ltd* (嘉友國際物流股份有限公司) (the "**Purchaser**"), an independent third party, entered into a share purchase agreement, pursuant to which the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to purchase 20% equity interest in KEX for a consideration of USD88,810,000 ("**KEX Share Purchase Agreement**"). Upon closing of the KEX Share Purchase Agreement, on 3 June 2024, the Company and the Purchaser held 80% and 20% equity interest in KEX respectively and KEX remains as a subsidiary of the Company.

This transaction was accounted for as an equity transaction and did not result in the recognition of any gain or loss in the statement of profit or loss. Please refer to the announcements of the Company dated 21 February 2024 and 3 June 2024 for further details.

* *For identification purposes only*

(iii) Acquisition of 50.5% interest in Universal Copper LLC ("UCC")

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 purchase 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**"). Upon closing of the UCC Share Purchase Agreement, on 11 March 2025, UCC became a subsidiary of the Company. Please refer to the announcement of the Company dated 11 December 2024.

OTHER AND SUBSEQUENT EVENTS

In January 2025, the Company repurchased a total of 2,937,000 of its own shares on the Stock Exchange. The repurchased shares were subsequently cancelled in February 2025.

EMPLOYEES

As at 31 December 2024, the number of employees of the Group was 2,559 (which included 101 employees at the gold and metals operations), compared with 2,372 employees as at 31 December 2023.

The Group's employees are remunerated with reference to the individual performance, experience, qualification and the prevailing salary trends in the local market, which is subject to review from time to time. With reference to the Group's financial and operational performance, employees may also enjoy other benefits such as discretionary bonus and Share Options pursuant to the Company's Share Option Scheme. On 16 June 2021, the Share Option Scheme was adopted which is effective for a period of 10 years.

The Group believes that the foundation of its progress is to build employee capabilities. Hence, having a sound training and development mechanism is an important part of developing its employee capabilities. Employees have the opportunity to further develop their skills and competencies through ongoing training and development based on business needs of the Company and job specifications.

Training and development programs shall be designed for the interest and welfare of the Company and employees. An employee who has completed his/her training is expected to apply the knowledge into practice and share the newly gained experience with co-workers. The immediate management shall be responsible for the support and supervision of the process. During the year ended 31 December 2024, the Company focused on internally sourced training rather than training provided by external parties. As at 31 December 2024, a total of 18,368 employees attended different professional trainings, out of which 14,859 employees attended occupational, health, and safety training, 2,561 employees attended professional development training, and 948 employees attended general skills development training.

During the reporting year, the Group continued online safety training for all employees and contractors. A new series of specific theoretical and practical trainings were provided to 134 mining heavy equipment operators and 20 mining heavy equipment fitters. In order to improve the skills and methods of the Group's training instructors, they were enrolled in different ISO module trainings as well as given first aid training and additional general skills training.

For the year ended 31 December 2024, staff cost was USD61.0 million, compared to USD46.0 million in 2023. The increase in staff cost was mainly due to higher number of employees and man-hours worked following increase in mining, processing, transportation and sales volume.

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 2024 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 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 2024, USS is a 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 30.84% 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 2024 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 2024 under this agreement was approximately USD8,072,773.

(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.

Connected Person

As at 31 December 2024, 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 30.84% 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 2024 is MNT17,301,491,588 (then equivalent to approximately USD5,036,062). The actual transactions (excluding VAT) made by the Group for the year ended 31 December 2024 under this agreement was approximately USD4,117,530.

(3) Power System Operation and Maintenance Agreement

Principle Terms

On 27 January 2021, ER entered into a Power System Operation and Maintenance Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Holding 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 (the "**2021 Power System Operation and Maintenance Agreement**"). This agreement was for a term of three years commencing from 1 April 2021 to 31 March 2024. On 28 March 2024, ER and MCS International LLC entered into a new agreement which covers the same scope of services as those set out in the 2021 Power System Operation and Maintenance Agreement for a term of three years commencing from 1 April 2024 to 31 March 2027 (the "**2024 Power System Operation and Maintenance Agreement**").

Connected Person

As at 31 December 2024, MCS International 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 30.84% 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 2024 Power System Operation and Maintenance 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 for the transactions under the 2021 Power System Operation and Maintenance 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 the 2024 Power System Operation and Maintenance Agreement from 1 April 2024 to 31 December 2024 is MNT38,403,857,584 (then equivalent to approximately USD11,374,573) whereas annual cap for the 2021 Power System Operation and Maintenance Agreement from 1 January 2024 to 31 March 2024 is MNT6,791,799,025 (then equivalent to approximately USD2,383,464).

The actual transactions (excluding VAT) made by the Group under the 2024 Power System Operation and Maintenance Agreement was approximately USD8,610,539 from 1 April 2024 to 31 December 2024. Under the 2021 Power System Operation and Maintenance Agreement, the actual transactions (excluding VAT) made by the Group was approximately USD1,809,070 from 1 January 2024 to 31 March 2024.

(4) Power Distribution Facilities Operation and Maintenance Agreement

Principle Terms

On 27 January 2021, KEX entered into a Power Distribution Facilities Operation and Maintenance Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Holding 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 (the "**2021 Power Distribution Facilities Operation and Maintenance Agreement**"). This agreement is for a term of three years commencing from 1 April 2021 to 31 March 2024. On 28 March 2024, KEX and MCS International LLC entered into a new agreement which covers the same scope of services as those set out in the 2021 Power Distribution Facilities Operation and Maintenance Agreement for a term of three years commencing from 1 April 2024 to 31 March 2027 (the "**2024 Power Distribution Facilities Operation and Maintenance Agreement**").

Connected Person

As at 31 December 2024, MCS International 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 30.84% 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 2024 Power Distribution Facilities Operation and Maintenance 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 for the transactions under the 2021 Power Distribution Facilities Operation and Maintenance 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 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 the 2024 Power Distribution Facilities Operation and Maintenance Agreement from 1 April 2024 to 31 December 2024 is MNT2,267,255,999 (then equivalent to approximately USD671,523) whereas annual cap for the 2021 Power Distribution Facilities Operation and Maintenance Agreement from 1 January 2024 to 31 March 2024 is MNT401,144,971 (then equivalent to approximately USD140,775).

The actual transactions (excluding VAT) made by the Group under the 2024 Power Distribution Facilities Operation and Maintenance Agreement was approximately USD505,963 from 1 April 2024 to 31 December 2024. Under the 2021 Power Distribution Facilities Operation and Maintenance Agreement, the actual transactions (excluding VAT) made by the Group was approximately USD94,706 from 1 January 2024 to 31 March 2024.

(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 2024, 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 30.84% 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 2024 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 2024 under this agreement was approximately USD1,059,501.

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

(6) 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, SSCC, 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 2024, JIA holds a 20% equity interest in KEX and is therefore considered as a connected person of the Company at the subsidiary level.

* For identification purposes only

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 was 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 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 from 19 April 2024 to 31 December 2024 is USD141,655,172. The actual transactions received by the Group for the year ended 31 December 2024 under this agreement was approximately USD67,290,753.

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

(7) Power Purchase Agreement

Principle Terms

On 27 October 2023, EM entered into a Power Purchase Agreement with MCS International LLC, a wholly-owned subsidiary of MCS Holding 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.

Connected Person

As at 31 December 2024, MCS International 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 30.84% 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 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.

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 designated monthly charge or per kilowatt-hour charge as set forth in this agreement, which are based on the estimated costs of machinery, equipment, tools, and consumables used for the maintenance and servicing of facilities, as well as labor costs and other related expenses and overheads associated with the production of electricity.

The maximum annual payment for this agreement for the year ended 31 December 2024 is USD10,124,400. There was no payment made by the Group for the year ended 31 December 2024 under this agreement.

(8) 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 2024, 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 30.84% 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 contengency.

The actual transactions received by the Group for the year ended 31 December 2024 under this agreement was approximately USD25,862,206.

In the opinion of the independent non-executive Directors, the CCTs set out in items (1) to (8) 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 (8) 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 (6) 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 power purchase transaction with MCS International LLC and the engineering, procurement and construction works transaction with MCS Property LLC which were set out in items (7) and (8) above are pre-existing CCTs as set out in the Listing Rules 14A.60. Accordingly no annual caps were set by the Directors for these CCTs.

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.

GOVERNANCE

The Board is pleased to present this Corporate Governance Report in the annual report for the year ended 31 December 2024.

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 2024, 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 2024.

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 2024.

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 was appointed as an independent non-executive Director and a member of the Audit Committee, while Dr. Tsend-Ayush Tuvshintur was appointed as an independent non-executive Director and a member of the Environmental, Social and Governance Committee, both effective from 17 January 2025. The new independent non-executive Directors, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, have obtained legal advice referred to in Rule 3.09D of the Listing Rules on 16 January 2025 and 15 January 2025 respectively, and each of them has confirmed that he/she understood his/her obligations as a Director.

The Board currently comprised ten Directors, consisting of two executive Directors, three non-executive Directors and five 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:

Mr. Od Jambaljamts, *member of the Environmental, Social and Governance Committee*

Ms. Enkhtuvshin Gombo, *member of the Audit Committee*

Mr. Myagmarjav Ganbyamba, *member of the Environmental, Social and Governance Committee*

Independent Non-Executive Directors:

Dr. Khashchuluun Chuluundorj, *Chairman of the Remuneration Committee and member of the Audit Committee, the Environmental, Social and Governance Committee and the Nomination Committee*

Mr. Unenbat Jigjid, *Chairman of the Environmental, Social and Governance Committee and member of the Audit Committee, the Nomination Committee and the Remuneration Committee*

Mr. Chan Tze Ching, Ignatius, *Chairman of the Audit Committee and member of the Environmental, Social and Governance Committee*

Ms. Delgerjargal Bayanjargal, *member of the Audit Committee*

Dr. Tsend-Ayush Tuvshintur, *member of the Environmental, Social and Governance 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 8 of the annual report for the year ended 31 December 2024 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 2024, 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 (except for Mr. Myagmarjav Ganbyamba, a non-executive Director appointed for a specific term of one year) 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 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 Directors have participated in the following trainings during the year ended 31 December 2024:

	Types of training
Executive Directors	
Mr. Odjargal Jambaljamts	A, B
Dr. Battsengel Gotov	A, B
Non-executive Directors	
Mr. Od Jambaljamts	A, B
Ms. Enkhtuvshin Gombo	A, B
Mr. Myagmarjav Ganbyamba	A, B
Independent Non-executive Directors	
Dr. Khashchuluun Chuluundorj	A, B
Mr. Unenbat Jigjid	A, B
Mr. Chan Tze Ching, Ignatius	A
Ms. Delgerjargal Bayanjargal (appointed on 17 January 2025)	A, B
Dr. Tsend-Ayush Tuvshintur (appointed on 17 January 2025)	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshop
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

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 four independent non-executive Directors, namely Mr. Chan Tze Ching, Ignatius (who possesses the appropriate professional qualifications or accounting or related financial management expertise), Dr. Khashchuluun Chuluundorj, Mr. Unenbat Jigjid and Ms. Delgerjargal Bayanjargal, 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 2024, 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 2024.

Remuneration Committee

The Remuneration Committee consists of three members, namely Dr. Khashchuluun Chuluundorj and Mr. Unenbat Jigjid, being independent non-executive Directors, and Mr. Odjargal Jambaljamts, being executive Director. Dr. Khashchuluun Chuluundorj 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 2024, 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.

Table 16. Remuneration by band of the senior management:

	2024
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 2024 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, Dr. Khashchuluun Chuluundorj and Mr. Unenbat Jigjid, 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 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; and
- To assess the independence of independent non-executive Directors.

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 2024, 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.

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 seven male Directors and three female Directors, following the appointment of two female Directors on 17 January 2025. 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 69 of this annual report.

Our Directors have a balanced mix of knowledge and skills. They obtained degrees in various majors including business administration, organic chemistry, foreign affairs, banking and finance and economics. As at the date of this annual report, we have five independent non-executive Directors with different industry backgrounds, representing half of the Board. Furthermore, our Board has a diverse age and gender representation, with female members accounting for 30% of the Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

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 69 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 2024, there was no change in the composition of the Board. Subsequently, 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.

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 six members with a majority of independent non-executive Directors, namely Mr. Unenbat Jigjid, Dr. Khashchuluun Chuluundorj, Mr. Chan Tze Ching, Ignatius, and Dr. Tsend-Ayush Tuvshintur, being independent non-executive Directors, and Mr. Od Jambaljamts and Mr. Myagmarjav Ganbyamba, being non-executive Directors. Mr. Unenbat Jigjid 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 2024, 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 2024 is set out in the table below:

Table 17. Attendance records:

	Attendance/Number of Meetings					
Name of Director	Board	Nomination Committee	Remuneration Committee	Audit Committee	Environmental, Social and Governance Committee	Annual General Meeting
Odjargal Jambaljamts	3/4	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	2/4	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	4/4	1/1	1/1	2/2	1/1	1/1
Unenbat Jigjid	4/4	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

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 2024.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee is delegated by the Board in leading the management and overseeing their design, implementation, and monitoring of the risk management and internal control systems.

The Company's management, under the oversight of the Board, through the Audit Committee, is responsible for designing, implementing, and monitoring the risk management and internal control systems and such systems are reviewed by the management and the Board at least annually.

The Company has an Internal Audit Department which performs independent review of the adequacy and effectiveness of the risk management and internal control 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's "Risk Management Policy", "Internal Control Procedure" and other policies, procedures and work instructions establish the Company's risk management and internal control frameworks. The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including sales, financial reporting, HR, and information technology ("**IT**").

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 are those arising within the organisation that are controllable and ought to be minimised with its' consequences mitigated. Routine operational and technical risks include, but are not limited to, risks related to mining, processing, transportation activities, 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.

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 15 international reinsurers.

As part of the Engineering, Procurement and Construction Works contract between EM and MCS Property LLC for the Bayan Khundii project, the contractor has secured comprehensive insurance covering all risks related to contract performance. Similarly, under the Power Purchase Agreement between EM and MCS International LLC, general liability insurance, property insurance for the seller's facilities, personal injury coverage, and professional liability insurance have been secured.

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. 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 proper oversight and risk mitigation.

The internal control system of the Company is based on the "Three Lines of Defense" model.

As the first "line of defense", the Company implements various internal controls built into day-to-day operations. As of the end of 2024, there are 5 policies, 165 standard operational procedures, and about 431 work instructions effectively followed in the operations. In 2024, 4 procedures and 23 work instructions are newly approved, and 34 procedures and 155 work instructions are updated to improve risk controls.

The functional departments' reviews and controls make the second "line of defense". In addition to these continuous controls, the Compliance unit of the UHG branch conducts compliance reviews annually to identify compliance risks that may potentially impact the business of the Group in various aspects. In 2024, compliances reviews were conducted concerning 46 different areas of the Company operations using over 1,979 control questions covering Mongolian laws, regulations, technical standards, and rules pertinent to the main operational areas of the Company, including the subcontractors' operations. The compliance rate was assessed as good and having a low level of risk.

As the third "line of defense", the Internal Audit Department performs an independent review of the adequacy and effectiveness of the risk management and internal control systems of the Company. During the year 2024, the Internal Audit Department reviewed the effectiveness of the risk management and internal control systems by reviewing the risk registers, risk management reports, minutes of meetings, risk mitigation action plan implementation documents, sample-testing of the control measures put in place and meeting with the managers and employees' representatives.

Furthermore, the Internal Audit Department conducted several audit reviews, including: (i) connected transactions for 2023; (ii) transactions of EM that became continued connected transactions following the closing of the Investment Agreement with EM and Erdene Resource Development LLC; (iii) standards, procedures, and related processes for workwear and personal protective equipment; (iv) settlement processes with major contractors; (v) third-party risk management; (vi) coal transportation operations; (vii) management override and intervention of controls; and (viii) the occupational health and safety management system. Detailed reports, including recommendations, were submitted to and discussed with the executive management, while summary reports were presented to the Audit Committee on a quarterly basis. The resolution of identified non-compliances was monitored and reported to both executive management and the Audit Committee.

During the year 2024, the Company underwent 15 external and third-party audits conducted by 8 regulatory bodies, including the Ministry of Labor and Social Security, the Umnugobi Aimag Governor's Office, the Emergency Management Agencies of Khanbogd and Tsogttsetsii soums, and various Umnugobi Aimag departments overseeing standards, labor, transport and communications. These audits evaluated compliance in critical operational areas such as disaster prevention, occupational safety, environmental impact, labor relations and infrastructure standards.

The Company's compliance risk exposure in these areas was assessed as low, with an average external audit score of 83% across all audited areas. Corrective actions have been implemented to address identified non-conformities, and the Company has reported the remediation status to the relevant regulatory bodies. As at the date of this annual report, approximately 84% of the non-conformities identified during the external audits have been resolved.

The management has confirmed to the Board and the Audit Committee the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024. The review was undertaken (i) based on the ongoing communications and discussions with the management about the Company's principal risks and the management's responses to the risks including the control mechanisms; and (ii) through the internal and external audits' reviews. The Board has considered that risk management and internal control systems within the Group were effective and adequate. The annual review also covered the financial reporting, internal audit functions, and those relating to the Group's ESG performance and reporting, their resources, staff qualifications, experiences, training programs, and budget of these functions and the Board considered them adequate. During the year under review, there was no material weakness in the Group's risk management and internal controls and the Company considers its risk management and internal control systems effective and adequate.

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 2019, 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 2024.

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 79 to 81.

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 2024 is set out below:

Service Category	Fees Paid/Payable
Audit Services	USD445,447
Review Services	USD233,924
Non-audit Services including the fees for tax advisory services	USD6,777
	USD686,148

In addition to the above, an audit fee of USD45,500 was paid to the KPMG network for the statutory audit of EM.

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 2024, 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 2024 after reviewing the shareholder and investor communication activities conducted during the year.

The CG Code provision F.2.2 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 2024 AGM of the Company. Mr. Odjargal Jambaljamts joined the 2024 AGM via webcast.

During the year under review, the Company has amended its Memorandum and Articles of Association. Details of the amendments are set out in the circular of the Company dated 29 April 2024. An up-to-date version of the Company's Memorandum and Articles of Association is also 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 pursuant to code provision F.1.1, 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 10 to 32 and Financial Summary section on page 130 of this annual report.

The Group generated a total revenue of approximately USD1,039.9 million during the year ended 31 December 2024, compared to USD1,034.8 million of revenue generated during the year ended 31 December 2023.

The Group's adjusted EBITDA for the year ended 31 December 2024 was approximately USD495.9 million, compared to the adjusted EBITDA of approximately USD509.0 million recorded for the year ended 31 December 2023.

The profit attributable to the equity shareholders of the Company for the year ended 31 December 2024 was USD242.0 million, compared to USD239.7 million of profit attributable to the equity shareholders of the Company recorded for the year ended 31 December 2023.

The basic and diluted earnings per share attributable to the equity shareholders of the Company amounted to USD22.12 cents and USD21.77 cents, respectively, for the year ended 31 December 2024, compared to the basic and diluted earnings per share of USD21.95 cents for the year ended 31 December 2023.

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 under the Sustainability section on pages 58 to 67 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 in the subsection headed "OPERATING ENVIRONMENT" under the Financial & Operating Reviews section on page 12 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 Financial & Operating Reviews section on page 27 and the Environmental, Social and Governance Report under the Sustainability section on pages 53 to 77 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 26 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 2025" under the Financial & Operating Reviews section on page 13 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 27 of this annual report. Save as disclosed above, there have been no post balance sheet events subsequent to 31 December 2024 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 18.

Table 18. 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	8.1%	
Five largest customers in aggregate	30.6%	
The largest supplier		13.2%
Five largest suppliers in aggregate		42.4%

To the best knowledge of the Directors, save for MCS Mongolia LLC's interests in MCS Property LLC which is the fifth largest supplier, 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. MCS Property LLC is an indirect wholly-owned subsidiary of MCS Mongolia LLC, a controlling shareholder of the Company. For further details, please refer to the subsection headed "Non-exempt Continuing Connected Transaction" on pages 28 to 32.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2024 and the state of the Group's affairs as at that date are set out in the consolidated financial statements on pages 82 to 129.

TRANSFER TO RESERVES

Profit attributable to equity shareholders, before dividend, of USD242.0 million (2023: profit of USD239.7 million) has been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 84.

DIVIDEND

No dividend has been declared and paid by the Group during the year ended 31 December 2024. The Board does not recommend the payment of a dividend for the year ended 31 December 2024 (dividend for the year ended 31 December 2023: nil).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2024 amounted to USD5,825,326.54 (2023: USD14,839,000).

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 2024 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 130.

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. Battsengel Gotov *(Group Chief Executive Officer)*

Non-executive Directors

Mr. Od Jambaljamts
Ms. Enkhtuvshin Gombo
Mr. Myagmarjav Ganbyamba

Independent Non-executive Directors

Dr. Khashchuluun Chuluundorj
Mr. Unenbat Jigjid
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, Mr. Odjargal Jambaljamts, being the executive Director, Ms. Enkhtuvshin Gombo being a non-executive Director, and Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being the independent non-executive Directors will retire from directorship 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 the Overview section on pages 5 to 7.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence in accordance with the independence guidelines set out in 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 (except for Mr. Myagmarjav Ganbyamba) and independent non-executive Directors is engaged on a letter of appointment with the Company for a term of three years. Mr. Myagmarjav Ganbyamba, being a non-executive Director, is engaged on a letter of appointment with the Company for a term of one year.

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 2024 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, 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 2024, 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 2024.

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 2024, 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 19. Interests in Shares:

		Ordinary shares of USD0.10 each	
Name of Director	**Nature of interest**	**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)	4.40%
	Interest of controlled corporation	323,492,188 (L)	30.84%
Mr. Od Jambaljamts (Note 2)	Beneficial Owner	26,576,226 (L)	2.53%
	Interest of controlled corporation	323,492,188 (L)	30.84%
Mr. Myagmarjav Ganbyamba	Beneficial Owner	12,000 (L)	0.0011%
Mr. Chan Tze Ching, Ignatius	Beneficial Owner	249,000 (L)	0.02%

(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. Od Jambaljamts is directly interested in approximately 30.67% 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.

(3) As at 31 December 2024, the total number of Shares in issue was 1,049,080,786 Shares.

Table 20. Interest in underlying Shares:

		Ordinary shares of USD0.10 each	
Name of Director	**Nature of interest**	**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	8,000,000 (L)	0.76%

(L) – Long position

Save as disclosed above, as at 31 December 2024, 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 2024, the remaining life of the Share Option Scheme was approximately 6 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:

a. 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;

b. any non-executive Directors (including independent non-executive Directors) of the Company or any of its subsidiaries;

c. any supplier of goods or services to any member of the Group;

d. any customer of the Group;

e. any person or entity that provides research, development or other technological support to the Group; and

f. 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:

a. the closing price of the Shares as stated in the SEHK's daily quotations sheet on the Offer Date;

b. 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

c. 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 96,252,178 Shares, representing 9.20% 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 25,146,000 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 2.40%.

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 70,168,678 as at 1 January 2024 and 71,106,178 as at 31 December 2024.

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 paragraph headed "Financial Instruments" under the Financial & Operating Reviews section on page 26 of this annual report and Note 27(a) to the consolidated financial statements set out in page 119 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 2024 were as follows:

Table 21. Director:

				Number of Share Options						
Name of Director	Date of Grant	Exercise period	Exercise price per share	Balance as at 1 January 2024	Granted during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Balance as at 31 December 2024	Weighted average closing price of the shares immediately before the dates of exercise during the year ended 31 December 2024
Dr. Battsengel Gotov	3 April 2023	Note 1	HKD3.260	10,000,000	–	–	–	2,000,000	8,000,000	HKD9.549

Table 22. Employees of the Group other than Directors:

			Number of Share Options						
Date of Grant	Exercise period	Exercise price per share	Balance as at 1 January 2024	Granted during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Balance as at 31 December 2024	Weighted average closing price of the shares immediately before the dates of exercise during the year ended 31 December 2024
3 April 2023	Note 1	HKD3.260	22,750,000	–	937,500	–	4,604,000	17,208,500	HKD9.121

Notes:

1. The Share Options are subject to exercising scale in four tranches of 25% each. The exercise periods are as follows:

   (1) first 25% of the Share Options granted – 3 April 2024 to 3 April 2028

   (2) second 25% of the Share Options granted – 3 April 2025 to 3 April 2028

   (3) third 25% of the Share Options granted – 3 April 2026 to 3 April 2028

   (4) fourth 25% of the Share Options granted – 3 April 2027 to 3 April 2028

2. There are no vesting period nor purchase price attached to the Share Options under the Share Option Scheme.

3. 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 2024, 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 2024 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 2024, 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 23. Interests in the Shares and underlying Shares:

		Ordinary shares of USD0.10 each	
Name of substantial shareholder	Nature of interest	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)	30.84%
MCS Mongolia LLC (Note 1)	Interest of controlled corporation	323,492,188 (L)	30.84%
Ms. Batmunkh Dashdeleg (Note 1)	Interest of spouse	369,656,942 (L)	35.24%
Ms. Munkhsuren Surenkhuu (Note 1)	Interest of spouse	350,068,414 (L)	33.37%
Continental General Holdings LLC ("**CGH**") (Note 2)	Interest of controlled corporation	93,888,000 (L)	8.95%
Continental Insurance Group, Ltd. ("**CIG**") (Note 2)	Interest of controlled corporation	93,888,000 (L)	8.95%
Continental General Insurance Company ("**CGIC**") (Note 2)	Beneficial Owner	93,888,000 (L)	8.95%
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)	9.08%
Kerry Mining (UHG) Limited ("**KMUHG**") (Note 3)	Beneficial owner	73,383,000 (L)	6.99%
Kerry Mining (Mongolia) Limited ("**KMM**") (Note 3)	Interest of controlled corporation	73,383,000 (L)	6.99%
Fexos Limited ("**Fexos**") (Note 3)	Interest of controlled corporation	73,383,000 (L)	6.99%
Kerry Holdings Limited ("**KHL**") (Note 3)	Interest of controlled corporation	73,383,000 (L)	6.99%
Kerry Group Limited ("**KGL**") (Note 3)	Interest of controlled corporation	73,383,000 (L)	6.99%

(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 2024, the total number of Shares in issue was 1,049,080,786 Shares.

Save as disclosed above, as at 31 December 2024, 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 2024, the non-exempt CCTs of the Group were USD117.4 million. The details of non-exempt CCTs for the year ended 31 December 2024 are set out on pages 28 to 32 of this annual report.

CONNECTED TRANSACTIONS

As at 31 December 2024, the Group had not entered into any non-exempt connected transactions.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2024, 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 2024.

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.

Based on Collective (Tariff) Agreement of the Geology, Mining and Heavy Industry Sector for 2023 to 2024, entered into force on 22 June 2023 and is effective until 22 June 2025, each employee who retires from the mining industry shall receive payment equal to double of the minimum wage of the industry multiplied by the number of years worked in the mining industry.

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 Social Security Legislation of Mongolia, 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 2024, 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 2024.

CHARGES ON GROUP ASSETS

As at 31 December 2024, 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 2024.

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

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the listed securities of the Company or sold any treasury Shares. As at 31 December 2024, 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 28 to 32, the related party transactions set out in note 32(a) 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 2024 Interim Report are set out below:

Dr. Battsengel Gotov ceased to be the chief executive officer of Energy Resources Rail LLC from 2 August 2024, and chairman of Energy 3x3 Club in 2024. He has been appointed as chairman of the board of director of Khangad Exploration LLC.

Dr. Khashchuluun Chuluundorj has ceased to be an independent member of the Monetary Policy Council of the Bank of Mongolia on 14 January 2025.

AUDITOR

Messrs. KPMG was engaged as auditor of the Company for the year ended 31 December 2024. 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 June 2024.

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, 24 March 2025

SUSTAINABILITY

Introduction

ABOUT THE REPORT

The report presented here provides an overview of the Environmental, Social and Governance ("**ESG**") performance of the Group for the period from 1 January to 31 December 2024. It offers a detailed account of the Group's efforts and achievements in addressing the ESG concerns during the said period. The report demonstrates the Group's commitment to sustainability and social responsibility and provides stakeholders with valuable insights into the Group's operations and future direction.

Reporting Boundaries and Scope

When defining our reporting boundaries, we take into account the impacts reflected across all our sustainable development metrics, considering both the results from operation within our subsidiaries and influences from external parties like suppliers, to a specific extent. We exclude from our reports any entities or operations that are neither owned, operated, nor directly managed by us. While our primary goal in reporting is to ensure that the information provided is complete, timely, reliable, and accurate, it is important to acknowledge that achieving absolute accuracy is challenging. This is due to the complexity of compiling extensive data streams throughout the reporting period. As of 20 March 2024, our greenhouse gas ("**GHG**") emissions have been verified as meeting the requirements of the WRI/ WBCSD Greenhouse Gas (GHG) Protocol, in accordance with ISO 14064-3:2019. In 2025, we aim to provide certified verification of the WRI/WBCSD Greenhouse Gas (GHG) Protocol, in accordance with ISO 14064.

GOVERNANCE & STRATEGY

The Board of the Company has a dedicated ESG Committee that is fully committed to the long-term sustainability strategy of the Company. The ESG Committee plays a critical role in ensuring that the company operates in a socially responsible, environmentally sustainable, and financially viable manner. The committee is responsible for overseeing the integration of ESG considerations into the Company's overall strategy, decision-making processes, and operations.

The committee's responsibilities include monitoring and evaluating the Company's performance against key ESG metrics and targets, identifying emerging ESG risks and opportunities, and recommending actions to mitigate risks. During the reporting period, the ESG Management Committee oversees and manages issues pertaining to environmental, social, and governance concerns and additionally executes the ESG strategy, sustainability initiatives, and practices as directed. ESG Management Committee is headed by the Group Chief Executive Officer of the Company and comprising of ten representatives from the Company's operations and head office. The committee members bring a diverse range of expertise and perspectives to the table, including environmental management, social responsibility, and finance. The committee recommends, supports, and transmits out the directives of the ESG Committee of the Board. The Board has direct oversight and control over the Group's ESG strategy and risk management.

The Group continued to make significant strides around the key gap areas identified during the reporting period. We concluded a number of workstreams in 2024 and addressed future prospects, challenges, and objectives. The physical risk assessment, climate-integrated capital planning and strategy, emission reduction targets, plans, and communication, as well as sustainability communication on our website and reporting, were among the other high-priority next obligations that the Company considered. MMC intends to focus on the social and governance facets of ESG and establish platforms that would strengthen ties between management and associates, as we placed a higher priority on environmental improvements.

The following are focus area topics in 2025: (i) carbon accounting verification expected to be completed in April 2025; (ii) second self-assessment on Towards Sustainable Mining ("**TSM**") to be completed in July 2025; (iii) whistleblower software activation in August 2025; (iv) transition risk and target setting planned for the rest of 2025. To establish science-based targets, the Company plans to implement the ISO 14068-1:2023 "Climate Change Management – Transition to Net Zero" standard by 2026. Once the standard is implemented, the Company will announce official Interim Targets. As part of this effort, we are currently verifying our 2023 baseline emissions in accordance with the ISO 14064 standard, which were already aligned with the GHG protocol.

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

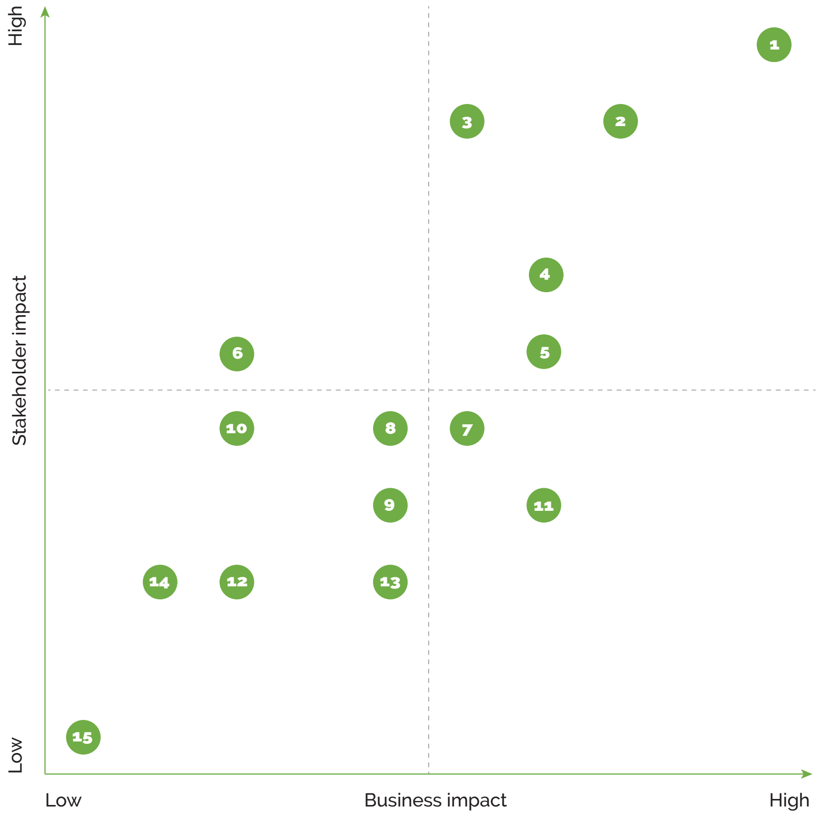
Environment

Employment

Governance

Materiality assessment

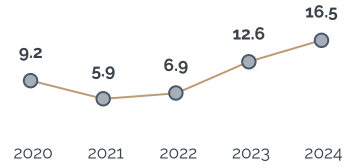
An internal materiality assessment has been conducted with our overall policies, strategies, as well as future challenges for the mining sector having been taken into account. This materiality assessment plots our top priorities, mapping them in terms of our environmental, social, and economic impacts,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



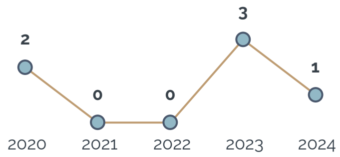
1. OHSE
2. Climate adaptation & resilience
3. GHG emissions
4. Anti-corruption
5. Water management
6. Biodiversity
7. Waste management
8. Non-Discrimination and equal opportunity
9. Local communities
10. Tailings
11. Employment practices
12. Air emissions
13. Suppliers
14. Socioeconomic compliance
15. Forced labor and modern slavery

Performance Dashboard

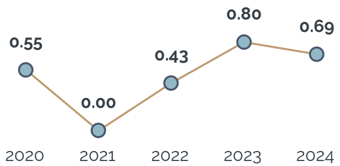
MAN-HOURS WORKED
(million hours worked)



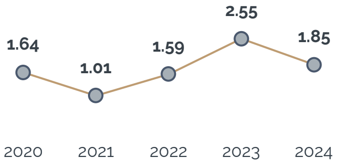
FATALITIES



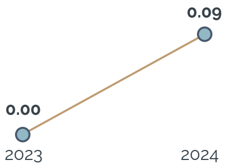
LTIFR (COKING COAL)
(per million hours worked)



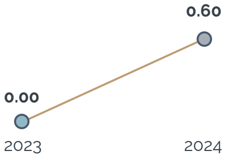
TRIFR (COKING COAL)
(per million hours worked)



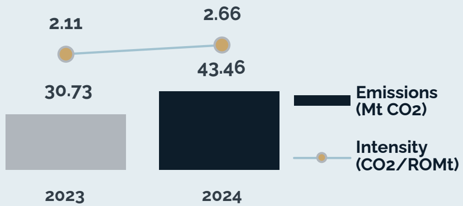
LTIFR (GOLD & METALS)
(per 200,000 hours worked)



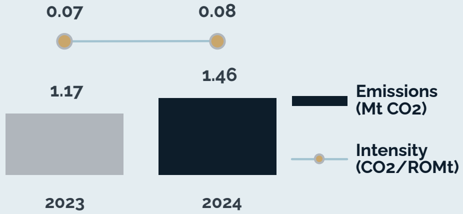
TRIFR (GOLD & METALS)
(per 200,000 hours worked)



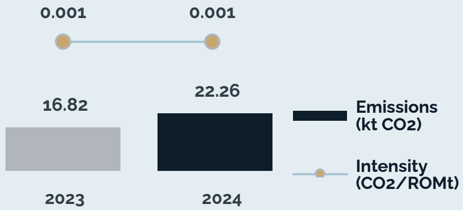
TOTAL GHG EMISSIONS (COKING COAL)



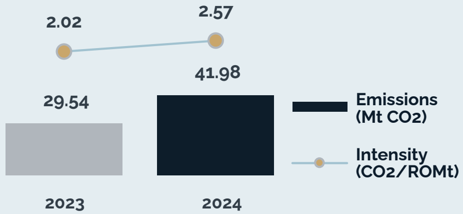
SCOPE 1 (COKING COAL)



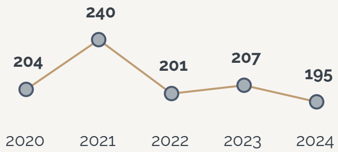
SCOPE 2 (COKING COAL)



SCOPE 3 (COKING COAL)

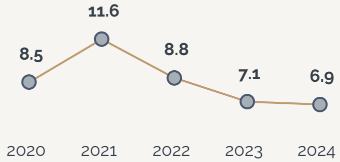


WATER USAGE RATE (COKING COAL)
(L/ROMt)



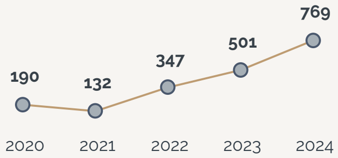
Calculated using total water and power usage divided by total ROM tonne of coal processed.

POWER USAGE RATE (COKING COAL)
(kWh/ROMt)

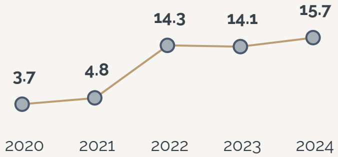


Calculated using total power usage divided by total ROM tonne of coal processed.

TAX & FEES (COKING COAL)
(billion tugriks)



LOCAL PROCUREMENT (COKING COAL)
(billion tugriks)



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 with 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" respectively, 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 2024, MMC conducted its first TSM external verification, with the objective of progressively implementing TSM best practices throughout its operational mines while anticipating year after year improvement in overall performance.

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 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 year ended 31 December 2024, were assessed by the verifier with respect to the mandatory TSM Performance Protocols standards by MAC. TSM does not have an overall score. MMC will ensure that it meets (and/or continues to meet) all of the other applicable requirements. The verification summary report and our externally validated scores are available on the MAC website. Visit the MAC website by the following link: https://mining.ca/companies/mongolian-mining-corporation/ to access our TSM report. The Company is more devoted than ever to enhancing its performance under the TSM program.

MSCI

MSCI ESG Ratings evaluate a company's exposure to and management of environmental, social, and governance risks using a scale from AAA to CCC, comparing them to industry peers, and are utilised globally by investors to integrate ESG considerations into investment and risk management processes. These ratings provide a standardised and actionable framework that offers insights into potential ESG-related impacts on financial performance and market valuation, making them influential in the investment world.

Our MSCI ESG rating score downgraded from 'A' to 'BBB' in 2024. This was due to Companies' Geographic Exposure Scores that were updated to include the most recent data on country-level water stress from WRI's Aqueduct.

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.

Responsible Mining Codex of Mongolia

Eight of Mongolia's top mining companies signed a memorandum of understanding on the Voluntary Code of Practice for Responsible Mining in 2019, giving the "Join for Responsibility" campaign, which was started by the Mongolian National Mining Association (MNMA) and implemented together with the Ministry of Mining and Heavy Industry. MMC is one of the pioneering eight companies that voluntarily joined the Responsible Mining Codex of Mongolia as an attempt to encourage mining companies to be responsible and adhere to best practices. Action taken by MMC and other counterparts is expected to reinforce and popularise the idea of responsible mining.

Environment

CLIMATE ADAPTATION AND RESILIENCE

As the global fight against climate change and carbon emissions gains momentum, mining companies are increasingly focused on finding various methods and technologies to reduce such emissions. In consistent with our overarching sustainability policy, we are taking an integrated approach to managing our climate-related risks and utilising site-specific targets to more effectively track our progress in the relevant areas.

We regularly evaluate our emissions and enforce stringent air quality control measures throughout our operations in compliance with Mongolia's regulatory requirements. We conduct routine stationary source monitoring of chimney fumes from our on-site power plant, adhering to the national standard MNS 5919:2008 for permissible levels of air pollutants in exhaust gases. Additionally, we measure other types of air emissions such as sulphur dioxide and nitrogen dioxide in ambient air via mobile equipment in line with the national air quality standard MNS 4585:2016. For gases such as sulphur dioxide, nitrogen dioxide, and carbon monoxide at the UHG power plant, we conduct measurements against the national air quality standard MNS 5919:2008. We also carry out daily checks on stockpile management to prevent air pollution from self-combustion of coal stockpiles, following our internal procedures and applying cooling and separation to heated areas of coal stockpiles, where required.

GHG EMISSIONS

Our efforts to address climate change have focused on refining our carbon accounting procedures to better understand and manage our GHG emissions. Since 2017, we have been tracking and reporting our Scope 1 and Scope 2 emissions, and in 2019 we began tracking six categories of Scope 3 emissions, as defined by the GHG Protocol. In 2023, during the emissions verification process, we calculated nine categories of Scope 3 emissions.

The following is an excerpt taken from our voluntary GHG Emissions Report ("**GHG Report**") which provides detailed Scope 1, Scope 2 and Scope 3 GHG emissions inventory consolidated using operational control boundary for the Group, for the reporting period between 1 January 2024 to 31 December 2024. It is prepared in line with the requirements outlined in the GHG Protocol Corporate Accounting and Reporting Standard.

The GHG Report was made to demonstrate conformity with WBCSD/WRI Greenhouse Gas (GHG) Protocol and to facilitate GHG inventory verification.

The Company has adopted this standard for measuring and reporting on the GHG emissions that arise from its operations in order to transparently disclose its GHG emissions.

We did not use offsets for the 2023 and 2024 periods in relation to our emissions inventory; therefore, the emissions disclosed for both years do not reflect any use of offsets.

We intend for 2023 to be our base year for Scopes 1, 2 and 3. The reporting period covered under the 2023 report was chosen as the base year due to having our GHG emissions verified for the first time, and it is the year with the highest production, processing and sales since the commencement of our operations in 2009. The Company may recalculate its baseline or subsequent year's disclosures including but not limited to mergers, acquisitions, divestitures, or clarifications or changes in reporting boundaries or to methodologies and/or changes to significant threshold of +/-8%. In each instance, the Company will consider recalculation based on significance and will disclose updates made.

The emissions in this report are consolidated using the operational control approach. Under this approach, we reported on entities that account for 100 percent of emissions from operations over which we or one of our subsidiaries has operational control. We did not account for GHG emissions from operations that we own equity in but do not have operational control over.

Emissions data is separately calculated for each scope and emissions included in this GHG Report comprise of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), Hydrofluorocarbons (HFCs), Nitrogen trifluoride (NF_3), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF_6).

As part of our ongoing commitment to environmental stewardship and sustainable operations, our current plans are to focus our efforts on effectively managing and reducing our GHG emissions across various scopes. Our primary objective is to focus on lowering our Scope 1 GHG emissions, which stem directly from sources owned or controlled by our company. Given the direct impact of these emissions, we plan to implement advanced technologies and optimizing processes to enhance efficiency and reduce our carbon footprint. Initiatives such as upgrading our equipment to more energy-efficient models, improving operational practices, and investing in cleaner alternative energy sources are at the forefront of our strategy.

Regarding Scope 2 emissions, our impact remains minimal due to operating our own power plant. The electricity we consume is primarily generated in-house, significantly diminishing our dependence on external electricity sources and ensuring greater control over our environmental impact. We will continue to monitor and manage these emissions, but our primary focus will remain on more impactful areas.

GHG EMISSIONS PER ISO 14064 (COKING COAL)

Table 24. GHG Emissions according ISO 14064-1:2018	Emission tCO_2e		Intensity - tCO_2e/ROMt		% of total	
CATEGORY 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
1.1: Mobile combustion	237,381.15	261,060.22	0.02	0.02	0.77%	0.60%
1.2: Stationary combustion	257,095.58	444,857.63	0.02	0.03	0.84%	1.02%
1.3: Fugitive	674,077.62	752,148.32	0.05	0.05	2.19%	1.73%
TOTAL	**1,168,554.35**	**1,458,066.17**	**0.08**	**0.09**	**3.80%**	**3.36%**
CATEGORY 2						
2.1 Purchased electricity	16,816.24	22,255.37	0.001	0.001	0.05%	0.05%
TOTAL	**16,816.24**	**22,255.37**	**0.001**	**0.001**	**0.05%**	**0.05%**
CATEGORY 3						
3.1: Upstream transport and distribution for goods	6,274.43	2,427.23	0.0004	0.0001	0.02%	0.01%
3.2: Downstream transport and distribution for goods	1,539.89	2,307.20	0.0001	0.0001	0.01%	0.01%
3.3: Employee Commuting	2,758.49	98.76	0.0002	0.00001	0.01%	0.0002%
3.4: Business travel	225.15	1,796.30	0.00002	0.0001	0.001%	0.004%
TOTAL	**10,797.96**	**6,629.48**	**0.0007**	**0.0004**	**0.04%**	**0.02%**
CATEGORY 4						
4.1: Purchased Goods and Services	159,409.58	0.01	0.01	159,409.58	0.52%	0.53%
4.2: Capital Goods	–	5,000.29	–	0.001	–	0.01%
4.3: Fuel- and Energy-Related Activities [1]	54,323.91	0.004	0.004	54,323.91	0.18%	0.18%
4.4: Waste Generated in Operations	13,399.40	0.0004	0.001	6,274.43	0.04%	0.02%
TOTAL	**227,132.89**	**2.02**	**0.02**	**29,544,648.20**	**0.74%**	**0.74%**
CATEGORY 5						
5.1: Use of Sold Products	29,306,686.77	41,649,024.92	2.01	2.55	95.37%	95.84%
5.2: End-of-Life Treatment of Sold Products	30.57	23.57	0.000002	0.000001	0.0001%	0.0001%
TOTAL	**29,306,717.34**	**41,649,048.48**	**2.01**	**2.55**	**95.37%**	**95.84%**

Note 1: Emissions from fuel and energy related activities that are not accounted for under other categories.

Note: 2024 figures are unaudited and subject to change.

Emission by gases	CO_2		CH_4		N_2O	
CATEGORY 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
1.1: Mobile combustion	233,267.20	260,221.34	619.58	282.16	3,494.37	556.71
1.2: Stationary combustion	256,396.54	275,362.89	116.22	121.82	582.82	608.81
1.3: Fugitive	29,274.36	33,260.66	640,878.02	717,691.16	–	–
TOTAL	**518,938.10**	**568,844.89**	**641,613.83**	**718,095.14**	**4,077.19**	**1,165.53**

	HFCs		SF_6		NF_3		PCFs	
CATEGORY 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
1.1: Mobile combustion	–	–	-	-	-	-	-	-
1.2: Stationary combustion	–	–	-	-	-	-	-	-
1.3: Fugitive	3,925.24	359.31	-	-	-	-	-	-
TOTAL	**3,925.24**	**359.31**	**-**	**-**	**-**	**-**	**-**	**-**

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.

GHG EMISSIONS PER GHG PROTOCOL (COKING COAL)

Table 25. GHG Emissions according GHG Protocol	Emission tCO_2e		Intensity - tCO_2e/ROMt		% of total	
SCOPE 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Mobile combustion	237,381.15	261,060.22	0.02	0.02	0.77%	0.60%
Stationary combustion	257,095.58	444,857.63	0.02	0.03	0.84%	1.02%
Fugitive	674,077.62	752,148.32	0.05	0.05	2.19%	1.73%
TOTAL	**1,168,554.35**	**1,458,066.17**	**0.08**	**0.09**	**3.80%**	**3.36%**
SCOPE 2						
Purchased electricity	16,816.24	22,255.37	0.001	0.001	0.05%	0.05%
TOTAL	**16,816.24**	**22,255.37**	**0.001**	**0.001**	**0.05%**	**0.05%**
SCOPE 3						
Category 1: Purchased goods and service	159,409.58	231,272.08	0.01	0.01	0.52%	0.53
Category 2: Capital goods	–	5,000.29	–	0.0003	–	0.01%
Category 3: Fuel and energy related	54,323.91	76,335.03	0.004	0.005	0.18%	0.18%
Category 4: Upstream transportation	6,274.43	2,427.23	0.0004	0.0001	0.02%	0.01%
Category 5: Waste generated in operations	13,399.40	9,742.52	0.001	0.001	0.04%	0.02%
Category 6: Business travel	225.15	98.76	0.00002	0.000006	0.001%	0.0002%
Category 7: Employee commute	1,539.89	1,796.30	0.0001	0.0001	0.01%	0.004%
Category 9: Downstream transportation	2,758.49	2,307.20	0.0002	0.0001	0.01%	0.01%
Category 11: Use of sold product	29,306,686.77	41,649,024.92	2.01	2.55	95.37%	95.84%
Category 12: End of life treatment of sold product	30.57	23.57	0.000002	0.000001	0.0001%	0.0001%
TOTAL	**29,544,648.20**	**41,978,027.87**	**2.02**	**2.02**	**96.14%**	**96.59%**

Note: 2024 figures are unaudited and subject to change.

	CO_2		CH_4		N_2O	
SCOPE 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Mobile combustion	233,267.20	260,221.34	619.58	282.16	3,494.37	556.71
Stationary combustion	256,396.54	275,362.89	116.22	121.82	582.82	608.81
Fugitive	29,274.36	33,260.66	640,878.02	717,691.16	–	–
TOTAL	**518,938.10**	**568,844.89**	**641,613.83**	**718,095.14**	**4,077.19**	**1,165.53**

	HFCs		SF_6		NF_3		PCFs	
SCOPE 1	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Mobile combustion	–	–	-	-	-	-	-	-
Stationary combustion	–	–	-	-	-	-	-	-
Fugitive	3,925.24	359.31	-	-	-	-	-	-
TOTAL	**3,925.24**	**359.31**	**-**	**-**	**-**	**-**	**-**	**-**

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 26. 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 27. 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.

AIR EMISSIONS

We acknowledge the impacts produced by our operations, including noise, dust, and traffic, and we constantly strive to reduce them. Our mining activities generate various noise sources, such as dump trucks, excavators, and coal transport trucks. Additionally, blasting, which is a crucial part of our mining operations, creates ground vibration and overpressure, which can sometimes be noticeable to nearby communities. To manage noise and vibration, we have implemented a Noise Management Plan that involves regular identification and evaluation of noise and vibration sources. For the reporting period, the Company continued to take appropriate measures to reduce the amount of dust generated in the vicinity of the mine site and the coal haul road in accordance with the Dust Management Plan of our comprehensive Environmental and Social Management Plan. The measures include:

- Regular control on spontaneous coal combustion in mine-site areas;
- Regular spraying of mine haulage roads with water;
- Application of various technologies in reducing dust generation around the mine haul roads;
- Special fencing of major coal stockpiles; and
- Management of vehicle speed etc.

The installation of three new dust separators in the CHPP the previous year has been successful in ensuring normal operation. Measurements of fine particle concentration revealed that the dust concentration was reduced by approximately 50% when the dust separators were operational in the workplace. We conducted noise level measurements at 10 monitoring points around the UHG mine site, and the results were found to be fully compliant with national standards. To minimise noise and vibration, we implement several practical steps, including:

- Regular maintenance of machinery to ensure it operates with minimal noise;
- Cooperation with suppliers to provide machinery that is designed to work with minimal noise;
- Keep operation and storage of heavy equipment as far as possible from the residential areas;
- Provision of a community hotline service which residents can report concerns on noise and vibration; and
- Blasting only when weather conditions are deemed favorable.

Throughout the reporting period, we conducted monitoring and measurement of PM2.5 dust levels at 16 different sites in and around the UHG mine, TKH area, and BN mine. The measurements were carried out over 270 times against the national MNS 4585:2016 standard at specific locations at the UHG mine site, Tsogttsetsii soum, TKH area, and BN mine site. Most of the measuring points showed that the average level of PM2.5 throughout the year was below the acceptable value of the national air quality standard (0.05 mg/m^3).

Table 28. Air emissions (coking coal)

tonnes	**2024**	2023	2022
NOx	**2,725.9**	2,445.6	85.6
SOx	**1.55**	1.4	1.2
PM	**77.22**	69.2	6.2

WASTE MANAGEMENT

Implementing effective waste management practices is crucial in minimising the environmental impact of mining operations and mitigating operational liabilities and long-term risks. At our mine sites, we have established a comprehensive waste management system that encompasses the handling and management of both day-to-day and industrial waste streams. We adhere to the Law of Mongolia on Waste, along with relevant regulations and procedures on the disposal and landfill of hazardous wastes, and the requirements on waste containers and disposal sites, which have been approved by the Mongolian Ministry of Environment and Climate Change.

By following these guidelines, we ensure that all waste generated at our mine sites is handled in an environmentally responsible manner. Our waste management system is designed to minimise the amount of waste generated and to properly segregate, store, and dispose of waste in accordance with applicable laws and regulations. Through these efforts, we aim to mitigate our impact on the environment and reduce our operational liabilities and long-term risks.

Our Waste Management Policy aims to minimise waste generation and ensure the safe handling, treatment, and disposal of all waste generated. To achieve this goal, we take several steps including waste reduction and avoidance at the source, waste segregation applied from the point of generation, and waste recycling, re-use, storage, treatment, and disposal to international standards. By adopting these measures, we strive to minimise our impact on the environment and protect the health and safety of our employees and the surrounding communities.

Mining operations generated a total of 41,704 tonnes of non-hazardous waste in 2024, with the amount of recyclable waste increasing by 0.7% from the previous year.

Employees' habit of waste segregation at source is gradually forming to a full extent, due to ongoing efforts to encourage such habits, which include convenient ways to separate waste and placement of additional trash bins.

Our goal is to achieve waste reduction through various measures, including implementing purchase restrictions to ensure that waste generated from suppliers is minimised, and converting waste into useful materials. To enhance the recycling and reuse of recoverable raw materials such as wood and metal, a total of 75 tonnes of waste wood generated from mining operations was collected from the site. Of this, 35 tonnes were provided to residents for household use. In addition, 617 tonnes of scrap metal were formally handed over to a licensed local scrap metal collector company and some of them were provided to residents for household use.

Designated presser equipment is used to compress plastic bottles of drinking water before sending them to recycling factories. During the reporting period, a total of 6.1 tonnes of plastic bottles of drinking water was delivered to the plastic recycling company based in Ulaanbaatar. Currently, 4.2 tonnes of plastic waste is temporarily stored in a designated area at the recycling facility. Waste treatment and disposal are carried out at a designated on-site area that is managed by a company specialising in waste handling. During the reporting period, a total of 39,747 tonnes of waste were landfilled, fully in compliance with applicable standards.

We continued to organise awareness campaigns on waste management for our employees and community members to encourage their active participation in waste recycling and waste segregation at source.

HAZARDOUS WASTE

We are committed to implementing a Hazardous Waste Management Policy that aims to identify and evaluate the characteristics and potential risks associated with all forms of hazardous waste. We have implemented a range of preventative measures to manage hazardous materials effectively throughout their lifecycle, from transportation, storage, use, transfer, to disposal. During the reporting period, approximately 24.7% of hazardous waste was recycled, which increased by 9.6% from the previous year.

Depending on the type of hazardous waste, we work with suppliers to either re-use or dispose of it appropriately. For example, printer cartridges are refilled and re-used, while used oil is collected and sent to a recycling facility to produce fuel and other raw materials. Waste oil filters, printer toners, and accumulators are also handled, stored and re-used in an appropriate manner. Furthermore e-waste, fire extinguisher bottles and light bulbs are delivered to authorized factories.

In accordance with relevant procedures and applicable standards, we incinerated about 979 tons of hazardous waste, sent 1,400 tonnes of hazardous waste for recycling, and stored 777 tonnes of hazardous waste during the reporting period. Additionally, we sent 253.6 tonnes of hazardous waste to a designated landfill.

Table 29. Non-hazardous waste disposal (coking coal)

m^3	**2024**	2023	2022
Total non-hazardous waste	**41,704**	37,397	9,253
Landfill	**94.7%**	97.3%	75.1%
Recycling	**1.1%**	0.4%	4.3%
Burn	**0.5%**	0.0%	9.1%
Storage	**3.7%**	2.4%	11.5%
Intensity (m^3/ROMt)	**0.0025**	0.0026	0.0016

Note: Total waste (hazardous and non-hazardous) divided by total ROM coal mined.

Table 30. Hazardous waste disposal (coking coal)

m^3	**2024**	2023	2022
Total hazardous waste	**2,670**	3,253	1,763
Landfill	**9.5%**	14.7%	33.7%
Recycling	**24.7%**	15.1%	20.2%
Burn	**36.7%**	63.8%	41.4%
Storage	**29.1%**	6.4%	4.7%
Intensity (m^3/ROMt)	**0.00016**	0.0002	0.0003

USE OF RESOURCES

As a committed leader in the mining industry, the Company recognises the critical importance of responsible resource management. Efficient and responsible use of resources including water, energy and raw materials are guided by the Minerals Law, the Energy Law of Mongolia, the Energy Conservation Law of Mongolia, the Law on Renewable Energy and the Law on Water. Accordingly, the Company has adopted IMS Policy designed to ensure efficient use of energy and natural resources. We also have a Water Resources Management Plan that ensures efficient use of water resources and prevention of water pollution. In line with the Energy Conservation Law of Mongolia adopted in 2015, we have a system in place to manage our efforts on energy efficiency.

Sustainability and Compliance

These policies are integral to our business model and are implemented in compliance with local and international environmental standards. We conduct regular reviews and updates of our resource efficiency policies to adapt to changing environmental conditions and advancements in technology.

WATER

We use a combination of both groundwater and recycled water for our operations and aim to ensure optimal water efficiency through water saving technologies. To control and monitor water consumption, as well as the amount of extracted water, consumed water and treated wastewater, we use integrated telemetry control system with real time data collection. Furthermore, the dry cooling system of the UHG power plant ensures no water evaporation due to condensation re-use and as a result, the water usage of the power plant is at least twice as less than other power plants with the same capacity. The Company is also increasing the capacity and efficiency of the BFP facility at the CHPP in certain stages, resulting in reduction of water usage per tonne of processed coal product.

We recognise the importance of responsible water management in the arid Gobi region where we operate and has implemented a comprehensive Water Management Plan to guide our management, employees, and contractors in the responsible use and reuse of water. We comply with Mongolian regulations such as the Mongolian Law on Water and national standard MNS 4943:2015 to ensure effective management of groundwater while also considering the needs of local herders. Our commitment to responsible water management extends beyond compliance, as we have cooperated with international organisations and signed a Voluntary Code of Practice on Responsible Water Management with other major mining companies operating in the South Gobi region.

We use a combination of both groundwater and recycled water at the mine sites. As part of our water use and management, we provide filtered drinking water for the local communities, and welcome their participation in our periodic water monitoring activities.

At our operations, water is sourced from groundwater boreholes and stored in two water reservoirs with a total storage volume of 56,000 m^3 , covered by synthetic membrane to prevent evaporation. In 2024, the total amount of ground water withdrawal was increased by approximately 107% to 2,998 million litres ("**ML**") and around 748 ML of water was recovered by our BFP facility for re-use in coal processing. While continuously supplying the CHPP with recycled water, the BFP facility enables us to experiment with various options for optimisation of water saving technologies.

Table 31. Water consumption (coking coal)

Litres	**2024**	2023	2022
Fresh water extraction	**2,998,260**	2,913,508	1,338,052
Intensity (L/ROMt)	**170**	207	201
Recycled water usage	**748,355**	1,145,400	663,236

Efforts aimed at preventing and reducing potential impacts on groundwater continued in the reporting period.

These include:

- With a dry-cooling system specifically designed for the arid Gobi climate, our on-site power plant uses at least twice as less water compared to regular power plants in Mongolia;
- Around 115.9 ML of surface run-off water was collected in a designated pond and was used for various purposes at the mine-site;
- Over 204 ML of domestic wastewater was treated out of which 16.5 ML was used for road and tree watering; and 33.1 ML of condensed water from our on-site power plant was used for mine dust suppression and various purposes; and
- Monitoring of the water level at herder wells and observation of boreholes around the mine and water extraction areas continued on a monthly basis.

ENERGY

During the reporting period, multiple initiatives were implemented to enhance energy efficiency across our operations.

The CHPP accounts for about 70% of the total electricity consumption in the electricity distribution system. The three modules heavily use electric motors, resulting in a low power factor (cos φ). This significantly increases the reactive power consumption at the plants and escalates losses in the power transformers of the 110/35/10 kV UHG substation, the transformers at the coal concentration plants, and the 35 kV cable lines of the coal concentration plant distribution network. To reduce power losses in its line transformers, it was necessary to repair and connect 2.5 MVar and 5 MVar automatically controlled compensating devices (power factor) at each coal concentration plant. By installing compensating devices/power factor correction units at the CHPP, the consumption of reactive power was reduced by 0.69 MVar, and 59,101 kWh of electricity was saved.

The engines of the groundwater supply system were directly connected, leading to high inrush currents when the motors were activated. This not only shortened motor lifespan but also increased power losses and resulted in inefficient, high consumption conditions. For these reasons, it was necessary to install a frequency converter in the groundwater supply system. This adjustment helps maintain the large startup currents at normal levels, reduces noise and wear and tear on the engines, saves 20-30% of the electricity, and extends the equipment's lifespan. By installing frequency converters in the 4th, 5th, and 9th groundwater systems of Naimant, 72,615 kWh of electricity was saved.

Table 32. Energy Consumption (coking coal)

kWh	**2024**	2023	2022
Total electricity consumption	**117,226,599**	102,142,348	58,501,357
Direct	**106,505,229**	99,636,196	58,501,357
Indirect	**10,721,370**	2,506,152	0
Intensity (kWh/ROMt)	**6.9**	7.3	8.8

The coal concentration plant is equipped with six power transformers, each with a capacity of 3 MVA and 35/0.4 kV, which are always connected regardless of the plant's operational mode. In 2024, the plant's load increased, so disconnecting transformers became difficult. However, during planned downtime, we disconnected some 3 MVA transformers to avoid idle losses. This saved 3,049 kWh of electricity and reduced the loss load on the distribution network.

A total of 113 lights at the CHPP were replaced with energy-efficient LED lights. As a result, 419,604 kWh of electricity was saved.

In winter, the heating system significantly impacts the electricity consumption at the CHPP, necessitating improvements, upgrades, and the installation of more efficient heaters. Consequently, there are plans to replace electric heaters with water heaters, which offer several benefits. Water heaters consume less electricity, are energy-efficient, feature temperature self-adjustment, have a longer service life, cause less air drying, and have lower installation costs. The purchase has been made, and installation is currently underway. This saved 343,440 kWh of electricity. In 2024, electric heaters capable of warming 20–40 m² areas were installed at 35 kV and 10 kV substations, resulting in an energy saving of 4,850 kWh. To further enhance energy efficiency, a new operating guide was developed to optimize the performance of the heaters, saving an additional 17,934 kWh. In total, these measures contributed to an overall energy saving of 22,784 kWh.

As part of our enhanced energy reporting approach in 2024, we expanded the scope of our energy consumption calculations to include energy generated from fuel combustion alongside with electricity purchased and energy produced by our own power plant. This newly accounted source contributed a total of 969,744,825.01 kWh of direct energy.

Moreover, the inverter control of the remote deep wells in the UHG water supply system has been connected to the SCADA system. Due to this, the operational efficiency of the wells was improved, their working hours became more effective, and the system power load was reduced, which helped save electricity. Additionally, the PLC and SCADA systems of the 10 deep wells at Naimant and Naimdain were fully upgraded. After this upgrade, the control system became more organized, the data transfer speed increased, and it is now possible to monitor the cameras directly through the system. For software, the latest version called 'Plant SCADA 2023' was installed. One of the advantages of this software is that all data is stored on the server, so the system parameters can be reviewed at any time, compared to using graphs, and reports can be generated easily. The deep wells of UHG are located inside metal-frame buildings of about 20 square meters, with vacuum windows, steel doors, and electric heating. During the winter season, most of the electricity consumption at the wells was used for heating. Because of this, a thermal camera survey was done to check for heat loss points in the deep wells. Based on the results, the heat loss areas were identified for further insulation improvement.

BIODIVERSITY

According to the botanic-geographical zones, both of our UHG and BN mines belong to the Alashan Gobi Desert in the Central Gobi region of the Central Asian geomorphologic zone. The region provides habitat for a diversity of wildlife species, livestock, and a scarce human population.

As part of our long-term biodiversity monitoring program, we have been documenting species richness and ecosystem health across our areas of operation. Since 2012, systematic surveys have recorded 126 bird species from 14 orders and 33 families, representing approximately 25% of all bird species known in Mongolia as of 2022 (Gombobaatar, 2022). We also identified 22 mammal species and documented a total of 154 mountain ungulates through targeted field surveys. Additionally, vegetation monitoring at five points in the mine vicinity identified 18 plant species, which were grouped into four distinct ecological communities. Within the Umnugobi province, State Special Protected Areas cover over 3.0 million hectares of total area. These consist of Small Gobi Strictly Protected Areas, Gobi Gurvan Saikhan National Park and Zagiin Us Nature Reserve. The closest one to our operations is Gobi Gurvan Saikhan National Park which was established as a National Park in 1993 for the purpose of conserving the sensitive and unique Gobi ecosystem. The area is located to the west of the UHG mine site over a 100 km in distance.

As mining activities have potential impact on the surrounding flora and fauna throughout the mine life cycle, we find it crucial to understand the biodiversity elements of the region in which we operate and plan our actions accordingly. Our aim is to minimise and manage the potential environmental impacts based on our project Biodiversity Action Plan ("**BAP**"). It is a regulatory requirement under the relevant Mongolian law to have in place active management plans which are reviewed annually and inclusive of a set of budgets for planned activities. As part of the BAP, we have been conducting regular flora and fauna monitoring on an annual basis, since 2011. Based on the results of monitoring and assessments, we continue to organise targeted wild animal conservation activities on a regular basis. For example, as part of our biodiversity offset program activities, we place salt marsh and hay at designated places in the Gobi Mountains as an extra food support for hoofed mountain animals in the region every year. In 2024, avian surveys were conducted at multiple locations, including the UHG mine site, forest strip areas, Tavantolgoi Airport, Tsogttsetsii soum center, Khanginakhin Am, and Tugiin Tsokhio (located east of Tsogttsetsii soum). A total of 60 bird species from 12 orders and 30 families were recorded, including three species newly observed in our survey history. Recent monitoring results indicate that early September, coinciding with the peak migration season, offers the highest species richness. For example, only 30 species were recorded during early October surveys in 2021 and 2022, compared to 54 in 2023 and 60 in 2024.

In parallel with avian monitoring, we documented 22 mammal species from 6 orders and 10 families observed over the past eight years across the Tavan Tolgoi, Baruun Naran, and surrounding landscapes. A targeted survey in 2024 focusing on mountain ungulates in Khanginakhin Am and Tugiin Tsokhio confirmed the presence of key species such as Siberian ibex, argali sheep, and goitered gazelle. Population estimates indicated approximately 20 ± 5 argali sheep, including six rams, in Khanginakhin Am; around 60 Siberian ibex in Khanginakhin Am and over 10 individuals in Tugiin Tsokhio; and 64 goitered gazelles observed in herds of 2 to 60 across three locations. The population dynamics of the gazelles appear to be influenced by seasonal and climatic variability.

We launched the Forest Belt project in 2011 to support the vegetable gardening initiatives of local community members and assist them in generating an additional source of income in the water-scarce Gobi region. Over the past 10 years, the project area within the Forest Belt has successfully expanded from 15 to 23 hectares, now hosting over 15,000 trees with a growth success rate of over 85%, and serves as an offset against desertification. In 2024 monitoring survey, 29 bird species from six families were recorded – five fewer than the previous year. However, the cumulative number of unique species observed since the beginning of the monitoring has increased by five, reaching a total of 51. Specifically, 18 species were recorded in 2021, 22 in 2022, 34 in 2023, and 29 in 2024.

Naimdai Valley, located over 50 km north of the UHG mine site, is where we installed one of our water supply systems. According to the small mammal survey conducted in 2022 in Naimdai Valley, 22 individuals of 2 species were observed and caught, while 32 animals of 4 species were caught in 2023, indicating a 0.1-point increase in the species diversity index.

Based on the results of our monitoring and assessments, we continue to organise targeted wild animal conservation activities regularly. For example, as part of our biodiversity offset program, we annually place salt marshes and hay in designated areas of the Gobi Mountains, including Khanginakh and TKH as extra food support for hoofed mountain animals in the region. In 2024, due to favorable rainfall and vegetation growth in the Gobi region, we placed 100 bales of hay in designated areas to support local areas. Employees of our company voluntarily participated in these wildlife protection activities, which we consider an important way to raise internal awareness about our environmental protection efforts.

In 2020, a solar powered well equipped with automatic sensors and a surveillance camera was installed southwest of the BN mine and continues to serve as one of our wildlife monitoring tools.

LAND AND RESOURCE RIGHTS

Securing access to land and managing it responsibly are essential components of our commitment to sustainable development and our ability to maintain social license to operate. Therefore, we support sustainable development of land resources through effective planning and cooperation with respective stakeholders. We want to ensure that in the future, disturbed land becomes available for other uses such as grazing and housing. Our Land Management Plan provides a sound framework for rehabilitation and other land management activities which involve leveling and contouring, reshaping, adding topsoil and land re-vegetating to restore the land for future use. Our policies and activities relating to land management activities are in full compliance with applicable legislation and regulations including the Law of Mongolia on Land and the Law of Mongolia on Subsoil. Specifically, sewage water discharge into land and related aspects are regulated by the Mongolian Law on Water and a national standard MNS 4943:2015. The Company's land management activities fully comply with the above regulations and standards.

Topsoil that will be disturbed by the expansion of mine pit excavation and waste dump is stripped and stored fully in accordance with the Mongolian standard (MNS "Stripping and storage of fertile soil during earthworks") MNS 5916:2008. Each topsoil stockpile is numbered and recorded, including the date of stockpiling and soil volume. During the reporting period, 107,856 m^3 of topsoil was stripped and stockpiled as per above procedures.

Our 2.5 hectares nursery field continues to serve as a good source of our environmental protection and reclamation activities. By continuously nurturing the field, we determine the most suitable trees and plants for re-vegetation in the Gobi region and use for reclamation and other landscaping projects around the project site and the soum centre. We have around 30,000 shrubs, trees, and perennial plants of over 26 different endemic and non-endemic species growing in the nursery field. In 2024, approximately 48,760 seedlings were harvested from the nursery field for use in various tree planting, landscaping, and gardening projects. Tree planting and collective activities towards development of green areas in Gobi continued to take place and 490 seedlings were donated to local citizens.

In October 2021, Khurelsukh Ukhnaa, the President of Mongolia, launched the "One Billion Trees" national campaign to enhance Mongolia's contribution to the global fight against climate change. He urged businesses, state entities, non-governmental organisations, and citizens to join the tree-planting efforts. The Group committed to planting up to 40 million trees by 2030 at its UHG and BN mine site areas as part of this initiative.

In 2024, a total of 99,050 trees were planted as part of the national "One Billion Trees" campaign. This included 20,000 trees in the Khurkhree Valley of Bogd Khan Mountain near Ulaanbaatar to restore degraded forest areas; 50,000 trees in Dadal soum of Khentii province in eastern Mongolia; and 10,000 saxaul shrubs in Bayandalai soum of Umnugovi province to combat desertification. Additionally, 19,050 trees were planted in Tsogttsetsii soum, where our mining site is located, to support the development of an urban forest and contribute to a healthy and safe local environment.

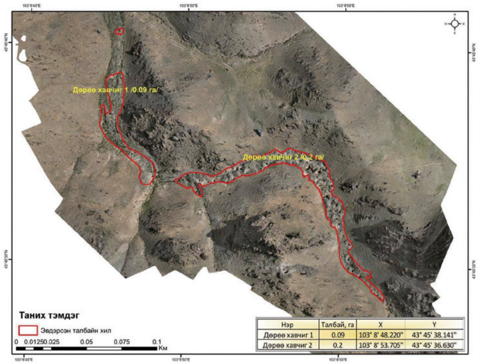
CASE STUDY

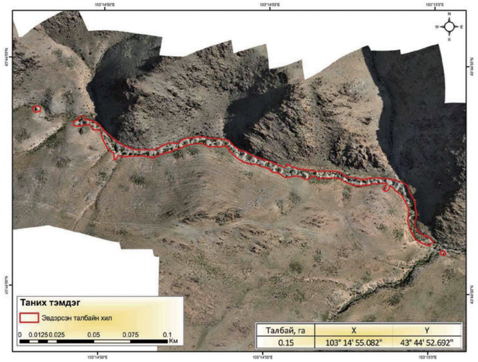
In alignment with the Government of Mongolia's 2020 -2024 Action Program, which prioritises the rehabilitation of land degraded and abandoned due to mining activities, our company has undertaken responsible land restoration initiatives.

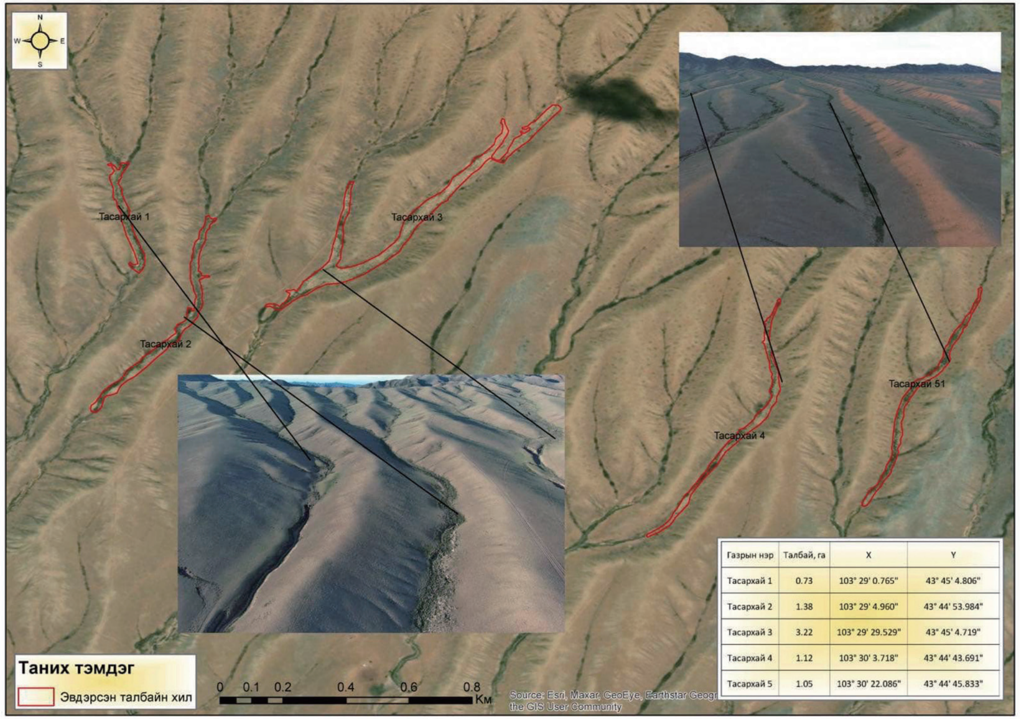
In 2024, as part of our offset program, we successfully carried out technical rehabilitation on a 7.94-hectare site in the Gobi Gurvansaikhan Strictly Protected Area, which had been disturbed by artisanal gold mining. Land rehabilitation work was carried out using a Doosan 55 crawler excavator with two operators, while four workers participated in manual leveling.

Upon completion, the rehabilitation work was officially inspected and handed over in the presence of representatives from the Gobi Gurvansaikhan Strictly Protected Area Administration, the Umnugovi Province Department of Environment and Tourism (DOET), the governor of Tokhom bagh, and members of the local herder community group. The rehabilitation was completed in full compliance with relevant national environmental standards.

Location map of rehabilitated land







Social

As an integral part of our Integrated Management System (IMS), we have established comprehensive environmental management systems and practices that enable us to assess and identify potential environmental risks, conduct routine monitoring, and report performance results to minimise the adverse impact of our operations on the environment. We aim to promote efficient resource use, prevent pollution, and protect biodiversity at every stage of our operations as a responsible mining company. Our environmental performance targets not only comply with but exceed regulatory requirements set by over 30 environmental laws and 200 regulations currently in force in Mongolia. The main applicable laws are the Law on Environmental Protection, the Law on Environmental Impact Assessment, and the Minerals Law. We submit a complete environmental management plan followed by an implementation report to the GoM on an annual basis in accordance with these legislations.

To further streamline our HSE activities and existing systems on environmental protection and management, we adopted the IMS in 2018. The IMS enables us to develop an annual action plan, and its implementation is regularly reviewed to ensure compliance with regulatory requirements and continuous improvement. Internal audit and management review processes are conducted according to the International Standard Environmental Management System ISO 14001:2015. These processes cover all aspects of our environmental management and control system. In 2024, an audit was conducted in accordance with ISO 14001:2015, and no discrepancies were found in the audit results.

Based on the results of our Environmental and Social Impact Assessment, we have developed individual management plans to ensure accountability for our environmental impact. These plans include the Dust Management Plan, Erosion and Sediment Control Plan, Waste Management Plan, Hazardous Waste Management Plan, Tailings Storage Facility Management Plan, Mining Closure and Reclamation Plan, and Monitoring Plan. Each of these plans is reviewed annually against a set of key performance indicators, and any necessary corrective actions are taken to ensure continuous improvement.

Our Human Resources ("**HR**") activities are in full compliance with all relevant laws and legislations in Mongolia including but not limited to the Law of Mongolia on Labour ("**Labour Law**"), the Law on Gender Equality, the Law on Social Insurance, the Law on Employment Support and many others. Overall, there are more than 60 laws, legislations and state procedures that we strictly follow in carrying out our HR activities. In addition to the above, there are many areas where we exceed HR legal requirements and provide various voluntary offers and conditions for the employees. For instance, we offer more benefits and alternatives to our contract-based employees than required by the local legislation, in order to improve and maintain our total employee job satisfaction. Our contractors, subcontractors and their employees are required to follow all of our HR policies, rules, standards and guidelines, and the requirements are stipulated in written agreements between the Company and the contractors.

As a responsible miner and one of the largest private sector employers at both Umnugobi province and national level, we remain committed to:

- Provide equal employment opportunities, equal pay systems and respect the rights of our people. Recruit based on skills and support local employment;
- Offer compensation and benefit schemes competitive within the Mongolian mining industry and support employees through housing projects and other social benefits;
- Ensure challenging yet exciting work environment where employees can realise their full potential and develop their skills;
- Ensure awareness of ethical working standards and other internal procedures of the Company through The Code;
- Provide distance learning and remote access opportunities as much as possible, in order to promote productivity, reduce unnecessary workload and adjust to new ways of work.

EMPLOYMENT PRACTICES

We believe that employees are the most important asset and foundation of our business. Therefore, the well-being of our people and provision of safe, healthy, balanced and inclusive work environment has always been vital in conducting successful business operations. Through continuous support to their personal and professional development, we strive to maintain and retain our top talent and maximise their value.

We offer competitive compensation packages and welfare benefits to all of our employees, which are consistent with the Labour Law and other relevant legislation. Our remuneration and compensation policy is designed to attract and retain skilled employees and motivates them to achieve maximum results while supporting high-performance culture which fosters teamwork and collaboration. Our policies relating to parental and other types of paid leave are in full compliance with applicable legislation and regulations including the Labour Law and the Law of Mongolia on Social Insurance. Salary reviews are conducted on an annual basis as part of the performance review and account for the individual's role, performance, and prevailing salary trends in the local market.

In 2024, we spent over USD55.7 million in employee salary, remuneration, bonus, and benefits. The benefits are offered to all employees irrespective of their position and length of employment with the Company. In total, there are 10-20 different benefits and allowances offered for the employees, which range from performance bonus and incentive schemes to parental and other types of paid leaves and various insurance packages. We also provide all types of one-off allowances in full conformity with the local legislations. Our bonus and incentives plan are tied to the Company's financial performance and individual employee and team performances and is aimed at retaining top performing employees.

All of our employees enter into written employment contracts with the Company which detail, among other things, their duties and responsibilities, remuneration, as well as the grounds for termination of employment. We employ people on the basis of job requirements and matching skills but seek to provide preferential employment to local people of Umnugobi province where possible, in order to make tangible economic contributions to the communities in which we operate.

Lack and shortage of skilled professional workers in the local market, especially in the isolated Gobi region with small population, and demand for more specialised skills pose one of the critical challenges for us and there is a growing concern on keeping the employee turnover rate at minimum. In 2024, the Group-wide employee total turnover rate was 29.9%, by gender wise 92% of total turnover rate was male employees and 8% was female employees. The turnover rate of employees aged 18-25 years was 4%, 26-35 years was 12%, 36-45 years was 10%, 46 and above was 4%. Location wise, rate for our head office employees was 9.6%, compared to 7.3% for Umnugobi (Southgobi) residents. During the reporting period, our commitment to fostering a stable and dedicated workforce was strongly evident in our hiring practices. We prioritised the recruitment of permanent employees and 82% of the individuals hired within the year were offered and accepted permanent positions. As of the year ending 2024, we had 2,545 permanent employees.

Diversity and Equal opportunity

Our Company's commitment to Equal Opportunity is evident in all our policies and documents, including our Code of Conduct, Recruitment Policy, Benefits Policy, Training and Development Policy, promotion and compensation schemes, and other relevant areas. We strictly prohibit discrimination on the grounds of race, gender, nationality, age, religion, social origin, political views, union affiliation, pregnancy, disability, or any other factor, and comply with all relevant labor laws and regulations concerning nondiscrimination.

Furthermore, we endeavor to exceed legal requirements by implementing best practices that promote fairness and equality in all our HR activities. Our internal regulations and guidelines clearly state our commitment to conducting all HR activities without discrimination.

Since 2019, we have been implementing a preferential employment program aimed at providing employment opportunities and flexible work arrangements for individuals with disabilities. This initiative is part of our commitment to promoting diversity and equal employment practices. Through cooperation with the governor's offices of Umnugobi province and Tsogttsetsii soum, we have been able to maintain a workforce in which individuals with physical disabilities make up approximately 1% of our total employees. In addition to advancing our internal diversity and inclusion goals, this program also addresses important social issues in the isolated Gobi region.

As part of our efforts to attract and retain skilled employees on a long-term basis, the average age of our total workforce is gradually going up and currently almost half of our direct employees have been with the Company for 5 years or more.

Table 33. Inclusivity (coking coal)

	2024	2023	2022
Total employees (coking coal)	**2,545**	2,372	1,979
Ulaanbaatar residents	**27%**	29%	28%
Umnugobi residents	**37%**	35%	39%
Other province residents	**36%**	36%	33%
Employees aged 18-25	**15%**	18%	17%
Employees aged 26-35	**37%**	40%	44%
Employees aged 36-45	**32%**	28%	26%
Employees aged 46 and above	**16%**	14%	12%
Female employees	**13%**	13%	15%
Female employees in management	**32%**	30%	31%
Female representation in Board	**12%**	12%	12%
People with disabilities in workforce	**1%**	1%	4%

HEALTH & SAFETY

The safety and well-being of our employees, contractors and those who work with us are a top priority for us. Our IMS Policy ensures that we constantly strengthen our company-wide safety communication and remain committed to the principle of "Vision Zero" to our people and host communities as well as minimal adverse impact on the environment.

We remain committed to creating and maintaining culture of Vision Zero in which there is no fatality and all incidents are preventable. Identification and assessment of potential hazards, prevention of work-related accidents and occupational illnesses, maintenance of comprehensive risk management and a healthy work environment are all vital in our efforts towards Vision Zero.

Our health and safety management systems are designed to provide our employees and contractors the necessary directions to practice safe work behaviours and make each individual accountable for the implementation of IMS and its accompanying elements, rules and procedures. We have a formally approved health, safety and environmental management structure and HR in place to ensure the continual improvement of the safety system according to the requirements of ISO 14001:2015 and ISO 45001:2018 standards we are adopting.

We operate in full compliance with local legislations and applicable international standards including, but not limited to the Occupational Safety and Hygiene Law of Mongolia, State regulations on the prevention of industrial accidents and acute poisoning investigation, and OHSE International Standard ISO 45001:2018. We also have over 60 policies, procedures and guidelines that are followed in the areas of IMS implementation, change management and risk management.

In line with our internal policy, all procedures and guidelines on health and safety must be reviewed every three years, and urgent updates can be made at any time, where needed. In 2021, a total of 35 procedures were reviewed and updated. Notably, all of our emergency response procedures were updated in accordance with the internationally accepted NFPA standards. And all of us 2024, a total of 15 procedures were reviewed and updated.

We work to ensure that the safety system is implemented throughout the entire lifecycle of our operations and involves all of our contractors, sub-contractors and suppliers. Currently, over 7,200 people comprising our direct employees and those of our contractors and sub-contractors are covered by this system. Our business units periodically review their management systems against corporate standards and are responsible for integrating sustainability issues into day-to-day operations, project development and decision-making. Specifically, all of our contractors and sub-contractors are required to report on their occupational health and safety performances on a monthly basis, attend our monthly meetings on safety performance and take corrective actions where necessary, to ensure full compliance with our safety management systems and standards. In accordance with our Procedure on Incident Investigation and Reporting, incidents and near misses of our contractors must be included in our safety reports and follow- up actions need to be taken.

Our employees are a part of the local communities in which we operate, and any public health issues confronting the community can potentially affect our workforce as well. As the local health authorities often lack the resources to deal with major public health challenges, we work in close partnerships with the local communities, public health authorities and other stakeholders to improve education on, protection from and prevention of public health risks and widespread diseases.

We have a dedicated occupational health, safety and compliance department which consists of occupational health and safety unit, emergency unit, compliance unit and 24/7 stand-by medical and emergency response teams working on-site to ensure that any accidents and emergencies are responded immediately. We also have a system in which volunteer safety officers are assigned in each shift to help coordinate the safety measures within the department units. The emergency response team responds to fire and other emergency calls within the local community as well.

Unfortunately, one fatal traffic accident involving the staff occurred outside its premises in 2024. The Group has fully cooperated with relevant authorities conducting the investigation process. Applicable insurance coverage and financial assistance were provided to the families in line with applicable law and internal regulations.

Risk Register and Management

We have an Occupational Health and Safety Risk Management Procedure which applies to all of our employees and those of our contractors and sub-contractors. The procedure details all necessary steps required in preventing, registering and handling of potential risks at work, starting from personal and team risk assessments to change management and feedback system. According to the procedure, all employees must actively take part in risk prevention and system improvement processes, and all workplace hazards are reported to immediately.

Table 34. Safety statistics (coking coal)

	2024	2023	2022
Total man-hours worked (in million)	**14.6**	12.6	6.9
Fatalities	**1**	3	0
TRIFR	**1.85**	2.55	1.59
LTIFR	**0.69**	0.80	0.43
Legal compliance	**86.0%**	93.6%	96.5%

Workplace risk assessments are carried out in five steps:

1. Workplace hazard notification (fill-out forms and subsequent actions);
2. Stop-Look-Assess-Manage individual checklist register and subsequent actions;
3. Team risk assessment before start of a work/task;
4. Workplace risk assessment;
5. Change management and continuous improvement.

All identified hazards and non-conformities must be investigated in order to discover and eliminate root causes. In 2024, 98% of all non-conformities were corrected through immediate corrective actions and 94% of the reported hazards were eliminated. We also have an online-based safety program which enables our on-site teams to register and communicate risk and hazard information on a real-time basis. Within the framework of our IMS and periodic surveillance audits, the update and improvement of safety related procedures continued throughout the reporting period and were subsequently introduced to our employees, contractors and subcontractors.

Audit and legal compliance

Workplace occupational hygiene and safety environment inspections were carried out 128 times at various workplace locations in 2024.

Periodic monitoring of occupational hygiene and safety in the workplace was conducted throughout the year. This included monitoring for factors such as thermal and environmental conditions, noise levels, lighting, vibration, and the presence of general and small particulate airborne dust. Additionally, levels of oxygen and other toxic gases in the atmosphere were monitored, as well as excessive noise and whole-body vibration. In 252 workplaces and 17 similar exposure groups, 553 measurements were taken using 7 indicators. Also, fire prevention inspections were carried out 555 times at various workplace locations.

In addition to internal checks and audits on legal compliance, our operations are subject to periodic audits and inspections by state agencies and professional bodies.

In accordance with the Law on Environmental Protection, an external audit on environmental management was conducted by the Environment and Tourism Department of Umnugobi aimag (province) at the Group's mine site in December 2024 with the results in the areas of environmental management and legal compliance rated at 96.2% out of 100.0% (2023: 93.4% out of 100.0%).

DEVELOPMENT & TRAINING

As employees are the most precious asset in the Company, trainings and skills development are vital to the advances of our business and sustainability as a whole.

We are continuing to invest in the training of mining professionals to build a capable and effective work force in the remote Gobi region. Due to the lack of suitably skilled personnel both at the local and national level, job specific trainings form a big part of our overall training platform. The Company mainly focuses on conducting in-house trainings rather than outsourcing, with an aim to reduce costs and improve operational efficiency.

We use a combination of in-person and online training methods. Based on individual work performance and assessment on level of skills, training needs matrices and plans are devised for each employee, to help them have clear prospect on their jobs and potential career opportunities.

In general, we adhere to the following general principles in conducting all kinds of trainings for employees:

- The Training Policy is reviewed at least every 2 years and in the event of any changes in relevant legislation or mandatory training needs;
- Training needs matrix is provided to each operational area to assist the line managers/supervisors in identifying appropriate training needs;
- All newly hired employees must receive a safety induction on the first day of their job;
- All staff must undergo regular and mandatory health and safety training sessions relevant to their job role and work activities;
- Refresher training courses are provided every 6 months;
- All completed trainings are recorded in the training register system and reported in the annual safety report.

We have a dedicated Training unit under our Operational Department, and internal and external trainings are generally classified as below:

- Safety inductions and workplace safety related trainings;
- Corporate and management skills training;
- Vocational training courses (heavy machinery equipment maintenance, heavy machinery operator etc).

Due to the nature and needs of the mining industry, safety inductions and related training form a big part of our overall training platform. In the reporting period, a total of 34,220 employees attended different professional trainings, out of which 30,209 employees attended occupational, health, and safety training, 3,018 employees attended professional development training, 889 employees attended general skills development training and 104 employees attended international organization for standardization training.

As we operate in the isolated rural region with scarce population and lack of skills, our internal vocational trainings are becoming more and more important in sourcing and building capable workforce from the local communities.

Our heavy machinery training center in Tsogttsetsii soum runs regular training courses for the local community members and individuals who wish to work for mining companies. Based on the demand from the job seekers, 2 heavy machinery repair and maintenance training course was conducted with the enrollment of 40 participants and 7 heavy machinery operator training course for 137 participants. All graduates of our heavy machinery training courses were provided with job opportunities upon successful completion of the courses.

In addition, during the reporting period the Group initiated to prepare the workforce for BKH mine operations and a total of 84 trainees selected from residents of Bayankhongor aimag (province) attended mining equipment operator training program at UHG mine. The overwhelming majority of trainees successfully completed the training program and were employed by ER to gain further work experience at UHG mine before being deployed to BKH mine once its operations commence in 2025.

The frequency and coverage of our trainings are also tied to the IMS across our entire operations. We organised a series of specific trainings on the update of our operational procedures and involved all employees of our site-based contractors in addition to our own.

Table 35. Training statistics (coking coal)

	2024	2023	2022
Training hours	**143,434**	68,160	43,897
Male	**91%**	91%	91%
Female	**9%**	9%	9%
Employees	**141,022**	11,517	8,090
Management	**1.6%**	0.10%	0.20%
Average training hours per employee	**56.3**	30.0	23.3
Male	**7.7**	5.5	5.6
Female	**8.2**	6.0	4.8
Employees	**7.7**	5.6	5.4
Management	**12.3**	2.7	6.7

As the mining industry is still male dominant, we pay major attention to offering training and career opportunities to women, especially those in Umnugobi province. In the reporting period, we continued to provide refresher trainings for our heavy machinery operators. A total of 134 female operators received refresher training in 2024, representing 4.6% of all refresher trainings conducted. In addition, 15 female operators were trained during the reporting period, representing 9% of the total new operators.

In the reporting period, the significant increase in training hours is due to the number of employee training sessions and safety refresher courses being increased from once a year to twice a year. Additionally, the training website has been developed and more e-learning courses have been adopted to accommodate employees.

LABOUR STANDARDS

Integrity and accountability are core values at MMC and are central to our reputation as a responsible mining company. Our Code of Conduct (the "**Code**") guides our approach in doing business and reinforces our commitment to responsible action. A set of desirable behaviours are embedded in the Code which promote positive and responsible professional attitude among employees and managers. Employees at all levels, including executives and contractors must strictly follow the Code and act with responsibility, honesty, trust, respect, and loyalty, complying with all laws and regulations in effect.

The Code strictly prohibits engaging in unethical behaviour and contains explicit guidelines on the receipt of gifts, donations, travel offers or hand-outs. MMC discourages the acceptance of gifts or donations on the Company's behalf and all gifts that were received have to be disclosed. It is also the Company's policy to not make any in-kind contributions to political parties or politicians. We avoid all actions that are anti-competitive or otherwise contrary to the laws that govern anti-competitive practices both domestically and internationally. Any individual, regardless of his or her relationship with our Company, can report incidents of unethical behaviour, bribery, corruption, or fraud. Employees' rights to report such incidents are also emphasised in applicable training and induction programmes, together with their responsibility to do so. Violations of the Code are taken seriously and can result in disciplinary actions.

We are committed to cooperative, respectful, and positive dialogue with policymakers and government agencies. We believe this should be based on genuine consultation and accountability. We engage with the government and other stakeholders on a variety of issues, including workers' health and safety, environmental protection, trade, economic development, infrastructure, transparency, rule of law, and other areas of public policy that are important for our operations. This engagement is in strict accordance with all applicable laws, EITI requirements, the Code, and standards on ethical conduct.

We recorded no cases of bribery, corruption, extortion, fraud, or money laundering during the reporting period.

Human Rights

Recognising and respecting the importance of human rights is an integral part of our sustainable development approach. As such, we aim to address human right risks and potential impacts in respect of local communities and/or stakeholders in an integrated manner. In addition to complying with all applicable laws of Mongolia, we uphold the United Nations Universal Declaration of Human Rights, The International Labour Organization Declaration on Fundamental Principles and Rights at Work as well as the United Nations Guiding Principles for Business and Human Rights.

We provide fair, transparent and equal employment opportunities at all levels of our business activity and operations, irrespective of race, gender, nationality, age, religious belief, social origin, political views, union affiliation, pregnancy, disability or any other basis.

We respect freedom of association and freedom of speech; therefore, designated feedback boxes are operated at our mine sites to allow employees to express their opinions and report any breaches of ethical conduct and behavior. Where our employees wish to be represented by trade unions or work councils, we cooperate in good faith with the bodies that our employees collectively choose to represent within the appropriate national legal frameworks. We respect the rights of people in communities where we operate and seek to identify adverse human rights impacts and take appropriate steps to address and remedy them. Moreover, we maintain continuous engagement based on dialogues and mutual trust for their rights to access land, access to water, freedom of movement and freedom of expression. Our community grievance handling platform allows the host community members to freely submit their complaints and grievances to the Company's management and respective departments or units. In the value chain, we seek to establish relationships with suppliers and contractors which share our principles and values while promoting awareness of human rights protection.

As part of our Human Rights Program, we provide regular training on Voluntary Principles on Security and Human Rights to our security service providers and relevant staff. No human rights violations were recorded at our sites and offices during the reporting period.

Forced Labour and Child Labour

The Company maintains a strict policy against the use of child or forced labor, and the exploitation of children in its operations and facilities. As per the Recruitment Policy, we only employ individuals who have reached the legal age of employment, which is 18 in Mongolia. We are committed to complying with all relevant legislation, including the Mongolian Law on Child Protection, the Convention on the Rights of the Child, the Minimum Age Convention, and the Worst Forms of Child Labour Convention, which have been ratified by Mongolia. Furthermore, we uphold the rights of our employees to leave the work premises after completing the standard workday and to terminate employment after providing reasonable notice.

Our recruitment officers are trained to ensure that no person under the age of 18 is employed at any of our sites and facilities. During the year, we did not employ any individual below the legal age of employment.

OPERATING PRACTICES

Supply Chain Management

We value high ethical standards in all procurement activities through our procurement policy, procurement contract management procedure and procurement procedure. We have adopted a Supplier Code of Conduct (the "**Supplier Code**"), which was prepared to provide a clear statement of MMC's expectations from its suppliers in all procurement dealings and ensure that internationally recognised procurement standards are followed. Furthermore, this Supplier Code was designed to support the sustainable and responsible management of resources, minimise environmental impacts, and promote human rights and ethical labour practices throughout the supply chain.

This Supplier Code established the minimum standards for conducting business with the Company. Our goal is to work with our suppliers to ensure full compliance. We encourage our suppliers to exceed the requirements wherever possible. We will consider these principles in our selection of suppliers and will actively monitor each supplier's compliance. The Supplier Code included references to already existing relevant policies and procedures to support sustainable and responsible management of resources, minimise environmental impacts and promote human rights and ethical labor practices throughout the supply chain.

Our priority is to support local businesses and to maximise our economic contribution to the country's economy and the communities where we operate. We strive to conduct our procurement practices in a responsible and accountable manner, while also encouraging and developing partnerships with local businesses at all levels of our operations. We give priority to businesses from Mongolia and Umnugobi aimag, and work closely with them to promote economic growth and sustainable development. We uphold ethical business practices in our purchasing and supply management, and we expect our suppliers to comply with our social and business procedures at all levels of operation.

We require our suppliers to acknowledge our Code of Conduct and adhere to safety, environmental, and quality standards, such as the OHSAS 18001:2012 International standards for Occupational Health and Safety. We outline these requirements in our agreements with suppliers and conduct regular audits to ensure that their practices align with our policies and procedures. We also have an internal procedure for monitoring the health, safety, and environmental practices of our contractors and suppliers.

They are required to adopt environmentally friendly practices in their production and supply operations. We do not partner with or select suppliers who fail to meet our criteria or engage in unethical or environmentally harmful practices. In 2024, the percentage of environment and OHSE criterion has been incorporated into the contract KPI evaluations for all main sub-contractors and service providers on site.

In 2024, we worked with over 650 suppliers, 86% of whom were Mongolian suppliers, Chinese suppliers made up 7%, while the rest were made up of European and Australian suppliers.

Product Responsibility

The IMS implementation and follow-up measures are validated by internal audit on a regular basis and all required preparation works were done for a new round of surveillance audit in 2021.

The Quality Assurance Department effectively implements the "QA.01 Quality Assurance Procedure" protocol across the company. This protocol outlines the primary processes at all stages of product production and includes continuous performance monitoring to ensure ongoing improvements. Operational process planning falls under the management of the Technical Services department, encompassing geology conduct, mine planning, mine feeding, mine dispatch, and the CHPP.

The process engineering team is responsible for managing the coal washing process according to established standards and instructions. Meanwhile, the mining geology team oversees the management of feed coal quality, and the Fleet Management System team handles the blend ratio management. The Quality Assurance department conducts integrated monitoring based on documented information and provides guidelines for product transportation and export to the relevant sections.

The Quality Assurance department ensures that all exported products meet customer quality requirements. This is achieved by conducting internal laboratory tests and validating these results using control samples sent to external laboratories, including the customs central laboratory. Additionally, any customer complaints are addressed in accordance with the "IMS.ER.04 Procedure for Receiving, Resolving Complaints, and Surveying and Recording the Needs of Interested Parties".

Anti-Corruption

Our Code and other guidelines clearly prohibit bribery and corruption in all forms of business dealings and to the best of our knowledge, our employees, subsidiaries, agents and contractors have been free of any notice or actions from relevant regulators with regards to anti-money laundering and/or anti-bribery or corruption issues. We strive to implement socially responsible supply chain practices and anti-corruption practices by working closely with our suppliers, host communities and the relevant government agencies. A system is in place to ensure that our procurement and operational practices are free from unfair business dealings, suspicious payments and financings related to terrorism or money laundering. All of our Codes, systems and policies are in full conformity with the applicable legislation relating to the area including the Mongolian Law on Combating Money Laundering and Terrorism Financing enacted in 2013, the Law on Combating Terrorism enacted in 2004, the Law on Anti-corruption enacted in 2006, as well as the Criminal Code of Mongolia effective since 2002.

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 antibribery.

The Company restricts all and any forms of bribery, corruption, and money laundering under its relevant policies and the Company and its subsidiaries are authorised to refuse any transactions involving funds of unknown origin, associated with terrorist activities, or deemed illegal.

No legal case pertaining to corrupt practices have been brought against the Company or its employees throughout the reporting period.

The Company's Board periodically reviews the Anti-Corruption and Anti-Bribery policy to ensure its effectiveness in meeting the Group's needs and aligning with current regulatory requirements. According to the Anti-Corruption and Anti-Bribery policy, the Company has established procedures to enable its employees to confidentially report concerns regarding potential improprieties in financial reporting, internal controls, fraud, or other matters. Furthermore, the Company's Whistleblower policy delineates the steps for employees and other stakeholders to raise concerns anonymously and confidentially to the Audit Committee, executive management, or their supervisors regarding suspected improprieties.

The Group ensures the dispatch of relevant policies and conducts training sessions for employees on corruption and bribery risks on annual basis, as well as compliance with laws, regulations, and standards of conduct through its human resources department. The Company also clearly informs and requires contractors who has business engagement with the Company of its zero-tolerance position to any form of bribery and corruption irrespective whether such matter may occur within or out of the business relations with the Group.

Community

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.

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 supports. 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 17.3 billion (approximately USD 5 million).

Long-term support for basketball teams in Mongolia

With its increasing popularity in Mongolia, 3x3 basketball is attracting large number of players and spectators from around the country. As the outreach grows, MMC launched a long-term collaboration program with the 3x3 basketball national teams in 2020, providing them with the resources and opportunities to enhance their practices and trainings, build teams and compete nationally and internationally. The program also helps aspiring young athletes make their way to the professional teams and start their career in team sports. Energy 3x3 club which we officially formed in 2020 currently supports 13 athletes in three professional teams and their supporting staff, providing them with access to professional guidance, facilities, equipment and an opportunity to compete at high-rank 3x3 tournaments internationally.

Efforts against air pollution

Due to harsh winter season and prevalent use of raw thermal coal for heating, air quality in Mongolia has become a critical issue, especially in the capital city Ulaanbaatar and rural provincial centers. As part of its measures to intensify the fight against air pollution in winter heating months, the GoM imposed a ban on the burning of raw coal in Ulaanbaatar and introduced a usage of refined smokeless fuel/ briquette starting from 2019. Within the framework of this project, the Company continues to provide washed thermal coal free-of-charge to TTT, a state-owned company working in charge of manufacturing and distributing briquettes to the residents of Ulaanbaatar. In the reporting period, we provided over 520,000 tonnes of washed thermal coal worth of approximately MNT 57.2 billion. By the GoM Resolution in 2021, the Group was exempted from air pollution fee. This exemption is to remain effective as long as we provide 70% of more percentage of the total coal used for manufacturing of the smokeless fuel.

ENGAGEMENT

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.

Tsogttsetsii 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 Tsogttsetsii 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 Tsogttsetsii, thereby benefiting the majority of the soum residents with associated social facilities.

To facilitate our ongoing efforts and community relations, MMC pioneered the first public consultation and discussion event in Umnugobi. Since 2008, the events have served as a bridge between the Company and the local community members including herders that live in the mine impact area. In accordance with Clause 42.1 of the Minerals Law of Mongolia and a standard form of agreement approved by the Resolution 179 of the GoM, we have a long-term community development and cooperation agreement signed with the Umnugobi aimag Governor's office in 2017. 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. The focal areas of the agreement include but not limited to environmental protection, infrastructure development, employment/job creation and support for sustainable development of the communities. 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.

To better accommodate the needs of the communities, we have a community council run by seven members from the host communities. Together with our Community Relations team, the council meets on a quarterly basis and discusses initiatives and suggestions from the community members. Our overall consultation and engagement platform with communities occur in many forms, including but not limited to:

- Regular communications of our dedicated community engagement staff with herder households and community members in the mine impact area;
- Regular meetings and information exchange with the local administration;
- Monthly or quarterly meetings with community councils to provide a better platform for dialogue between the Company and the local communities;
- Public consultation and disclosure activities ("Open ger" events);
- Operation of local information center;
- Independent grievance mechanism;
- Distribution of annual reports and CSR reports;
- News updates and bulletins; and
- Information dissemination through the social media pages of the Company.

At MMC, we are proud that numerous external monitoring and evaluations performed by both international and local experts identified our community engagement practice as one of our strongest assets at UHG.

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 herdsmen. In 2024, we maintained the scope of our community investment and allocated a total of MNT 33.4 billion on community investment and related activities.

Table 36. Community Investment (coking coal)

MNT billion	**2024**	2023	2022
Local procurement	**15.7**	9.6	7.1
Local infrastructure development	**2.3**	3.3	3.2
Grant and donations	**4.8**	1.7	1.3
Community development programs	**1.9**	2.0	0.2
Total	**23.1**	21.3	9.5

DEVELOPMENT PROGRAMS

Based on the needs of the local communities 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 well-being, 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.

We seek to deliver long-term sustainable outcomes for the communities where we operate and empower the local people to develop independently of the Company operations when our mining activities cease. Therefore, long-term sustainability projects are preferred over one-off grants and donations or short-term activities.

All of them are intended to mitigate any adverse impacts associated with our mining activities and at the same time support any positive impact to contribute to the development of the region in the long run.

Sustainable Livelihood Support Program

The Company has implemented a Sustainable Livelihood Support Program (local SME support program) since 2012 that focuses on providing micro-financial support to the local start-ups and SMEs. As part of our Sustainable Development Policy, we believe that supporting local start-ups and SMEs will create new economic opportunities for the local communities. We have expanded the outreach of the program in certain stages and involve families of our resettled employees as well. Currently, the program provides interest-free loans to local start-ups and small businesses of Umnugobi province, namely in Tsogttsetsii, Khankhongor and Tsogt-ovoo soums. In 2024, a total of MNT 193 million in interest-free loans was distributed to 19 individuals in Tsogttsetsii Soum, with no reported repayment delays.

Local education support program

We have been carrying out our local education support program since 2013. Based on the outcomes of our recent baseline studies for the community outreach, we newly established an education center at Tsetsii miners' town in 2024, to provide extra-curricular activities for the local secondary school students and help them improve their academic performances. The education center currently provides supplementary courses in English, Math, Chinese, EQ and Coding to about 160 local students in 4-12th grades. We also allocated MNT 100 million to cover operational and management costs for the Muruudliin Khutuch (Dream Guide) Training Center and provided housing for its teachers. Run by an independent academic training center, the education center has experienced teachers from both the provincial center and Ulaanbaatar and aims to help address the overload of local secondary schools in Tsogttsetsii.

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 use for a duration of 5 years, enabling them to provide pre-school services in a comfortable environment to about 140 local children.

As part of our commitment to youth development, we have implemented the "Work During Break – 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 four years (2018, 2019, 2023, and 2024), a total of 120 students from Khanbogd, Tsogttsetsii, Bayan-Ovoo, and Tsogt-Ovoo soums have participated in this program. In 2024, 35 students participated, including 24 in paid internships and 11 in unpaid positions. Tsogttsetsii Soum's No. 1 General Education School needed a school facility, therefore on 9 December 2024, we made it possible for it to operate in the Muruudliin Khutuch Training Center, which could house 425 students in grades 1–5 in 12 classes across three shifts. Additionally, until June 2025, we made 500 square meters of classroom space in the Tsetsii Residential Complex available without any charges.

Community vegetable gardening project

To support the vegetable gardening initiatives of the local community members and assist them in generating an additional source of income in water-scarce Gobi region, we started the forest belt project in 2011. Over the past 10 years, the project area within the forest belt was successfully expanded from 15 to 23 hectares, has over 15,000 trees with a growth success rate of over 85% and serves as an offset against desertification. In addition to properly managing the land and irrigation system, the Company organises professional training programs on vegetable growing and drip irrigation and provides the community members with seeds and supplies. By facilitating direct engagement with the community members, we are having a continual increase in the number of participants every year.

"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 2024:

- We continued to provide Tsogttsetsii soum where we operate with 24-hour electricity and filtered drinking water;
- Approximately 46,000 tonnes of thermal coal was provided free-of-charge to Dalanzadgad soum power plant and 11 soums of Umnugobi aimag during the winter heating months;
- Free-of-charge 11,000 hay and 1,800 fodder support is provided to Tsogttsetsii soum and other neighboring soums in 2024.

Local health support program

With a notable increase of population density and household size in Tsogttsetsii 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 Tsogttsetsii 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. In 2024, a total of 939 children (aged 0–16) received medical examinations under this initiative.

Additionally, we have provided housing for the director of Tsogttsetsii Soum's Health Center to ensure their long-term commitment to the local healthcare sector.

Local cultural heritage support program

We endeavor to pay respect to the local traditions and promote the uniqueness of Gobi cultural heritage to the wider community. In 2024, we contributed to the 100th-anniversary celebrations of several soums by setting up traditional Mongolian gers and providing financial support, including:

- MNT 500 million for the Tsogttsetsii Soum Anniversary Festival;
- MNT 250 million for the Khanbogd Soum Anniversary Festival;
- MNT 50 million for the Khanhongor Soum Anniversary Festival.

Total contributions to cultural heritage preservation in 2024 amounted to MNT 944 million.

FINANCIAL STATEMENTS

KPMG

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 82 to 129, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 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 ("**HKSAs**") 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**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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	How the matter was addressed in our audit
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 USD1,039,852,000 for the year ended 31 December 2024. 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.	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.

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 HKSAs 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 HKSAs, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 group 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.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
24 March 2025

Consolidated Statement of Profit or Loss for the year ended 31 December 2024
(Expressed in United States dollars)

	Note	2024 USD'000	2023 USD'000
Revenue	4	1,039,852	1,034,821
Cost of revenue	5	(628,177)	(593,180)
Gross profit		411,675	441,641
Other net income		13,049	7,414
Selling and distribution costs	6(c)	(9,767)	(4,779)
General and administrative expenses		(46,633)	(57,272)
Profit from operations		368,324	387,004
Finance income	6(a)	4,272	1,855
Finance costs	6(a)	(37,349)	(41,958)
Net finance costs	6(a)	(33,077)	(40,103)
Loss from repurchase, refinancing and redemption of Senior Notes due 2024	7	–	(12,975)
Share of profits of associates		957	996
Share of losses of joint ventures		(1)	–
Profit before taxation	6	336,203	334,922
Income tax	8	(92,651)	(94,820)
Profit for the year		243,552	240,102
Attributable to:			
Equity shareholders of the Company		242,012	239,686
Non-controlling interests		1,540	416
Profit for the year		243,552	240,102
Basic earnings per share	9(a)	22.12 cents	21.95 cents
Diluted earnings per share	9(b)	21.77 cents	21.95 cents

The notes on pages 86 to 129 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 2024
(Expressed in United States dollars)

	Note	2024 USD'000	2023 USD'000
Profit for the year		243,552	240,102
Other comprehensive income for the year (after tax and reclassification adjustments)	12		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on re-translation		(2,614)	525
Other comprehensive income for the year		(2,614)	525
Total comprehensive income for the year		240,938	240,627
Attributable to:			
Equity shareholders of the Company		239,539	240,119
Non-controlling interests		1,399	508
Total comprehensive income for the year		240,938	240,627

The notes on pages 86 to 129 form part of these financial statements.

Consolidated Statement of Financial Position at 31 December 2024
(Expressed in United States dollars)

	Note	2024 USD'000	2023 USD'000
Non-current assets			
Property, plant and equipment, net	13	1,099,868	1,066,555
Construction in progress	14	86,782	7,236
Other right-of-use assets	15	49	48
Intangible assets	16	506,741	492,317
Interests in associates	18	8,718	8,258
Interest in joint ventures		5	6
Other non-current assets	19	30,639	6,544
Deferred tax assets	26(b)	15,654	7,574
Total non-current assets		1,748,456	1,588,538
Current assets			
Inventories	20	148,339	98,952
Trade and other receivables	21	97,897	145,152
Cash and cash equivalents	22	140,521	175,799
Total current assets		386,757	419,903
Current liabilities			
Trade and other payables	24	138,970	126,736
Contract liabilities		115,421	237,447
Lease liabilities		567	–
Current taxation	26(a)	70,661	69,249
Total current liabilities		325,619	433,432
Net current assets/(liabilities)		61,138	(13,529)
Total assets less current liabilities		1,809,594	1,575,009

The notes on pages 86 to 129 form part of these financial statements.

	Note	2024 USD'000	2023 USD'000
Non-current liabilities			
Borrowing	25	20,000	–
Senior Notes	23	216,122	213,993
Provisions	28	32,030	24,959
Deferred tax liabilities	26(b)	160,523	166,191
Total non-current liabilities		428,675	405,143
NET ASSETS		1,380,919	1,169,866
CAPITAL AND RESERVES			
Share capital	29(c)	104,908	104,248
Reserves		1,140,602	1,010,589
Total equity attributable to equity shareholders of the Company		1,245,510	1,114,837
Perpetual notes	29(e)	–	55,476
Non-controlling interests		135,409	(447)
TOTAL EQUITY		1,380,919	1,169,866

Approved and authorised for issue by the board of directors on 24 March 2025.

Odjargal Jambaljamts
Chairman

Battsengel Gotov
Chief Executive Officer

The notes on pages 86 to 129 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

(Expressed in United States dollars)

	Note	Attributable to equity shareholders of the company									
		Share capital USD'000 (Note 29(c))	Share premium USD'000 (Note 29(d)(i))	Other reserve USD'000 (Note 29(d)(ii))	Exchange reserve USD'000 (Note 29(d)(iii))	Property revaluation reserve USD'000 (Note 29(d)(iv))	Retained profits USD'000	Total USD'000	Perpetual notes USD'000 (Note 29(e))	Non-controlling interests USD'000	Total equity USD'000
At 1 January 2023		104,248	773,014	34,874	(519,940)	370,316	110,044	872,556	55,476	(955)	927,077
Profit for the year		-	-	-	-	-	239,686	239,686	-	416	240,102
Other comprehensive income	12	-	-	-	433	-	-	433	-	92	525
Total comprehensive income		-	-	-	433	-	239,686	240,119	-	508	240,627
Repurchase of perpetual notes	29(e)	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based transactions	27	-	-	2,162	-	-	-	2,162	-	-	2,162
Reclassification of property revaluation reserve to retained profits upon disposals of assets concerned		-	-	-	-	(1,426)	1,426	-	-	-	-
At 31 December 2023		104,248	773,014	37,036	(519,507)	368,890	351,156	1,114,837	55,476	(447)	1,169,866

The notes on pages 86 to 129 form part of these financial statements.

	Note	Attributable to equity shareholders of the company									
		Share capital USD'000 (Note 29(c))	Share premium USD'000 (Note 29(d)(i))	Other reserve USD'000 (Note 29(d)(ii))	Exchange reserve USD'000 (Note 29(d)(iii))	Property revaluation reserve USD'000 (Note 29(d)(iv))	Retained profits USD'000	Total USD'000	Perpetual notes USD'000 (Note 29(e))	Non-controlling interests USD'000	Total equity 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	29(e)	-	-	-	-	-	(87,052)	(87,052)	(55,476)	-	(142,528)
Distribution made to holders of perpetual notes	29(e)	-	-	-	-	-	(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	33	-	-	-	-	-	-	-	-	40,000	40,000
Partial disposal of investment in a subsidiary	34	-	-	-	-	-	(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 86 to 129 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2024
(Expressed in United States dollars)

	Note	2024 USD'000	2023 USD'000
Operating activities			
Profit before taxation		336,203	334,922
Adjustments for:			
Depreciation and amortisation	6(c)	124,798	94,119
Share of profits of associate and joint venture		(956)	(996)
Loss on disposals of property, plant and equipment	6(c)	862	1,635
Loss on mining equipment transferred from mining contractor		–	24,057
Net finance costs	6(a)	33,077	40,103
Loss from repurchase, refinancing and redemption of Senior Notes due 2024	7	–	12,975
Equity-settled share-based payment expenses	6(b)	1,886	2,162
Changes in working capital:			
(Increase)/decrease in inventories		(49,387)	3,842
Decrease/(increase) in trade and other receivables		47,255	(52,995)
(Decrease)/increase in trade and other payables and contract liabilities		(180,596)	15,862
(Increase)/decrease in other non-current assets		(24,095)	28,936
Cash generated from operations		289,047	504,622
Income tax paid	26(a)	(65,556)	(22,743)
Net cash generated from operating activities		223,491	481,879

The notes on pages 86 to 129 form part of these financial statements.

	Note	2024 USD'000	2023 USD'000
Investing activities			
Payments for acquisition of property, plant and equipment and construction in progress		(188,955)	(133,798)
Proceeds from disposals of property, plant and equipment		–	8
Acquisition of a subsidiary, net of cash acquired	33	6,028	–
Payments for acquisition of intangible asset		–	(6)
Prepayments for acquisition of a subsidiary		–	(40,000)
Interest received		4,777	1,328
Dividends received from an associate		240	168
Net cash used in investing activities		(177,910)	(172,300)
Financing activities			
Proceeds from borrowing	22(b)	20,000	–
Capital injection by a non-controlling interest		542	–
Proceeds from partial disposal of interests in a subsidiary	34	88,810	–
Capital element of lease rentals paid		(1,099)	(220)
Repurchase of Senior Notes due 2024	22(b)	–	(36,227)
Payment for refinancing of Senior Notes due 2024	22(b)	–	(174,035)
Proceeds from new issue of Senior Notes due 2026	22(b)	–	44,222
Repurchase of perpetual notes	29(e)	(142,528)	–
Distribution made to holders of perpetual notes	29(e)	(21,348)	–
Interest element of lease rentals paid		(56)	(7)
Proceeds from shares issued under share option scheme		2,753	–
Interest paid		(27,500)	(31,316)
Net cash used in financing activities		(80,426)	(197,583)
Net (decrease)/increase in cash and cash equivalents		(34,845)	111,996
Cash and cash equivalents at beginning of the year		175,799	64,695
Effect of foreign exchange rate changes		(433)	(892)
Cash and cash equivalents at end of the year	22	140,521	175,799

The notes on pages 86 to 129 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**"). These financial statements also comply with the applicable 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 is set out below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group and the Company. 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 and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 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 main operating subsidiaries located in Mongolia is USD and the functional currency of remaining subsidiaries located in Mongolia is Mongolian Togrog ("**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 IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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)(i)).

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)(ii)).

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);
- contract assets (see Note 2(p));
- 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, investment property, inventories and other contract costs, contract assets 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)).

(k) Inventories

Coal 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 coal 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.

Inventories of ancillary materials, spare parts and small tools used in production are stated at cost less impairment losses for obsolescence.

(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)(i)).

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.

(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.

(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 coal 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, meeting requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"), and subsequently the Australian Guidelines for the Estimation and Classification of Coal Resources (2014) to which are referred.

The JORC Code is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in public reports.

Responsibility for demonstrating the required transparency and materiality in the estimation of Coal Resources and/or Coal Reserves required by the JORC Code lies with the "Competent Person". A Competent Person is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy (the "**AusIMM**"), or of the Australian Institute of Geoscientists (the "**AIG**"), or of a Recognised Professional Organisation, as included in a list available on the JORC website. These organisations have enforceable codes of ethics, including disciplinary processes with powers to suspend or expel a member. A Competent Person must have a minimum of five years' relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.

A "Coal Reserve" is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

A "Probable Coal Reserve" is the economically mineable part of an Indicated Coal Resource, and in some circumstances, a Measured Coal Resource. The confidence in the Modifying Factors applying to a Probable Coal Reserve is lower than that applying to a Proved Coal Reserve. A "Proved Coal Reserve" is the economically mineable part of a Measured Mineral Resource. A Proved Coal Reserve implies a high degree of confidence in the Modifying Factors.

"Modifying Factors" are considerations used to convert Coal Resources to Coal Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Modifying Factors may change from one estimation to the next, where the materiality of such changes is demonstrable. Such changes may be as result of variation to any of the mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, governmental or other factors.

Because the Modifying Factors used to estimate Coal Reserves may change from one estimate to the next, estimates of Coal Reserves may change from one period to another. Changes in reported Coal Reserves thus may affect the Group's financial results and financial position in a number of ways, including the following:

– Asset recoverable amounts may be affected due to changes in estimated future cash flows.

– Depreciation, depletion and amortisation charged to the statement of profit or loss may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change.

– Overburden removal costs recorded on the statement of financial position or charged to the statement of profit or loss may change due to changes in stripping ratios or the units of production basis of depreciation.

– Reclamation and mine closure provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

– The carrying amount of deferred tax assets may change due to changes in estimates of the likely recovery of the 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:

	2024 USD'000	2023 USD'000
Revenue from contracts with customers within the scope of IFRS 15		
Coal mining segment		
Washed hard coking coal	796,476	883,140
Washed mid-ash semi-hard coking coal	158,594	28,387
Washed semi-soft coking coal	57,860	85,047
Middlings	25,822	36,471
Raw thermal coal	1,100	1,776
Gold mining segment		
Gold products	–	–
	1,039,852	1,034,821

Revenue generated from the coal mining segment is from sale of goods, which is recognised when the goods are transferred at point in time. No revenue was generated from the gold mining segment during the year ended 31 December 2024.

During the year ended 31 December 2024, the Group had no customer that individually exceeded 10% of the Group's revenue from sales of goods and rendering of services. During the year ended 31 December 2023, the Group had one customer that individually exceeded 10% of the Group's revenue from sales of goods and rendering of services, being USD194,602,000.

Revenue during the year ended 31 December 2024 includes approximately USD116,308,000 (2023: USD120,811,000) 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 mining, processing, transportation and sale of coal products and gold 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 mining segment (Note): the mining, processing, transportation and sale of gold products.

Note: As at 31 December 2024, the gold mine is at construction stage and gold production is expected to start in 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 2024		
	Coal mining segment USD'000	Gold mining segment USD'000	Total USD'000
Revenue from external customers	1,039,852	–	1,039,852
Inter-segment revenue	–	–	–
Segment revenue	1,039,852	–	1,039,852
Profit/(loss) from operations	376,609	(2,084)	374,525
Finance income	1,284	135	1,419
Finance costs	(30,171)	(1,763)	(31,934)
Share of profit of associates	957	–	957
Share of loss of joint ventures	(1)	–	(1)
Income tax expense	(92,776)	125	(92,651)
Segment profit/(loss)	255,902	(3,587)	252,315
Unallocated head office and corporate expenses			(8,763)
Profit for the year			243,552
Other segment information:			
Depreciation and amortisation	124,473	325	124,798

	Year ended 31 December 2023		
	Coal mining segment USD'000	Gold mining segment USD'000	Total USD'000
Revenue from external customers	1,034,821	–	1,034,821
Inter-segment revenue	–	–	–
Segment revenue	1,034,821	–	1,034,821
Profit from operations	391,752	–	391,752
Finance income	1,668	–	1,668
Finance costs	(41,595)	–	(41,595)
Share of profit of associates	996	–	996
Loss from repurchase of Senior Notes due 2024	(12,236)	–	(12,236)
Income tax expense	(94,820)	–	(94,820)
Segment profit	245,765	–	245,765
Unallocated head office and corporate expenses			(5,663)
Profit for the year			240,102
Other segment information:			
Depreciation and amortisation	94,119	–	94,119

(ii) Reconciliations of segment assets and liabilities:

	2024 USD'000	2023 USD'000
Assets		
Segment assets		
– Coal mining segment	1,973,702	1,892,691
– Gold mining segment	148,266	–
Elimination of inter-segment	–	–
	2,121,968	1,892,691
Unallocated head office assets	13,245	115,750
Consolidated total assets	2,135,213	2,008,441

	2024 USD'000	2023 USD'000
Liabilities		
Segment liabilities		
– Coal mining segment	688,807	797,350
– Gold mining segment	23,857	–
Elimination of inter-segment	–	–
	712,664	797,350
Unallocated head office liabilities	41,630	41,225
Consolidated total liabilities	754,294	838,575

(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. No revenue was generated from the gold mining segment, therefore no geographical segment reporting is presented.

5 COST OF REVENUE

	2024 USD'000	2023 USD'000
Mining costs	269,334	250,465
Processing costs	67,989	63,456
Transportation costs	143,589	92,291
Others (Note)	147,265	186,968
Cost of revenue	628,177	593,180

Note: Others mainly include royalty tax on the coal sold.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance costs:

	2024 USD'000	2023 USD'000
Interest income	(4,272)	(1,855)
Finance income	(4,272)	(1,855)
Interest on liability component of senior notes (Note 23)	31,322	34,675
Interest on borrowing (Note 25)	109	–
Interest on lease liabilities	60	6
Transaction cost	–	11
Unwinding interest on accrued reclamation obligations (Note 28)	3,334	1,313
Net interest expense	34,825	36,005
Foreign exchange loss, net	1,473	5,953
Others	1,051	–
Finance costs	37,349	41,958
Net finance costs	33,077	40,103

No borrowing costs have been capitalised for the years ended 31 December 2024 and 2023.

(b) Staff costs:

	2024 USD'000	2023 USD'000
Salaries, wages, bonuses and benefits	52,208	38,903
Retirement scheme contributions	6,887	4,889
Equity-settled share-based payment expenses (Note 27)	1,886	2,162
	60,981	45,954

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:*

	2024 USD'000	2023 USD'000
Selling and distribution costs (Note (i))	9,767	4,779
Depreciation and amortisation	124,798	94,119
Net loss on disposals of property, plant and equipment	862	1,635
Auditors' remuneration		
– audit and review services	679	641
– tax and other services	7	353
	686	994
Cost of inventories (Note (ii))	628,177	593,180

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 USD167,579,000 (2023: USD136,876,000) 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 USD2,929,000 (2023: USD11,109,000).

7 LOSS FROM REPURCHASE, REFINANCING AND REDEMPTION OF SENIOR NOTES DUE 2024

	2024 USD'000	2023 USD'000
Gain on repurchase of Senior Notes due 2024 (Note (i))	–	4,691
Loss on refinancing and redemption of Senior Notes due 2024 (Note (ii))	–	(17,666)
	–	(12,975)

Notes:

(i) The Group repurchased a total of USD41,160,000 principal amount from senior notes with initial principal amount of USD440,000,000 maturing on 15 April 2024 ("**Senior Notes due 2024**") through open market during the year ended 31 December 2023. The excess of derecognised carrying amount of the Senior Notes due 2024 over the consideration to settle the financial liabilities, amounting to approximately USD4,691,000, has been recognised as a gain from repurchase of Senior Notes due 2024 and credited to profit or loss during the year ended 31 December 2023.

(ii) On 28 August 2023, the Company announced an invitation to exchange any and all of the outstanding Senior Notes due 2024 and potential issuance of new senior notes. As at the offer expiration date on 5 September 2023, an aggregate principal amount of USD251,029,000 of the Senior Notes due 2024 has been validly tendered for exchange and accepted in the exchange offer and USD175,713,000 principal amount of new senior notes due 2026 was issued pursuant to the exchange offer (the "**Exchange Offer**"). Pursuant to the Company's announcement dated 7 September 2023, the Company and Energy Resources LLC ("**ER**"), an indirect wholly-owned subsidiary of the Company, issued additional USD4,287,000 principal amount of senior notes due 2026 ("**New Money Issuance**"). As a result of the Exchange Offer and New Money Issuance, the outstanding principal amount of the Senior Notes due 2024 and senior notes due 2026 was USD84,220,000 and USD180,000,000, respectively. The senior notes due 2026, issued on 13 September 2023, is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and bears interest at 12.50% per annum fixed rate, payable semi-annually, and due on 13 September 2026 ("**Senior Notes due 2026**").

On 8 November 2023, the Company and ER redeemed the outstanding USD84,220,000 principal amount of Senior Notes due 2024 in full at redemption price of 102.313% ("**Optional Redemption**").

On 14 December 2023, the Company and ER issued additional USD40,000,000 of senior notes, which is consolidated and formed single series with the Senior Notes due 2026 ("**Additional Issuance**").

As a result of the Exchange Offer, New Money Issuance, Optional Redemption and Additional Issuance, a loss amounting to approximately USD17,666,000 has been recognised in profit or loss during the year ended 31 December 2023.

8 INCOME TAX

(a) *Income tax in the consolidated statement of profit or loss represents:*

	2024 USD'000	2023 USD'000
Current tax		
Provision for the year (Note 26(a))	105,542	81,493
Over-provision in respect of prior years	–	(114)
Deferred tax		
Origination and reversal of temporary difference (Note 26(b))	(12,891)	13,441
	92,651	94,820

(b) *Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:*

	2024 USD'000	2023 USD'000
Profit before taxation	336,203	334,922
Notional tax on profit before taxation	86,500	85,142
Tax effect of non-deductible items (Note (iii))	7,260	11,441
Tax effect of non-taxable items (Note (iii))	(1,502)	(1,908)
Prior year tax loss utilised	(10)	–
Tax losses not recognised	403	259
Over-provision in respect of prior years	–	(114)
Actual tax expenses	92,651	94,820

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 2024 and 2023. 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 2024 and 2023.

(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 2024 and 2023.

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 USD231,532,000 (2023: USD228,818,000) and the weighted average of 1,046,534,536 ordinary shares (2023: 1,042,476,786 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:

	2024 USD'000	2023 USD'000
Profits attributable to ordinary equity shareholders	242,012	239,686
Allocation of profit of the year attributable to holders of perpetual notes (Note 29(e))	(10,480)	(10,868)
Adjusted profits attributable to ordinary equity shareholders	231,532	228,818

(b) *Diluted earnings per share*

For the year ended 31 December 2024, 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 1,063,424,260 ordinary shares after adjusting the effects of outstanding share options (see Note 27).

No potential dilutive shares existed as at 31 December 2023. The equity-settled share-based payment transactions (see Note 27) were anti-dilutive and therefore not included in calculating diluted earnings per share for the year ended 31 December 2023.

Weighted average number of ordinary shares (diluted) is calculated as follows:

	2024	2023
Weighted average number of ordinary shares at 31 December	1,046,534,536	1,042,476,786
Dilution effect of the Company's share option scheme (Note 27)	16,889,724	–
Weighted average number of ordinary shares (diluted) at 31 December	1,063,424,260	1,042,476,786

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 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

	Year ended 31 December 2023					
	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	75	99	–	1,332
Battsengel Gotov	19	919	75	81	641	1,735
Non-executive directors						
Enkhtuvshin Gombo	19	–	–	–	–	19
Od Jambaljamts	19	–	–	–	–	19
Myagmarjav Ganbyamba	19	–	–	–	–	19
Independent non-executive directors						
Khashchuluun Chuluundorj	19	–	–	–	–	19
Unenbat Jigjid	19	–	–	–	–	19
Chan Tze Ching, Ignatius	58	–	–	–	–	58
Total	191	2,058	150	180	641	3,220

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 2024 and 2023.

(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 2024 and 2023.

(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 2024 and 2023.

(iv) No consideration was provided to or receivable by third parties for making available Directors' services during the years ended 31 December 2024 and 2023.

(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)(ii).

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:

	2024 Number of individuals	2023 Number of individuals
Directors	2	2
Non-directors	3	3
	5	5

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:

	2024 USD'000	2023 USD'000
Basic salaries, allowances and benefits in kind	873	765
Discretionary bonuses	450	226
Retirement scheme contributions	108	81
Equity-settled share-based payment expenses	370	401
	1,801	1,473

The emoluments of the remaining individuals with the highest emoluments are within the following band:

	2024 Number of individuals	2023 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	–

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 2024 and 2023.

12 OTHER COMPREHENSIVE INCOME

	2024 USD'000	2023 USD'000
Exchange differences on re-translation of the financial statements of certain subsidiaries	(2,614)	525

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
Cost or valuation:						
At 1 January 2023	485,171	319,832	44,877	5,187	612,092	1,467,159
Additions	1,947	2,750	101,594	713	83,411	190,415
Disposals	(2,706)	(1,761)	(1,731)	(543)	–	(6,741)
Transfer from construction in progress	23,791	15,159	–	–	–	38,950
Adjustment on mining rehabilitation	–	–	–	–	6,909	6,909
Exchange adjustments	1,246	562	(2)	6	–	1,812
At 31 December 2023	509,449	336,542	144,738	5,363	702,412	1,698,504
Representing:						
Cost	760	–	144,738	5,363	702,412	853,273
Valuation	508,689	336,542	–	–	–	845,231
	509,449	336,542	144,738	5,363	702,412	1,698,504
At 1 January 2024	509,449	336,542	144,738	5,363	702,412	1,698,504
Acquisition of a subsidiary (Note 33)	29	241	329	178	19,484	20,261
Additions	2,805	6,344	17,249	1,397	99,997	127,792
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

	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
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
Accumulated amortisation and depreciation:						
At 1 January 2023	147,477	212,101	41,415	4,135	142,343	547,471
Charge for the year	14,537	17,286	8,078	306	48,193	88,400
Written back on disposals	(877)	(1,730)	(1,727)	(519)	–	(4,853)
Exchange adjustments	550	378	(1)	4	–	931
At 31 December 2023	161,687	228,035	47,765	3,926	190,536	631,949
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
Carrying amount:						
At 31 December 2024	333,567	96,346	82,836	2,378	584,741	1,099,868
At 31 December 2023	347,762	108,507	96,973	1,437	511,876	1,066,555

Notes:

(a) Majority part of the Group's property, plant and equipment are located in Mongolia.

(b) Mining properties as at 31 December 2024 include stripping activity assets with the carrying amount of USD531,464,000 (2023: USD483,446,000).

(c) As at 31 December 2024, 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 2024 is approximately USD5,556,000 (2023: USD6,618,000). 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 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

	Fair value as at 31 December 2023 USD'000	Fair value measurements as at 31 December 2023 categorised into Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Recurring fair value measurement				
Buildings and plants	347,762	–	–	347,762
Machinery and equipment	108,507	–	–	108,507
Buildings and plants, machinery and equipment under construction (Note 14)	7,236	–	–	7,236
Total	463,505	–	–	463,505

During the year ended 31 December 2024, 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 Charted 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 Company 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 of 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:

	2024 **USD'000**	**2023** **USD'000**
Buildings and plants	111,526	116,481
Machinery and equipment	22,695	25,952
Buildings and plants, machinery and equipment under construction	3,704	3,715
	137,925	146,148

(e) Impairment of mining related assets

Given the fact that the carrying amount of the Group's net assets exceeded the Group's market capitalisation as at 31 December 2024, according to IAS 36, *Impairment of 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 2024 is consistent with that at the year end of 2023, 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 proved 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 20% were applied to the future cash flows projection at the year end of 2024 (2023: post-tax discount rate of 17% and pre-tax discount rate of 23%). 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 2024, and has not resulted in the identification of an impairment loss for the year ended 31 December 2024. The Directors are of the opinion that the impairment provision is adequate as at 31 December 2024 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

	2024 USD'000	2023 USD'000
At 1 January	7,236	47,387
Acquisition of a subsidiary (Note 33)	35,465	–
Additions	44,668	163
Transfer to property, plant and equipment (Note 13)	–	(38,950)
Transfer to materials and supplies	–	(1,433)
Exchange adjustments	(587)	69
At 31 December	86,782	7,236

Note: The construction in progress is mainly related to buildings and plants. The additions in construction in progress are mainly related to the construction of Bayan Khundii ("**BKH**") mine of Erdene Mongol LLC ("**EM**") (see Note 33).

15 OTHER RIGHT-OF-USE ASSETS

	2024 USD'000	2023 USD'000
Cost:		
At 1 January	65	65
Additions	2	–
At 31 December	67	65
Accumulated depreciation:		
At 1 January	17	16
Charge for the year	1	1
At 31 December	18	17
Net carrying amount:	49	48

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 2023	701,557	3,676	3,174	708,407
Addition	–	–	–	–
At 31 December 2023	701,557	3,676	3,174	708,407
Acquisition of a subsidiary (Note 33)	21,900	–	–	21,900
Addition	–	223	–	223
At 31 December 2024	723,457	3,899	3,174	730,530
Accumulated amortisation and impairment loss:				
At 1 January 2023	206,305	2,942	1,125	210,372
Amortisation charge for the year	4,292	367	1,059	5,718
At 31 December 2023	210,597	3,309	2,184	216,090
Amortisation charge for the year	6,340	369	990	7,699
At 31 December 2024	216,937	3,678	3,174	223,789
Carrying amount:				
At 31 December 2024	506,520	221	–	506,741
At 31 December 2023	490,960	367	990	492,317

Notes:

(i) Acquired mining right represents the mining right acquired during the acquisition of BN mine and BKH 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
			Direct	Indirect	
Mongolian Coal Corporation Limited	Hong Kong	1 share	100%	–	Investment holding
Mongolian Mining Corporation Pte. Ltd.[i]	Singapore	1 share of USD1 each	100%	–	Investment holding
Mongolian Coal Corporation S.à.r.l.	Luxembourg	1,712,669 shares of USD10 each	–	100%	Investment holding
Energy Resources Corporation LLC	Mongolia	19,800,000 shares of USD1 each	–	100%	Investment holding
Energy Resources LLC	Mongolia	117,473,410 shares of USD2 each	–	100%	Mining and trading of coal
Tavan Tolgoi Airport LLC	Mongolia	5,795,521 shares of MNT1,000 each	–	100%	Airport operation and management
Ukhaa Khudag Water Supply LLC	Mongolia	96,016,551 shares of MNT1,000 each	–	100%	Water exploration and supply management
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
Baruun Naran S.à.r.l. ("**BNS**")	Luxembourg	24,918,394 shares of EUR1 each	–	100%	Investment holding
Khangad Exploration LLC ("**KEX**")	Mongolia	34,532,399 shares of USD1 each	–	80%	Mining and trading of coal
Tianjin Zhengcheng Import and Export Trade Co., Ltd. ("**TZJV**")[ii]	China	RMB10,000,000	–	51%	Trading of coals and machinery equipment
Inner Mongolia Fangcheng Trade Co., Ltd.[iii]	China	RMB5,000,000	–	51%	Trading of coals and machinery equipment
Erdene Mongol LLC	Mongolia	209,369,988 shares of MNT 1,000 each	–	50%	Mining and trading of gold
Leader Exploration LLC	Mongolia	100 shares of MNT 1,000 each	–	50%	Exploration of gold and other precious metals

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: Group's effective interest	Equity attributable to the Company: Held by a subsidiary	Principal activity
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))

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 2024 USD'000	Gashuun Sukhait Road LLC 2023 USD'000
Gross amounts of the associate:		
Current assets	2,054	2,265
Non-current assets	831	692
Current liabilities	2,506	2,363
Equity	379	594
Revenue	2,818	4,486
(Loss)/profit from continuing operations	(185)	86
Other comprehensive income	(30)	5
Total comprehensive income	(215)	91
Reconciled to the Group's interests in associate:		
Gross amounts of net assets of the associate	379	594
Group's effective interest	40%	40%
Group's share of net assets of the associate	151	237
Carrying amount in the consolidated financial statements	151	237

	Guoneng Inner Mongolia Ganqimaodu International Energy Co., Ltd.	
	2024	**2023**
	USD'000	**USD'000**
Gross amounts of the associate:		
Current assets	21,583	21,981
Non-current assets	70,315	73,304
Current liabilities	6,233	10,855
Non-current liabilities	–	4,225
Equity	85,665	80,205
Revenue	23,933	23,595
Profit from continuing operations	10,309	9,615
Other comprehensive income	(2,320)	(2,191)
Total comprehensive income	7,989	7,424
Dividend received from the associate	240	168
Reconciled to the Group's interests in associate:		
Gross amounts of net assets of the associate	85,665	80,205
Group's effective interest	10%	10%
Group's share of net assets of the associate	8,567	8,021
Carrying amount in the consolidated financial statements	8,567	8,021

19 OTHER NON-CURRENT ASSETS

	2024	**2023**
	USD'000	**USD'000**
Prepayments in connection with construction work, equipment purchases and others	30,025	5,930
Other financial asset (Note)	614	614
	30,639	6,544

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:

	2024	**2023**
	USD'000	**USD'000**
Coal	125,961	85,986
Materials and supplies	32,815	23,403
	158,776	109,389
Less: Provision on coal inventories	(10,437)	(10,437)
	148,339	98,952

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024	**2023**
	USD'000	**USD'000**
Carrying amount of inventories sold	628,177	593,180

21 TRADE AND OTHER RECEIVABLES

	2024	**2023**
	USD'000	**USD'000**
Trade receivables (Note (a))	40,672	33,700
Other receivables (Note (c))	57,225	111,452
	97,897	145,152
Less: allowance for credit losses (Note (b))	–	–
	97,897	145,152

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:

	2024 USD'000	2023 USD'000
Within 90 days	20,630	28,847
91 to 180 days	13,977	4,853
181 to 270 days	5,079	–
271 to 365 days	986	–
	40,672	33,700

(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)(i)).

As at 31 December 2024, the Group evaluated the loss allowance for ECL and no loss allowance of trade receivables (2023: 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

	2024 USD'000	2023 USD'000
Amounts due from related parties	–	22
Prepayments and deposits	9,603	7,232
VAT and other tax receivables (Note (i))	47,123	62,732
Others (Note (ii))	499	41,466
	57,225	111,452

Notes:

(i) VAT and other tax receivables include amounts that have been accumulated to date in certain subsidiaries and were due from Mongolian Tax Authority ("**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.

(ii) As at 31 December 2023, others mainly represent the prepayments made in relation to the acquisition of EM (see Note 33).

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:

	2024 USD'000	2023 USD'000
Cash on hand	2	2
Cash at bank	140,519	175,797
Cash and cash equivalents in the consolidated cash flow statement	140,521	175,799

(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 (Note) USD'000 (Note 23)	Total USD'000
At 1 January 2024	–	222,243	222,243
Changes from financing cash flows:			
Proceeds from borrowing	20,000	–	20,000
Interest paid	–	(27,500)	(27,500)
Total changes from financing cash flows	20,000	(27,500)	(7,500)
Other changes:			
Interest expenses (Note 6(a))	109	31,322	31,431
Others	–	(1,693)	(1,693)
Total other changes	109	29,629	29,738
At 31 December 2024	20,109	224,372	244,481

Note: Liabilities include accrued interest as disclosed in Note 24.

	Senior Notes due 2026 (Note) USD'000 (Note 23)	Senior Notes due 2024 (Note) USD'000	Total USD'000
At 1 January 2023	–	381,106	381,106
Changes from financing cash flows:			
Interest paid	–	(31,316)	(31,316)
Repurchase of Senior Notes due 2024	–	(36,227)	(36,227)
Payment for refinancing and redemption of Senior Notes due 2024	–	(174,035)	(174,035)
Proceeds from new issue of Senior Notes due 2026	44,222	–	44,222
Total changes from financing cash flows	44,222	(241,578)	(197,356)
Other changes:			
Interest expenses (Note 6(a))	8,087	26,588	34,675
Refinancing of Senior Notes due 2024	170,442	(160,258)	10,184
Gain on repurchase of Senior Notes due 2024 (Note 7)	–	(4,691)	(4,691)
Others	(508)	(1,167)	(1,675)
Total other changes	178,021	(139,528)	38,493
At 31 December 2023	222,243	–	222,243

Note: Liabilities include accrued interest as disclosed in Note 24.

23 SENIOR NOTES

	2024 USD'000	2023 USD'000
Senior Notes due 2026 (Note)	216,122	213,993

Note:

On 13 September 2023, the Group issued Senior Notes due 2026 with initial principal amount of USD180,000,000. Further on 14 December 2023, the Group issued additional USD40,000,000 principal amount of Senior Notes due 2026. The Senior Notes due 2026 is listed on the SGX-ST, bears interest at 12.50% per annum fixed rate, payable semi-annually, and is due on 13 September 2026 (See Note 7 (ii)).

The Senior Notes due 2026 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 2024 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 by the Directors based on the Binomial model.

24 TRADE AND OTHER PAYABLES

	2024 USD'000	2023 USD'000
Trade payables (Note (i))	86,862	68,856
Amounts due to related parties (Note (ii))	7,949	5,249
Payables for purchase of equipment	1,554	1,282
Interest payable (Note (iii))	8,359	8,250
Other taxes payables	22,824	34,020
Others (Note (iv))	11,422	9,079
	138,970	126,736

Notes:

(i) As of the end of the reporting period, the ageing analysis of trade creditors based on the invoice date is as follows:

	2024 USD'000	2023 USD'000
Within 90 days	86,530	68,326
91 to 180 days	192	254
181 to 365 days	2	4
Over 365 days	138	272
	86,862	68,856

(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 2024, interest payable for Senior Notes due 2026 was USD8,250,000 (2023: USD8,250,000) and interest payable for borrowing was USD109,000 (2023: nil).

(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 2024		At 31 December 2023	
	Effective interest rate	USD'000	Effective interest rate	USD'000
Long-term borrowing (Note)	13.30%	20,000	–	–

Note:

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, and is repayable in six equal monthly instalments at the end of its maturity on 4 December 2026. As at 31 December 2024, USD20,000,000 was drawn down from the loan, with the remaining USD30,000,000 undrawn.

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable in the consolidated statement of financial position represents:

	2024 USD'000	2023 USD'000
At 1 January	69,249	9,617
Provision for the year (Note 8(a))	105,542	81,493
Offsetting with other tax receivables	(52,377)	–
Income tax paid	(65,556)	(22,743)
Exchange adjustments	13,803	882
At 31 December	70,661	69,249

(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 2023	(68,876)	1,468	(199)	(3,143)	23,480	(98,875)	–	(146,145)
Credited/(charged) to profit or loss (Note 8(a))	4,152	(251)	146	4,121	(24,063)	800	1,654	(13,441)
Credited/(charged) to reserves	1,063	10	1	21	(172)	–	46	969
At 31 December 2023	(63,661)	1,227	(52)	999	(755)	(98,075)	1,700	(158,617)
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)

	2024 USD'000	2023 USD'000
Net deferred tax assets recognised in the consolidated statement of financial position	15,654	7,574
Net deferred tax liabilities recognised in the consolidated statement of financial position	(160,523)	(166,191)
	(144,869)	(158,617)

(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 USD410,130,000 as at 31 December 2024 (2023: USD406,257,000) 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:

	2024 USD'000	2023 USD'000
Year of expiry		
2025	9	9
2026	307	347
2027	1,020	1,020
2028	168	54
	1,504	1,430

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.

6,604,000 share options were exercised during the year ended 31 December 2024 (2023: nil).

(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	8,314	3 April 2023 to 3 April 2027	3 April 2023 to 3 April 2028
Total share options	33,250		

(b) The movement of the number and weighted average exercise prices of share options are as follows:

	2024		2023	
	Weighted average exercise price HKD	Number of options '000	Weighted average exercise price HKD	Number of options '000
Outstanding at 1 January	3.26	32,750	–	–
Granted during the year	–	–	3.26	33,250
Forfeited during the year	3.26	(938)	3.26	(500)
Exercised during the year	3.26	(6,604)	–	–
Outstanding at 31 December	3.26	25,208	3.26	32,750
Exercisable at 31 December	3.26	1,584	–	–

The options outstanding at 31 December 2024 had a remaining contractual life of 3.26 years (2023: 4.26 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

	2024 USD'000	2023 USD'000
Accrued reclamation obligations	32,030	24,959

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 2024 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:

	2024 USD'000	2023 USD'000
At 1 January	24,959	16,737
Increase for reassessment of estimated costs	3,737	6,909
Accretion expense (Note 6(a))	3,334	1,313
At 31 December	32,030	24,959

Accrued reclamation costs change during the years ended 31 December 2024 and 2023 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))	Other reserve USD'000 (Note 29(d)(ii))	Accumulated losses USD'000	Perpetual notes USD'000 (Note 29(e))	Total equity USD'000
At 1 January 2023		104,248	773,014	21,169	(132,079)	55,476	821,828
Changes in equity for 2023:							
Total comprehensive income		–	–	–	(5,650)	–	(5,650)
Equity-settled share-based transactions	27	–	–	2,162	–	–	2,162
At 31 December 2023		104,248	773,014	23,331	(137,729)	55,476	818,340
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

(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 2024 (dividend in respect of the year ended 31 December 2023: nil).

(c) Share capital

	2024		2023	
	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

	2024		2023	
	Number of shares'000	USD'000	Number of shares'000	USD'000
Ordinary shares, issued and fully paid				
At 1 January	1,042,477	104,248	1,042,477	104,248
Impact of share option exercise	6,604	660	–	–
At 31 December	1,049,081	104,908	1,042,477	104,248

6,604,000 share options were exercised during the year ended 31 December 2024 (2023: Nil).

(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) Perpetual notes

The Company issued perpetual notes which were listed on the SGX-ST on 4 May 2017, with a principal amount of USD195,000,000 ("**Perpetual Notes**") and with a fair value of USD75,897,000. The Perpetual Notes have no fixed maturity and are redeemable at the Company's option. The distribution payments can be deferred at the discretion of the Company. Fair value of the Perpetual Notes was valued by the management with reference to a valuation report issued by an independent valuer based on the discounted cash flow method.

So long as the Perpetual Notes are outstanding, the Company shall not declare or pay any dividend or make any distribution on or with respect to its capital shares; or redeem, reduce, cancel, buy-back or acquire for any consideration any of its capital shares.

Pursuant to the Perpetual Notes' indenture, it began to accrue distribution from 1 April 2023. During the reporting period, the Company has paid USD21,348,000 to the holders of the Perpetual Notes as distribution.

During the previous reporting periods, the Company redeemed an aggregate principal amount of USD52,472,000 from the Perpetual Notes, with a carrying amount of USD20,421,000. During the year ended 31 December 2024, the Company redeemed all of the outstanding principal amount of USD142,528,000 from the Perpetual Notes with a carrying amount of USD55,476,000. As at 31 December 2024, the outstanding principal amount of the Perpetual Notes was nil.

(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 2024 was 11.1% (2023: 10.7%)

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

The Group's credit risk is primarily attributable to cash at bank, trade and other receivables. Management monitors the exposures to these credit risks on an ongoing basis.

Substantially all of the Group's cash at bank are deposited in the reputable banks which management assessed the credit risk to be insignificant.

Trade receivables are presented net of loss allowance. In order to minimise the credit risk, the credit committee, comprising the senior management team of the Group, has established a policy for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit committee also evaluates and reviews the credit quality and the recoverable amount of each individual trade debt on an ongoing basis. These evaluations and reviews focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to 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 seven debtors accounted for 100% (2023: three debtors accounted for 100%) of the total trade receivables as at 31 December 2024.

Further quantitative disclosures in respect of 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 main operating subsidiaries located in Mongolia is USD and the functional currency of 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)						
	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

	Exposure to foreign currencies (expressed in United States Dollars)						
	2023						
	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	36	–	–	33,726	–	–	–
Cash and cash equivalents	22,700	–	1	50,571	–	20	4
Trade and other payables	(60,619)	–	(34)	(10,358)	–	(228)	–
Net exposure arising from recognised assets and liabilities	(37,883)	–	(33)	73,939	–	(208)	4

(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 (2023: (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	2024 USD'000	2023 USD'000
5% increase in MNT	(1,905)	(2,138)
5% decrease in MNT	1,905	2,138
5% increase in AUD	(5)	–
5% decrease in AUD	5	–
5% increase in EUR	–	(3)
5% decrease in EUR	–	3
5% increase in RMB	1,531	2,631
5% decrease in RMB	(1,531)	(2,631)
5% increase in SGD	–	–
5% decrease in SGD	–	–
5% increase in HKD	55	(8)
5% decrease in HKD	(55)	8
5% increase in USD	1,354	–
5% decrease in USD	(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.

	2024 USD'000	2023 USD'000
Net fixed rate borrowings:		
Senior Notes due 2026	216,122	213,993
Borrowing	20,000	–
	236,122	213,993
Net floating rate borrowings:		
Less: Bank deposits	(140,519)	(175,797)
	(140,519)	(175,797)
Total net borrowings:	95,603	38,196

As at 31 December 2024, 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 2024 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 USD60,000,000 standby facility from a local bank in Mongolia, including EM's undrawn loan of USD30,000,000 (Note 25), 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 2024. 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:

	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
	169,035	269,605	–	438,640	375,092

	2023				
	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	27,500	247,500	302,500	213,993
Trade and other payables (Note 24)	126,736	–	–	126,736	126,736
	154,236	27,500	247,500	429,236	340,729

(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 options embedded in Senior Notes due 2026 were measured at Level 3 and were nil as at 31 December 2024 and 2023.

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: 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 2026	Binomial model	Expected volatility	9.20% (2023: 6.20%)

The fair value of redemption option embedded in Senior Notes due 2026 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 2024, 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 net finance costs by nil.

The redemption option embedded in Senior Notes due 2026 was nil as at the years ended 31 December 2024.

The net gains or losses resulting from the remeasurement of the redemption option embedded in the Senior Notes due 2026 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 2024 and 31 December 2023 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 31 December 2024		At 31 December 2023	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Liability component of Senior Notes due 2026	216,122	239,428	213,993	252,408

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:

	2024 USD'000	2023 USD'000
Contracted for	31,269	21,142
Authorised but not contracted for	50,833	192
	82,102	21,334

(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
Shangri-La Ulaanbaatar LLC	Subsidiary of MCS
Univision LLC	Subsidiary of MCS
Top Motors LLC	Subsidiary of MCS
Tengerleg Ekh Oron LLC	Subsidiary of MCS
Erchim Suljee 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 2024 are as follows:

	2024 USD'000	2023 USD'000
Engineering, procurement and construction services (Note (i))	25,862	–
Ancillary services (Note (ii))	28,299	19,734
Lease of property, plant and equipment (Note (iii))	675	293
Purchase of property and goods (Note (iv))	1,077	607
Sales of goods (Note (v))	67,291	–
Other	325	131

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) Lease of property, plant and equipment represents rental charges paid for properties leased from Shangri-La Ulaanbaatar LLC. The rental charges are based on comparable or prevailing market rates, where applicable.

(iv) 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.

(v) 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

	2024 USD'000	2023 USD'000
Other receivables (Note 21(c))	–	22
Other accruals and payables (Note 24)	(7,949)	(5,249)

(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:

	2024 USD'000	2023 USD'000
Salaries and other emoluments	3,676	3,466
Discretionary bonus	750	504
Retirement scheme contributions	340	309
Equity-settled share-based payment expenses	1,091	1,377
	5,857	5,656

(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 EM

On 10 January 2023, the Group entered into the investment agreement with EM and Erdene Resource Development Corporation to subscribe for 50% of the issued and outstanding share capital of EM, a company engaged in the exploration of gold and other precious metals for a total consideration of USD40,000,000 (the "**Investment Agreement**"). Pursuant to the Investment Agreement, the Company has invested USD40,000,000 to EM in 2023. The completion of the Investment Agreement took place on 25 January 2024 (the "**Acquisition Date**"), and accordingly EM became a subsidiary of the Company.

EM'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 EM 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	22,154
Property, plant and equipment	20,261
Construction in progress	35,465
Other non-current asset	8,857
Cash and cash equivalents	6,028
Trade and other receivables	464
Inventories	1
Other payables	(13,186)
Deferred tax liabilities	(44)
Net identifiable assets acquired	80,000
Non-controlling interests	(40,000)
Total consideration paid in cash	40,000
Less: cash of the subsidiary acquired	6,028
prepayment for the acquisition	40,000
Net cash inflow arising from the acquisition of the subsidiary	(6,028)

34 DISPOSAL OF 20% EQUITY INTEREST IN A WHOLLY-OWNED SUBSIDIARY

On 21 February 2024, the Company and BNS entered into a share purchase agreement with Jiayou International Logistics Co., Ltd. (the "**Purchaser**") to sell its 20% equity interest in KEX for a total consideration of USD88,810,000 ("**KEX Share Purchase Agreement")**. Upon completion of the KEX Share Purchase Agreement on 3 June 2024, the Company and the Purchaser held 80% and 20% equity interest in KEX, respectively and KEX remains as a subsidiary of the Company. This transaction did not cause loss of the Company's control over KEX and was accounted for as an equity transaction.

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 USD'000	2023 USD'000
Non-current assets			
Interests in subsidiaries	17	719,272	743,815
Shareholder loan		52,067	–
Total non-current assets		771,339	743,815
Current assets			
Trade and other receivables		1,171	40,159
Cash and cash equivalents		13,215	75,591
Total current assets		14,386	115,750
Current liabilities			
Trade and other payables		91,145	2,317
Total current liabilities		91,145	2,317
Net current (liabilities)/assets		(76,759)	113,433
Total assets less current liabilities		694,580	857,248
Non-current liabilities			
Senior Notes		39,295	38,908
Total non-current liabilities		39,295	38,908

	Note	2024 USD'000	2023 USD'000
NET ASSETS		655,285	818,340
CAPITAL AND RESERVES	29(a)		
Share capital		104,908	104,248
Reserves		550,377	714,092
TOTAL EQUITY		655,285	818,340

Approved and authorised for issue by the board of directors on 24 March 2025.

Odjargal Jambaljamts
Chairman

Battsengel Gotov
Chief Executive Officer

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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 Universal Copper LLC ("**UCC**"), a company engaged in the exploration of copper and other non-ferrous metals for a total consideration of USD20,500,000. Upon the completion of the Securities Purchase Agreement on 11 March 2025, UCC became a subsidiary of the Company.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 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 IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	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.

Financial Summary

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024 USD'000	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000
Revenue	**1,039,852**	1,034,821	546,248	184,069	417,424
Cost of revenue	**(628,177)**	(593,180)	(451,131)	(161,490)	(288,848)
Gross profit	**411,675**	441,641	95,117	22,579	128,576
Other net income/(loss)	**13,049**	7,414	4,181	(40)	263
Selling and distribution expenses	**(9,767)**	(4,779)	(2,434)	(9,625)	(27,645)
Administrative expenses	**(46,633)**	(57,272)	(24,775)	(24,242)	(19,773)
Profit/(loss) from operations	**368,324**	387,004	72,089	(11,328)	81,421
Finance income	**4,272**	1,855	6,286	54	5,053
Finance costs	**(37,349)**	(41,958)	(47,081)	(48,980)	(46,191)
(Loss)/Gain from repurchase, refinancing and redemption of Senior Notes due 2024	**–**	(12,975)	23,144	–	–
Share of profits/(losses) of associates	**957**	996	286	(196)	(77)
Share of losses of joint venture	**(1)**	–	(16)	(1)	(5)
Profit/(loss) before taxation	**336,203**	334,922	54,708	(60,451)	40,201
Income tax	**(92,651)**	(94,820)	4,183	5,013	(10,596)
Profit/(loss) for the year	**243,552**	240,102	58,891	(55,438)	29,605
Attributable to:					
Equity shareholders of the Company	**242,012**	239,686	59,177	(55,238)	28,940
Non-controlling interests	**1,540**	416	(286)	(200)	665
Basic earnings/(loss) per share	**22.12 cents**	21.95 cents	5.68 cents	(5.35) cents	2.81 cents
Diluted earnings/(loss) per share	**21.77 cents**	21.95 cents	5.68 cents	(5.35) cents	2.81 cents

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024 USD'000	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000
Total assets	**2,135,213**	2,008,441	1,820,508	1,879,138	1,735,540
Total liabilities	**754,294**	838,575	893,431	982,560	847,376
Net assets	**1,380,919**	1,169,866	927,077	896,578	888,164
Total equity	**1,380,919**	1,169,866	927,077	896,578	888,164
Equity attributable to equity shareholders of the Company	**1,245,510**	1,114,837	872,556	829,823	821,209
Perpetual notes	**–**	55,476	55,476	66,569	66,569
Non-controlling interests	**135,409**	(447)	(955)	186	386

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
"DH"	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
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LOM"	Life-of-Mine
"LTIFR"	Lost Time Injury Frequency Rate
"LTIs"	Lost Time Injuries
"middlings"	By-product of washed coking coal production
"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
"mining rights"	The rights to mine mineral resources and obtain mineral products in areas where mining activities are licensed

"MNT"	Togrog or tugrik, the lawful currency of Mongolia
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"MSE"	Mongolian Stock Exchange
"Mt"	Million tonnes
"MVA"	Megavolt-ampere
"MVar"	Megavolt-ampere reactive
"NBS"	National Bureau of Statistics of China
"Norwest"	Norwest Corporation
"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
"open-pit"	The main type of mine designed to extract minerals close to the surface; also known as "open cut"
"ore"	A naturally occurring solid material from which a metal or valuable mineral can be extracted profitably
"Parliament"	Parliament of Mongolia
"Percy"	Percy Rockdale LLC
"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
"raw coal"	Generally means coal that has not been washed and processed
"RMB"	Renminbi
"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)
"seam"	A stratum or bed of coal or other mineral; generally applied to large deposits of coal
"SEHK" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"share(s)"	Ordinary share(s) of USD0.10 each in the share capital of the Company
"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
"Share Option Scheme"	A share option scheme which was adopted by the Company on 16 June 2021
"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
"soum"	The second level of Mongolian administrative subdivisions (essentially equivalent to a sub-province)
"SSCC"	Semi-soft coking coal
"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
"Tavan Tolgoi"	The coal formation located in South Gobi, Mongolia which includes our UHG and BN deposits

“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
“THG”	Tsaikhar Khudag
“TKH”	Tsagaan Khad
“tonne”	Metric tonne, being equal to 1,000 kilograms
“TRIFR”	Total Recordable Injury Frequency Rate
“Tsogttsetsii” or “Tsogttsetsii soum”	Tsogttsetsii soum is the location where Tavan Tolgoi sits
“UHG”	Ukhaa Khudag
“UHG deposit”	Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield which includes both aboveground (<300m) and underground (>300m) deposits
“UHG mine”	The aboveground (<300m) portion of our UHG deposit
“USD”	United States Dollar
“VAT”	Value added tax
“washed coal”	Coals that have been washed and processed to reduce its ash content
“WGC”	World Gold Council

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	• **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.
Site visits	• **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	• **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	• **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	• **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.
	• Geotechnical parameters for the design of stable slopes have been provided by Australian Mining Consultants ("**AMC**"). • The mining factors used were: – 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/m^3, 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	• **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	• **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	• **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
Costs	• **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. – 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.

Criteria	Commentary

Revenue factors	• **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:
	  • 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	• **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	• **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	• **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	• **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 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	• **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	• **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	• **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 UHG commenced in April 2009. Run-of-Mine ("**ROM**") coal production of 79.2 Mt was reported by mine survey measurement from April 2009 until end of 2021. • 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. • 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 semisoft 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	• **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.
Site visits	• **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	• **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	• **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	• **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. • The mining factors used were: – 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	• **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.
Environmental	• **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	• **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
Costs	• **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.

Criteria	Commentary

Revenue factors	• **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:
	  • 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	• **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	• **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	• **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	• **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	• **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	• **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	• **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 semihard coking coal.