MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Mongolian Mining Corporation ("**MMC**" or the "**Company**") and its subsidiaries (the "**Group**") generated revenue of approximately United States Dollar ("**USD**") 1,039.9 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 earnings before interest, taxes, depreciation and amortisation adjusted by other non-cash items ("**adjusted EBITDA**") for the year ended 31 December 2024 was approximately USD495.9 million, compared to adjusted EBITDA of approximately USD509.0 million recorded for the year ended 31 December 2023.

The Group's 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 were USD22.12 cents and USD21.77 cents, respectively, for the reporting year, compared to the basic and diluted earnings per share of USD21.95 cents in 2023.

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of dividend for the year ended 31 December 2024 (dividend for the year ended 31 December 2023: nil).

During the year ended 31 December 2024, (i) the subscription of 50% equity interest in Erdene Mongol LLC ("**EM**") was completed, making it a subsidiary of the Company; and (ii) the disposal of 20% equity interest of Khangad Exploration LLC ("**KEX**") was completed, and after the disposal, KEX remains a subsidiary of the Group.

Note: All numbers in this announcement are approximate rounded values for particular items.

The Board is pleased to announce the audited annual results of the Group for the year ended 31 December 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Note	**2024**	2023
		USD'000	*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		**–**	(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	*7*	**(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	*8(a)*	**22.12 cents**	21.95 cents
Diluted earnings per share	*8(b)*	**21.77 cents**	21.95 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	**2024**	2023
		USD'000	*USD'000*
Profit for the year		**243,552**	240,102
Other comprehensive income for the year (after tax and reclassification adjustments)			
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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	**2024**	2023
		USD'000	*USD'000*
Non-current assets			
Property, plant and equipment, net	*9*	**1,099,868**	1,066,555
Construction in progress	*10*	**86,782**	7,236
Other right-of-use assets		**49**	48
Intangible assets	*11*	**506,741**	492,317
Interests in associates		**8,718**	8,258
Interest in joint ventures		**5**	6
Other non-current assets		**30,639**	6,544
Deferred tax assets		**15,654**	7,574
Total non-current assets		**1,748,456**	1,588,538
Current assets			
Inventories		**148,339**	98,952
Trade and other receivables	*12*	**97,897**	145,152
Cash and cash equivalents		**140,521**	175,799
Total current assets		**386,757**	419,903
Current liabilities			
Trade and other payables	*14*	**138,970**	126,736
Contract liabilities		**115,421**	237,447
Lease liabilities		**567**	–
Current taxation		**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 31 December 2024

	Note	**2024** *USD'000*	2023 *USD'000*
Non-current liabilities			
Borrowing	*15*	**20,000**	–
Senior Notes	*13*	**216,122**	213,993
Provisions		**32,030**	24,959
Deferred tax liabilities		**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		**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	*16(c)*	**–**	55,476
Non-controlling interests		**135,409**	(447)
TOTAL EQUITY		**1,380,919**	1,169,866

NOTES

1 CORPORATE INFORMATION

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 Group is 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**").

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;

– Buildings and plants as well as machinery and equipment; and

– Derivative financial instruments.

Non-current assets and disposals groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

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 9 and 10). 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	2023
	USD'000	*USD'000*
Revenue from contracts with customers within the scope of IFRS 15		
Coal mining segment		
Washed hard coking coal ("**HCC**")	**796,476**	883,140
Washed mid-ash semi-hard coking coal ("**MASHCC**")	**158,594**	28,387
Washed semi-soft coking coal ("**SSCC**")	**57,860**	85,047
Washed thermal coal ("**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.

(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.

5 COST OF REVENUE

	2024	2023
	USD'000	*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	2023
	USD'000	*USD'000*
Interest income	**(4,272)**	(1,855)
Finance income	**(4,272)**	(1,855)
Interest on liability component of senior notes *(Note 13)*	**31,322**	34,675
Interest on borrowing *(Note 15)*	**109**	–
Interest on lease liabilities	**60**	6
Transaction cost	**–**	11
Unwinding interest on accrued reclamation obligations	**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	2023
	USD'000	*USD'000*
Salaries, wages, bonuses and benefits	**52,208**	38,903
Retirement scheme contributions	**6,887**	4,889
Equity-settled share-based payment expenses	**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 ("**GoM**") 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	2023
	USD'000	*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 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	**105,542**	81,493
Over-provision in respect of prior years	**–**	(114)
Deferred tax		
Origination and reversal of temporary difference	**(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.

8 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.

The adjusted profit attributable to ordinary equity shareholders of the Company is calculated as follows:

	2024	2023
	USD'000	*USD'000*
Profits attributable to ordinary equity shareholders	**242,012**	239,686
Allocation of profit of the year attributable to holders of perpetual notes	**(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.

No potential dilutive shares existed as at 31 December 2023. The equity-settled share-based payment transactions 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	**16,889,724**	–
Weighted average number of ordinary shares (diluted) at 31 December	**1,063,424,260**	1,042,476,786

9 PROPERTY, PLANT AND EQUIPMENT, NET

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

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	**Fair value measurements as at 31 December 2024 categorised into**		
	2024	**Level 1**	**Level 2**	**Level 3**
	USD'000	***USD'000***	***USD'000***	***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 10)*	**86,782**	**–**	**–**	**86,782**
Total	**515,757**	**–**	**–**	**515,757**

	Fair value as at 31 December	Fair value measurements as at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	USD'000	*USD'000*	*USD'000*	*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 10)*	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 cash generating unit ("**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	2023
	USD'000	*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

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.

10 CONSTRUCTION IN PROGRESS

	2024	2023
	USD'000	*USD'000*
At 1 January	**7,236**	47,387
Acquisition of a subsidiary	**35,465**	–
Additions	**44,668**	163
Transfer to property, plant and equipment *(Note 9)*	**–**	(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 EM.

11 INTANGIBLE ASSETS

	Acquired mining right (*Note (i)*)	**Software**	**GS Terminal (*Note (ii)*)**	**Total**
	USD'000	*USD'000*	*USD'000*	*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	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.

12 TRADE AND OTHER RECEIVABLES

	2024 *USD'000*	2023 *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.

As at 31 December 2024, the Group evaluated the loss allowance for expected credit losses ("**ECL**") and no loss allowance of trade receivables (2023: nil) was made based on the assessment.

(c) Other receivables

	2024 *USD'000*	2023 *USD'000*
Amounts due from related parties	**–**	22
Prepayments and deposits	**9,603**	7,232
Value added tax ("**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.

All other receivables were aged within one year and expected to be recovered or expensed off within one year.

13 SENIOR NOTES

	2024	2023
	USD'000	*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 Singapore Exchange Securities Trading Limited ("**SGX-ST**"), bears interest at 12.50% per annum fixed rate, payable semi-annually, and is due on 13 September 2026.

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.

14 TRADE AND OTHER PAYABLES

	2024	2023
	USD'000	*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	2023
	USD'000	*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.

(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.

15 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.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board 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).

(b) 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).

(c) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 million tonnes ("**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 tons 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.

Table 1. China's annual coking coal import volume (Mt) (Notes):

Countries	2024	Market Share	2023	Change
Mongolia	**56.8**	**46.4%**	54.0	+5.2%
Russia	**30.5**	**24.9%**	26.6	+14.5%
USA	**10.7**	**8.7%**	5.9	+81.8%
Australia	**10.4**	**8.5%**	2.8	+272.1%
Canada	**9.0**	**7.4%**	7.6	+18.4%
Others	**4.9**	**4.0%**	5.6	-13.1%
Total	**122.3**	**100.0%**	102.5	+19.2%

Source: Fenwei

Notes:

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

(ii) Due to rounding, discrepancy may exist between the summary of volumes of individual countries with total volume, y-o-y percentage changes and market share.

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 ounce ("**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, ETF 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 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% 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.

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.

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.

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 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 requirement 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 was 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 meters ("**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 208,211m, including 116,709m of HQ-3 (63.1 millimetre ("**mm**") core, 96.0mm hole diameter) and 91,502m of 122mm 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's laboratories in Ulaanbaatar.

JORC compliant Coal Resource estimate figures reported are based upon an in-situ density, at an as-received moisture basis, as summarised in Table 2.

Internal peer audit 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 audit confirmed 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).

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.

Table 2. 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**

Notes:

(i) Technical information in the UHG Coal Resource estimation report has been compiled by Mr. Byambaa Barkhas, employed by the Group as the 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 in the release of the matters based on this information in the form and context in which it appears. The estimates of the Coal Resource set out in Table 2 presented in this announcement 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).

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 8,335.4m 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 36,875m drilled, of which 16,102m were HQ-3, 9,640m were PQ-3 (83.0mm core, 122.6mm hole diameter) and 11,133m were 122mm diameter open boreholes;
- total of 32 exploration boreholes at THG, with a total of 9,970m drilling at THG, of which 5,900m were HQ-3, 3,610m were PQ-3 and 460m were 122mm 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. These peer reviews confirmed compliance of the Group's work to update the Coal Resource estimations in compliance with 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 3 and Table 4. The figures in these tables represent calculation based upon in situ density at an assumed 5% moisture basis.

Table 3. 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 4. THG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2024 (Notes):

Total Coal Resource Depth limit from topographic surface	**Resource Category (Mt) 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:

(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 in the release of the matters based on this information in the form and context in which it appears in this announcement. The estimates of the Coal Resource set out in Table 3 and Table 4 presented in this announcement 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)*

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

On 21 July 2022, BNG 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 range 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) and respective announcements are available at Jade Gas Holdings Limited's corporate website under link: https://jadegas.com.au/investors/asx-announcements/.

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 algorithms used for incorporation included the following:

- geotechnical constraints, including limitation of overall slope angles within the pit by sector, ex-pit dump offset from LOM pit shell crest and maximum pit depth, with updates on basis of research and analyses made since timing of the previous JORC (2012) Coal Reserve estimate, as provided by Mr. John Latilla of AMC Consultants Pty Ltd. ("**AMC**");

- washability curves on seam ply basis, as prepared by the Group's processing team for inclusion in the previous JORC (2012) Coal Reserve estimate, to individual coal seams based upon propensity for processing into coking and/or thermal products, with update made to reassign portion of Seam 0B and 0AU from thermal to coking coal production, based upon results observed during production trials in 2017;

- updated cost input assumptions, derived from recent historical operating performance at UHG mine on the basis of sustainable cost reductions made in response to difficult market conditions, and as forecast based upon negotiated reductions in cost for mining and blasting contractor services; and

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

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

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

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

Notes:

(i) The estimate of Coal Reserve presented in Table 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 has been compiled by Mr. Naranbaatar Lundeg, who is a member of the AusIMM (Member #326646). He is the General Director and Executive Consultant of Glogex. He holds a bachelor's degree of mining industrial management and a master's degree of business administration in the field of financial management. He has extensive experience in the mining industry, having worked with major mining companies and as a consultant for over 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 in the release of the matters based on this information in the form and context in which it appears.

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

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 360m from surface, and overall slope angle restrictions, based upon geotechnical advice received from Mr. John Latilla of AMC;
- categorisation of coal seams for scheduling purposes on basis of propensity for coking or thermal coal production, based upon recommendations made by Mr. John Trygstad of Norwest;
- 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 6, with tonnage estimation based on an as-received basis total moisture with 1.8% for coking coal and 2.62% for thermal coal types.

Table 6. BN mining license JORC (2012) Coal Reserve estimate, as at 1 January 2025 (Notes):

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

Notes:

(i) *The estimate of Coal Reserve presented in Table 6 has been carried out in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012). Technical information in the BN Coal Reserve estimation report has been compiled by Mr. Naranbaatar Lundeg, who is a member of the AusIMM (Member #326646). He is the General Director and Executive Consultant of Glogex. He holds a bachelor's degree in 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 in the release of the matters based on this information in the form and context in which it appears.*

(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 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 0.40 g/t gold (Au). The assumptions and parameters utilised to establish the cut-off grade and pit shell are reported below in notes to the Table 7.

Table 7. BKH gold deposit NI 43-101 compliant Mineral Resource, as at 20 April 2023 (Notes):

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

Notes:

1. *Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*

2. *Summation errors may occur due to rounding.*

3. *Open pit mineral resources are reported within an optimised constraining shell.*

4. *Open pit cut-off grade is 0.4 g/t Au based on the following parameters:*

- *Gold Price of USD2,000.*

- *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/cm^3 and 2.66 g/cm^3 depending on lithology.*

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

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.

Table 8. 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:

1. *The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Oyunbat Bat-Ochir who is a full-time employee of RPM and a member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a QP as defined in the CIM Standards of Disclosure.*

2. *Rounding may cause some computational discrepancies.*

3. *Mineral Resources are reported on a dry in-situ basis.*

4. *The Mineral Resource is reported using a 0.35 g/t Au cut-off grade in oxide and transition mineralisation and 1.02 g/t Au cut-off in fresh mineralisation and is constrained above conceptual optimised pit shell. Cut-off parameters were selected based on an RPM internal cut-off calculator, assuming an open cut mining method with 5% ore loss and 10% dilution, a gold price of USD1,723 per oz and processing recovery of 90% for oxide, 87% for transitional and 30% for fresh Au mineralisation.*

5. *Mineral Resources referred to above have not been subject to detailed economic analysis and therefore, have not been demonstrated to have actual economic viability.*

The northern portion of the Khundii mining license, approximately 20 square km, and extending into the Ulaan 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 the this prospect area. As at the end of the reporting year, 25,132m of drilling in 236 holes ranging in vertical depths from 8 to 318m within this prospect area was completed, including 18 holes totalling 1,040m 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 500m 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 7 of Table 9) above a pit and 1.4 g/t AuEq2 below the same pit shell.

Table 9. 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:

1. *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.*

2. *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.*

3. *Rounding may cause some computational discrepancies.*

4. *Mineral Resources reported on a dry in-situ basis.*

5. *No dilution or ore loss factors have been applied to the reported Resource Estimate.*

6. *No allowances have been made for recovery losses that may occur should mining eventually result.*

7. *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.*

Ulaan exploration license

The Ulaan exploration license is located within the 1,780 hectares Exploration License XV-016057 ("**UN exploration license**") to 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 354m 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 compliant 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 gold price of USD1,816 per 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 thousand ounces ("**Koz**") recovered gold by using an estimated 92.7% gold recovery rate.

Table 10. Khundii mining license NI 43-101 Mineral Reserves estimate, as at 1 August 2023 (Notes):

BKH gold deposit:

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

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**

Notes:

1. *The QP defined by NI 43-101 for the estimate is Mr. Julien Lawrence of O2 Mining Limited;*

2. *The Mineral Reserve estimates were prepared with reference to the CIM Definition Standards (2014) and the CIM Best Practice Guidelines (2003);*

3. *Reserves estimated assuming open-pit mining method;*

4. *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;*

5. *Reserves are based on a gold price of USD1,816/oz; and*

6. *Mineral Reserves were calculated from a diluted "mining" block model which included average dilution of 10% and losses of 2.5%.*

PRODUCTION AND TRANSPORTATION

Coal Mining

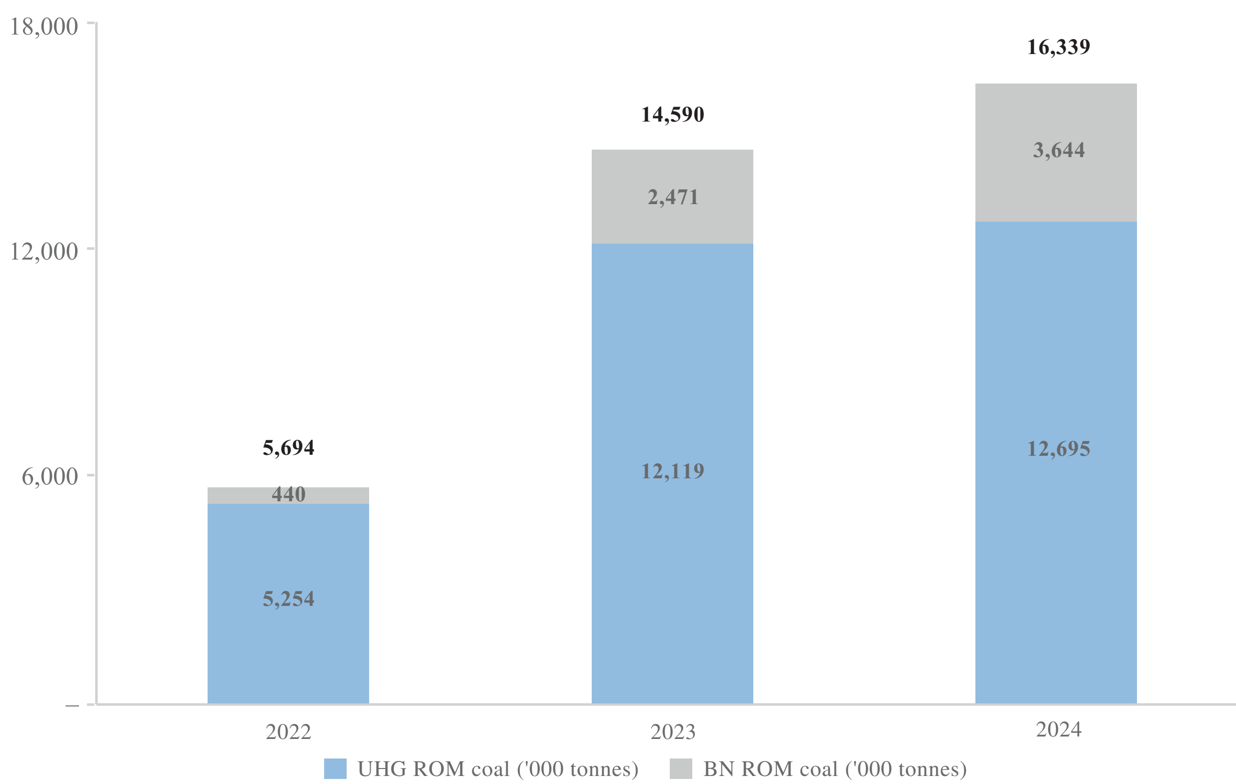
The Group's total ROM coal production was 16.3 Mt in 2024, of which 12.7 Mt and 3.6 Mt of ROM coal was produced from UHG and BN mines, respectively.

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 three years are shown in Figure 1.

Figure 1. The Group's annual ROM coal production volumes (in thousand tonnes ("**Kt**")) for 2022-2024:

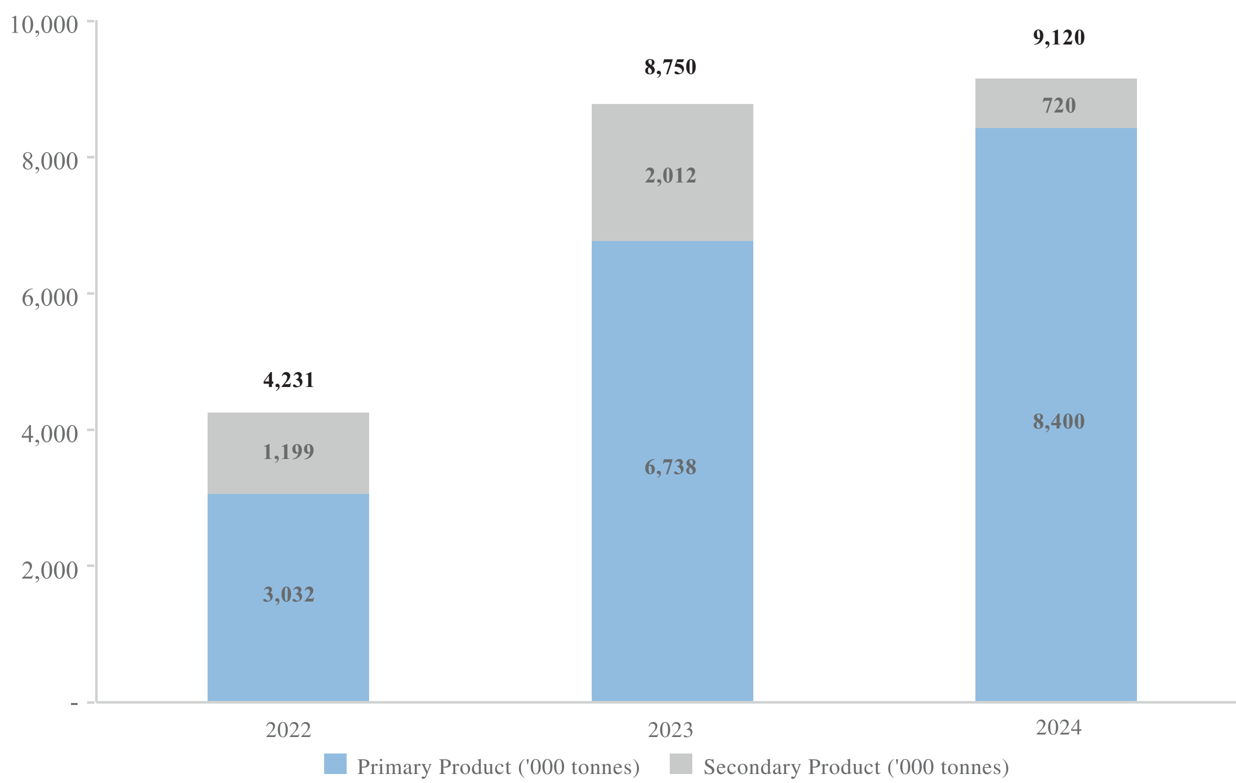


Coal Processing

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 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 ("**Mtpa**") name-plate capacity. The comparative figures for the Group's processed coal production for the last three years are shown in Figure 2.

Figure 2. The Group's annual processed coal production volumes (in Kt) for 2022-2024:



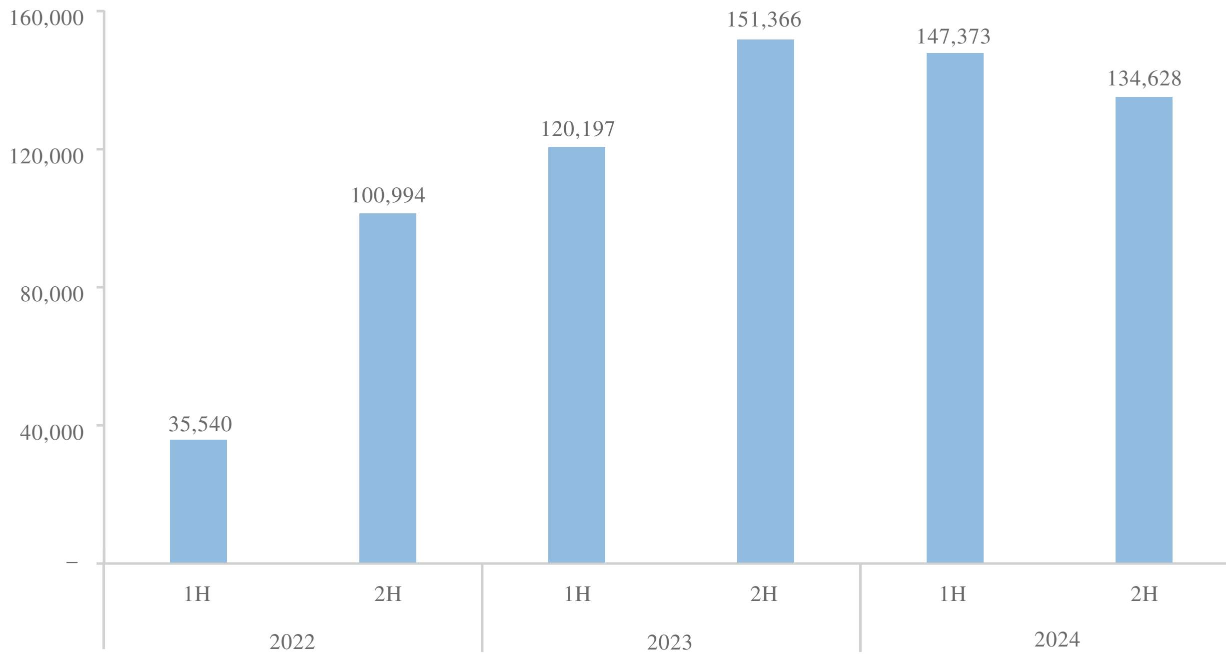
Transportation and Logistics

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.

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 LTIs 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.

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 Mongolian Stock Exchange ("**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 under link: https://mse.mn/en/coal_trading_history/2024.

During the reporting year, Energy Resources LLC 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.

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 LOM total production of 476 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.

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.

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 11. Total and individual costs of revenue:

	Year ended 31 December	
	2024	2023
	(USD'000)	*(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 12. Unit mining cost per ROM tonne:

	Year ended 31 December	
	2024	2023
	(USD/ROM tonne)	*(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 13. Unit processing cost per ROM tonne:

	Year ended 31 December	
	2024	2023
	(USD/ROM tonne)	*(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 14. Combined cash flows:

	Year ended 31 December	
	2024	2023
	(USD'000)	*(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 15. 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 16. 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.

(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.

** For identification purposes only*

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.

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 had purchased, sold or redeemed any of the Company's listed securities or sold any treasury shares. As at 31 December 2024, the Company did not hold any treasury shares.

Dividend

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).

The Board has come to this decision after careful consideration of various factors, including but not limited to, alignment with prudent financial management by maintaining an adequate cash position by the Group under circumstances of weaker coal market conditions and broader geopolitical uncertainty, and continuing investments in line with its strategy to diversify its revenue sources.

At the same time, the Board holds a general mandate granted by the Company's shareholders to repurchase up to 10% of the Company's issued shares as at the date of the annual meeting on 26 June 2024, subject to compliance with applicable Listing Rules, including relevant provisions under Chapter 10 of the Listing Rules. The Board views share buybacks as an alternative way to generate return to shareholders, while providing flexibility in capital allocation.

Decisions on share buybacks will be based on the Company's operational performance, financial positions and prevailing market conditions, ensuring that capital deployment remains aligned with long-term shareholder interests.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by the 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 all 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 on no less exacting terms than the Model Code for securities transactions by relevant employees (the "**Employees Written Guideline**") who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the reporting year.

Corporate Governance

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Listing Rules as its code of corporate governance and has complied with all applicable code provisions as set out in the CG Code for the year ended 31 December 2024.

Review of Annual Results

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income for the year then ended and the related notes thereto as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

Closure of the Register of Members

The register of members of the Company will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025, both days inclusive. During such period, no transfer of shares of the Company will be registered. For the purpose of ascertaining the members' entitlement to attend and vote at the forthcoming AGM of the Company to be held on Monday, 26 May 2025, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 20 May 2025.

Review by the Audit Committee

The Audit Committee of the Company (the "**Audit Committee**") currently comprises of one non-executive Director, Ms. Enkhtuvshin Gombo, and four independent non-executive Directors, namely Mr. Chan Tze Ching, Ignatius, Mr. Unenbat Jigjid, Dr. Khashchuluun Chuluundorj and Ms. Delgerjargal Bayanjargal. Mr. Chan Tze Ching, Ignatius is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2024.

Publication of Annual Results and Annual Report

The annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.mmc.mn), and the annual report of the Company for the year ended 31 December 2024 will be published on the above-mentioned websites in due course.

For and behalf of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong, 24 March 2025

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov, being the executive Directors, Mr. Od Jambaljamts, Ms. Enkhtuvshin Gombo and Mr. Myagmarjav Ganbyamba, being the non-executive Directors, and Dr. Khashchuluun Chuluundorj, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being the independent non-executive Directors.