MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

Mongolian Mining Corporation ("**MMC**" or the "**Company**") and its subsidiaries (the "**Group**") generated a total revenue of approximately United States Dollar ("**USD**") 346.6 million for the six months ended 30 June 2025, a 35.9% decrease compared to the corresponding period in 2024.

The Group's loss attributable to equity shareholders of the Company amounted to USD23.3 million for the reporting period, compared to a profit of USD133.0 million recorded in the first half of 2024. The decline in profitability was primarily attributable to a lower average selling price ("**ASP**"), as well as one-off loss of USD25.0 million related to debt refinancing.

The basic and diluted loss per share of the Company amounted to USD2.24 cents for the six months ended 30 June 2025 (basic and diluted earnings per share for the six months ended 30 June 2024: USD12.05 cents and USD11.85 cents, respectively).

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of dividend for the six months ended 30 June 2025 (dividend for the six months ended 30 June 2024: nil).

On 11 March 2025, the acquisition of 50.5% equity interest in Universal Copper LLC ("**UCC**") was completed, making it a subsidiary of the Company.

Bayan Khundii ("**BKH**") mine processing plant and site support facilities were commissioned during the reporting period. Initial overburden removal operations commenced at the end of the second quarter of 2025, with commercial production expected to begin in the third quarter of 2025.

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

The Board is announcing the unaudited consolidated interim results of the Group for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 – unaudited

		Six months ended 30 June	
	Note	**2025**	2024
		USD'000	*USD'000*
Revenue	*3(a)*	**346,648**	541,129
Cost of revenue	*4*	**(283,789)**	(317,300)
Gross profit		**62,859**	223,829
Other net (loss)/income		**(42)**	8,829
Selling and distribution costs		**(15,832)**	(5,234)
General and administrative expenses		**(12,664)**	(23,207)
Profit from operations		**34,321**	204,217
Finance income	*5(a)*	**2,854**	2,085
Finance costs	*5(a)*	**(30,033)**	(21,472)
Net finance costs	*5(a)*	**(27,179)**	(19,387)
Loss from repurchase of Senior Notes due 2026	*14*	**(25,049)**	–
Share of profit of associates		**310**	377
Share of (loss)/profit of joint ventures		**(4)**	1
(Loss)/profit before taxation		**(17,601)**	185,208
Income tax	*6*	**(2,333)**	(52,288)
(Loss)/profit for the period		**(19,934)**	132,920
Attributable to:			
Equity shareholders of the Company		**(23,323)**	132,995
Non-controlling interests		**3,389**	(75)
(Loss)/profit for the period		**(19,934)**	132,920
Basic (loss)/earnings per share	*7(a)*	**(2.24) cents**	12.05 cents
Diluted (loss)/earnings per share	*7(b)*	**(2.24) cents**	11.85 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

	Note	**Six months ended 30 June**	
		2025	2024
		USD'000	*USD'000*
(Loss)/profit for the period		**(19,934)**	132,920
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		**3,719**	1,675
Total comprehensive income for the period		**(16,215)**	134,595
Attributable to:			
Equity shareholders of the Company		**(19,664)**	134,481
Non-controlling interests		**3,449**	114
Total comprehensive income for the period		**(16,215)**	134,595

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

	Note	**At 30 June 2025** ***USD'000***	At 31 December 2024 *USD'000*
Non-current assets			
Property, plant and equipment, net	*8*	**1,129,142**	1,099,868
Construction in progress	*9*	**121,425**	86,782
Other right-of-use assets		**48**	49
Intangible assets	*10*	**537,357**	506,741
Interest in associates		**9,131**	8,718
Interest in joint ventures		**1**	5
Other non-current assets		**38,474**	30,639
Deferred tax assets		**18,656**	15,654
Total non-current assets		**1,854,234**	1,748,456
Current assets			
Inventories		**177,410**	148,339
Trade and other receivables	*11*	**62,381**	97,897
Cash and cash equivalents		**219,712**	140,521
Total current assets		**459,503**	386,757
Current liabilities			
Trade and other payables	*12*	**190,542**	138,970
Contract liabilities		**137,333**	115,421
Lease liabilities		**362**	567
Current taxation		**18,260**	70,661
Total current liabilities		**346,497**	325,619
Net current assets		**113,006**	61,138
Total assets less current liabilities		**1,967,240**	1,809,594

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2025 – unaudited

	Note	**At 30 June 2025** ***USD'000***	At 31 December 2024 *USD'000*
Non-current liabilities			
Borrowing	*13*	**50,000**	20,000
Senior notes	*14*	**343,442**	216,122
Provisions		**37,102**	32,030
Other non-current liabilities		**6,000**	–
Deferred tax liabilities		**156,746**	160,523
Total non-current liabilities		**593,290**	428,675
NET ASSETS		**1,373,950**	1,380,919
CAPITAL AND RESERVES			
Share capital		**103,453**	104,908
Reserves		**1,111,545**	1,140,602
Total equity attributable to equity shareholders of the Company		**1,214,998**	1,245,510
Non-controlling interests		**158,952**	135,409
TOTAL EQUITY		**1,373,950**	1,380,919

NOTES

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with IAS 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 for the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
Revenue from contracts with customers within the scope of IFRS 15		
Coal mining segment		
Washed hard-coking coal ("**HCC**")	**236,511**	437,887
Washed mid-ash semi-hard coking coal ("**MASHCC**")	**50,348**	69,468
Washed semi-soft coking coal ("**SSCC**")	**26,685**	30,097
Middlings	**32,559**	2,975
Raw thermal coal	**545**	702
Gold and metals mining segment		
Gold and metal products	**–**	–
	346,648	541,129

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 for the six months ended 30 June 2025.

(b) Segment reporting

The Group manages its businesses by business lines, which are divided into coal products and gold and metal products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has identified and presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Coal mining segment: the mining, processing, transportation and sale of coal products;
- Gold and metals mining segment (Note): the mining, processing, transportation and sale of gold and metal products.

Note:

As at 30 June 2025, the gold mine is at construction stage and gold production is expected to start in the third quarter of 2025. The copper mine is at early exploration and evaluation stage.

4 COST OF REVENUE

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
Mining costs	**129,311**	139,850
Processing costs	**35,300**	30,842
Transportation costs	**63,891**	65,437
Others *(Note)*	**55,287**	81,171
Cost of revenue	**283,789**	317,300

Note:

Others mainly include royalty tax on the coal sold.

5 PROFIT BEFORE TAXATION

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

(a) Net finance costs:

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
Interest income	**(2,854)**	(2,085)
Finance income	**(2,854)**	(2,085)
Interest on liability component of senior notes *(Note 14)*	**16,723**	15,543
Interest on borrowing *(Note 13)*	**1,762**	–
Less: interest expense capitalised into properties under construction	**978**	–
Net interest on borrowing	**784**	–
Interest on lease liabilities	**23**	32
Unwinding interest on accrued reclamation obligations	**2,789**	1,560
Foreign exchange loss, net	**8,758**	4,044
Others	**956**	293
Finance costs	**30,033**	21,472
Net finance costs	**27,179**	19,387

(b) Other items:

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
Depreciation and amortisation	**58,336**	63,944
Loss on disposal of property, plant and equipment	**808**	723

6 INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
Current tax	**8,906**	58,417
Deferred tax	**(6,573)**	(6,129)
	2,333	52,288

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

	Six months ended 30 June	
	2025	2024
	USD'000	*USD'000*
(Loss)/profit before taxation	**(17,601)**	185,208
Notional tax on (loss)/profit before taxation	**297**	46,786
Tax effect of non-deductible items *(Note (iii))*	**3,632**	5,856
Prior year tax losses utilised	**(16)**	–
Tax effect of non-taxable items *(Note (iii))*	**(2,278)**	(882)
Tax losses not recognised	**698**	528
Actual tax expenses	**2,333**	52,288

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% for the first MNT6 billion taxable income, and 25% for the remaining taxable income for the six months ended 30 June 2025 and 2024. According to the Corporate Income Tax Law of China, the Company's subsidiaries in China are subject to statutory income tax rate of 25%.

(ii) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands. The Group is not subject to Hong Kong, Luxembourg and Singapore profits tax as it has no assessable income arising in or derived from Hong Kong, Luxembourg and Singapore during the six months ended 30 June 2025 and 2024.

(iii) Non-deductible and non-taxable items mainly include net unrealised exchange gain or loss, other non-deductible expenses and non-taxable income pursuant to the income tax rules and regulations of Mongolia and other related tax source regions during the six months ended 30 June 2025 and 2024.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of USD23,323,000 (adjusted profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2024: USD125,884,000) and the weighted average of 1,041,472,786 ordinary shares (six months ended 30 June 2024: weighted average of 1,044,425,661 ordinary shares) in issue during the interim period.

(b) Diluted (loss)/earnings per share

For the six months ended 30 June 2025, basic and diluted loss per share are the same. The equity-settled share-based payment transactions are anti-dilutive and therefore not included in calculating diluted loss per share for the six months ended 30 June 2025.

For the six months ended 30 June 2024, the effect of the outstanding share options was dilutive and therefore included in the calculation of diluted earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group entered into lease agreements for office premises and recognised additions to the right-of-use assets amounting to USD89,000 (six months ended 30 June 2024: USD1,053,000).

(b) Acquisitions and disposals of owned assets

Mining properties of the Group as at 30 June 2025 include stripping activity assets with carrying amount of USD566,516,000 (as at 31 December 2024: USD531,464,000).

During the six months ended 30 June 2025, the additions of property, plant and equipment of the Group, representing mainly various mining structures and motor vehicles, amounted to USD87,509,000 (six months ended 30 June 2024: USD88,982,000). Items of property, plant and equipment with a net book value of USD808,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: USD723,000).

9 CONSTRUCTION IN PROGRESS

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

10 INTANGIBLE ASSETS

Intangible assets mainly represent the mining rights acquired. The additions of intangible assets mainly represent the mining rights acquired through the acquisition of a subsidiary.

11 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2025	At 31 December 2024
	USD'000	*USD'000*
Within 90 days	**12,966**	20,630
91 to 180 days	**507**	13,977
181 to 270 days	**1,812**	5,079
271 to 365 days	**308**	986
Trade receivables net of allowance for doubtful debts	**15,593**	40,672
Other debtors	**1,834**	499

	At 30 June 2025 USD'000	At 31 December 2024 USD'000
Financial assets measured at amortised cost	**17,427**	41,171
Prepayments and deposits	**1,108**	9,603
Value added tax ("**VAT**") and other tax receivables *(Note)*	**43,846**	47,123
	62,381	97,897

Note:

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.

12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 USD'000	At 31 December 2024 USD'000
Within 90 days	**104,020**	86,530
91 to 180 days	**5,967**	192
181 to 365 days	**2**	2
Over 365 days	**132**	138
Total trade creditors	**110,121**	86,862
Payables for purchase of equipment	**13,873**	1,554
Interest payables	**7,593**	8,359
Other taxes payables	**41,524**	22,824
Amounts due to related parties	**10,771**	7,949
Payables for acquisition of a subsidiary	**6,000**	–
Others	**660**	11,422
	190,542	138,970

13 BORROWING

	At 30 June 2025		At 31 December 2024	
	Effective interest rate	***USD'000***	Effective interest rate	*USD'000*
Long-term borrowing *(Note)*	**13.30%**	**50,000**	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. The principal is repayable in six equal monthly instalments during the six months preceding its maturity on 4 December 2026.

14 SENIOR NOTES

	2025	2024
	USD'000	*USD'000*
Senior Notes due 2026 *(Note (i))*	**–**	216,122
Senior Notes due 2030 *(Note (ii))*	**343,442**	–
	343,442	216,122

Notes:

(i) In 2023, the Group issued senior notes due 2026 ("**Senior Notes due 2026**") with a principal amount of USD220,000,000. The Senior Notes due 2026 was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), bore interest at 12.50% per annum fixed rate, payable semi-annually, and was due on 13 September 2026.

Fair value of the derivative component was estimated based on the Binomial model.

On 15 April 2025, all the outstanding Senior Notes due 2026 was redeemed. The excess of consideration to settle the financial liabilities over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, has been recognised as a loss from repurchase of Senior Notes due 2026 and charged to profit or loss during the six months ended 30 June 2025.

(ii) On 3 April 2025, the Group issued senior notes due 2030 ("**Senior Notes due 2030**") with a principal amount of USD350,000,000. The Senior Notes due 2030 is listed on the SGX-ST, bears interest at 8.44% per annum fixed rate, payable semi-annually, and is due on 3 April 2030.

The Senior Notes due 2030 is accounted for as a hybrid financial instrument containing a derivative component and a liability component. The derivative component of early redemption option was initially recognised at its fair value of nil. The fair value of the derivative component of early redemption option as at 30 June 2025 was nil. The liability component was initially recognised at its fair value, taking into account attributable issuance discount, and will be accounted on amortised cost subsequently.

Fair value of the derivative component was estimated by the Directors based on the Binomial model.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The board of directors of the Company does not recommend declaration and payment of interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

(b) Equity settled share-based transactions

On 3 April 2023, 33,250,000 share options were granted to a director and employees of the Company under the share option scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 3 April 2024, 3 April 2025, 3 April 2026 and 3 April 2027 separately of 25% each, and then be exercisable until 3 April 2028. The exercise price is HKD3.26, being the closing price as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited on the date of grant.

2,351,000 share options were exercised during the six months ended 30 June 2025 (six months ended 30 June 2024: 5,279,500).

(c) Purchase of own shares

For the six months ended 30 June 2025, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregate price paid *USD'000*
January 2025	2,937,000	7.4100	6.4100	2,535
April 2025	13,962,000	6.7700	4.7900	9,916
				12,451

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Chinese Steel, Coke and Coking Coal Sectors' Performance

According to data published by the World Steel Association, Chinese crude steel production was 514.8 million tonnes ("**Mt**") in the first half of 2025, reflecting a 3.0% decline year-on-year ("**y-o-y**") compared to the same period in 2024. Fenwei Digital Information Technology Co., Ltd. ("**Fenwei**") estimated that China's domestic apparent crude steel consumption decreased by 3.7%, from 471.9 Mt in the first half of 2024 to 454.3 Mt in the first half of 2025. During the reporting period, China steel export rose from 53.4 Mt to 58.1 Mt, increasing by 8.9% y-o-y.

According to data compiled by Fenwei, coke output in China increased by 3.1% to 249.4 Mt in the first half of 2025. China's coke consumption declined by 0.5% to 237.0 Mt, while China's coke exports dropped by 28.0% to 3.5 Mt during the first half of 2025 from 4.9 Mt reported during the same period in 2024.

China's coking coal consumption reached 296.3 Mt in the first half of 2025, representing a 2.6% increase compared to 288.6 Mt in the same period of the previous year. Domestic coking coal production increased to 237.9 Mt, marking a 4.2% increase y-o-y.

Chinese coking coal imports fell to 52.8 Mt, an 8.0% decline from the first half of 2024. Although coking coal imports from Mongolia to China fell by 15.9% y-o-y from 29.5 Mt to 24.8 Mt during the reporting period, Mongolia maintained its position as China's leading coking coal supplier, accounting for 46.9% of total coking coal imports.

According to data from Mongolia's National Statistics Office, the country exported 37.9 Mt of coal to China in the first half of 2025, a 6.6% decline from 40.6 Mt during the same period in 2024.

Gold Sector's Performance

Gold prices remained strong in international markets during the first half of the year, and spot price quoted by the World Gold Council ("**WGC**") was USD3,303.7 per ounce ("**oz**") as at the end of the reporting period, reflecting an increase of 26.6% in USD terms compared to the beginning of the reporting period. According to the WGC, the demand in the first half of 2025 totaled 2,423 tonnes of gold, from which gold jewellery accounts for around 32.8%, investment accounts for around 43.1% and central bank purchases account for about 17.4% of total demand for gold, respectively.

Global gold exchange-traded funds ("**ETFs**") have experienced inflows totalling 397.1 tonnes during the six months ended 30 June 2025, mainly from North America and Asia.

The Bank of Mongolia ("**BoM**") is the most active purchaser of domestically produced gold, and during the six months ended 30 June 2025, the BoM purchased 5.9 tonnes of gold.

Figure 1. Gold spot prices from 2000-2025 (in USD):

Source: Bloomberg, Datastream, ICE Benchmark Administration, World Gold Council

OPERATING ENVIRONMENT

Legal Framework

Regulations related to coal exports

On 27 March 2025, the Parliament of Mongolia ("**Parliament**") adopted the "Law on Ratification of the Agreement between the Government of Mongolia ("**GoM**") and the Government of the People's Republic of China on Cooperation in the Gashuunsukhait ("**GS**")-Ganqimaodu ("**GM**") ("**GS-GM**") Cross-Border Railway, Coal Trade, and Expanding of the Capacity of the Tavan Tolgoi Coal Mine", which was signed on 14 February 2025.

The construction of the GS-GM cross-border railway was launched during an official ceremony held on 14 May 2025. The project consists of a 32.6 kilometres ("**km**") first-class dual-gauge railway incorporating both 1,520 millimetres ("**mm**") (broad) gauge and 1,435 mm standard (narrow) gauge tracks. It is scheduled for completion within 22 months, with an annual design capacity of 30 Mt of freight annually on the broad-gauge track and 10 Mt on the standard-gauge track. The project is therefore expected to almost double the current border throughput capacity via GS-GM border crossing point by adding 40 Mt annual transportation capacity by railway in addition to the existing transportation capacity carried by trucks. The Group considers that the successful implementation of the project will have a positive impact on coal export volumes from Mongolia to China.

On 12 March 2025, a working group led by the Minister of Finance was established pursuant to the Prime Minister's Order, within the framework of ensuring stable macroeconomic growth. The working group was mandated to implement measures to increase and monitor mineral product exports by submitting relevant issues for consideration at each meeting of the GoM. As part of these measures, on 18 March 2025, the board of the Mongolian Stock Exchange ("**MSE**") issued Resolution No. 16, which revised several procedures related to mining commodity trading, applicable until 1 April 2026. These include the "Procedure on the Trade of Mining Commodity Exchange", the "Procedure on Settlement of Mining Commodity Exchange" and the "Procedure on Setting and Enforcing the Standards for Coal Spot and Forward Contracts", aiming to enhance flexibility and promote coal trade and export.

Under the revised "Procedure on the Trade of Mining Commodity Exchange", coal sale orders under forward contracts may be submitted with either a fixed price or an index-based pricing term. The MSE will announce indexed real market prices monthly, and payments for coal traded under index-based pricing will be adjusted in accordance with market fluctuations. Moreover, the procedure allows buyers to make a 25% advance payment upon the successful completion of a trade, with the remaining balance to be settled in line with the coal delivery schedule or by providing a bank letter of credit. This enables the transaction to proceed as stipulated in the "Procedure on Setting and Enforcing the Standards for Coal Spot and Forward Contracts". However, for spot contracts and forward contracts with fixed prices, the requirement for full upfront payment under the previous procedure remains unchanged.

On 8 May 2025, the Chairman of the Parliament issued Order No. 210 to establish a working group composed of Parliament members ("**Parliamentary Working Group**"). As announced during a press conference held by the Parliamentary Working Group on 9 May 2025, it has been tasked to review implementation of Clause 4 of Parliament Resolution No. 27, dated 6 February 2007, regarding "On identifying certain deposits as mineral deposits of strategic importance" ("**2007 Parliament Resolution**") and to present its conclusions and proposals for further action at the 2025 autumn regular session of the Parliament. Under Clause 4 of the 2007 Parliament Resolution, the GoM was instructed by the Parliament to develop and submit proposals regarding the percentage of state ownership in four mineral deposits of strategic importance, namely Oyu Tolgoi, Tavan Tolgoi, Tsagaan Suvarga, and Asgat. With the aim of cooperating transparently and openly with the Parliamentary Working Group in issuing opinions and conclusions regarding Clause 4 of the 2007 Parliament Resolution, on 16 May 2025, Energy Resources LLC ("**ER**"), an indirect wholly-owned subsidiary of the Company, delivered to the Parliamentary Working Group its written explanations along with documentation related to its mining licenses, exploration reports, feasibility studies, mining work plans and reports, as well as financial, audit, tax, and social security filings.

On 20 June 2025, the GoM reported the establishment of a working group ("**Government Working Group**") tasked with entering into negotiations with license-holding legal entities pertaining to mineral deposits of strategic importance, as stipulated under the Minerals Law and within the framework of implementing the Law on the National Wealth Fund. The Government Working Group has been mandated to examine the implementation of relevant laws and government decisions concerning such negotiations, report its findings, and develop recommendations for further action.

As at the end of the reporting period, the Group has not been approached or contacted by either the above-mentioned Parliamentary Working Group or Government Working Group. The Group intends to engage and cooperate with them through all possible forms of collaboration, including information exchange, participation in joint discussions, and timely provision of relevant documents.

Regulations related to labour

On 25 December 2024, the GoM issued Resolution No. 232, adopting the "Technical Regulation to be Complied with for Protecting Workers' Health from Dust Exposure in the Workplace", which came into effect on 1 July 2025. This regulation applies to all business entities and organisations operating in workplaces where dust exposure occurs, with the aim of preventing and protecting workers' health from occupational diseases caused by dust. The Group has taken, and will continue to take, measures to reduce dust generated from mining operations and to mitigate and prevent the adverse impacts of dust and fine coal particles on both local communities and employees' health, in compliance with applicable laws and regulations.

Regulations related to taxation

On 5 June 2024, the Parliament adopted the revised Law on the Legal Status of Cities and Villages, along with amendments to related Mongolian laws, including the Law on Air Pollution Fee, originally set to take effect from 1 June 2025. However, on 26 May 2025, the Parliament resolved to postpone the enforcement date of these laws until 1 June 2026. Under the Law on the Procedure for the Implementation of the revised Law on the Legal Status of Cities and Villages, Tsogttsetsii soum of Umnugobi aimag (province), where the Ukhaa Khudag (UHG) mine is located, has been designated as a city with local-level status.

Under the existing law, the air pollution fee is set by the Government within a range of MNT 1-2 per kilogram of mined raw coal; however, pursuant to the recent amendment to the Law on Air Pollution Fee, this authority will be delegated to the Citizens' Representative Meetings of aimags (province) and the capital city, as well as the Councils of cities with national status, within the legally defined range. Accordingly, once the law takes effect in 2026, the Citizens' Representative Meeting of Umnugobi aimag (province) will have the authority to set the air pollution fee for mined run-of-mine ("**ROM**") coal in Umnugobi aimag (province). The Group considers that this amendment will not have a material impact on its operations.

On 20 August 2025, the GoM resolved that, for royalty calculation purposes, the commodity trade price quoted on the MSE shall apply where a taxpayer has traded no less than one-fourth (¼) of its total export products through the MSE. This regime will remain in effect until 31 December 2025. Previously, royalties on exported mineral products not traded through the MSE were calculated based on a monthly reference price set by the Ministry of Finance, which was typically higher than the prevailing market price.

Regulations related to gold

On 30 April 2025, the GoM issued Resolution No. 211 titled "Regarding Some Measures to Increase Gold Mining", aimed at boosting foreign exchange reserves and revenues to be accumulated in the National Wealth Fund. Relevant ministers were instructed to conduct negotiations with holders of mining licenses for gold deposits to bring those deposits into economic circulation and to submit proposals on further actions for consideration at GoM meeting. Additionally, to support the expansion of gold-mining enterprises, the GoM resolved to implement measures including the provision of concessional (soft) loans from foreign sources, extend appropriate support to gold-mining enterprises operating locally under a mining license, and immediately halt any unlawful interference in the activities of license-holding entities, with accountability to be enforced in accordance with applicable laws and regulations.

On 25 June 2025, at its regular meeting, the GoM resolved to launch the nationwide "Gold-3" campaign with the aim of increasing the country's foreign exchange reserves, easing pressures on the balance of payments for overseas transactions and the national currency (Mongolian Togrog)'s exchange rate, and ensuring economic stability. The GoM submitted the related draft resolution to the Parliament for consideration, and on 9 July 2025, the Parliament discussed and approved it with a 51% vote to implement the "Gold-3" campaign.

Political environment

On 13 June 2025, the Parliament discussed and approved the appointment of Mr. Zandanshatar Gombojav as the Prime Minister of Mongolia, following the resignation of Mr. Oyun-Erdene Luvsannamsrai from the position on 3 June 2025 after losing a vote of confidence by the Parliament. Mr. Zandanshatar Gombojav was nominated by the Mongolian People's Party, which holds the majority in the Parliament, and formed a new cabinet, consisting of 19 ministers.

BUSINESS OVERVIEW

Coal Resources and Exploration Activities

Ukhaa Khudag (UHG) deposit

The UHG deposit sits within the 2,960 hectares Mining License MV-011952 ("**UHG mining license**"), granted to the Group effective for 30 years from 29 August 2006, extendable twice by 20-year periods. Since the UHG mining license was granted, the Group has prepared four Australasian Joint Ore Reserves Committee ("**JORC**") compliant Coal Resource estimates, the most recent of which, stated as at 31 December 2021.

The most recent Coal Resource estimate has been made in accordance with the 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 focused on improving the details and accuracy of the 3D coal seam model. As a result, the unclassified, inferred, and indicated coal resources were moved to the measured resource category, representing higher confidence level. The updated resource report includes new information gathered from 16,935 metres ("**m**") of drilling by 89 boreholes and 6,108 samples with laboratory analysis that were completed between October to December of 2020.

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

- 1,645 individual boreholes drilled for 208,211 m, including 116,709 m of HQ-3 (63.1mm core, 96.0mm hole diameter) and 91,502 m of 122 mm diameter open hole drilling;

- 43,656 individual analytical samples collected and analysed;

- 71km of high resolution 2D seismic in-field measurements, collected by Polaris Seismic International Ltd ("**Polaris**") and analysed by Velseis Processing Pty Ltd ("**Velseis**"); and

- results from large-diameter, bulk-sample drilling samples analysed at the ALS Group laboratories in Ulaanbaatar.

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

Internal peer 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 that the Group's work to update the UHG geological model, and thus the Coal Resource estimate for the UHG mining license area, was in compliance with requirements of the JORC Code (2012).

Appendix I of the Group's 2024 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 1. UHG mining license JORC (2012) compliant Coal Resource update, by depth and category, as at 31 December 2024 (Notes):

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

Notes:

*(i) Technical information in the UHG Coal Resource estimation report has been compiled by Mr. Byambaa Barkhas, employed by the Group as General Manager, Project Management – Mining. Mr. Barkhas is a member of the Australasian Institute of Mining and Metallurgy (the "**AusIMM**") (Member #318198) and has over 15 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code (2012). Mr. Barkhas consents to the inclusion and the release of the matters based on this information in the form and context in which it appears in this announcement. The estimates of the Coal Resource set out in Table 1 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 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 resource update in 2021 was done based on 8,335.4 m of drilling data on the BN deposit. The drilling focused on the H pit mining boundary. 3,766 samples were collected and tested, confirming the coal quality and coal seam structure. As a result, the inferred and indicated coal resources were moved to the measured resource category, and the geological model was updated with improved accuracy. Moreover, based on 2018 exploration drilling result, the technical team improved the interpretation of the seam correlation between the BN and THG deposits and classified an indicated resource in THG resource estimation.

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

- total of 135 exploration boreholes at BN, with a total of 36,875 m drilled, of which 16,102 m were HQ-3, 9,640 m PQ-3 (83.0 mm core, 122.6 mm hole diameter) and 11,133 m were 122 mm diameter open boreholes;

- total of 32 exploration boreholes at THG, with a total of 9,970 m drilling at THG, of which 5,900 m were HQ-3, 3,610 m PQ-3 and 460 m were 122 mm open boreholes;

- total of 12,502 (BN) and 3,824 (THG) coal samples 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 the requirements of the JORC Code (2012).

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

In the first half of 2024, three large-diameter boreholes were drilled, reaching a total depth of 161 m, to collect technological samples specifically for the coal washability study.

Table 2. BN 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	5	1	1	6	7
BHWE to 100m	55	9	5	64	69
From 100m to 200m	87	12	8	99	107
From 200m to 300m	89	13	8	102	110
From 300m to 400m	87	16	9	103	112
Sub-Total above 300m	236	35	22	271	293
Sub-Total below 300m	87	16	9	103	112
Total	**323**	**51**	**31**	**374**	**405**
Total (Rounded)	**320**	**50**	**30**	**370**	**400**

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

Total Coal Resource 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 2 and Table 3 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 as to 66% by Jade Gas LLC ("**Jade**") and 34% by Khangad Exploration LLC ("**KEX**"), BN mining license holder.

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

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

Detailed information about the results of CBM prospecting works conducted by BNG was publicly disclosed by Jade Gas Holdings Limited (Jade's parent company) on the Australian Stock Exchange (ASX: JGH) and respective announcements are available at Jade Gas Holdings Limited 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. Updated Coal Resource estimate served as a base to prepare such updated Coal Reserve estimate. 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. Due to the increase in the measured resource concerning the coal seam structure accuracy improvement and movement of the unclassified, inferred, and indicated coal resource to the measured coal resource, the coal reserve increased. The pit optimisation algorithms used included for implementation of the following:

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

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

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

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

The ROM raw coal tonnages, resulting from the updated statement of the JORC (2012) Coal Reserve estimate for the UHG deposit as at 1 January 2025 based upon an as-received basis with 3.64% total moisture for coking coal and 2.68% for thermal coal types, are shown in Table 4.

Table 4. 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 4 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 included implementation of the following:

- limitation of open pit depth to 360 m from surface, and overall slope angle restrictions, based upon geotechnical advice received from Mr. John Latilla of AMC;

- categorisation of coal seams for scheduling purposes on basis of propensity for coking or thermal coal production, based upon recommendations made by Mr. John Trygstad of Norwest Corporation;

- cost input assumptions based on stripping and blasting estimates derived from the current mining contractors;

- revenue input assumptions derived from an updated market study of the principal coking and thermal coal markets in China, completed by Fenwei.

The JORC (2012) Coal Reserve estimate for the BN deposit prepared on basis of the above is summarised in Table 5, with tonnage estimation based on an as-received basis total moisture with 1.8% for coking coal and 2.62% for thermal coal types.

Table 5. 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 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.

Gold Resources and Exploration Activities

Khundii mining license

Mining License MV-021444 ("**Khundii mining license**") covers 2,309 hectares, obtained through the acquisition of EM and is effective for 30 years from 5 August 2019, extendable twice by 20-year periods. Since the Khundii mining license was granted, EM has prepared independent mineral resource estimates for two deposits located within the license area, the BKH gold deposit and the Dark Horse ("**DH**") gold deposit.

The current BKH Mineral Resource Estimate ("**BKH Mineral Resource**") was prepared in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101) and Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") standards by AGP Mining Consultants Inc. with an effective date of 20 April 2023. The BKH Mineral Resource was prepared by Mr. Paul Daigle, P.Geo., who is a qualified person ("**QP**") as defined in the CIM Standards of Disclosure.

The BKH Mineral Resource has been constrained to a conceptual pit shell and is reported at a cut-off grade of 0.40 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 6.

Table 6. 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:

(i) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(ii) Summation errors may occur due to rounding.

(iii) Open pit mineral resources are reported within an optimised constraining shell.

(iv) Open pit cut-off grade is 0.4 g/t Au based on the following parameters:

- *Gold Price of USD2,000/oz Au*
- *Gold recovery of 95%*
- *Capping of gold grades was 200 g/t Au and 50 g/t Ag on 1m composite values.*
- *The density varies between 2.58 g/cm^3 and 2.66 g/cm^3 depending on lithology.*

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

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

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

Notes:

(i) *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.*

(ii) *Rounding may cause some computational discrepancies.*

(iii) *Mineral Resources are reported on a dry in-situ basis.*

(iv) *The Mineral Resource is reported using a 0.35 g/t Au cut-off grade in oxide and transition mineralisation and 1.02 g/t Au cut-off in fresh mineralisation and is constrained above conceptual optimised pit shell. Cut-off parameters were selected based on 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 mineralisation. Further details are disclosed in Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report dated 15 August 2023.*

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

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

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

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

Altan Nar mining license

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

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

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

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

Table 8. AN deposit NI 43-101 compliant Mineral Resource, as at 7 May 2018 (Notes):

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

Notes:

(i) The Mineral Resources have been constrained by topography and a cut-off of 0.7 g/t AuEq2 above a pit and 1.4 g/t AuEq2 below the same pit shell.

(ii) The AN Mineral Resource was compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a QP as defined in the CIM Standards of Disclosure.

(iii) Rounding may cause some computational discrepancies.

(iv) Mineral Resources reported on a dry in-situ basis.

(v) No dilution or ore loss factors have been applied to the reported Resource Estimate.

(vi) No allowances have been made for recovery losses that may occur should mining eventually result.

*(vii) For the AN Mineral Resource estimate Gold Equivalent ("**AuEq2**") calculations assume metal prices of USD1,310 per oz gold, USD18 per oz silver, USD2,400 per tonne lead and USD3,100 per tonne zinc.*

Ulaan exploration license

The UN exploration license (XV-016057) is located within the 1,780 hectares to the west of the Khundii mining license, obtained through the acquisition of EM, effective for 3 years from 16 February 2015, and extendable three times by 3-year periods.

In June 2021, EM completed the maiden gold exploration program in the southern portion of the UN exploration license, whereas, multiple drill holes have returned up to 354 m of gold mineralisation.

Gold Reserves

Khundii mining license

On 15 August 2023, an updated independent feasibility study for the BKH gold deposit was completed. The technical report 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 a gold price of USD1,816/oz. The reserves, as defined by the regularised block model, contain modelled mineral losses of 2.5% and average internal dilution of 10%, within the ultimate pit.

It is estimated that a total 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 total 476 thousand ounces ("**Koz**") recovered gold by using an estimated 92.7% gold recovery rate.

Table 9. 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:

(i) The QP defined by NI 43-101 for the estimate is Mr. Julien Lawrence of O2 Mining Limited.

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

(iii) Reserves estimated assuming open-pit mining method.

*(iv) Waste to ore cut-offs were determined using a net smelter return (“**NSR**”) for each block in the model. NSR is calculated using prices and process recoveries for each metal accounting for all off-site losses, transportation, smelting and refining charges.*

(v) Reserves are based on a gold price of USD1,816/oz.

(vi) Mineral Reserves were calculated from a diluted “mining” block model which included average dilution of 10% and losses of 2.5%.

Copper Resources and Exploration Activities

White Hill (WH) mining license

Mining License MV-017089 ("**White Hill mining license**") covers 2,931.07 hectares, obtained by the Group through the acquisition of UCC and is effective for 30 years from 30 July 2012, extendable twice by a 20-year periods. The WH mining license is located in Bayankhongor aimag (province).

A total resource of 7.5 Mt at 1.06% Cu, 0.07 g/t Au, 2.74 g/t Ag, and 0.14% Zn, for 79.2 thousand tonnes ("**Kt**") Copper, 17.6 Koz Gold, 658.3 Koz Silver, and 10.3 Kt Zinc were reported in the oxide zone; and 5.3 Mt at 2.0% Cu, 0.2 g/t Au, 9.41 g/t Ag, and 0.85% Zn, for 105.9 Kt Copper, 34.1 Koz Gold, 1.6 Moz Silver, and 44.9 Kt Zinc were reported in the sulfide zone. A 0.2% CuEq lower cut-off was applied to the oxide ore, and a 0.4% CuEq cut-off was used for the sulfide ore.

Table 10. WH deposit – Mineral Resource estimate summary as at 30 June 2024 (Notes):

Classification	Ore Type	Quantity tonne	Average Grade				Metal Contained			
			Cu %	Au (g/t)	Ag (g/t)	Zn %	Cu tonne	Au oz	Ag oz	Zn tonne
Measured	Oxide	193,708	0.74	0.71	24.36	0.08	1,434	4,422	151,731	159
	Transition	132,700	1.98	0.44	13.40	0.19	2,625	1,863	57,162	254
	Sulfide	893,808	2.69	0.26	12.06	0.69	24,026	7,581	346,642	6,125
	Total	**1,220,216**	**2.30**	**0.35**	**14.16**	**0.54**	**28,085**	**13,865**	**555,535**	**6,539**
Indicated	Oxide	4,172,386	1.01	0.06	1.97	0.13	42,022	7,809	264,606	5,526
	Transition	1,005,548	1.38	0.07	3.93	0.26	13,874	2,391	127,047	2,615
	Sulfide	3,806,100	1.95	0.20	9.51	0.86	74,395	24,113	1,163,197	32,791
	Total	**8,984,033**	**1.45**	**0.12**	**5.38**	**0.46**	**130,291**	**34,314**	**1,554,850**	**40,932**
Inferred	Oxide	1,817,269	0.95	0.02	0.93	0.06	17,274	1,076	54,530	1,057
	Transition	153,036	1.26	0.02	0.65	0.45	1,934	85	3,208	693
	Sulfide	588,326	1.26	0.13	4.76	1.01	7,440	2,381	89,976	5,955
	Total	**2,558,630**	**1.04**	**0.04**	**1.80**	**0.30**	**26,647**	**3,542**	**147,713**	**7,705**
Total	Oxide	6,183,362	0.98	0.07	2.37	0.11	60,731	13,307	470,867	6,741
	Transition	1,291,283	1.43	0.10	4.51	0.28	18,433	4,339	187,417	3,562
	Sulfide	5,288,234	2.00	0.20	9.41	0.85	105,861	34,075	1,599,814	44,872
	Total	**12,762,879**	**1.45**	**0.13**	**5.50**	**0.43**	**185,024**	**51,721**	**2,258,098**	**55,175**

Notes:

(i) The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Stephen Pearson who is an independent consultant and a Member of the Australian Institute of Geoscientists. Mr. Pearson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012.

(ii) All Mineral Resources figures reported in the table above represent estimates based on drilling completed up to 7 November 2013. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

(iii) Glogex Consulting LLC is responsible for changes in Mineral Resources or the factor affecting Mineral Resources. The review conducted as at 30 June 2024 revealed that there is no material change that would require a restatement of the mineral resource.

Urkhut mining license

Mining License MV-017579 ("**Urkhut mining license**") covers 5,300.54 hectares, obtained by the Group through the acquisition of UCC and is effective for 30 years from 17 July 2014, extendable twice by a 20-year periods. The Urkhut mining license is located in Bayankhongor aimag (province).

Khukh Tolgoi mining license

Mining License MV-021014 ("**Khukh Tolgoi mining license**") of 6,557.08 hectares, obtained by the Group through the acquisition of UCC and is effective for 30 years from 30 January 2018, extendable twice by a 20-year periods. The Khukh Tolgoi mining license is located in Bayankhongor aimag (province).

Production and Transportation

Coal Mining

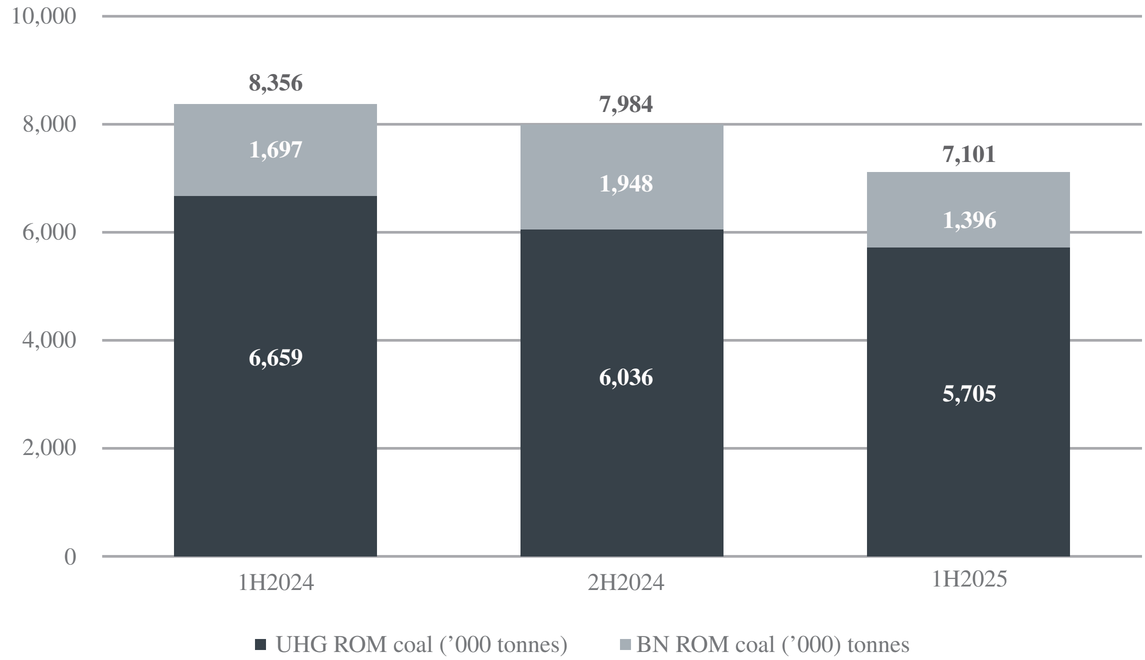
The Group's total ROM coal production was 7.1 Mt in the first half of 2025, of which 5.7 Mt and 1.4 Mt of ROM coal was produced from the UHG and BN mines, respectively.

A total of 32.7 million bank cubic metres ("**bcm**") of prime overburden was removed, resulting in an actual stripping ratio of 5.7 bcm per ROM tonne for the reporting period at UHG mine.

At BN mine, a total of 14.8 million bcm of prime overburden was removed, resulting in an actual stripping ratio of 10.6 bcm per ROM tonne for the reporting period.

The Group's combined semi-annual mine production from UHG and BN mines for the last three semi-annual periods is shown in Figure 2.

Figure 2. The Group's semi-annual ROM coal production volumes for 2024-2025 (in Kt):

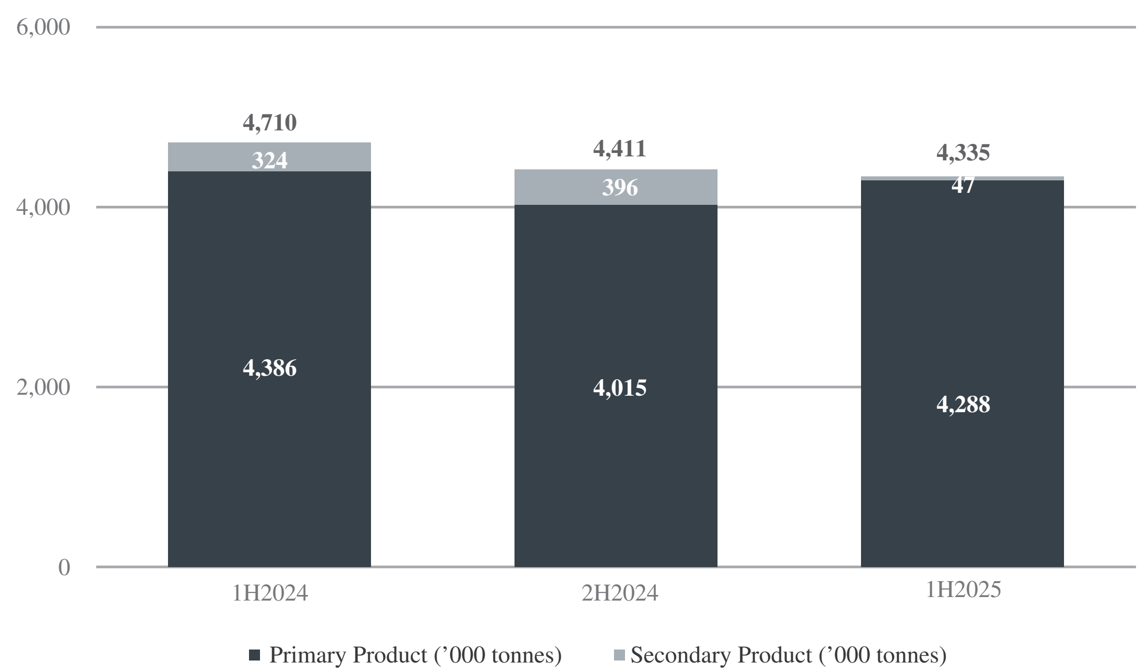


Coal Processing

The Group processed a total of 7.3 Mt of ROM coking coal in the first half of 2025, of which 6.1 Mt and 1.2 Mt were sourced from UHG and BN mine, respectively. The coal handling and preparation plant ("**CHPP**") has produced 4.3 Mt of primary products, and 0.05 Mt of secondary products.

The Group's combined semi-annual processed coal production from UHG and BN mines for the last three semi-annual periods is shown in Figure 3.

Figure 3. The Group's semi-annual processed coal production volumes for 2024-2025 (in Kt):

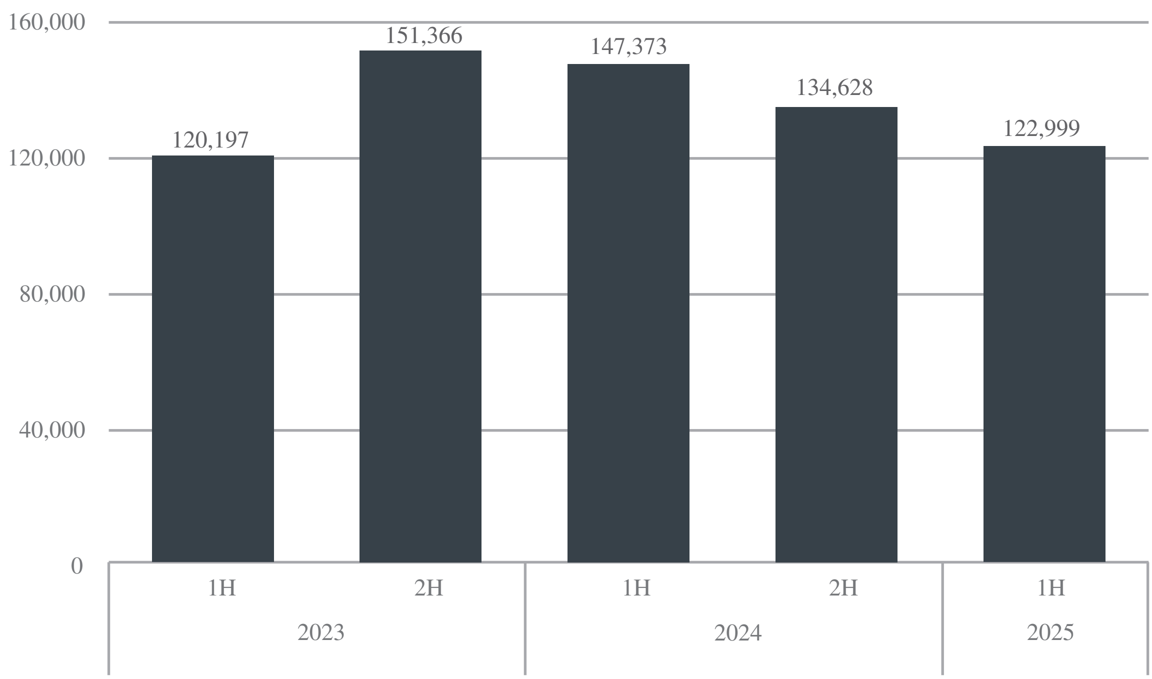


Transportation and Logistics

The Group shipped all its coal products for exports to China by primarily utilising its trans-shipping facility at Tsagaan Khad ("**TKH**") and GS Terminal ("**GST**"), while the domestic volume was sold under Ex-Works ("**EXW**") UHG term and Free-Carrier ("**FCA**") TKH terms. Coal was transported from UHG to TKH and from TKH to GST exclusively using the Group's own trucking fleet. Coal was stockpiled at TKH or GST and after export clearance by Mongolian Customs shipped further by trucks to GM. The transportation of coal from GST to GM was performed by both the Group's own trucking fleet and by third party contractors, while coal exported from TKH was exported by third party contractors.

According to the data compiled by the Group and its customers, a total of 122,999 coal-loaded trucks passed through the GS-GM border crossing in the first half of 2025, as shown below in Figure 4.

Figure 4. Total number of coal-loaded trucks crossing via GS-GM border for 2023-2025:



Occupational Health, Safety and Environment

During the reporting period, approximately 7.9 million man-hours were recorded as worked at the coking coal operations by employees, contractors, and sub-contractors of the Group, as compared to 7.2 million man-hours worked during the same period in 2024. During the first half of 2025, 6 occurrences of Lost Time Injury ("**LTI**") were recorded, resulting in a Lost Time Injury Frequency Rate ("**LTIFR**") of 0.76 LTIs per million man-hours worked equivalent being recorded as compared to 0.97 LTIs per million man-hours worked recorded during the same period in 2024.

The Total Recordable Injury Frequency Rate ("**TRIFR**") for the period was at 15 Total Recordable injuries ("**TRI**"), resulting in a 12-month rolling average TRIFR of 2.65 per million man-hours worked equivalent being realised, as compared to 2.23 TRIFR per million man-hours worked during the same period in 2024.

At the gold operations, approximately 1.2 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 0.2 per million man-hours worked, during the reporting period.

At the gold operations, Occupational Health, Safety and Environment ("**OHSE**") specific training was provided to employees, contractors, sub-contractors and visitors, with 17 training sessions to individuals, totaling 9,600 man-hours during the six months ended 30 June 2025.

Risk assessment and safety analysis were conducted during the reporting period 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 heat, noise, lighting, vibration, dust, and toxic gases monitoring. Professional organisations have established workwear standards. Assessment of working conditions was conducted by a professional company for all employees in the workplace.

The Group delivered 14,700 OHSE specific training sessions and updated training materials and manuals to reinforce health and environmental risk controls. Four environmental incidents were recorded and corrective action implemented. No occupational diseases were recorded during the first half of 2025, reflecting effective management and mitigation of risks.

The Group has an internal rating scale for environmental incidents based on their severity, which was last updated in July 2019. Accordingly, the risk rating scale uses five classifications which are low, minor, moderate, high, and extreme. More specific classifications were developed for each environmental risk subjects including oil spills, waste disposal, land disturbance, air emissions and others.

The Group successfully passed another round of periodic audit by the AFNOR Group, an international standardisation and accreditation institution and a member of the International Organization for Standardization, for a successful implementation of Integrated Management System ("**IMS**"), which includes ISO 45001:2018 an IMS aligned with ISO 45001:2018 standards. ISO 45001 certification is internationally recognised and supports organisations in reducing workplace injuries, ensuring regulatory compliance, improving employee well-being, and enhancing reputation through structured risk management processes.

The Group remains committed to reducing injury rates, safeguarding the environment, and fostering respectful conduct across all operations. To this end, we will continue engaging with stakeholders, conducting regular audits, and driving continuous improvements to uphold high standards of workplace health, safety, and environmental performance, while strengthening overall resilience.

Sales and Marketing

During the first half of 2025, the Group primarily conducted export sales of coal products under Delivery-at-Place ("**DAP**") GM terms and FOT GM terms, while domestic sales were carried out under EXW UHG terms and FCA TKH terms.

The Group sold a total of 4.2 Mt of self-produced coal in the first half of 2025. Sold coal split by product type as follows: (i) 1.5 Mt of MV HCC; (ii) 0.5 Mt of HV HCC; (iii) 0.3 Mt of SSCC; (iv) 1.0 Mt of MASHCC; and (v) 0.9 Mt of thermal coal.

In the first half of 2025, the Group auctioned a total 38.4 Kt of MV HCC, 243.2 Kt of SSCC, and 230.4 Kt of thermal coal under DAP GM terms via the MSE commodity trading platform.

BKH mine development

BKH gold mine processing plant and site support facilities (including power, heat and water supply infrastructure, laboratory, warehouse, chemicals and blasting materials storages, office and accommodation camp) were commissioned by relevant authorities during the reporting period.

The Group has commenced overburden removal from the second quarter of 2025. The Group removed approximately 0.3 million bcm of overburden and mined 477.0 tonnes of ore at the BKH mine during the reporting period. The commercial production is expected to commence from the third quarter of 2025. 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's nameplate ore feed capacity is 650,000 tonnes per annum.

Photo: BKH site construction progress as at 24 August 2025 (99.9% completed)

OUTLOOK AND BUSINESS STRATEGIES IN 2025

The Company 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 the initiatives to improve and develop regional infrastructure; (iv) exploring opportunities for expanding and diversifying its business operations through potential strategic cooperation and joint venture arrangements, and also identifying possible investment targets in Mongolia; and (v) remaining fully committed to safety, environment and socially responsible operations.

FINANCIAL REVIEW

Revenue

During the first half of 2025, the Group generated a total revenue of approximately USD346.6 million from 4.2 Mt of coal products sold, comprising 3.3 Mt of primary products and 0.9 Mt of secondary products. Despite stable sales volume compared to the first half of 2024, revenue declined by approximately USD194.5 million, as ASP softened in response to weaker market sentiment.

The Group's combined ASP across all product types was USD82.0 per tonne in the first half of 2025, comprising USD123.2 for MV HCC, USD97.0 for HV HCC, USD90.2 for SSCC, USD50.1 for MASHCC and USD37.4 for middlings. In the first half of 2024, the Group's combined ASP across all product types was USD128.9 per tonne, comprising USD174.2 for MV HCC, USD134.9 for SSCC, USD56.6 for MASHCC and USD13.9 for middlings.

During the reporting period, the majority of the Group's sales were made under direct agreements with long-term customers, with some portion traded through the MSE commodities exchange platform, mainly during the first quarter of 2025.

Cost of Revenue

The Group's cost of revenue comprises of mining, processing, handling, transportation and logistics costs, site administration costs, stockpile and transportation loss, and governmental royalties and fees.

The total cost of revenue decreased to USD283.8 million in the first half of 2025, from USD317.3 million recorded in the first half of 2024. Coal products from the UHG and BN mines contributed USD220.3 million and USD63.5 million, respectively.

Table 11. Total and individual costs of revenue:

	Six months ended 30 June	
	2025	2024
	(USD'000)	*(USD'000)*
Cost of revenue	**283,789**	317,300
Mining cost	**129,311**	139,850
Variable cost	**76,088**	81,446
Fixed cost	**18,755**	18,956
Depreciation and amortisation	**34,468**	39,448
Processing cost	**35,300**	30,842
Variable cost	**16,117**	14,027
Fixed cost	**8,241**	6,238
Depreciation and amortisation	**10,942**	10,577
Handling cost	**7,808**	9,931
Transportation cost	**63,891**	65,437
Logistic cost	**7,288**	7,719
Variable cost	**2,493**	3,603
Fixed cost	**4,480**	3,288
Depreciation and amortisation	**315**	828
Site administration cost	**14,747**	15,706
Transportation and stockpile loss	**1,601**	2,763
Royalties and fees	**23,843**	45,052
Royalty	**20,896**	42,908
Air pollution fee	**1,313**	417
Customs fee	**1,634**	1,727

Mining costs are the largest component of the Group's cost of revenue and relate to overburden and topsoil removal, as well as ROM coal extraction. These include costs related to mining staff and equipment, fuel cost, and fees for blasting and mining contractors.

Aside from being recognised in the statement of profit or loss, certain mining costs are capitalised in the statement of financial position. Specifically, costs associated with pre-stripped overburden that provide access to coal to be mined in future periods are capitalised as mining structures and amortised as the attributable ROM coal is extracted.

The Group identifies components of the ore body in accordance with the mine plan and allocates unit mining costs based on the accounting stripping ratio applicable to each component mined during the respective reporting periods. The average accounting stripping ratio for components mined was 4.7 bcm per tonne in the first half of 2025, compared to 4.2 bcm per tonne in the first half of 2024.

Table 12. Unit mining cost per ROM tonne:

	Six months ended 30 June	
	2025	2024
	(USD/ROM tonne)	*(USD/ROM tonne)*
Mining cost	**19.4**	19.2
Blasting	**1.1**	1.4
Plant cost	**7.6**	7.0
Fuel	**3.7**	3.9
Staff cost	**1.3**	1.3
Ancillary and support cost	**0.4**	0.2
Depreciation and amortisation	**5.3**	5.4

Processing costs primarily relate to the operation of the CHPP, where ROM coal is processed. During the six months ended 30 June 2025, the Group's processing costs were approximately USD35.3 million, including USD10.9 million in depreciation and amortisation, compared to USD30.8 million in the first half of 2024.

Table 13. Unit processing cost per ROM tonne:

	Six months ended 30 June	
	2025	2024
	(USD/ROM tonne)	*(USD/ROM tonne)*
Unit processing cost	**5.3**	4.3
Consumables	**0.4**	0.4
Maintenance and spares	**1.2**	0.9
Power	**0.5**	0.5
Water	**0.3**	0.2
Staff	**0.4**	0.3
Ancillary and support	**0.9**	0.5
Depreciation and amortisation	**1.6**	1.5

Handling costs are related to feeding ROM coal to the CHPP, raw and thermal coal handling, and the removal of coarse reject (primarily rock and sediment separated from coal) after coal processing. The Group's handling costs were approximately USD7.8 million during the first half of 2025 (first half of 2024: USD9.9 million).

The Group's logistics costs, which relate to the loading and unloading of coal products at UHG, TKH, and GST, remained relatively stable at USD7.3 million in the reporting period, compared with USD7.7 million recorded in the first half of 2024.

Transportation costs are related to the transportation of ROM coal from the BN mine to the UHG mine, and the transportation of coal products from UHG to TKH and GM, and include fees paid for the usage of the UHG-GS paved road. During the six months ended 30 June 2025, the Group's transportation costs were approximately USD63.9 million, compared to USD65.4 million in the first half of 2024.

The Group used two-step shipment for coal export transportation. The first step is around 240km long-haul section from UHG to TKH, the transshipment yard on the Mongolian side of the border. During the reporting period, the transportation on the long-haul section was performed solely by the Group's own trucking fleet with transportation cost of USD6.9 per tonne (first half of 2024: USD7.4 per tonne).

The second step is around 20km cross border short-haul shipment between TKH and GM, the Chinese side of the Sino-Mongolian border crossing. During the first half of 2025, the Group utilised a combination of its own trucking fleet and third-party contractors' fleet on this short-haul section with transportation cost of USD8.9 per tonne (first half of 2024: USD12.0 per tonne).

The Group's overall unit transportation cost was USD15.2 per tonne during the reporting period. This represents the total transportation cost allocated across the total sales volume of washed coal products. As the Group sells its coal products through multiple delivery points, the overall unit cost does not correspond to the combined total of the long-haul and short-haul unit costs, which are calculated based on volumes specific to their respective routes.

The transportation loss and net unrealised inventory loss amounted to USD0.6 million and USD1.0 million, respectively, during the reporting period (first half of 2024: USD0.9 million and USD1.9 million, respectively). Inventory losses or gains are assessed based on periodic survey measurements of the Group's ROM coal and coal product stockpiles. As with any bulk commodity, coal quantity is measured by volume, and converted to tonnage using density assumptions that are subject to natural variance. Therefore, stockpile measurement is an estimation in which errors are inherent.

Site administration costs, which relate to site support facilities for the supervision and management of the Group's mining, processing, transportation, and other supporting activities, amounted to USD14.7 million in the first half of 2025, a slight decrease from USD15.7 million recorded for the same period in 2024.

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 6.0% during the reporting period, compared to 7.9% in the first half of 2024.

Gross Profit

As a result of lower sales revenue, gross profit for the first half of 2025 declined to USD62.9 million, compared to USD223.8 million in the first half of 2024.

Gold and metals reporting segment

The Group removed approximately 0.3 million bcm of overburden and mined 477.0 tonnes of ore at BKH mine during the reporting period. The total mining cost incurred was approximately USD1.0 million, with the majority capitalised as mining structure and USD0.01 million recognised as inventory in the Group's consolidated statement of financial position.

Also, USD1.5 million in general and administrative expenses and USD5.1 million in net finance costs related to gold and metals reporting segment during the reporting period have been reflected in the Group's consolidated financial results. The finance costs primarily relate to foreign exchange net loss and interest expense on bank loan (please refer to the section titled "**Indebtedness and Net Finance Costs**").

Selling and Distribution Costs

The Group's selling and distribution costs increased to USD15.8 million in the first half of 2025, from USD5.2 million in the same period in 2024. These costs are associated with the inland China sales activities and are linked to sales volume realised under FOT GM term. The increase was mainly attributable to higher sales volume realised under the FOT GM term.

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. For the six months ended 30 June 2025, the Group's general and administrative expenses reduced to USD12.7 million from USD23.2 million in the first half of 2024.

Indebtedness and Net Finance Costs

As at 30 June 2025, the Group had USD400.0 million outstanding principal payments consisting of (i) USD350.0 million Senior Notes due 2030 and (ii) USD50.0 million bank loan obtained by EM, secured by its processing plant.

The Senior Notes due 2030 was issued on 3 April 2025, bears interest at 8.44% per annum, payable semi-annually. The majority of the proceeds from the issuance of Senior Notes due 2030 was used to fully redeem the outstanding USD220,000,000 principal amount of the Senior Notes due 2026, which carried interest at 12.5% per annum, at a redemption price of 109.27%. The excess of the redemption consideration over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, was recognised as a loss from refinancing and charged to profit or loss for the six months ended 30 June 2025.

Net finance costs mainly comprised of: (i) interest expense on the Senior Notes due 2026 and Senior Notes due 2030; (ii) amortisation of the Senior Notes using the effective interest method; (iii) interest expense on bank loan; (iv) foreign exchange net loss; and (v) interest income from cash and cash equivalents.

Net finance costs for the six months ended 30 June 2025 were USD27.2 million, compared to USD19.4 million in the first half of 2024. The increase was primarily attributable to a higher foreign exchange net loss recorded during the reporting period.

Breakdown of the net finance costs is set out in note 5 to the consolidated financial statements.

Income Tax Expenses

The Group's income tax expenses decreased to approximately USD2.3 million for the six months ended 30 June 2025, from USD52.3 million recorded in the first half of 2024, due to lower taxable income.

Loss for the Period

The Group recorded a net loss attributable to equity shareholders of approximately USD23.3 million for the six months ended 30 June 2025, compared to a net profit of USD133.0 million for the corresponding period in 2024.

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 the 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.

The Group's adjusted EBITDA for the reporting period was approximately USD94.1 million, compared to the adjusted EBITDA of approximately USD270.1 million recorded in the first half of 2024.

Liquidity and Capital Resources

For the six months ended 30 June 2025, the Group's cash needs were primarily related to working capital requirements and capital development of BKH mine.

Table 14. Combined cash flows:

	Six months ended 30 June	
	2025	*2024*
	(USD'000)	*(USD'000)*
Net cash generated from operating activities	**93,209**	159,573
Net cash used in investing activities[1]	**(118,341)**	(94,428)
Net cash generated from financing activities[2]	**103,629**	40,151
Net increase in cash and cash equivalents	**78,497**	105,296
Cash and cash equivalents at the beginning of the period	**140,521**	175,799
Effect of foreign exchange rate changes	**694**	(2,499)
Cash and cash equivalents at the end of the period	**219,712**	278,596

Notes:

1. *Investing activity cashflow includes (i) USD55.4 million paid for deferred stripping activity; (ii) USD56.5 million paid for acquisition of property, plant and equipment and construction in progress, of which USD28.6 million was attributable to the capital development of BKH mine; and (iii) USD8.5 million payment for acquisition of a subsidiary.*

2. *Financing activity cashflow includes (i) USD343.5 million net proceeds from the Senior Notes due 2030 issuance; (ii) USD30.0 million proceeds from bank loan; (iii) USD256.6 million paid for the redemption and accrued interest payments of the Senior Notes due 2026; and (iv) USD12.5 million used for share buyback.*

The gearing ratio (calculated based on the carrying amount of total bank and other borrowings divided by total assets) of the Group as at 30 June 2025 was 17.0% (30 June 2024: 9.6%). All borrowings are denominated in USD.

Credit Risk

The Group closely monitors its credit exposure. Credit risk is primarily attributable to trade receivables. As at 30 June 2025, the Group's trade receivables was USD15.6 million (31 December 2024: USD40.7 million).

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.

Foreign Exchange Risk

As at 30 June 2025 and 31 December 2024, cash and cash equivalents denominated in the currency other than the functional currency of the entity to which they relate was USD81.8 million and USD50.3 million, respectively. Total borrowings denominated in the currency other than the functional currency of the entity to which they relate amounted to USD50.0 million as at 30 June 2025 (31 December 2024: USD20.0 million).

Contingent Liabilities

As at 30 June 2025, 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

Pursuant to the share option scheme ("**Share Option Scheme**") adopted and approved by the shareholders of the Company on 16 June 2021, the Company granted 10,000,000 and 23,250,000 share options ("**Share Options"** or **"Options**") to a director and employees, respectively, on 3 April 2023 (the "**Grant Date**") at the exercise price of HKD3.260. During the first half of 2025, a total number of 2,351,000 Share Options were exercised (first half of 2024: 5,279,500).

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 model 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 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 a service condition. The condition has not been taken into account in the Grant Date fair value measurement of the services received. There was no market condition associated with the Share Option grants.

During the first half of 2025, USD0.6 million was recognised in administrative expenses and capital reserves in relation to the equity-settled share-based transactions (six months ended 30 June 2024: USD1.1 million).

Capital Commitments and Capital Expenditures

As at 30 June 2025 and 31 December 2024, the capital commitments outstanding were as follows:

Table 15. Capital commitments:

	As at 30 June 2025 *(USD'000)*	As at 31 December 2024 *(USD'000)*
Contracted for	**21,461**	31,269
Authorised but not contracted for	**9,629**	50,833
	31,090	82,102

Note: Capital commitment includes USD13.1 million commitment related to the capital development of the BKH mine.

Table 16. The Group's historical capital expenditure for the periods indicated:

	Six months ended 30 June	
	2025 *(USD'000)*	2024 *(USD'000)*
CHPP	**708**	158
BKH mine capital development	**28,557**	30,419
Trucks and equipment	**17,052**	3,005
Others	**10,227**	14,005
Total	**56,543**	47,587

Significant Investments Held

As at 30 June 2025, the Company did not hold any significant investments.

Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Venture

Acquisition of 50.5% interest in Universal Copper LLC

On 11 December 2024, the Company and Mongolian Mining Corporation Pte. Ltd (a wholly-owned subsidiary of the Company), entered into a securities purchase agreement with Talst Investment LLC, an independent third party, to acquire 50.5% of the issued and outstanding share capital of UCC, a company engaged in the exploration of copper and other non-ferrous metals, for a consideration of USD20,500,000 (the "**UCC Share Purchase Agreement**"). During the reporting period, the Group paid USD8,500,000 under the UCC Share Purchase Agreement, with the remaining USD12,000,000 to be settled in two equal instalments, within 12 and 24 months, respectively from the closing. 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

Save as disclosed in this interim results announcement, there have been no events subsequent to 30 June 2025 which require adjustment to or disclosure in this interim results announcement.

Employees

As at 30 June 2025, the number of employees of the Group was 3,105, (which included 240 employees at the gold and metals operations), compared with 2,559 employees as at 30 June 2024.

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.

The Group firmly believes that the development of employee capabilities is fundamental to its long-term success. To support this, it has implemented a strategically designed internal training and development framework aimed at fostering continuous growth across its workforce.

As of 30 June 2025, a total of 18,347 training participations were recorded within the coking coal operations. More than 100 training programs were delivered, covering occupational health and safety, professional development, and general skills enhancement. Among these, 14,700 employees completed 36 different occupational health and safety training programs, 3,053 employees participated in over 60 professional skills development courses, while 594 attended general skills training courses.

To further enhance operational capacity, six rounds of heavy machinery operator training were conducted, resulting in the successful certification of 125 individuals. These newly qualified operators have since been employed in active operational roles, contributing to internal workforce needs.

Beginning in 2025, the Group introduced a structured quarterly training system based on the MNS 4969 standard, delivered through the Mining Skill digital training platform. This platform, which has been under development since mid-2022 and built upon digital training initiatives launched in 2019, has enabled scalable and accessible learning opportunities across the organisation. Through the platform, 1,303 employees received training on 120 occupational health and safety procedures and guidelines, resulting in 19,541 completed training instances. In addition, employees completed 75,738 online assessments covering 77 different learning modules aligned with those procedures.

The Mining Skill platform, accessible via iOS and Android mobile applications, has allowed employees to participate in training and assessments at their convenience. This flexible, tech-driven approach has significantly enhanced accessibility, ensured continuity in learning, strengthened the Group's safety culture, and contributed to the realisation of its long-term workforce development goals.

For the six months ended 30 June 2025, the Group's staff costs were USD34.2 million (including USD2.6 million at gold and metals operations), compared to USD29.4 million (including USD1.1 million at gold and metals operations) for the six months ended 30 June 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

For the six months ended 30 June 2025, the Company repurchased a total of 16,899,000 of its own shares on the Stock Exchange at an aggregate purchase price of approximately HKD96.6 million (equivalent to USD12.5million), all of which were subsequently cancelled.

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

Month/year	Number of Shares repurchased	Purchase price per share Highest *(HKD)*	Lowest *(HKD)*	Aggregate purchase price *(HKD million)*
January 2025	2,937,000	7.41	6.41	19.7
April 2025	13,962,000	6.77	4.79	76.9

Save as disclosed above, 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 during the reporting period. As at 30 June 2025, the Company did not hold any treasury shares.

Dividend

The Board does not recommend the payment of dividend in respect of the six months ended 30 June 2025 (dividend for the six months ended 30 June 2024: nil).

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025.

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 with the Employees Written Guideline by the employees was noted by the Company during the reporting period.

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 set out in the CG Code during the six months ended 30 June 2025.

Review by Audit Committee

The Audit Committee of the Company currently comprises 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 of the Company, together with the management, have reviewed the accounting principles and practice adopted by the Group, and also discussed issues related to financial reporting, including the review of the Group's unaudited interim results for the period under review. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

The interim financial results are unaudited but derived from the interim financial report reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity,* issued by the Hong Kong Institute of Certified Public Accountants.

Publication of the 2025 Unaudited Consolidated Interim Results and 2025 Interim Report

This interim results announcement is published on the websites of the Hong Kong Stock Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.mmc.mn), and the 2025 Interim Report containing all the information required by the Listing Rules will be published on the above-mentioned websites in due course.

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

Hong Kong, 28 August 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, Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being the independent non-executive Directors.