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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

Mongolian Mining Corporation (“**MMC**” or the “**Company**”) and its subsidiaries (the “**Group**”) generated revenue of United States Dollar (“**USD**”) 823.4 million during the year ended 31 December 2025, compared to USD1,039.9 million of revenue generated during the year ended 31 December 2024.

The Group’s earnings before interest, taxes, depreciation and amortisation adjusted by other non-cash items (“**adjusted EBITDA**”) for the year ended 31 December 2025 was USD203.0 million, compared to adjusted EBITDA of USD495.9 million recorded for the year ended 31 December 2024. The decline in earnings was primarily due to a lower average selling price (“**ASP**”) of washed coking coal products.

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

The basic and diluted earnings per share attributable to the equity shareholders of the Company were USD0.59 cents and USD0.58 cents, respectively, for the reporting year, compared to basic and diluted earnings per share of USD22.12 cents and USD21.77 cents, respectively, in 2024.

The board (the “**Board**”) of Directors (the “**Directors**”) of the Company does not recommend the payment of a dividend for the year ended 31 December 2025 (dividend for the year ended 31 December 2024: nil).

During the year ended 31 December 2025, the Company repurchased a total of 21,264,000 of its own shares on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate purchase price of Hong Kong Dollar (“**HKD**”) 142.2 million (equivalent to USD18.3 million). All of the repurchased shares were subsequently cancelled.

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

The Board is announcing the audited annual results of the Group for the year ended 31 December 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Note</i>	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Revenue	4	823,398	1,039,852
Cost of revenue	5	<u>(679,356)</u>	<u>(628,177)</u>
Gross profit		144,042	411,675
Other net income		3,672	13,049
Selling and distribution costs	6(c)	(35,431)	(9,767)
General and administrative expenses		<u>(33,515)</u>	<u>(46,633)</u>
Profit from operations		78,768	368,324
Finance income	6(a)	10,453	4,272
Finance costs	6(a)	<u>(43,125)</u>	<u>(37,349)</u>
Net finance costs	6(a)	<u>(32,672)</u>	<u>(33,077)</u>
Loss from repurchase of Senior Notes due 2026	7	(25,049)	–
Share of profits of associates		2,076	957
Share of losses of joint ventures		<u>–</u>	<u>(1)</u>
Profit before taxation	6	23,123	336,203
Income tax	8	<u>(10,613)</u>	<u>(92,651)</u>
Profit for the year		12,510	243,552
Attributable to:			
Equity shareholders of the Company		6,100	242,012
Non-controlling interests		<u>6,410</u>	<u>1,540</u>
Profit for the year		12,510	243,552
Basic earnings per share	9(a)	0.59 cents	22.12 cents
Diluted earnings per share	9(b)	0.58 cents	21.77 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Profit for the year		12,510	243,552
Other comprehensive income for the year (after tax and reclassification adjustments)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on re-translation		<u>(3,021)</u>	<u>(2,614)</u>
Other comprehensive income for the year		<u>(3,021)</u>	<u>(2,614)</u>
Total comprehensive income for the year		<u>9,489</u>	<u>240,938</u>
Attributable to:			
Equity shareholders of the Company		2,677	239,539
Non-controlling interests		<u>6,812</u>	<u>1,399</u>
Total comprehensive income for the year		<u>9,489</u>	<u>240,938</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 USD'000	2024 USD'000
Non-current assets			
Property, plant and equipment, net	10	1,281,241	1,099,868
Construction in progress	11	13,860	86,782
Other right-of-use assets		47	49
Intangible assets	12	533,627	506,741
Interest in associates		15,847	8,718
Interest in joint ventures		–	5
Other non-current assets		5,527	30,639
Deferred tax assets		21,384	15,654
		<u>1,871,533</u>	<u>1,748,456</u>
Total non-current assets			
Current assets			
Inventories		156,430	148,339
Trade and other receivables	13	95,115	97,897
Cash and cash equivalents		223,948	140,521
		<u>475,493</u>	<u>386,757</u>
Total current assets			
Current liabilities			
Trade and other payables	15	179,701	138,970
Contract liabilities		167,359	115,421
Borrowing	16	50,000	–
Lease liabilities		69	567
Current taxation		10,969	70,661
		<u>408,098</u>	<u>325,619</u>
Total current liabilities			
Net current assets			
		<u>67,395</u>	<u>61,138</u>
Total assets less current liabilities			
		<u>1,938,928</u>	<u>1,809,594</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2025*

	<i>Note</i>	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Non-current liabilities			
Borrowings	<i>16</i>	–	20,000
Senior notes	<i>14</i>	344,012	216,122
Provisions		37,844	32,030
Other non-current liabilities		6,000	–
Deferred tax liabilities		154,248	160,523
		<hr/>	<hr/>
Total non-current liabilities		542,104	428,675
		<hr/>	<hr/>
NET ASSETS		1,396,824	1,380,919
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	<i>17(b)</i>	103,685	104,908
Reserves		1,131,035	1,140,602
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		1,234,720	1,245,510
Non-controlling interests		162,104	135,409
		<hr/>	<hr/>
TOTAL EQUITY		1,396,824	1,380,919
		<hr/>	<hr/>

NOTES

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 18 May 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Main Board of the Stock Exchange since 13 October 2010. The Group is principally engaged in the mining, processing, transportation and sale of coal products and gold products.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and disclosure the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments in debt and equity securities;
- Buildings and plants as well as machinery and equipment; and
- Derivative financial instruments.

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

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the Group's overseas holding entities and coal operating subsidiaries located in Mongolia is USD, the functional currency of gold and metals operating subsidiaries and other remaining subsidiaries located in Mongolia is Mongolian Togrog ("MNT").

The Company and the Group's presentation currency is USD.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Fair value of buildings and plants, machinery and equipment classified as property, plant and equipment and construction in progress

The Group has changed its accounting policy for its buildings and plants, machinery and equipment, and such class of items under construction status from cost model to valuation model with effect from 31 December 2016. Buildings and plants, machinery and equipment classified as property, plant and equipment and construction in progress were revalued by an external appraiser as at 31 December 2016 and 2021, respectively (see Notes 10 and 11). Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. Judgement is required in relation to the selection of assumptions in arriving at the fair values and the determination of the frequency of performing a revaluation with sufficient regularity.

(ii) Reserves

The Group estimates and reports mineral resources and ore reserves, commonly referred to as Coal Resources and Coal Reserves in the coal mining industry, and Gold Resources and Gold Reserves in the precious metals sector. These estimates meet the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), and, where applicable, the Canadian National Instrument 43-101 (the "NI 43-101") standards. For coal, the Group also refers to the Australian Guidelines for the Estimation and Classification of Coal Resources (2014).

The JORC Code and NI 43-101 are professional codes of practice that set minimum standards for public reporting of exploration results, mineral resources, and ore reserves. Both codes provide mandatory systems for the classification according to the levels of confidence in geological knowledge, and technical and economic considerations.

Responsibility for demonstrating transparency and materiality in the estimation of Coal and Gold Resources and/or Reserves lies with the Competent Person (JORC Code) or Qualified Person (NI 43-101).

- A Competent Person (JORC Code) must be a member or fellow of the Australasian Institute of Mining and Metallurgy (the “AusIMM”), or of the Australian Institute of Geoscientists (the “AIG”), or another recognised professional organisation, as included in a list available on the JORC website, with a minimum of five years’ relevant experience.
- A Qualified Person (NI 43-101) must be a professional engineer or geoscientist in good standing with a recognised professional association, with a minimum of five years’ relevant experience.

Coal Reserve

A “Coal Reserve” is the economically mineable part of a Measured and/or Indicated Coal Resource, defined by pre-feasibility or feasibility studies that apply Modifying Factors.

- A Probable Coal reserve is the economically mineable part of an Indicated Coal Resource, and in some circumstances, a Measured Coal Resource, with lower confidence in Modifying Factors than a Proven Coal Reserve.
- A Proven Coal Reserve is the economically mineable part of a Measured Mineral Resource, with a high confidence in the Modifying Factors.

Gold Reserves

A “Gold Reserve” is the economically mineable part of a Measured and/or Indicated Gold Resource, similarly defined by pre-feasibility or feasibility studies applying Modifying Factors.

- A Probable Gold reserve is the economically mineable part of an Indicated Gold Resource, and in some circumstances, a Measured Gold Resource, with lower confidence in Modifying Factors than a Proven Gold Reserve.
- A Proven Gold Reserve is the economically mineable part of a Measured Mineral Resource, with a high confidence in the Modifying Factors.

Modifying Factors

Modifying Factors are considerations used to convert resources to reserves, and include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These factors may change between estimates, resulting in revisions to reported reserves. Changes in reported Coal and Gold Reserves may affect the Group’s financial results and financial position in several ways, including the following:

- Asset recoverable amounts may change due to changes in estimated future cash flows.
- Depreciation, depletion and amortisation may change where such charges are based on units of production or asset life.
- Stripping costs may change with revised stripping ratios.
- Reclamation and mine closure provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- Deferred tax assets may be impacted by changes in the recoverability of tax benefits.

(iii) Useful lives of property, plants and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Impairment of mining related assets

The Group identifies if there is any indication of impairment of mining related assets at each end of the reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would result in increase or decrease in the provision of the impairment loss and affect the Group's net asset value.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(v) Obligation for reclamation

The estimation of the liabilities for final reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including future production volume and development plan, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate.

(vi) Derivative financial instruments

In determining the fair value of the derivative financial instruments, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

(vii) Capitalised stripping costs

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. Stripping costs (waste removal costs) are incurred during the development and production phases at open-pit mining and they are accounted separately for each component of an ore body unless the stripping activity provides improved access to the whole of the ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan. Judgement is required to identify and define these components and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and production stripping activity. These are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity assets.

Development stripping costs are capitalised as a stripping activity asset, in construction in progress and forming part of the cost of constructing the mine, when:

- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The costs can be measured reliably.

Capitalisation of development stripping costs ceases and these costs are transferred to mine properties in property, plant and equipment when the ore body or component of ore body is ready for its intended use.

Production stripping can give rise to two benefits being the extraction of ore in the current period and improved access to the ore body or component of ore body in future periods. To the extent that the benefit is the extraction of ore, the stripping costs are recognised as an inventory cost. To the extent the benefit is improved access to the ore body or component of ore body in future periods, the stripping costs are capitalised as mine properties in property, plant and equipment, if the following criteria are met:

- It is probable that the future economic benefit (improved access to ore) will flow to the Group;
- the ore body or component of ore body for which access has been improved can be identified; and
- the costs relating to the stripping activity can be measured reliably.

Production stripping costs are allocated between the inventory produced and the mine properties capitalised using a life-of-component waste to ore strip ratio. When the current strip ratio is greater than the life-of-component ratio, a portion of the stripping costs is capitalised to the existing mine properties.

The development and production stripping assets are depreciated using the units of production method based on the proven and probable mineral reserves of the relevant ore body or component of ore body.

(viii) Taxation

The Group is subject to various taxes and levies in the jurisdictions where it has operations. The Group makes payments and determines the provision for tax and levy liabilities primarily based on the computations as prepared by the Group. Nevertheless, judgement is required in determining the provision for taxes and levies as there are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business, there are possible cases of disagreements with the relevant authorities on treatment of certain items included in the computations and certain non-routine transactions. The Group uses its best judgement to determine the probability although it is typically very difficult to determine the timing and ultimate outcome of each case. If the Group considers it probable that these judgements will result in different positions, the most likely amounts of the outcome will be estimated and adjustments to the liabilities will be made in the period in which such determination is made. Due to the inherent uncertainties related to the eventual outcome of each case, it is probable that certain matters may be resolved for amounts materially different from any estimated provisions or previous disclosures.

(b) Sources of estimation uncertainty

Other than requiring critical accounting judgements, assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period are required in relation to certain Group's accounting policies. Respective information and assumptions and their risk factors are disclosed accordingly in Notes 3(a)(i), (iii), (iv), (v), (vi) and (vii).

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the mining, processing, transportation and sale of coal products and gold products. Revenue represents the sales value of goods sold to customers exclusive of value added or sales taxes and after deduction of any trade discounts and volume rebates. The amount of each significant category of revenue recognised during the year is as follows:

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Coal mining segment		
Washed hard coking coal (“HCC”)	558,121	796,476
Washed mid-ash semi-hard coking coal (“MASHCC”)	137,323	158,594
Washed semi-soft coking coal (“SSCC”)	42,578	57,860
Middlings	45,060	25,822
Raw thermal coal	9,051	1,100
Gold and metals mining segment		
Gold products	31,124	–
Silver products	141	–
	<u>823,398</u>	<u>1,039,852</u>

Revenue generated from the coal mining segment and gold and metals mining segment is from sale of goods, which is recognised when the goods are transferred at point in time.

(b) Segment reporting

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

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

Note: The gold mine production has commenced in September 2025. The copper mine is at early exploration and evaluation stage as at 31 December 2025.

5 COST OF REVENUE

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Mining costs	315,703	269,334
Processing costs	90,027	67,989
Transportation costs	143,174	143,589
Others (<i>Note</i>)	130,452	147,265
	<hr/>	<hr/>
Cost of revenue	679,356	628,177
	<hr/> <hr/>	<hr/> <hr/>

Note: Others mainly include royalty tax on the coal and gold sold, and site administration costs.

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs:

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Interest income	(4,804)	(4,272)
Foreign exchange gain, net	(5,649)	–
	<hr/>	<hr/>
Finance income	(10,453)	(4,272)
	<hr/>	<hr/>
Interest on liability component of senior notes (<i>Note 14</i>)	32,710	31,322
Interest on borrowing (<i>Note 16</i>)	5,114	109
Less: interest expense capitalised into construction in progress	1,906	–
	<hr/>	<hr/>
Net interest on borrowing	3,208	109
Interest on lease liabilities	38	60
Unwinding interest on accrued reclamation obligations	5,003	3,334
	<hr/>	<hr/>
Net interest expense	40,959	34,825
Foreign exchange loss, net	–	1,473
Others	2,166	1,051
	<hr/>	<hr/>
Finance costs	43,125	37,349
	<hr/>	<hr/>
Net finance costs	32,672	33,077
	<hr/> <hr/>	<hr/> <hr/>

(b) **Staff costs:**

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Salaries, wages, bonuses and benefits	66,805	52,208
Retirement scheme contributions	8,852	6,887
Equity-settled share-based payment expenses	1,067	1,886
	<u>76,724</u>	<u>60,981</u>

Pursuant to the relevant labour rules and regulations in Mongolia, the Group participates in defined contribution retirement benefit schemes (the “Schemes”) organised by the Government of Mongolia (“GoM”) whereby the Group is required to make contributions to the Schemes at a rate of 8.5% of the eligible employees’ salaries. Contributions to the Schemes vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

(c) **Other items:**

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Selling and distribution costs (<i>Note (i)</i>)	35,431	9,767
Depreciation and amortisation	121,969	124,798
Net loss on disposals of property, plant and equipment	1,232	862
Auditors’ remuneration		
– audit and review services	694	679
– tax and other services	206	7
	<u>900</u>	<u>686</u>
Cost of inventories (<i>Note (ii)</i>)	679,356	628,177

Notes:

- (i) Selling and distribution costs represent fees and charges incurred for importing coal into China, logistics costs, governmental fees and charges and fixed agent fees associated with sales activities in inland China.
- (ii) Cost of inventories includes USD189,107,000 (2024: USD167,579,000) relating to personnel expenses, and depreciation and amortisation which are also included in the respective amounts disclosed separately above for each of these types of expenses. Cost of inventories also includes transportation and stockpile losses amounted to USD5,853,000 (2024: USD2,929,000).

7 LOSS FROM REPURCHASE OF SENIOR NOTES DUE 2026

	2025 USD'000	2024 USD'000
Loss from repurchase of Senior Notes due 2026	<u>(25,049)</u>	<u>–</u>

On 15 April 2025, all the outstanding senior notes due 2026 (“**Senior Notes due 2026**”) was redeemed. The excess of consideration to settle the financial liabilities over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, has been recognised as a loss from repurchase of Senior Notes due 2026 and charged to profit or loss during the year ended 31 December 2025.

8 INCOME TAX

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

	2025 USD'000	2024 USD'000
Current tax		
Provision for the year	22,331	105,542
Deferred tax		
Origination and reversal of temporary difference	<u>(11,718)</u>	<u>(12,891)</u>
	<u>10,613</u>	<u>92,651</u>

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

	2025 USD'000	2024 USD'000
Profit before taxation	<u>23,123</u>	<u>336,203</u>
Notional tax on profit before taxation	8,925	86,500
Tax effect of non-deductible items (<i>Note (iii)</i>)	5,681	7,260
Tax effect of non-taxable items (<i>Note (iii)</i>)	(4,087)	(1,502)
Prior year tax loss utilised	(779)	(10)
Tax losses not recognised	<u>873</u>	<u>403</u>
Actual tax expenses	<u>10,613</u>	<u>92,651</u>

Notes:

- (i) Pursuant to the income tax rules and regulations of Mongolia, the subsidiaries of the Group located in Mongolia are liable to Mongolian Corporate Income Tax at a rate of 10% of the first MNT6 billion taxable income, and 25% of the remaining taxable income for the years ended 31 December 2025 and 2024. According to the Corporate Income Tax Law of China, the Company’s subsidiaries in China are subject to statutory income tax rate of 25%.
- (ii) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands. The Group is not subject to Hong Kong, Luxembourg, and Singapore profits tax as it has no assessable income arising in or derived from Hong Kong, Luxembourg and Singapore during the years ended 31 December 2025 and 2024.
- (iii) Non-deductible and non-taxable items mainly include net unrealised exchange gain or loss, other non-deductible expenses and non-taxable income pursuant to the income tax rules and regulations of Mongolia and other related tax source regions during the years ended 31 December 2025 and 2024.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the adjusted profit attributable to ordinary equity shareholders of the Company of USD6,100,000 (2024: USD231,532,000) and the weighted average of 1,039,941,536 ordinary shares (2024: 1,046,534,536 ordinary shares) in issue during the year.

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

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Profits attributable to ordinary equity shareholders	6,100	242,012
Allocation of profit of the year attributable to holders of perpetual notes	—	(10,480)
Adjusted profits attributable to ordinary equity shareholders	<u>6,100</u>	<u>231,532</u>

(b) Diluted earnings per share

For the year ended 31 December 2025, the effect of the outstanding share options was dilutive and therefore included in the calculation of diluted earnings per share. The calculation of diluted earnings per share is based on the adjusted profit attributable to ordinary equity shareholders of the Company and the weighted average of 1,051,719,099 ordinary shares (2024: 1,063,424,260 ordinary shares) after adjusting the effects of outstanding share options.

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

	2025	2024
Weighted average number of ordinary shares at 31 December	1,039,941,536	1,046,534,536
Dilution effect of the share options issued by the Company	<u>11,777,563</u>	<u>16,889,724</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>1,051,719,099</u>	<u>1,063,424,260</u>

10 PROPERTY, PLANT AND EQUIPMENT, NET

Mining properties as at 31 December 2025 include stripping activity assets with a carrying amount of USD604,847,000 (2024: USD531,464,000).

Fair value measurement of property, plant and machinery

(i) Fair value hierarchy

The following table presents the fair value of the Group's property, plant and machinery measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December	Fair value measurements as at 31 December 2025 categorised into		
	2025 USD'000	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Recurring fair value measurement				
Buildings and plants	439,972	–	–	439,972
Machinery and equipment	94,911	–	–	94,911
Buildings and plants, machinery and equipment under construction (Note 11)	13,860	–	–	13,860
Total	548,743	–	–	548,743
	Fair value as at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024 USD'000	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Recurring fair value measurement				
Buildings and plants	332,629	–	–	332,629
Machinery and equipment	96,346	–	–	96,346
Buildings and plants, machinery and equipment under construction (Note 11)	86,782	–	–	86,782
Total	515,757	–	–	515,757

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

As at 31 December 2021, buildings and plants as well as machinery and equipment were revalued and such valuation was carried out by a firm of external appraisers, Duff and Phelps Corporation, who has among their staff fellows of the American Society of Appraisers, Royal Institute of Chartered Surveyors, Chartered Certified Accountant, Chartered Financial Analyst and Financial Risk Manager with recent experience in the mining property valuation worldwide including valuation of coal mines. The Group's property manager and the chief financial officer had discussion with the appraisers on the valuation assumptions and valuation results when the valuation was performed. At each following interim and annual reporting date, the management reviewed the key indicators adopted in the revaluation assessment as at 31 December 2021 and concluded there was no significant change.

The subject properties are purpose-built industrial facilities including buildings and plants, machinery and equipment and construction in progress located in South Gobi of Mongolia. They are operated according to their highest and best use for coal mining and processing. There is no other alternative use of the subject properties. Upon consideration of all relevant facts, it was concluded that the properties subject to valuations are specialised properties.

Depreciated replacement cost is defined by International Valuation Standards (“**IVS**”) as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation”. Depreciated replacement cost application for major assets classes is briefly described below:

- Buildings and plants, and such items under construction status:
 - Reproduction cost new (“**RCN**”) estimations for the buildings and structures were calculated using indexing method;
 - Indices were applied to the historical cost. The indices were obtained from recognised sources such as: FM Global, Unitary Construction costs, etc.;
 - Physical depreciation was applied using straight line method based on the economic useful life of production, auxiliary, administrative facilities, land improvements, and transfer devices;
 - No any functional obsolescence was revealed.
- Machinery and equipment:
 - Machinery RCN was estimated based on the actual machinery quotations received from the purchase department of the Company. These estimates were adjusted with installation expenses, engineering expenses and interest during construction. Estimated RCN was compared to indexed historical cost and considered to be relevant. Additionally, unitary reproduction cost (USD/kg of equipment weight) of major and most expensive equipment appraised such as crushers, screens, spirals and flotation cells were compared with unitary cost range of similar equipment recently purchased by other mining companies and considered to be in line with these data. Overall Coal Handling and Preparation Plant (“**CHPP**”) modules' estimated unitary RCN (USD/ton of processing capacity) is in the middle of the range of recently constructed coal processing plants;
 - Engineering and general administrative expenses for several analysed coal mines range between 7-8% of RCN; and
 - Interest During Construction estimated to be equal to 7.8% of RCN based on the actual interest paid during CHPP construction.

(ii) Information about Level 3 fair value measurements

IVS requires that for a private sector entity with specialised assets, a valuation assessed by depreciated replacement cost must be subject to a test of profitability in relation to the whole of the assets held by the entity or the cash generating unit (“CGU”). For the purpose of the profitability test, the Company was considered as a single CGU.

In testing profitability, the impact that current economic conditions may potentially have on the Group’s operations, financial performance, expectations of financial performance or financial conditions is considered. Such impact was assessed with the use of financial models, which make use of projections of operating activities and financial performance of the Group provided by the management. No economic obsolescence for the Group was indicated by the profitability test.

(iii) Depreciated cost of properties held for own use carried at fair value

Had the revalued properties held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2025 <i>USD’000</i>	2024 <i>USD’000</i>
Buildings and plants	104,119	111,526
Machinery and equipment	23,095	22,695
Buildings and plants, machinery and equipment under construction	–	3,704
	<u>127,214</u>	<u>137,925</u>

Impairment of mining related assets

The management has performed impairment assessment on the carrying amount of the Group’s property, plant and equipment, construction in progress and intangible assets related to the Ukhaa Khudag (“UHG”) mine and Baruun Naran (“BN”) mine operations (collectively referred to as “UHG and BN Assets”). For the purpose of this, the UHG and BN Assets are treated as a CGU.

The recoverable amount of the CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the UHG and BN Assets. The key assumptions used in the estimation of value in use were as follows:

– Recoverable reserves and resources

Economically recoverable reserves and resources represent management’s expectations at the time of completing the impairment testing, based on reserves and resource statements and exploration and evaluation work undertaken by appropriately qualified persons.

– Growth rate

The growth rate is estimated based on coal product price consensus and life-of-mine (“LOM”) production plan.

– Coal prices

The coal price assumptions are management’s best estimate of the future price of coal in China. Coal price assumptions for the next five years are built on past experience of the industry and consistent with external sources. These prices are adjusted to arrive at appropriately consistent price assumptions for the different qualities and type of coal.

Preparation basis used for the coal price assumptions for the next five years estimated at the year end of 2025 is consistent with that at the year end of 2024, which was also updated with reference to the latest market forecast. The coal price estimation over a period longer than five years contains no growth rate, except for annual inflation rate.

– Sales quantity/production profile

Sales quantity is in line with production profile. Estimated production volumes are based on detailed LOM plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as the recoverable quantities, the production profile, the cost of the development of the infrastructure necessary to extract the reserves, the production costs, and the contractual duration of mining rights and the selling price of the coal extracted. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proved and probable reserves.

– Operating costs

Operating cost assumptions are based on management's best estimation of the costs to be incurred at the date of impairment testing. Costs are determined after considering current operating costs, future cost expectations, as well as the nature and location of the operation. The estimation also takes future mining contractor arrangements into consideration; and the Directors are of the opinion that such mining contractor arrangements are in line with the Group's business plan.

– Capital expenditure

Future capital expenditure is based on management's best estimate of required future capital requirements. It has been determined by taking into account all committed and anticipated capital expenditure adjusted for future cost estimates.

– Discount rate

This discount rate is derived from the Group's weighted average cost of capital ("WACC"), with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity, weighted based on the Group and comparable peer companies' average capital structure. The cost of equity is derived from the expected return on investment by the Group's investors based on publicly available market data of comparable peer companies. The cost of debt is based on the borrowing cost of interest-bearing borrowings of the Group that reflects the credit rating of the Group.

Post-tax discount rate of 16% and pre-tax discount rate of 21% were applied to the future cash flows projection at the year end of 2025 (2024: post-tax discount rate of 16% and pre-tax discount rate of 20%). The Directors believe that the discount rates were matching with the latest cash flow projection modelling.

Based on above-mentioned impairment assessment, the carrying amount of the CGU has not exceeded its recoverable amount as at 31 December 2025, and has not resulted in the identification of an impairment loss for the year ended 31 December 2025. The Directors are of the opinion that the impairment provision is adequate as at 31 December 2025 and no additional or reversal of impairment provision is needed in respect of the Group's non-financial assets in this regard.

The Directors believe that the estimates and assumptions incorporated in the impairment assessment are reasonable; however, the estimates and assumptions are subject to significant uncertainties and judgements. The Directors consider that a reasonable changes in assumptions will not result in an impairment of mining related assets.

11 CONSTRUCTION IN PROGRESS

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
At 1 January	86,782	7,236
Acquisition of a subsidiary	–	35,465
Additions	64,895	44,668
Transfer to property, plant and equipment (<i>Note 10</i>)	(134,358)	–
Exchange adjustments	(3,459)	(587)
	<u>13,860</u>	<u>86,782</u>
At 31 December	<u>13,860</u>	<u>86,782</u>

Note: The construction in progress is mainly related to buildings and plants. The construction of Bayan Khundii (“BKH”) mine of Erdene Mongol LLC (“EM”) was completed and transferred to property, plant and equipment in 2025.

12 INTANGIBLE ASSETS

	Acquired mining right (<i>Note (i)</i>) <i>USD'000</i>	Software <i>USD'000</i>	GS Terminal (<i>Note (ii)</i>) <i>USD'000</i>	Total <i>USD'000</i>
Cost:				
At 1 January 2024	701,557	3,676	3,174	708,407
Acquisition of a subsidiary	21,900	–	–	21,900
Addition	–	223	–	223
	<u>723,457</u>	<u>3,899</u>	<u>3,174</u>	<u>730,530</u>
At 31 December 2024	723,457	3,899	3,174	730,530
Acquisition of a subsidiary	33,267	–	–	33,267
Reclassification	–	(221)	–	(211)
	<u>756,724</u>	<u>3,678</u>	<u>3,174</u>	<u>763,576</u>
At 31 December 2025	756,724	3,678	3,174	763,576
Accumulated amortisation and impairment loss:				
At 1 January 2024	210,597	3,309	2,184	216,090
Amortisation charge for the year	6,340	369	990	7,699
	<u>216,937</u>	<u>3,678</u>	<u>3,174</u>	<u>223,789</u>
At 31 December 2024	216,937	3,678	3,174	223,789
Amortisation charge for the year	6,160	–	–	6,160
	<u>223,097</u>	<u>3,678</u>	<u>3,174</u>	<u>229,949</u>
At 31 December 2025	223,097	3,678	3,174	229,949
Carrying amount:				
At 31 December 2025	<u>533,627</u>	<u>–</u>	<u>–</u>	<u>533,627</u>
At 31 December 2024	<u>506,520</u>	<u>221</u>	<u>–</u>	<u>506,741</u>

Notes:

- (i) Acquired mining right mainly represents the mining right acquired during the acquisition of BN mine.
- (ii) GS Terminal represents the permission to operate at the customs bonded terminal.

13 TRADE AND OTHER RECEIVABLES

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Trade receivables (<i>Note (a)</i>)	36,232	40,672
Other receivables (<i>Note (c)</i>)	58,883	57,225
	<hr/>	<hr/>
	95,115	97,897
Less: allowance for credit losses (<i>Note (b)</i>)	–	–
	<hr/>	<hr/>
	95,115	97,897
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Within 90 days	32,478	20,630
91 to 180 days	1,878	13,977
181 to 270 days	–	5,079
271 to 365 days	1,299	986
Over 365 days	577	–
	<hr/>	<hr/>
	36,232	40,672
	<hr/> <hr/>	<hr/> <hr/>

(b) Loss allowance for trade receivables

Credit losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the credit losses are written off against trade receivables directly.

As at 31 December 2025, the Group evaluated the loss allowance for ECL and no loss allowance of trade receivables (2024: nil) was made based on the assessment.

(c) Other receivables

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Amounts due from related parties	994	–
Prepayments and deposits	11,902	9,603
VAT and other tax receivables (<i>Note</i>)	45,005	47,123
Others	982	499
	<hr/>	<hr/>
	58,883	57,225
	<hr/> <hr/>	<hr/> <hr/>

Notes: VAT and other tax receivables include amounts that have been accumulated to date in certain subsidiaries and were due from Mongolian Tax Administration (“MTA”). According to the prevailing tax rules and regulations in Mongolia, a taxpayer may offset future taxes and royalties payable to MTA against VAT receivable from MTA. The Group verifies the collectability of such funds with MTA on a regular basis, and based on currently available information, the Group anticipates full recoverability.

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

14 SENIOR NOTES

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Senior Notes due 2026 (<i>Note (i)</i>)	–	216,122
Senior Notes due 2030 (<i>Note (ii)</i>)	<u>344,012</u>	<u>–</u>
	<u><u>344,012</u></u>	<u><u>216,122</u></u>

Note:

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

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

On 15 April 2025, all the outstanding Senior Notes due 2026 was redeemed. The excess of consideration to settle the financial liabilities over the derecognised carrying amount of the Senior Notes due 2026, amounting to approximately USD25,049,000, has been recognised as a loss from repurchase of Senior Notes due 2026 and charged to profit or loss during the year ended 31 December 2025.

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

The Senior Notes due 2030 is accounted for as a hybrid financial instrument containing a derivative component and a liability component. The derivative component of early redemption option was initially recognised at its fair value of nil. The fair value of the derivative component of early redemption option as at 31 December 2025 was nil. The liability component was initially recognised at its fair value, taking into account attributable issuance discount, and will be accounted on amortised cost subsequently.

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

15 TRADE AND OTHER PAYABLES

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Trade payables (<i>Note (i)</i>)	102,191	86,862
Amounts due to related parties (<i>Note (ii)</i>)	10,317	7,949
Payables for purchase of equipment	3,663	1,554
Interest payable (<i>Note (iii)</i>)	7,731	8,359
Other taxes payables	32,483	22,824
Payable for acquisition of a subsidiary	6,000	–
Others (<i>Note (iv)</i>)	17,316	11,422
	<u>179,701</u>	<u>138,970</u>

Notes:

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

	2025 <i>USD'000</i>	2024 <i>USD'000</i>
Within 90 days	102,040	86,530
91 to 180 days	13	192
181 to 365 days	5	2
Over 365 days	133	138
	<u>102,191</u>	<u>86,862</u>

- (ii) Amounts due to related parties represent contractual service fee payable and payables for equipment and construction work, which are unsecured, interest-free and have no fixed terms of repayments.
- (iii) As at 31 December 2025, interest payable for Senior Notes due 2030 was USD7,221,000 (2024: interest payable for Senior Notes due 2026 was USD8,250,000) and interest payable for borrowing was USD510,000 (2024: USD109,000).
- (iv) Others represent accrued expenses, payables for staff related costs and other deposits.

All of the other payables are expected to be settled or recognised in profit or loss within one year or are repayable on demand.

16 BORROWINGS

	At 31 December 2025		At 31 December 2024	
	Effective interest rate	<i>USD'000</i>	Effective interest rate	<i>USD'000</i>
Current portion of borrowing	13.30%	50,000	–	–
Long-term borrowing	–	–	13.30%	20,000
	<u>–</u>	<u>–</u>	<u>13.30%</u>	<u>20,000</u>

On 4 December 2024, EM entered into a loan agreement with a local bank in Mongolia for USD50,000,000. The loan bears interest at 13.3% per annum fixed rate, payable monthly. The principal is repayable in six equal monthly instalments starting from July 2026. The loan was secured by EM's processing plant.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (dividend in respect of the year ended 31 December 2024: nil).

(b) Share capital

	2025		2024	
	<i>Number of shares'000</i>	<i>USD'000</i>	<i>Number of shares'000</i>	<i>USD'000</i>
Ordinary shares, authorised				
At 1 January and 31 December	1,500,000	150,000	1,500,000	150,000
	2025		2024	
	<i>Number of shares'000</i>	<i>USD'000</i>	<i>Number of shares'000</i>	<i>USD'000</i>
Ordinary shares, issued and fully paid				
At 1 January	1,049,081	104,908	1,042,477	104,248
Impact of share option exercise	9,031	903	6,604	660
Cancellation of own shares	(21,264)	(2,126)	–	–
At 31 December	1,036,848	103,685	1,049,081	104,908

MANAGEMENT DISCUSSION AND ANALYSIS

COKING (METALLURGICAL) COAL

Industry Overview

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

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

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

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

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

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

Source: Fenwei.

Notes:

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

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

Coal Mining Assets

The Group is the largest producer and exporter of washed coking coal products in Mongolia. Energy Resources LLC (“**ER**”), its wholly-owned subsidiary, operates the Ukhaa Khudag (“**UHG**”) coking coal mine, and Khangad Exploration LLC (“**KEX**”), its majority-owned subsidiary, operates the Baruun Naran (“**BN**”) coking coal mine, both located in Umnugobi aimag (province), Mongolia.

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

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

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

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

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

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

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

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

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

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

Coal Resources and Reserves

Coal Resource estimates were prepared in accordance with the requirement of the JORC Code (2012) and updated as at 31 December 2025.

Table 2. The Group's Coal Resources as at 31 December 2025 (Notes):

Deposit	Resource Category			Total M+I (Mt)	Total M+I+I (Mt)
	Measured (Mt)	Indicated (Mt)	Inferred (Mt)		
UHG	430	30	60	460	520
BN	320	50	30	370	400
THG	–	70	20	70	90
Pro-Forma Total	750	150	110	900	1,010

Notes:

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

Coal Reserve estimates were prepared in accordance with the requirement of the JORC Code (2012) and updated as at 1 January 2026.

Table 3. The Group’s run-of-mine (“ROM”) Coal Reserves estimate as at 1 January 2026 (Notes):

Deposit	Coal Type	Proved (Mt)	Probable (Mt)	Total (Mt)
UHG	Coking	301	10	311
	Thermal	17	–	17
	Total	318	10	328
BN	Coking	235	23	258
	Thermal	8	1	9
	Total	243	24	267
Pro-Forma Total		561	34	595

Notes:

- (i) *The estimate of Coal Reserve presented in Table 3 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 and BN Coal Reserve estimation reports 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 Consulting LLC. He holds a bachelor's degree of mining industrial management and a master's degree of business administration in the field of financial management. He has extensive experience in the mining industry, having worked with major mining companies and as a consultant for over 24 years. During this time, he has either managed or contributed significantly to numerous mining studies related to the estimation, pit optimisation, mine planning, assessment, evaluation and economic extraction of coal in Mongolia. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify him as a Competent Person as defined under the JORC Code (2012). Mr. Lundeg consents to the inclusion and the release of the matters based on this information in the form and context in which it appears in this announcement.*
- (ii) *Due to rounding, discrepancy may exist between sub-totals and totals.*

Production and Sales

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

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

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

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

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

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

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

Cost of Revenue

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

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

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

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

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

Table 4. Costs of revenue:

	Year ended 31 December	
	2025 (USD'000)	2024 (USD'000)
Cost of revenue	662,118	628,177
Mining cost	312,502	269,334
Variable cost	183,906	156,912
Fixed cost	47,413	36,844
Depreciation and amortisation	81,183	75,578
Processing cost	82,070	67,989
Variable cost	32,596	28,211
Fixed cost	25,823	17,031
Depreciation and amortisation	23,651	22,747
Handling cost	17,898	18,839
Transportation cost	143,174	143,589
Logistic cost	15,010	15,691
Site administration cost	37,504	30,398
Transportation and stockpile loss	5,853	2,929
Royalties and fees	48,107	79,408

GOLD AND METALS

Industry Overview

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

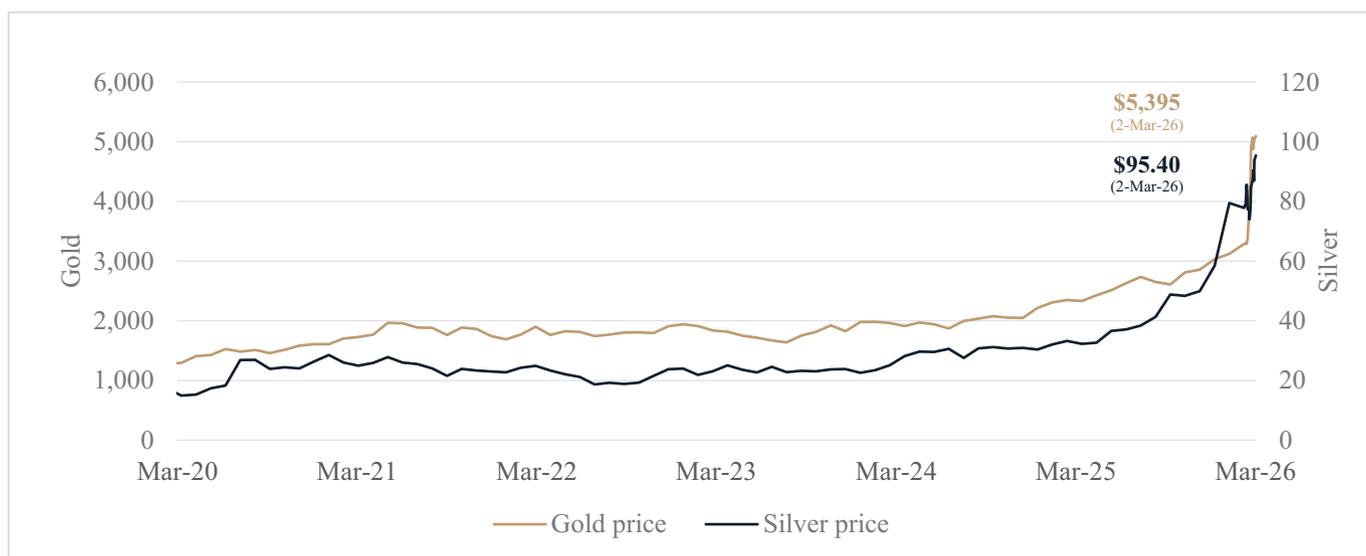
Increased geopolitical tensions and economic uncertainty, alongside expansionary fiscal spending and monetary supply growth, drove up demand for safe-haven assets such as gold. Gold prices jumped to historic highs in 2025, and as at the end of the reporting period, the London Bullion Market Association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

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

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

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

Figure 1. Gold & silver daily spot price movements since 2020 (in USD per oz):



Source: Bloomberg

Gold and Metals Mining Assets

The Group is a 50% equity holder in Erdene Mongol LLC (“**EM**”), which owns and operates Bayan Khundii (“**BKH**”) gold mine, and a 50.5% equity holder in Universal Copper LLC (“**UCC**”), which develops White Hill (“**WTH**”) copper deposit and Urkhut (“**URT**”) silver deposit, both located in Bayankhongor aimag (province), Mongolia.

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

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

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

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

Gold and Metals Resources and Reserves

Resource estimates for gold and silver contained within the Khundii mining license area were prepared for BKH and Dark Horse (“**DKH**”) deposits 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.

Table 5. BKH gold deposit Mineral Resource estimates as at 20 April 2023 (Notes):

Resource Classification	Ore (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/cm³ and 2.66 g/cm³ depending on lithology
- (v) Further details are disclosed in Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report dated 15 August 2023.

Table 6. DKH gold deposit Mineral Resource estimates as at 1 November 2022 (Notes):

Resource Classification	Indicated Mineral Resources			Inferred Mineral Resources		
	Ore (Kt)	Gold Grade (Au g/t)	Gold (Koz)	Ore (Kt)	Gold Grade (Au g/t)	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 Global (“RPM”) and a member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a qualified person (“QP”) as defined in the CIM Standards of Disclosure.
- (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 Au mineralisation.*
- (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.*

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

Table 7. Mineral Reserves at BKH & DKH deposits as at 1 August 2023 (Notes):

Classification	Ore (Mt)		Contained Gold (Koz)		Contained Silver (Koz)
	BKH	DKH	BKH	DKH	BKH
Proven	2.7	–	360.2	–	159.4
Probable	1.1	0.2	104.7	48.8	61.1
Pro-Forma Total	3.8	0.2	464.9	48.8	220.5

Notes:

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

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

Resource Estimates for gold and other metals contained within AN mining license area were prepared in accordance with NI 43-101 and CIM standards.

Table 8. AN deposit Mineral Resource as at 7 May 2018 (Notes):

Cut-off AuEq (g/t)	Resource Classification	Ore (Mt)	Grade				Contained Metal					
			Au (g/t)	Ag (g/t)	Zn (g/t)	Pb (g/t)	AuEq (g/t)	Au (Koz)	Ag (Koz)	Zn (Kt)	Pb (Kt)	AuEq (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 AuEq above a pit and 1.4 g/t AuEq 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 (“AuEq”) calculations assume metal prices of USD1,310 per ounce gold and USD3,100 per tonne zinc.*

In 2026, the Group plans to initiate works required to prepare technical reports to derive Reserve estimates within AN mining license area in line with international reporting standards.

Resource estimates for copper and other metals contained within the WTH mining license area were prepared under the JORC Code (2012).

Table 9. WTH Mineral Resource Estimates as at 31 December 2025 (Notes):

Classification	Ore (Mt)	Metal contained			CuEq (Kt)
		Cu (Kt)	Au (Koz)	Ag (Koz)	
Measured	2.1	47	19	911	52
Indicated	7.6	98	33	1,511	107
Inferred	2.3	17	4	200	18
Total	12.1	162	56	2,622	177

Note:

- (i) The Mineral Resource is reported at a 0.17% CuEq cut-off for oxide mineralisation and 0.2% CuEq cut-off for transition and fresh mineralisation within an optimised pit shell derived using a price of USD9,546/t for Cu and USD2,962/oz for Au, USD36/oz for Ag which equates to 110% of the long-term consensus commodity price forecast as of October 2025. Cut-off parameters were selected based on an Glogex internal cut-off calculator, which indicated a break-even cut-off grade of 0.17% CuEq for oxide, 0.2% CuEq for transition/fresh mineralisation, a USD9,546 per tonne Cu, a USD2,962 per troy ounces gold and USD36 per troy ounces silver price, processing cost of USD8 per tonne milled for oxide, processing cost of USD12 per tonne milled for trans/fresh mineralisation, general and administration cost of USD1.5 per tonne mined, mining dilution of 5% and ore loss of 5% and processing recovery of 60% Cu and 45% Au for oxide, 85.3% Cu, 36.2% Au and 65.9% for Ag recoveries for transition and fresh mineralisation with flotation processing to produce Cu concentrate with Au and Ag credits. No mining cost was used in break-even cut-off grade calculation while mining cost of USD1.8 per tonne was used in pit optimisation.
- (ii) The formula used for Cu equivalent grade are: Oxide CuEq % = Cu % + Au ppm * 0.74827, assuming 60% Cu and 45% Au metallurgical recoveries. Transition/fresh CuEq % = Cu % + Au ppm * 0.42340 + Ag ppm * 0.00944 assuming 85.3% Cu, 36.2% Au and 65.9% Ag metallurgical recoveries.
- (iii) Cu equivalent tonnes are calculated by multiplying Mineral Resource tonnage by Cu equivalent grade and converting for tonnes. The formula used for Cu equivalent tonne is: CuEq t = Tonnage x CuEq grade (%) / 100.

Resource estimates for gold and silver contained within the URT mining license area were prepared under the JORC Code (2012).

Table 10. URT Mineral Resource Estimate as at 31 December 2025 (Notes):

Classification	Metal contained			
	Ore (Mt)	Ag (Koz)	Au (Koz)	AgEq (Koz)
Indicated	17.6	13,557	49	16,421
Inferred	29.5	22,785	86	27,751
Total	47.1	36,342	135	44,172

Note:

- (i) The Mineral Resource is reported at a 16 g/t AgEq cut-off within the USD50 per oz for Ag and USD3,000 per oz Au pit shell for the resource. Cut-off parameters were selected based on an Glogex internal cut-off calculator, which indicated a break-even cut-off grade of 16 g/t AgEq, an open cut mining method, a USD50 per ounce silver price, a USD3,000 per ounce gold price, an open cut mining cost of USD1.45 per tonne, a processing cost of USD12 per tonne milled, general and administration cost of USD1 per tonne mined, mining dilution of 2 % and ore loss of 2% and processing recovery of 90.7% Ag and 87.8% Au with flotation processing to produce Ag and Au concentrate.
- (ii) The formula used for Au equivalent grade is: AgEq g/t = Ag g/t + Au g/t * 58.08 and assumes 90.7% and 87.8% metallurgical recoveries for Ag and Au respectively.
- (iii) Ag equivalent ounces are calculated multiplying Mineral Resource tonnage by Ag equivalent grade and converting for ounces. The formula used for Ag equivalent ounces is: AgEq oz = Tonnage x AgEq grade (g/t) / 31.1035.
- (iv) Mineral Resources have been reported on a 100% equity basis.
- (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.

In 2026, the Group plans to perform works such as geological and hydrogeological exploration drilling and modeling, bulk sampling, metallurgical testing to obtain the required inputs for preparation of the relevant technical reports (including updated JORC Resource and Reserve statements) and complete feasibility study for advancing development within areas covered under minerals exploitation special permits held by UCC.

Production and Sales

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

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

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

Cost of Revenue

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

Table 11. Cost of revenue:

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

SUSTAINABILITY

Climate Change and Environment

The Group was the first company in Mongolia to adopt and implement the Towards Sustainable Mining (“TSM”) standard since 2023, which is a globally recognised sustainability program developed by the Mining Association of Canada’s (“MAC”) to support mining companies in managing key environmental and social risks. The Group’s self-assessment scores and externally verified scores are publicly reported and accessible at MAC’s website.

Since 2023, the Group has been the first Mongolian company to calculate and verify all three scopes of GHG emissions, in line with the GHG protocol as well as through ISO 14064:2018. The emissions verification is performed by SGS International Certification Services Singapore Pte Ltd.

The Group implemented an ISO Management System, which covers ISO 14001 Environmental Management and ISO 45001 Occupational Health and Safety certifications. To further elevate its commitment to environmentally friendly and responsible mining practices, the Group initiated implementation of ISO 46001 Water Efficiency Management Systems.

Environmental efforts also progressed across multiple fronts, with the Group advancing its land rehabilitation and revegetation programs, as well as expanding air quality monitoring capabilities. Through these continuing enhancements, the Group’s biodiversity conservation performance achieved the highest rating in the internal TSM assessment for the third consecutive year.

People and Safety

The Group had 3,284 employees as at 31 December 2025 (2024: 2,646 employees), including 2,905 employees in its coking (metallurgical) coal operations and 379 employees in its gold and metals operations.

The Group provides comprehensive personal accident and health insurance coverage to all employees. In addition, the Group’s employees are covered by regular health screening programs exceeding national regulatory requirements. Moreover, the Group places increased emphasis on the mental health and overall wellbeing of its employees.

The Group remains focused on capacity building across its workforce, with 30,011 employees, contractors, sub-contractors and visitors participating in internal training programs across safety, professional development, and general skills development in 2025. The Group’s coking (metallurgical) coal operations concluded 20,324 occupational health and safety training sessions totaling 156,523 man-hours, while its gold and metals operations provided 5,239 occupational health and safety training sessions totaling 17,743 man-hours.

The Group’s coking (metallurgical) coal operations recorded 16.4 million man-hours worked with 14 Lost Time Injuries (“LTIs”) occurred in 2025, resulting in Lost Time Injury Frequency Rate (“LTIFR”) 0.86 per million man-hours worked (2024: 0.69), while its gold and metals operations recorded 2.2 million man-hours worked with 3 LTI recorded in 2025, representing an LTIFR of 1.39 per million man-hours worked (2024: 0.52).

In 2025, the Group experienced a traffic accident resulting in one fatality. Two fatalities were reported within its premises, however, these were due to pre-existing health conditions and unrelated to work-related activities.

OUTLOOK AND BUSINESS STRATEGIES IN 2026

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

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

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

Investors should note that undue reliance on or use of the above information may cause investment risks.

FINANCIAL REVIEW

Revenue

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

Cost of Revenue and Gross Profit

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

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

Selling and distribution costs

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

General and administrative expenses

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

Indebtedness and Net Finance Costs

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

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

A breakdown of net finance costs, Senior Notes and borrowings is set out in notes 6, 14 and 16 to the consolidated financial statements.

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

Profit for the Year

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

Non-IFRS Measure

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

Cash flow

Table 12. Combined cash flows:

	Year ended 31 December	
	2025 (USD'000)	2024 (USD'000)
Net cash generated from operating activities	234,258	223,491
Net cash used in investing activities ¹	(237,644)	(177,910)
Net cash generated from/(used in) financing activities ²	82,204	(80,426)
Net increase/(decrease) in cash and cash equivalents	78,818	(34,845)
Cash and cash equivalents at the beginning of the year	140,521	175,799
Effect of foreign exchange rate changes	4,609	(433)
Cash and cash equivalents at the end of the year	223,948	140,521

Notes:

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

Capital Commitments and Capital Expenditures

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

Table 13. Capital commitments:

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

Table 14. The Group's historical capital expenditure for the periods indicated:

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

Foreign Exchange Risk

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

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

All borrowings of the Group are denominated in USD.

Significant Investments Held

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

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

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

Contingent Liabilities

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

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

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

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 31 December 2025, the Company did not hold any treasury shares.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2025 (dividend for the year ended 31 December 2024: nil).

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 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 of the Employees Written Guideline by the employees was noted by the Company during the reporting year.

Corporate Governance

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its code of corporate governance and has complied with all applicable code provisions as set out in the CG Code for the year ended 31 December 2025.

Review of Annual Results

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

Closure of the Register of Members

The register of members of the Company will be closed from Monday, 18 May 2026 to Thursday, 21 May 2026, both days inclusive. During such period, no transfer of shares of the Company will be registered. The record date will be on Thursday, 21 May 2026. For the purpose of ascertaining the members’ entitlement to attend and vote at the forthcoming AGM of the Company to be held on Thursday, 21 May 2026, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 15 May 2026.

Review by the Audit Committee

The Audit Committee of the Company (the “**Audit Committee**”) currently comprises one non-executive Director, Ms. Enkhtuvshin Gombo, and three independent non-executive Directors, namely Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur. Mr. Chan Tze Ching, Ignatius is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2025.

Publication of Annual Results and Annual Report

The annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.mmc.mn), and the annual report of the Company for the year ended 31 December 2025 will be published on the above-mentioned websites in due course.

Other and Subsequent Events

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

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

Hong Kong, 17 March 2026

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov, being the executive Directors of the Company, Ms. Enkhtuvshin Gombo and Mr. Ariunbayar Byambadorj, being the non-executive Directors of the Company, and Mr. Chan Tze Ching, Ignatius, Ms. Delgerjargal Bayanjargal and Dr. Tsend-Ayush Tuvshintur, being the independent non-executive Directors of the Company.