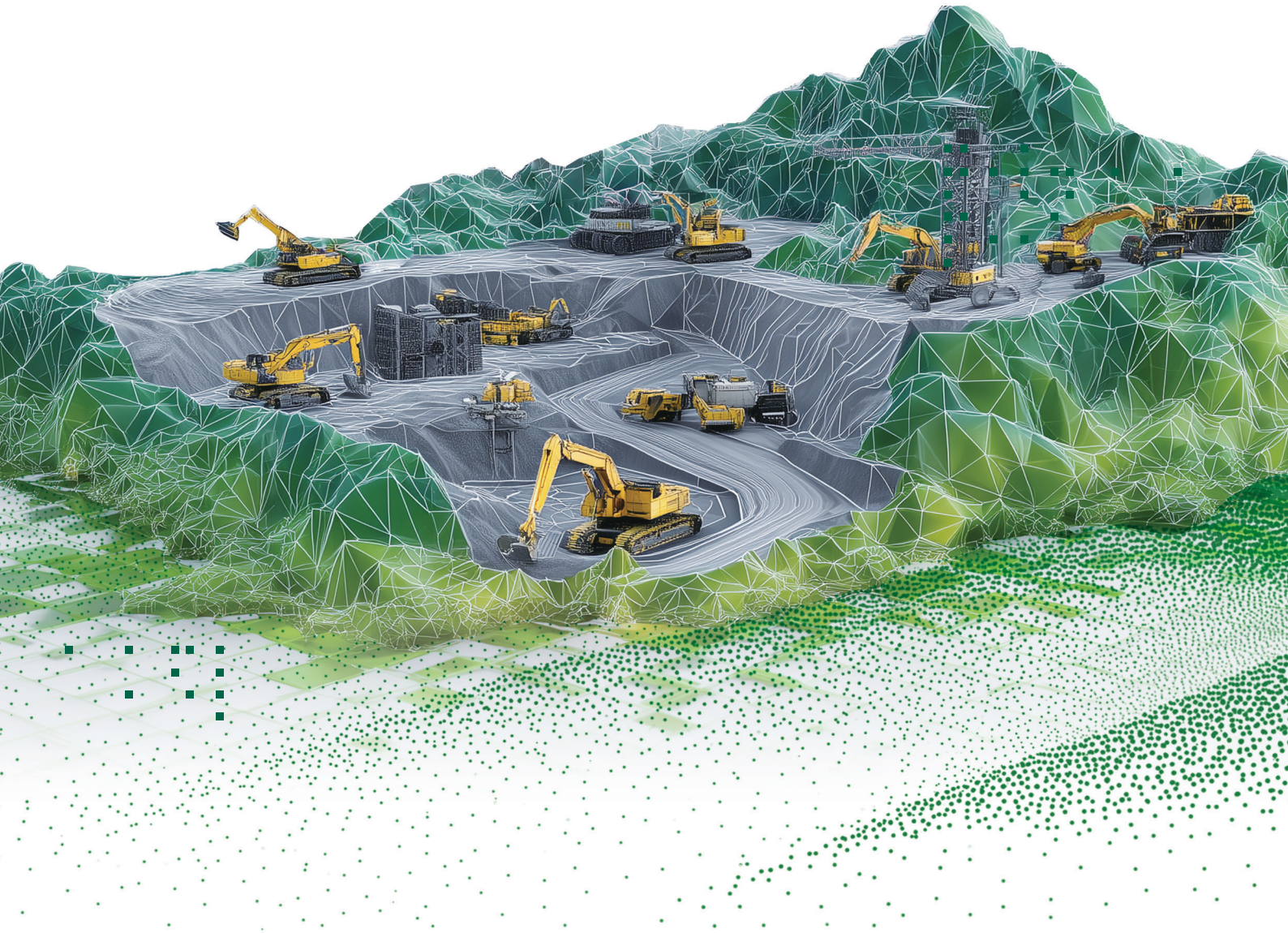
MONGOLIA ENERGY CORPORATION

蒙 古 能 源 有 限 公 司

Incorporated in Bermuda with limited liability
Stock Code: 276



2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THE REPORT



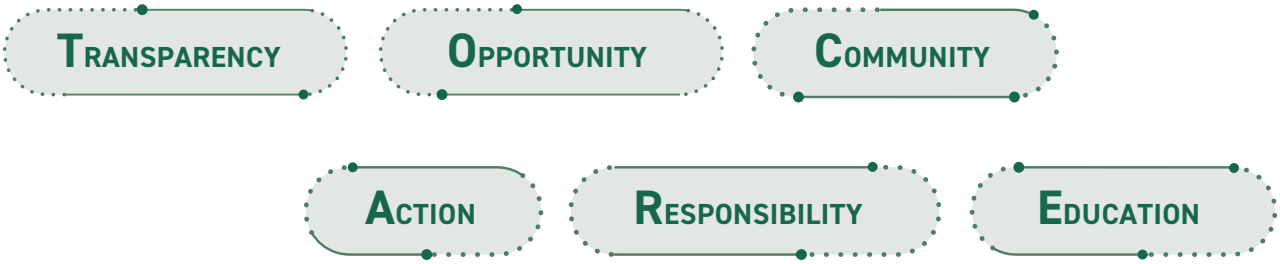
This Environmental, Social and Governance Report ("**Report**") provides information about the principles and actions of sustainable development of Mongolia Energy Corporation Limited ("**MEC**" or the "**Company**", and together with its subsidiaries, the "**Group**") as a corporate citizen and its relationships with major stakeholders. The contents of this Report have been prepared after taking into account the materiality of sustainability issues arising from the Group's operations.

OUR PURPOSE

To acquire, explore, and develop energy and mineral resources related projects in a professional, sustainable, and responsible manner. We aim to become a globally recognized energy and resources company while maximizing returns to stakeholders.

OUR VALUES

MEC's Sustainability Values are driven by integrity and responsibility:



T: We ensure the disclosure of relevant information in a prompt and frank manner to our stakeholders.

O: We intend to seek the best potential outcome in each situation to create a better future for the Group and its stakeholders.

C: We are keen to create a sense of unity through shared common goals and interests, not only with our shareholders, but also with our employees and local communities.

A: We do what is necessary to achieve our goals without compromising any of our core values and beliefs.

R: We abide by our moral obligations and the regulations of our host countries, and are always accountable for our actions.

E: We take pride in sharing our values and knowledge with all of our stakeholders, and believe that there is much we can learn from each other.

INFORMATION IN THIS REPORT

The disclosure of the environmental, social and governance ("**ESG**") data in this Report not only provides MEC's investors comprehensive information for evaluating the Group's operations, but also serves as a platform to build our image and trust among all involved stakeholders such as MEC's shareholders, clients, governments of the countries where we operate and the local communities. All information included in this Report is based on the data submitted to the relevant Mongolian governmental agencies and results of regularly monitored reports of performance from the Khushuut mine site and Xinjiang washing plant, as well as from data of other governmental authorities, and the information and sources which we believe to be true and correct[1].

BOUNDARY AND SCOPE OF THIS REPORT

This Report presents the work that we had done on the environmental and social aspects for the financial year, from 1 April 2025, to 31 March 2026 ("**Financial Year**") and includes the environmental and social responsibility programs taken place at the Khushuut mine site and the entire far-western province of Khovd, Mongolia, and at our washing plant in Xinjiang, the People's Republic of China ("**PRC**" or "**China**"). Information contained in this Report is presented on the Financial-Year basis, except for certain information submitted to governmental bodies in Mongolia, which is on a calendar-year basis.

REPORTING FRAMEWORK

Our Report is prepared in accordance with the ESG Reporting Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The ESG Reporting Code requires companies to report on practices and performance that relate to sustainability in a manner that is transparent and uses a globally shared framework of indicators.

REPORTING PRINCIPLES

Materiality: This Report covers the material ESG factors that are sufficiently important and material to different stakeholders. In order to determine what issues are relevant and material, the Group has performed a materiality assessment. The directors and senior management are mainly responsible for the identification of material ESG factors on the basis of the feedback from stakeholders. Please refer to the section "Stakeholder Engagement and Materiality Assessment" for more information.

Quantitative: Information on the standards, methodologies, assumptions and calculation methods employed in this Report are set out in the relevant sections.

Consistency: For the purpose of ensuring the materiality and consistency of data presented in this Report, and to allow accurate trends of comparison and conclusions, we have been presenting, where possible, the annual data and indicators in the same uniform structure and format as the past reporting years unless otherwise stated.

Balance: Both positive and negative impact and performance have been presented in a transparent manner.

[1] *MEC has instructed a certified corporate law firm in Mongolia, TemugeLaw LLC, (www.temugelaw.com) to assist in collecting relevant data and factual information in Mongolia for inclusion in this Report and for compliance related purposes under the Listing Rules. Special thanks are also extended to BonVision International Appraisals Limited for its advice and assistance in the compilation of this Report.*

THE COMPANY



OUR BUSINESS

MEC is an investment holding company. The Group's principal business is coal mining and exploration which is operated by our indirect wholly-owned subsidiary in Mongolia, MoEnCo LLC ("**MoEnCo**"). Our principal project is the Khushuut Coking Coal Project in Khovd Province, Mongolia, and a coal washing plant in Xinjiang, China. We sell coking coal and thermal coal to our customers in China and Mongolia.

The Khushuut project

As of early 2026, the Khushuut project consists of:

(i) An open-pit coal mine covering 628.95 hectares of total mining and drilling-disturbed area.

(ii) A coal processing facility, previously the Dry Coal Processing Plant ("**DPP**") with an annual capacity of two million tonnes, located near the mine pit. Since July 2025, the newly constructed Khushuut Intelligent Processing Plant ("**IPP**") with an annual capacity of five million tonnes has been gradually taking over the operations and functions of the DPP.

(iii) A 400-person capacity camp at the Khushuut mine, comprising residential buildings with a total floor area of 1,440 m^2, a modern health centre with canteens totaling 337.16 m^2, a sports and recreation hall, and other comfortable living facilities.

(iv) An on-site chemical laboratory, repair workshops for heavy-duty mining machinery and trucks, storage hangars, camp heating infrastructure with industrial boilers, and other technical facilities.

(v) The mine office, located 8 km from the mine pit, near the IPP, an 18-bay heavy-duty truck garage with modern service buildings and amenities, a 400 m^2 canteen, and a new customs processing facility with storage hangars.

(vi) A 311-km paved road from the mine to the Bulgan border crossing point with the PRC, including 16 park-and-rest areas; and a 1,066 m paved road connecting Khushuut bag to Tsetseg soum center.

(vii) The Uyench Customs Bonded Yard ("**Uyench CBY**") and processing center, with a 60-person capacity camp, covering 50 hectares.

(viii) A customs processing yard at the Bulgan border point between Mongolia and China, covering 10 hectares.

The Khushuut mine is located at an average elevation of 2,000 meters above sea level in the Altai Mountains, where it is exposed to extreme weather conditions year round. Temperatures range from 28°C in summer to −40°C in winter. Winters are long, with heavy snowfall and gale force winds from October to April. On-site wind conditions are consistently strong and gusty, with speeds reaching up to 20 meters per second.

These extreme climatic conditions, combined with the remote mountainous terrain, make mining operations highly challenging and necessitate specialized environmental conservation policies and measures. Significant resources are required to protect the surrounding environment and to minimize the impacts of our operations on local communities.

MoEnCo has been ranked one of the Top 100 Mongolian companies since 2017. The Group understands while operating as one of the top Mongolian mining companies, we have a duty to work responsibly and minimize the impact of our operations on the environment while maximizing the good return to all our stakeholders.

The Xinjiang coal washing plant

Coal quality control is indispensable in the production process. MoEnCo built the DPP and IPP at the Khushuut mine for initial coal processing before export, which removes unwanted rock and debris to improve raw coal quality and reduce transportation costs. The processed coking coal is then washed at the Xinjiang washing plant and sold to customers as clean coking coal. Coal washing is conducted in a washery where impurities are removed using water and mechanical techniques that rely on gravity and density differences between coal and the typically denser inorganic materials mixed with it.

Our coal washing plant is located in Qinghe County, Xinjiang, approximately 30 km from the Xinjiang Takeshiken border. It has a gross area of 200,000 m^2, and comprises the main plant and production area, a raw coal yard, and office and living quarters. The main production area includes a clean coal bunker, waste rock bunker, preparation workshop, filtration workshop, and sedimentation facilities. Commissioned by the end of 2014, the plant has an annual washing capacity of three million tonnes.

After receiving raw coal transported from Mongolia, the coal is placed in a 63,300 m^2 raw coal yard surrounded by dust suppression walls, including a 23,000 m^2 enclosed raw coal bunker where coal is primarily stored before processing. Clean coal is produced through a series of mechanical screening, filtering, and washing processes, and is then temporarily stored in the clean coal yard before delivery to customers.

MEC as a Group

Taken together, the Khushuut operations and the Xinjiang washing plant form a fully integrated production and logistics system that enables the Group to serve regional markets efficiently and responsibly. As we advance our operations, we remain focused on operational excellence, environmental responsibility, and building long-term, mutually beneficial relationships with our stakeholders.

CLIMATE-RELATED DISCLOSURES



GOVERNANCE

The Board of Directors (the "**Board**") holds ultimate responsibility for overseeing climate-related risks and opportunities, including sustainability strategies, goals and targets. The Board is responsible for supervising and managing ESG-related work and ensuring that MEC establishes timely and effective ESG risk management and internal monitoring systems. In order to better manage the Group's ESG performance and identify potential risks, the Board conducts annual materiality assessment with the assistance of the ESG working group and evaluates and prioritises important climate-related issues with reference to the opinions of stakeholders.

As the highest governance body of the Group, the Board is responsible for maintaining robust corporate governance and ensuring that the Group conducts its business in a socially responsible, ethical, and legally compliant manner. It sets and regularly reviews the Group's policies, purpose, and values, providing strategic direction and overseeing the implementation of business strategies. The Board incorporates climate-related risks, opportunities, and broader ESG factors into its oversight of strategy, major transactions, and risk management policies. This includes evaluating alignment with the Group's climate commitments, assessing the adequacy of controls and mitigation measures, and ensuring that ESG considerations and stakeholder expectations are reflected in decision-making.

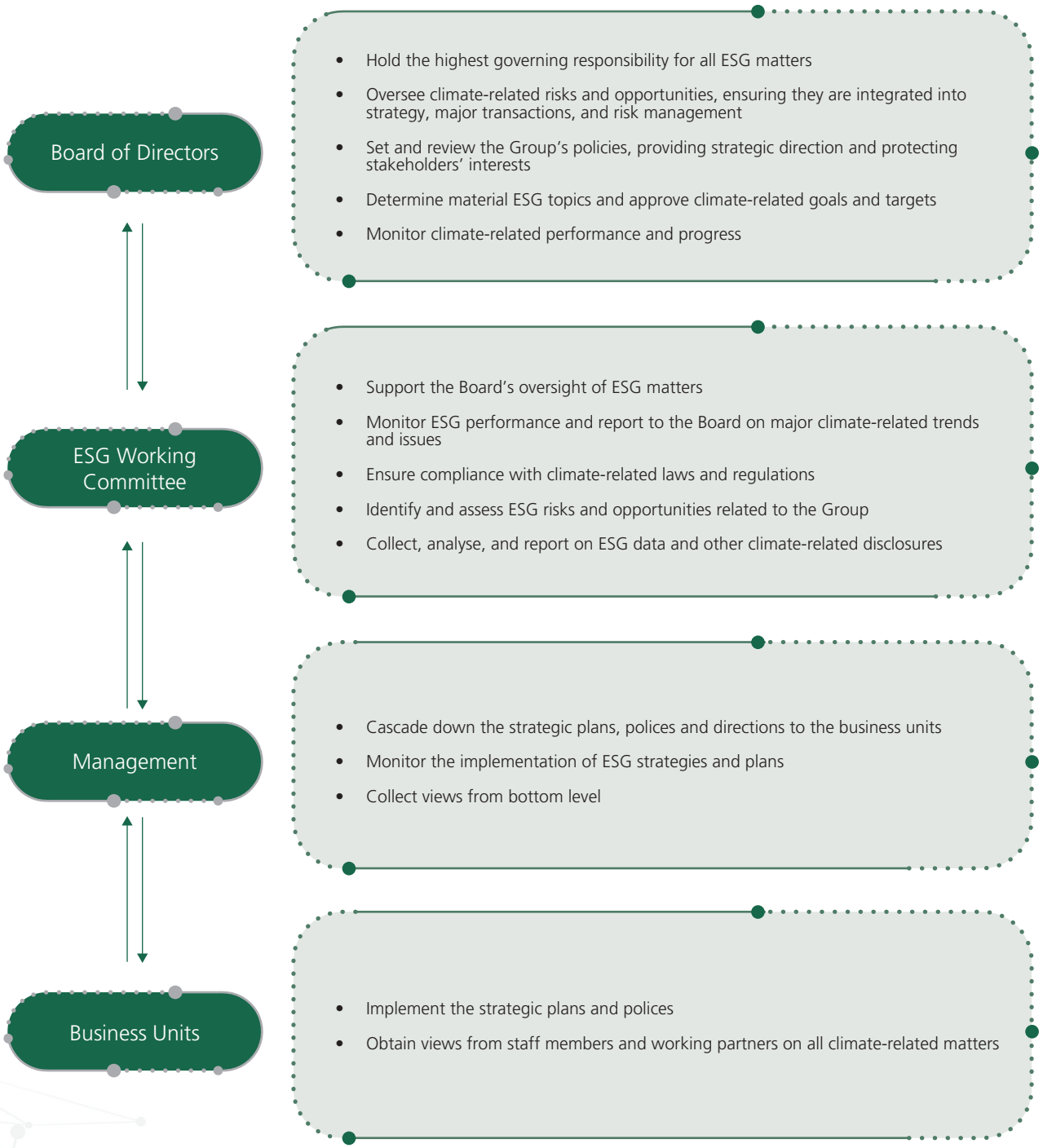
The Board determines material ESG topics, approves climate-related targets, and monitors progress, making inquiries where gaps or delays arise. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls. Although climate-related performance indicators are not yet integrated into remuneration policies, the Group remains committed to its climate objectives.

The ESG Working Committee supports the Board's oversight of ESG matters. It is responsible for collecting and analysing ESG data, monitoring performance, ensuring compliance with ESG-related regulations, and preparing ESG reports. The Committee will regularly review internal controls, policies, and procedures; integrate ESG considerations into business operations; and track progress toward climate-related goals. It also contributes to enterprise risk management by identifying and assessing ESG-related risks and opportunities.

Through a structured reporting mechanism combining regular briefings and event-driven escalation, the ESG Working Committee provides the Board with timely updates that inform strategic planning, capital allocation, and risk management. Each of the Group's business units executes ESG policies, gathers feedback from operational partners, and escalates relevant issues through the ESG hierarchy.

Board members bring diverse professional expertise and the competencies necessary to discharge their duties effectively. Both Board members and senior personnel within the ESG Working Committee have received sustainability training, with ESG competencies embedded in induction and ongoing development programs.

ESG GOVERNANCE STRUCTURE



STRATEGY

We carry out our purpose and values through the effective leadership of the Board, the effort of our management team, and the contributions from our stakeholders including shareholders, staff members, customers, suppliers, local communities and governmental units.

Time horizon

We have defined clear time horizons to guide the effective implementation of our strategy and to track our progress throughout the journey. Each period represents a deliberate phase of action, allowing us to build momentum in a structured and measurable way. By defining the purpose of each period, we ensure that our efforts remain focused, coordinated, and aligned with our overarching ambition.

Short-term (1–5 years): Our near-term priorities centre on strengthening operational efficiency, ensuring full compliance, and building the data and governance foundations needed to support our broader ESG strategy.

Medium-term (6–10 years): Over the medium term, we will make meaningful progress on our ESG targets that embed sustainable practices across our operations. These goals are designed to deliver measurable improvements on our material topics and align with our corporate strategic planning.

Long-term (10+ years): Our long-range ambitions focus on transformational outcomes that contribute to wider societal and environmental goals, including climate action and the transition to a circular economy. These aspirations position us to play a leading role in shaping a sustainable future.

Managing climate-related risks and opportunities

Climate change presents both risks and opportunities. We take a balanced approach that considers potential positive and negative impacts, enabling us to maximise value while minimising adverse effects on our business.

Physical risks, transition risks and opportunities

We categorise climate-related impacts into physical risks, transition risks and opportunities that are reasonably expected to affect our cash flows, access to finance, or cost of capital.

Physical risks: These include acute events – such as extreme heat, rainfall, storms and other natural disasters – that may disrupt our supply chain and infrastructure, as well as chronic changes like rising sea levels and shifting climate patterns that could affect long term business viability.

Transition risks: They stem from the global shift toward a low carbon economy, including more stringent laws and regulations on environmental protection, carbon emission and waste generation. Technological developments and changing market preferences for green companies may require adjustments to our business model and operations. These changes may lead to increased risks of regulatory non-compliance resulting in legal, technological, market and reputational risks.

Opportunities: The transition to a low-carbon business model may bring us opportunities. Growing ESG awareness among consumers gradually shapes the market as preferences shift toward more responsible businesses. Efforts to improve energy efficiency and reduce waste not only lower operating costs in the short-term, but also help streamline and optimize operations over the medium term. Emerging low-carbon markets are expected to mature within the next three to ten years, creating new opportunities for growth and innovation. By actively disclosing ESG performance and taking concrete action, we can enhance our reputation, attracting new capital and customers.

Effects on business model and value chain

Our climate-related risks and opportunities are concentrated in Mongolia and Xinjiang, which are our principal places of operations. The Group has identified the following risks and opportunities on its business model and value chain:

Risk type	Description	Effects on business model	Effects on value chain
Physical risks			
Acute risks	Increased severity of extreme weather • Dzuds • Floods • Droughts • Desertification	• Disrupts operations due to blocked roads • Damages facilities, equipment, and energy systems • Affects employee health • Increases stress on water availability • Disrupts utilities supply • Increases maintenance costs and insurance premiums • Reduces short-term revenue • Impacts asset values	• Interrupts supply chains • Reduces availability of insurance coverage for assets in high-risk areas • Lowers sales/output due to business disruption • Disrupts cloud services • Affects costs and availability of fuel and supplies
Chronic risks	Variability in climate patterns • Uneven water distribution and chronic water shortages		
Transition risks			
Regulatory risks	• Increased expenditure to meet emissions caps • Mandatory disclosure and reporting obligations • More stringent tailings and legacy waste management • Exposure to litigation risks	• Increases regulatory requirements on carbon pricing • Retires existing assets early due to policy changes • Changes in energy efficiency standards • Increases costs on adopting new processes for compliance	• Induces structural changes in compliance throughout the value chain • Increases risks arising from non-compliance by suppliers or partners • Reduces demand for high-emissions products and services • Lowers profit margin due to upstream compliance costs
Technological risks	• Increased requirements in technological solutions	• Requires technology that may not be proven at scale in a mining environment	• Delays adoption of technology in the value chain
Market risks	• Changing consumer behaviour • Unpredictable market demand • Changes in competitive landscape	• Increases input prices (e.g. legal and compliance expenses) • Increases output requirements (e.g. on emission control and mine site restoration)	• Disrupts existing upstream and downstream partnerships as procurement shifts toward greener alternatives
Reputational risks	• Criticism of industry sector • Negative stakeholder feedback	• Increases the difficulty of talent retention and workforce planning • Lowers ability to attract capital	• Reduces demand of goods and services throughout the value chain • Reduces the production capacity of suppliers with reputational concerns

Opportunity type	Description	Effects on business model	Effects on value chain
Efficiency gains	• More efficient and diverse service offerings • Cost savings through resource optimisation • Improved energy and water efficiency • Use of new technologies	• Improves efficiency through flexible work arrangements during extreme weather • Improves profit margins • Benefits employee health, satisfaction, and productivity • Improves financing capabilities	• Increases capacity and resource utilisation throughout the value chain • Reduces procurement costs due to improved upstream efficiency
Supply chain resilience	• Strong supplier partnership increases business viability	• Increases resilience at times of climate unpredictability • Lowers risks of business disruptions	• Improves competitiveness by collaborating standards • Increases reliability of supply chain

Our adaptation and mitigation plans

Based on the findings of the above analysis, we have formulated the below adaptation and mitigation measures to tackle physical risk, transition risks, and opportunities:

Type	Adaptation and mitigation measures
Physical acute risks	To effectively tackle the acute risks, we have a robust emergency plan that includes staff training to enhance our resilience: • Implement localized mitigation measures and conduct regular drills; • Install insulation, heated enclosures, cold-resistant lubricants on critical equipment; • Construct mine infrastructure to meet engineering specifications, accounting for the future risk of extreme weather; • Manage coal refuse and slurry, reducing the tailings footprint; • Activate contingency plans with flexible work arrangements in event of extreme weather; • Advise employees to undertake precautionary measures when necessary; and • Invest in renewable energy to power operations and make significant investments to research, develop and trial technical solutions to decarbonise operations.
Physical chronic risks	Consideration is given in our long-term planning to tackle chronic risks: • Adopt technological solutions and use metrics and internal performance standards to proactively manage water use; • Build advanced water treatment facilities and recycling systems, reducing reliance on natural sources and improving discharge quality; • Assess the extent to which prolonged droughts may place additional stress on mine water supplies and increase the risk of environmental non-compliance; and • Strengthen transport resilience before winter.

Type	Adaptation and mitigation measures
Transition risks	We are strengthening climate governance, and accelerating the shift toward low-carbon technologies and business models to tackle transition risks: • Monitor market developments and evolving legal requirement to ensure that the Group consistently meets the expectations of customers and regulatory authorities; • Ensure regular and transparent engagement with our stakeholders on our climate strategy and progress on achieving our objectives; • Collaborate with industry bodies, peers, governments, and communities to ensure effective governance; and • Consider climate-related risk in products, services, and value chain to ensure market risks are effectively monitored.
Opportunities	We leverage industry insights to identify and secure emerging climate-related opportunities: • Develop lower-carbon product and service offerings; and • Invest in energy-efficient and low-emission technologies to reduce costs.

Our long-term transition plan

A long-term transition plan will set out a clear direction to transform our operations and value chain into a low carbon, climate resilient business. Building on our assessment of climate-related risks and opportunities, our long-term transition plan establishes phased targets aligned with our ambition and guides capital planning, operational improvements, and supplier engagement. Key actions include exploring alternative energy use, improving energy efficiency, reducing resource intensity, promoting low carbon transport, and strengthening waste and materials management through circular economy practices.

Adaptation is equally central to our long-term strategy. We will integrate climate-related risk considerations into business continuity planning. Collaboration with stakeholders supports effective implementation, while transparent reporting ensures accountability. Continued investment in innovative technologies will guide the Group throughout its transition journey. Our transition plan relies on the collective efforts of our employees and broader community, as well as the pace at which the national grid decarbonises.

Current and anticipated financial effect

Climate-related risks and opportunities are expected to affect the Group's financial position, financial performance and cash flows over the short, medium and long term. In the short term, increased frequency and severity of extreme weather events, including heavy rainfall, flooding and heatwaves, may disrupt mining operations, affect transportation logistics and increase operating and maintenance costs. In the medium term, the Group may incur additional capital expenditure to improve operational resilience, enhance energy efficiency and comply with evolving climate-related regulatory requirements. In the long term, the global transition to a lower-carbon economy and improvement of technologies may lead to changes in energy policies, customer preferences and financing conditions, which could affect demand for our coal products and increase the risk of asset impairment or shortened asset lives for certain mining assets. At the same time, sustained energy demand in certain markets and the Group's operational efficiency initiatives may provide opportunities to maintain competitiveness and support cash generation. The Group considers that these factors could influence the Group's future revenues, operating costs, capital expenditure requirements, asset values and cash flows.

The Group did not recognize any impairment loss on assets damaged by acute risks in the Financial Year. Implementation relief has been applied for the assessment of current and anticipated financial effect. The Group is developing internal capabilities for such assessment, and disclosure of additional information will be made available when its internal model matures.

Climate resilience and scenario analysis

The Group has not conducted a formal climate-related scenario analysis and, accordingly, has not provided a detailed assessment of its climate resilience at this stage. The Group is currently developing specialised skills, building technical capabilities, and collecting localized data to perform meaningful quantitative scenario modeling without incurring undue cost or effort. Nonetheless, the Group manages to enhance its climate resilience through its existing risk management framework and disaster recovery protocols, and the adaptation and mitigation plan outlined above. The Group will periodically review its capacity and the availability of industry tools to determine when a proportionate scenario analysis can be effectively integrated into its reporting.

RISK MANAGEMENT

Risk management framework

The Group has in place a comprehensive risk management framework. Climate-related risk and opportunity identification, assessment, prioritisation, and management are fully integrated into the Group's overall risk management processes. The relevant policy and processes are reviewed annually and updated when necessary.

Climate-related risks and opportunities are examined across the Group through a coordinated, multi-level process. Strategic direction is set at the top, with the Board providing oversight and regularly reviewing the most significant climate-related issues. At the same time, operational teams contribute detailed, ground-level insights by assessing their own exposures on the issues when necessary. When a potential risk is identified, the relevant department will design and carry out mitigation actions, followed by ongoing reviews to ensure that the controls remain robust and effective over time. Climate-related scenario analysis is currently not incorporated into the Group's risk identification process.

All identified climate-related risks and opportunities play a role in shaping our strategic direction, operational priorities, and internal policies. We evaluate each item based on its potential impact and the likelihood of occurrence, creating a clear profile that supports informed decision-making. These evaluations also underpin the climate risks and opportunities analysis outlined above. Risks that score highly on both impact and likelihood are elevated in priority and addressed ahead of lower-rated issues to ensure our resources are focused where they matter most.

Identified climate-related risks are monitored at least annually by the ESG Working Committee, which tracks the effectiveness of mitigation measures and updates risk assessments as new information becomes available. Material changes in risk profiles are reported to the Board. There were no material changes to the Group's climate-related risk identification, assessment, prioritisation and monitoring processes during the Financial Year compared to the previous year.

METRICS AND TARGETS

Greenhouse gas emissions ("GHG emissions")

Mongolia's carbon dioxide (CO_2) emissions were approximately 8.45 tCO_2e per capita in 2023[2], an increase from 7.865 tonnes in 2022, and higher than the global average of about 4.7 tCO_2e per capita in 2023[3]. This is often attributed to the country's small, sparsely distributed population relative to its large land mass – where land use change is a major indicator of GHG emissions – as well as the prevalence of coal mining in the national economy and the large number of livestock.

During the Financial Year, the details of GHG emissions of the Group are as follows:

GHG emissions[4]	Unit[5]	2025[6]	2026
Scope 1 direct GHG emissions	tCO_2e	109,659.85	23,992.60
Scope 2 energy indirect GHG emissions – location-based[7]	tCO_2e	11,234.28	12,667.04
Total Scope 1 & 2 GHG emissions	tCO_2e	120,894.13	36,659.64
Scope 1 & 2 GHG emissions intensity[8]	tCO_2e/thousand tonnes of production	13.15	8.32
Scope 3: other indirect GHG emissions			
– Category 1: Purchased goods and services	tCO_2e	N/A	32,778.30
– Category 2: Capital goods	tCO_2e	N/A	442.36
– Category 5: Waste generated in operations	tCO_2e	N/A	734.05
Total Scope 3 GHG emissions	tCO_2e	N/A	33,954.71
Total Scope 1, 2 & 3 GHG emissions	tCO_2e	N/A	70,614.35
Scope 1, 2 & 3 GHG emissions intensity	tCO_2e/thousand tonnes of production	N/A	16.03

2 *https://countryeconomy.com/energy-and-environment/co2-emissions/mongolia#:~:text=In%20addition%20to%20its%20total,information%20we%20publish%20about%20Mongolia.*

3 *https://*www.statista.com/statistics/268753/co2-emissions-per-capita-worldwide-since-1990/*#:~:text=Global%20per%20capita%20carbon%20dioxide,37%20metric%20tons%20per%20person.*

4 *GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Notice on Carrying Out Work in Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025" issued by the Ministry of Ecological Environment of the People's Republic of China, and the "2025 Sustainability Report" published by Hong Kong Electric Company Limited. Scope 3 emissions data is calculated with reference, but not limited to, the Environmentally-extended Input-output database of the U.S. Environmental Protection Agency, "KPIs: Reporting Guidance on Environmental KPIs" of the Stock Exchange, the Hong Kong Carbon Audit Toolkit for Small and Medium Enterprises, the UK Government Conversion Factors for greenhouse gas (GHG) reporting ("**Defra**"), and the Drainage Services Department of Hong Kong.*

5 *Our GHG emissions include CO_2, CH_4 and N_2O and are converted to reflect the tonnes of CO_2 equivalent.*

6 *Due to limitations on data collection, historical data for MoEnCo covered the period from 1 January to 31 December, 2024. This also applies to other 2025 historical data.*

7 *Scope 2 emissions are calculated using a location-based approach, which considers the average emissions intensity of the local electricity grid where the energy is consumed.*

8 *As of the end of the Financial Year, the production volume was 4,405.5 thousand tonnes of raw coal. The production volume used for 2025 historical data is 9,191.38 thousand tonnes. The data is also used for calculating other intensity data. The Group has previously calculated intensity data using tonnes of production, and has changed to thousand tonnes of production in the Financial Year for better presentation of figures. The historical intensity figures have therefore been restated accordingly.*

Scope 1 GHG emissions decreased during the Financial Year primarily because certain Scope 3 emissions were previously misclassified under Scope 1. In the prior year, the Group purchased diesel for its mining and transportation contractors and had accounted for the associated diesel consumption as part of its Scope 1 emissions. These emissions have now been properly reclassified under Scope 3, resulting in a more accurate representation of the Group's emissions profile.

In accordance with the aforementioned transition plan, the Group has set a short-term target to reduce its GHG emissions intensity (Scope 1 & 2) by 1% by the financial year 2030, compared to the Financial Year.

Measures to reduce GHG emissions

The Group is committed to advancing sustainable operations and supply chains in the PRC and Mongolia by reducing its GHG emissions, thereby supporting a more resilient and healthier environment. MoEnCo implements a range of GHG-reduction measures through its annual Environmental Management Plan, including:

- improving energy efficiency and reducing diesel consumption for electricity generation;
- reducing GHG emissions through better mining land preservation techniques;
- monitoring and measuring air emissions;
- conducting annual certification of vehicle and equipment emissions;
- consolidating logistics and imposing strict requirements on the contractors' trucks; and
- reporting environmental performance to the Government in a timely manner.

Although Mongolia's mandatory air and soil quality standards – strictly followed by MoEnCo – do not currently require the measurement or compliance with specific GHG emissions limits, MoEnCo is considering expanding its GHG mitigation efforts by:

(i) measuring, monitoring and reporting on additional GHG elements during MoEnCo's annual emissions measurement;

(ii) engaging professional research institutions, relevant government bodies, and academic experts for technical recommendations; and

(iii) developing and implementing a dedicated long-term GHG reduction program.

Cross-industry and industry-based metrics

The Group has identified its climate-related physical risks, transition risks, and opportunities, and is developing a quantitative assessment to determine the degree of their potential impact, including the amount and percentage of assets or business activities vulnerable to climate-related risks and opportunities. During this period, the Group will apply implementation relief until the results of an enhanced assessment become available. For information on identified risks and opportunities, please refer to the Strategy section under "Climate-related Disclosures".

The Group has not yet deployed any capital expenditure, financing or investment towards climate-related risks and opportunities. Internal carbon prices are currently not applied in any of the above analysis and decision-making process. The Group has not integrated climate-related performance indicators into its remuneration policies. In addition, the Group has not applied the industry-based metrics under the Industry-based Guidance for IFRS S2.

Climate-related targets

The Mongolian Parliament approved the National Action Program on Climate Change in 2011 and the Green Development Policy in 2014, which provide the conceptual foundation for the country's contribution to climate change mitigation. Mongolia also developed its Nationally Determined Contribution, approved by Cabinet Decree No. 407 of November 2019, to support the objectives of the 2015 Paris Climate Accords. In this document, Mongolia enhanced its mitigation commitments through policies and measures to be implemented in key economic and natural resource management sectors by 2030.

In 2017, Mongolia submitted its Initial Biennial Update Report under the UN Framework Convention on Climate Change[9] and in 2023, submitted its update, the National Inventory Report[10]. These and other national level policy documents served as a basis for the Group to develop and implement its climate targets.

The Group develops its target internally based on its strategic planning and did not apply the Science Based Targets initiative's Sectoral Decarbonisation Approach. These targets have taken reference to the abovementioned decarbonization commitments of Mongolia, as well as Hong Kong and China's long-term decarbonisation plans, ensuring that our efforts contribute to broader climate ambitions. All quantitative targets are intensity targets. The use of carbon credits to achieve any net targets is currently not considered. Below sets forth the phased targets over our time horizon as compared to the Financial Year:

9 *https://unfccc.int/sites/default/files/resource/mongolia-bur1_0.pdf*

10 *https://unfccc.int/sites/default/files/resource/20231112_NIR_MGL.pdf*

Targets	
GHG emissions intensity (Scope 1 & 2)	• Short term: 1% reduction when compared to the Financial Year • Medium-term: 3% reduction when compared to the Financial Year • Long-term: 5% reduction when compared to the Financial Year
Non-hazardous waste intensity	• Short term: 1% reduction when compared to the Financial Year • Medium-term: 3% reduction when compared to the Financial Year • Long-term: 5% reduction when compared to the Financial Year
Energy consumption intensity	• Short term: 1% reduction when compared to the Financial Year • Medium-term: 3% reduction when compared to the Financial Year • Long-term: 5% reduction when compared to the Financial Year
Water consumption intensity	• Short term: 1% reduction when compared to the Financial Year • Medium-term: 3% reduction when compared to the Financial Year • Long-term: 5% reduction when compared to the Financial Year

The Group's climate-related targets and the methodologies used for setting these targets have not been verified by an independent third party. At present, these targets are reviewed and monitored through the Group's internal management and reporting processes to ensure data consistency and accuracy. The Group will periodically evaluate the necessity of seeking external assurance for its sustainability disclosures as its reporting framework matures. The targets are reviewed annually by the ESG Working Committee and approved by the Board. Any material revisions to the targets require Board approval. Target progress is monitored annually using the indicators specified above. The Group will continuously review its targets and performance trends in future reporting periods.

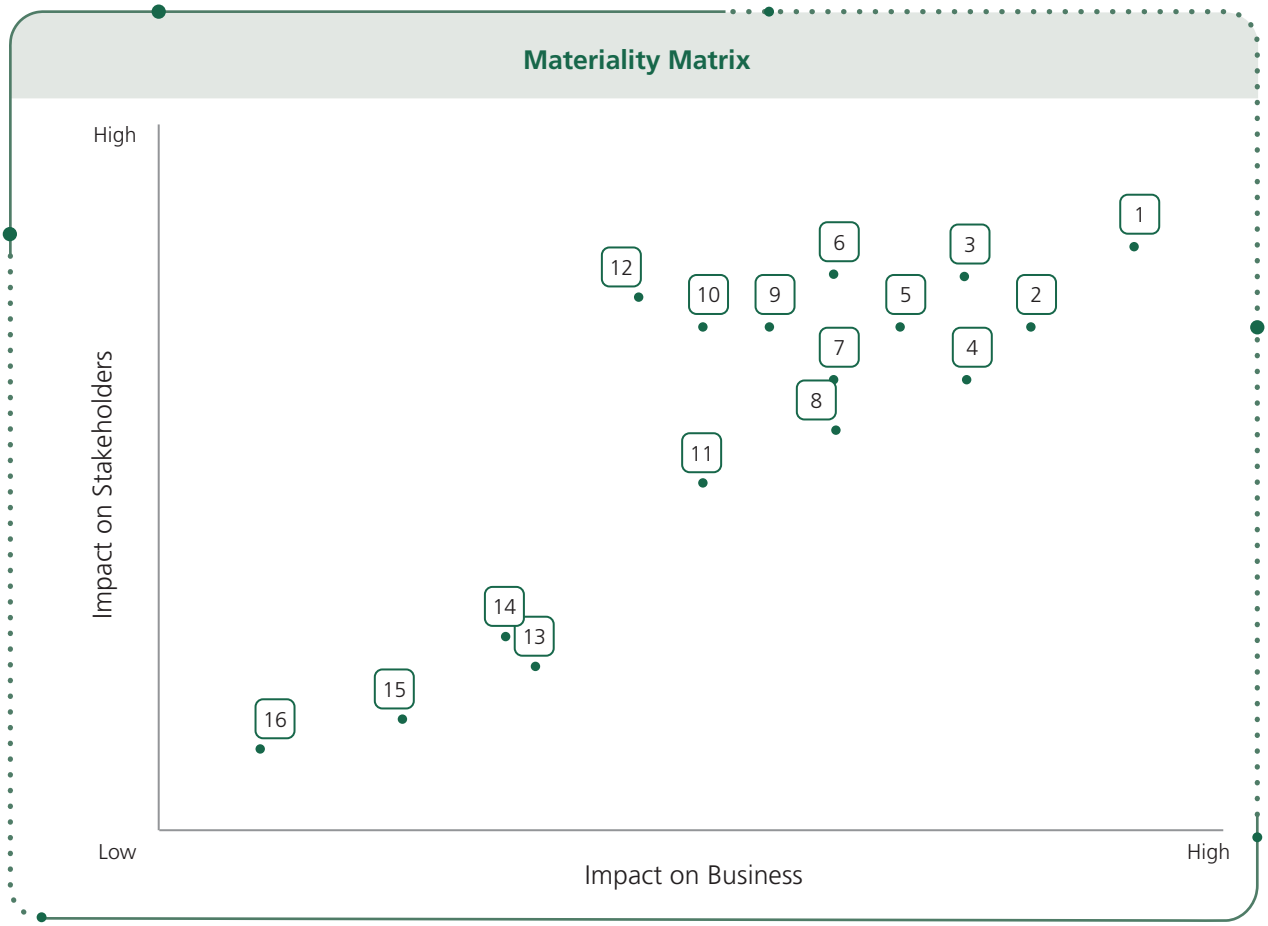
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

As we are principally engaged in coal mining to supply energy resources to our customers, some degree of environmental disturbance is unavoidable. For this reason, environmental preservation is a core operational priority. We plan and conduct all activities with care and foresight to minimize environmental impacts and to restore, or where possible, improve the affected areas following mining activities.

To achieve this, we maintain active communication with our stakeholders – including employees, shareholders, customers, suppliers, government authorities, and local communities – to ensure that their expectations are effectively integrated into the Group's day-to-day operations. The categories of stakeholders and our communication methods are presented in the table below.

Stakeholder groups	Key concerns	Communication channels/ Feedback approach
Employees	• Career development • Employee remuneration and welfare • Occupational health and safety • Labour rights	• Employee performance appraisal review • Meetings and trainings • Internal email communications • Phone calls or instant communication software
Shareholders	• Operating results • Corporate governance • Honesty and compliance	• Financial report • Mails • General meetings/extraordinary general meetings • Official website • Press release/announcements
Customers	• Product quality control • Customer services • Customer rights	• On-site visits • Mails • Phone calls or instant communication software • Meetings • Industry seminars
Suppliers	• Fair and open competition • Responsible supply chain management • Win-win cooperation • Product responsibility	• On-site visits • Mails • Phone calls or instant communication software • Meetings • Industry seminars
Government bodies	• Compliance with laws and regulations • Occupational health and safety • Environmental protection	• Company disclosures • On-site visits • Mails • Correspondence • Meetings
Community	• Community involvement • Environmental protection awareness • Business ethics • Open and transparent information	• ESG report • Announcements • Social welfare activities • Meetings

We recognise the significant ESG impacts associated with the Group's business activities and remains attentive to the expectations of its stakeholders. We continuously identify and analyse the materiality of ESG issues, provide transparent disclosures, and respond to stakeholder concerns regarding our social responsibility commitments. During the Financial Year, the Group actively engaged with both internal and external stakeholders to understand their priorities and expectations. The findings from this engagement process are reflected in the materiality assessment and presented in the following materiality matrix below:



Key Issues	
1. Product quality	9. Employee training and development
2. Emergency management	10. Employee rights
3. Occupational health and safety	11. Responsible procurement
4. Corporate governance	12. Energy management
5. Ethical operation and compliance	13. Tailings management
6. Anti-corruption	14. Community engagement
7. Water resources management	15. Technological innovation
8. Hazardous waste management	16. Climate change management

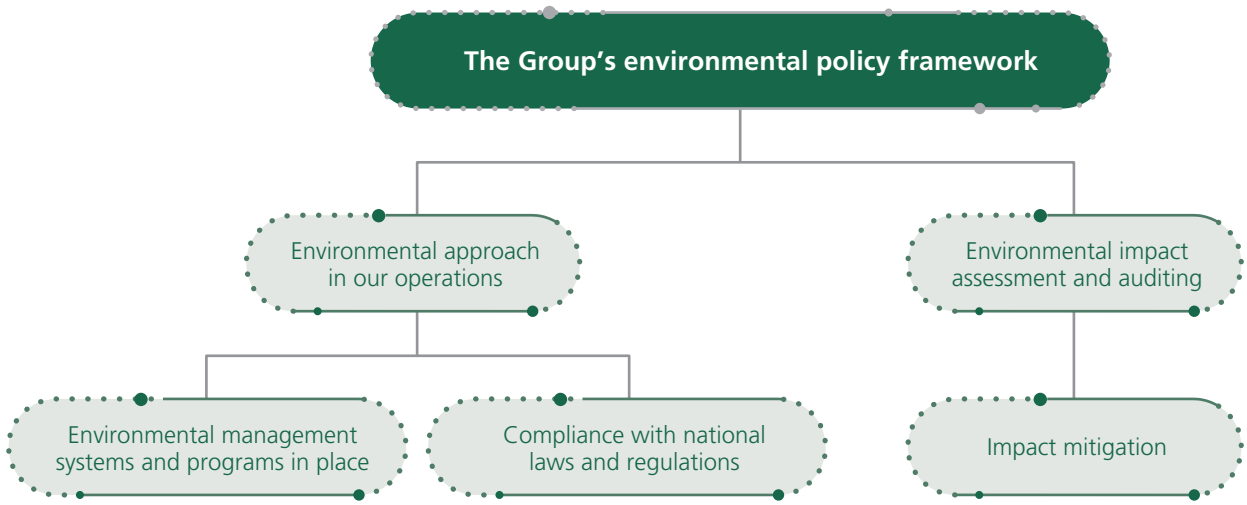
ENVIRONMENTAL



ENVIRONMENTAL POLICY AND MANAGEMENT

The Group believes that through deliberate planning, effective pollution-control measures, active environmental monitoring, and systematic rehabilitation of mined areas, it can significantly reduce the impact of its activities on neighbouring communities while restoring the environment and supporting long-term land sustainability.

The Group's environmental responsibility principles and actions are structured as follows:



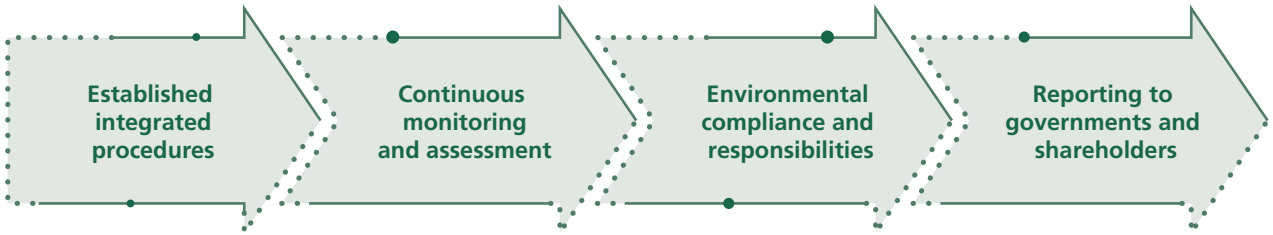
MEC sees the importance of promoting a green culture in the workplace and encourages our employees to incorporate sustainable practices into their daily lives. Our Hong Kong head office has participated in the World Green Organization ("**WGO**") Green Office Awards Labelling Scheme since 2015, a program that supports environment sustainability in line with the United Nations Sustainable Development Goals. An eco-healthy workplace component has also been incorporated into the scheme since 2017.

In recognition of our efforts and commitment to reducing energy consumption and waste, and advancing low carbon office operations, MEC has been awarded the WGO's "Green Office" Label every year since 2015. We have also received the "Eco Healthy Workplace" Label annually since 2017. These awards demonstrate our strong commitment at the highest level in Hong Kong to fostering green and healthy workplace practices.

As a country with scarce water resources, a harsh climate, and land prone to desertification and erosion, Mongolia imposes rigorous regulations, permit requirements, and procedures relating to environmental conservation, management, and reporting. MoEnCo must strictly comply with all relevant environmental legislation, including but not limited to the Minerals Law of Mongolia, the General Law on Environmental Protection, the Law on Environmental Impact Assessments, the Air Law, the Land Law, the Water Code, and other applicable laws and national standards. To support compliance and promote clean production, MoEnCo has adopted an environmental management system ("**EMS**") and integrated it into its mining and related operations.

ENVIRONMENTAL (CONTINUED)

MoEnCo's EMS is a core component of the Group's overall environmental management framework. Effective implementation of the EMS enables us to comply with environmental laws and regulations, identify technical and economic benefits, and ensure that corporate environmental policies are timely adopted, implemented, and reported to the Mongolian Government and the Group's shareholders. The Group's EMS consists of the following:



- Health, Safety and Environmental Department oversees the environmental protection compliance and performance of MoEnCo. The team is responsible for preparing, implementing, and monitoring MoEnCo's Environmental Management Plans and programs.

- Legal Department works closely with the environmental management team to ensure compliance with relevant environmental legislation. The Department is responsible for developing and adopting Internal Regulations and procedures related to environmental compliance, ensuring the timely submission of environmental plans and reports to the authorities, and obtaining the requisite licences, certifications, and permits.

- Emergency Response Team identifies and implements measures to reduce potential adverse impacts of our operations on the environment, as well as on the health and safety of our workers and neighbouring communities.

ENVIRONMENTAL PERFORMANCE REPORTING

As a mining licence holder and operator of a large mine camp, MoEnCo has strict reporting obligations under various laws, including the General Law on Environmental Protection, the Minerals Law, the Water Code, and other applicable legislation.

In accordance with the reporting procedures set out in these laws, MoEnCo's Environmental Management Plan performance report for the calendar year 2025 was submitted to the Ministry of Environment and Climate Change of Mongolia, together with the assessment statement issued by the Khovd Government. Following its review, the Ministry endorsed our environmental management report, which was subsequently submitted to the Khovd Environmental Office, the Khovd Governor, and representatives of the Provincial Assembly and the local administrations of the three soums in which we operate (Tsetseg, Darvi, and Uyench of Khovd Province).

Besides submitting its annual environmental plans to the Ministry of Environment and Climate Change of Mongolia annually for approval, the Group also submits its plan to the Mineral Resources and Petroleum Authority of Mongolia for reference, and the Water Authority for consent.

The Group's reporting scheme

In Hong Kong

- The Group reports to the Stock Exchange through annual submission of ESG report

In Mongolia

- Ministry of Environment and Climate Change – through the online system, annually
- Mineral Resources & Petroleum Agency – through the online system, annually
- Khovd Province Emergency Management Agency – paper-based, annually
- Khovd province Government – through the online system, annually
- Tsetseg, Darvi, Uyench soums of Khovd – paper-based, by-annually
- National Water Authority – through the online systems, annually
- Huisiin Gobi – Tsetseg Lake Watershed Area Administration – paper-based, annually
- Health Development Center of Ministry of Health – through the online system monthly and annually
- Public – through the Group's and MoEnCo's websites and social media

External

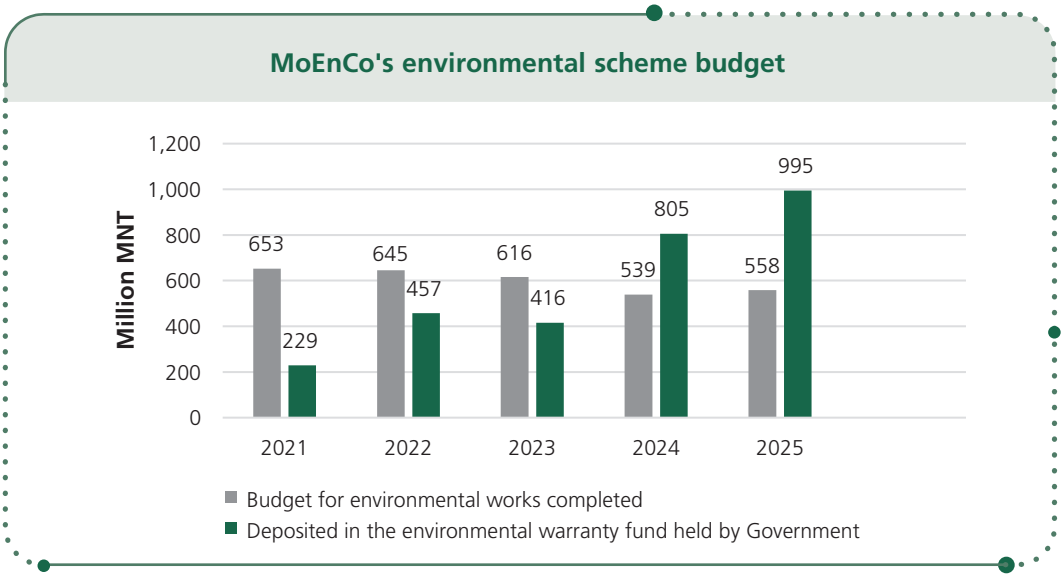
- Extractive Industries Transparency Initiative Mongolia database www.eitimongolia.mn

Some additional reporting is mandatory for specific aspects of MoEnCo's environmental performance and social responsibility. For example, a comprehensive water-use report is submitted annually to the local water authority, and the Khushuut camp medical centre submits an annual detailed report on its patients and recorded disease cases to the Khovd Province Health Department. In addition, MoEnCo reports each year to the Governor of the Khovd Province on the implementation of the Cooperation Agreement signed between MoEnCo and the province.

MoEnCo's environmental team also holds regular meetings with experts from the Ministry of Environment and Climate Change, environmental inspectors of the Khovd Provincial Government, and other relevant government officials to discuss our environmental management strategies, implementation progress, and ongoing improvement efforts.

ENVIRONMENTAL SCHEME BUDGET

Under Mongolian law, a mineral licence holder must deposit a specified amount of funds as assurance for the performance of environmental reclamation obligations. As of early 2026, MoEnCo had accrued approximately MNT995 million (approximately HK$2,185,929[11]) in a special warranty account maintained by the Ministry of Environment and Climate Change. Under our Environmental Management Plan for the calendar year 2025, we disbursed approximately MNT558 million (approximately HK$1,225,219) for planned environmental protection works.



ENVIRONMENTAL AUDITS

MoEnCo's environmental auditing serves as a key management tool for evaluating the effectiveness of our EMS and assessing our performance against legal requirements and applicable standards. Recognising the significant risks associated with environmental and occupational health and safety issues, MoEnCo maintains two types of environmental audits:

- External audits – Every two years, we engage licensed environmental audit firms that carried out full audits at MoEnCo's office and the Khushuut camp, in accordance with relevant Mongolian laws. These audits assessed our mining operations against more than 200 criteria set out in the relevant guidelines and concluded that our operations were substantially compliant with legal and standard requirements.

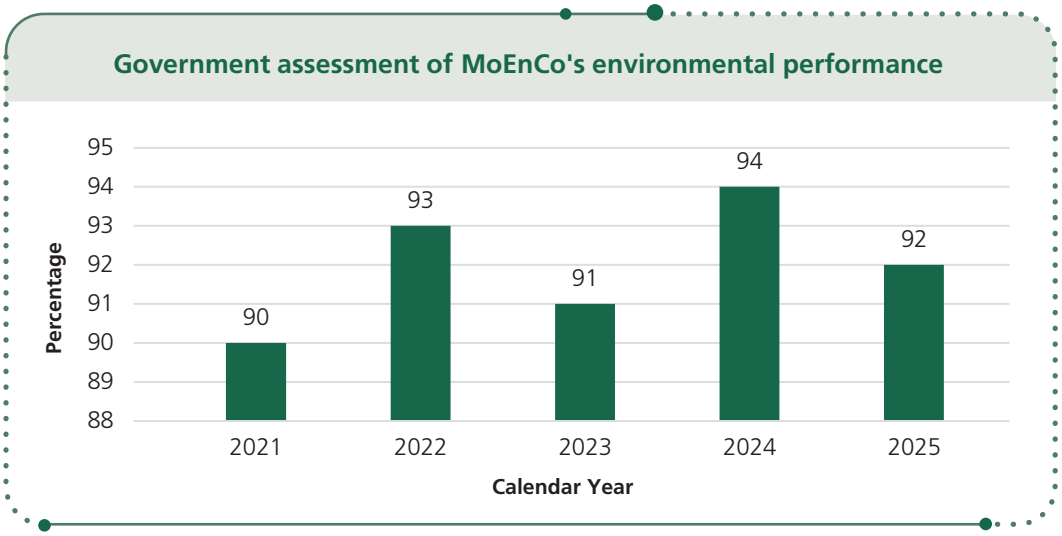
- Government audits – In accordance with the Law of Mongolia on Government Control and Inspection, relevant central and local government bodies conduct scheduled and ad-hoc inspections to assess MoEnCo's environmental performance.

  – The Government conducts environmental performance audits of mining companies in accordance with the criteria set out in the "Environmental Management Plan Development, Review, and Reporting Procedures", approved under Order A-618 of the Minister of Environment and Tourism on 29 October 2019. This procedure defines the evaluation criteria, grading methodology, and required follow-up actions after assessment.

[11] *In this Report, conversions of Mongolian togrog into HK$ are based on the exchange of HK$1 = MNT455.18, No representation is made that togrog amounts have been, or could have been, converted at this rate or any other exchange rates.*

- In December 2025, the Governor of the Khovd Province established a 7-member working group composed of provincial executives to evaluate MoEnCo's environmental performance. After conducting on-site assessments at the Khushuut mine, the working group concluded that our environmental performance for the calendar year 2025 achieved 92% successful completion, with certain planned activities still in progress or postponed due to external or natural circumstances.

- These government reviews and assessments are conducted annually as required by law. Over the past years, MoEnCo's environmental performance has consistently achieved above 90% in government evaluations.



- A 12-member delegation comprising relevant Khovd government executives and representatives of non-governmental organizations visited the Khushuut mine in December 2025 on the occasion of launching the pilot operation of the IPP, which has an annual capacity of five million tonnes. Under applicable laws, government reviews or inspections of private-sector operations may be conducted on a random basis, in response to complaints or whistleblowing reports. During the visit, the delegation reviewed the IPP's operations, and held discussions with the management and local residents to provide constructive feedback where applicable.

AIR QUALITY MONITORING

Rapid urbanization in Mongolia in recent decades has caused unplanned settlements and increased air pollution in the capital city. In response, the Government has taken some critical actions including the tightening of the relevant regulations and standards that are applicable throughout the country. The latest review of air quality standards took place in June 2025, when the national air quality standard MNS 4585 was tightened in four categories (8-hour average of carbon monoxide; annual average of nitrogen dioxide; 24-hour average and annual average of small particulate dust).

Air quality concerns have also led to more thorough government inspections of mining operations. These policy measures, combined with diligent enforcement by the private sector, resulted in improved air quality in the capital city, Ulaanbaatar, during the winters of 2025 and 2026, compared with the winter concentrations of 2022 and 2023. According to reputable international air monitoring portals[12], as well as reports from the Capital City Governor, the National Agency for Meteorology and Environmental Monitoring, and the National Committee for Air Pollution Reduction, air pollutant levels decreased by 19-57% on consecutive days during the 2025-2026 winter compared with the previous winter[13].

[12] *For example, https://www.aqi.in/dashboard/mongolia/ulaanbaatar/ulaanbaatar/historical-analysis*

[13] *For example, https://news.mn/r/2843126/*

ENVIRONMENTAL (CONTINUED)

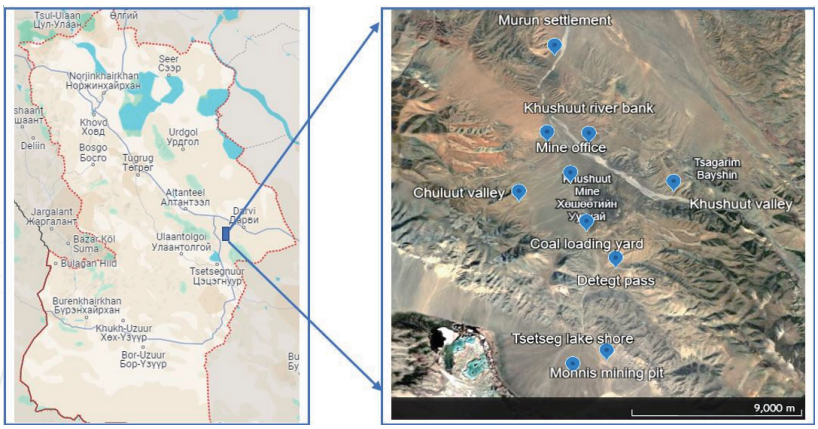
Regular monitoring of air quality indicators, along with the prevention and mitigation of air pollution at the Khushuut mine, is a key component of MoEnCo's annual environmental management program. With respect to air emissions and monitoring procedures, all MoEnCo operations shall comply with:

- the Air Law of Mongolia, the Air Pollution Fee Law, and related regulations;
- permit requirements prescribed by various Mongolian laws;
- mandatory reporting to the Government; and
- national air quality standard MNS 4585:2025 (Air quality: General technical requirements)[14] approved by the National Standardization and Metrology Committee of Mongolia in June 2025.

MoEnCo ensures its compliance with the air quality requirements through:

- integrating the air pollution prevention actions as an important part of its EMS;
- taking regular measurements of air particles at Khushuut using own equipment;
- hiring an independent evaluator – the relevant research body – for independent testing and assessment annually;
- conducting joint measurements and tests together with the environmental inspectors of the Khovd Province as part of their inspection and assurance procedures; and
- periodical hiring a private licensed auditing company for a comprehensive audit of MoEnCo's compliance with its environmental obligations, including pollutant emissions.

In 26-29 September, 2025, MoEnCo's contractor, Green Asia Consulting LLC, a private licensed company, completed air sampling and testing at 10 locations around the Khushuut mine under the approved procedures and using the latest testing devices. Three representatives of the contractor, together with four representatives from the Khovd Environmental Office, sampled and measured nitrogen dioxide (NO_2), sulfur dioxide (SO_2), carbon monoxide (CO), small particulate dust ($PM_{2.5}$), coarse particulate dust (PM_{10}) and the content of 11 heavy metals in two locations within 12 km radius of the mine pit.



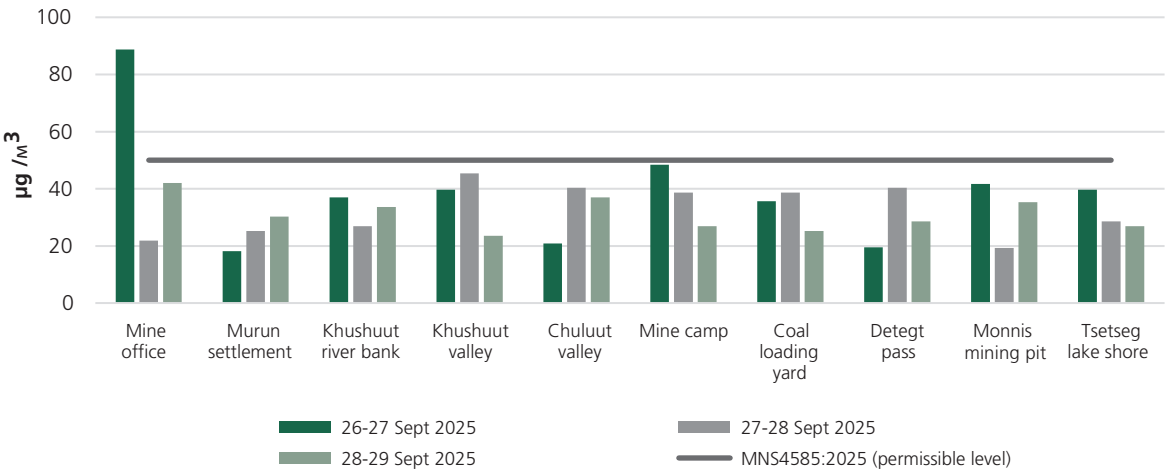
Khushuut air sampling points:

1. Mine office,1.2 km
2. Coal loading yard, 1.6 km
3. Khushuut river bank, 2.9 km
4. Khushuut valley, 3.5 km
5. Mine camp, 3.5 km
6. Detegt pass, 3.8 km
7. Chuluut valley, 4.3 km
8. Monnis mining pit, 9.4 km
9. Murun settlement, 10.7 km
10. Tsetseg lake shore, 12 km

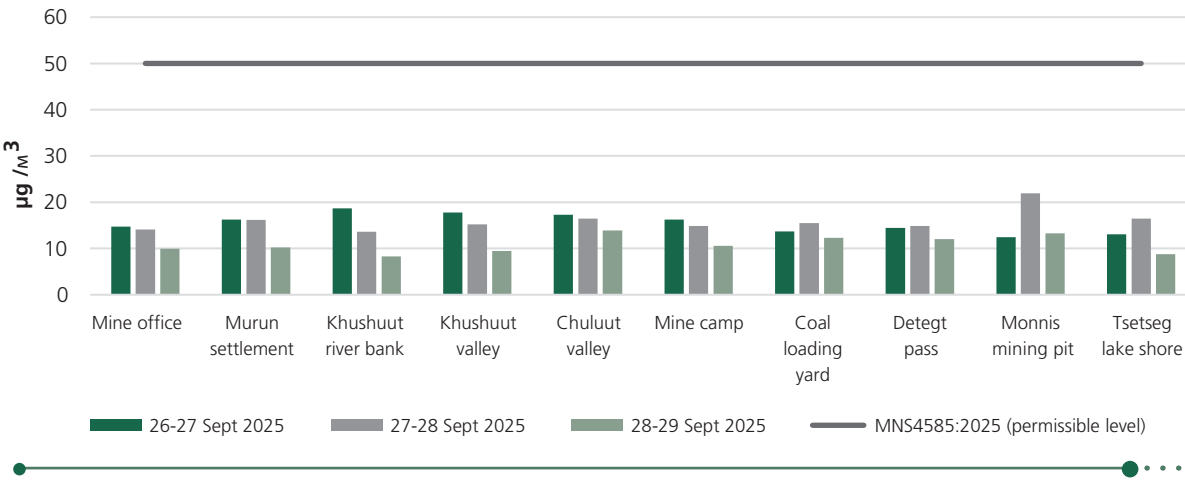
[14] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=b63f1005-ee72-4bb0-abfa-d925cac27f10*

The charts below indicate that the NO_2 and SO_2 concentrations in the air around Khushuut mine are generally in compliance with the national standard. CO was detected at all testing points in amounts that are minimal compared with the MNS 4585:2025 permissible levels.

Khushuut air NO_2 content, the average of 24 hours measurements

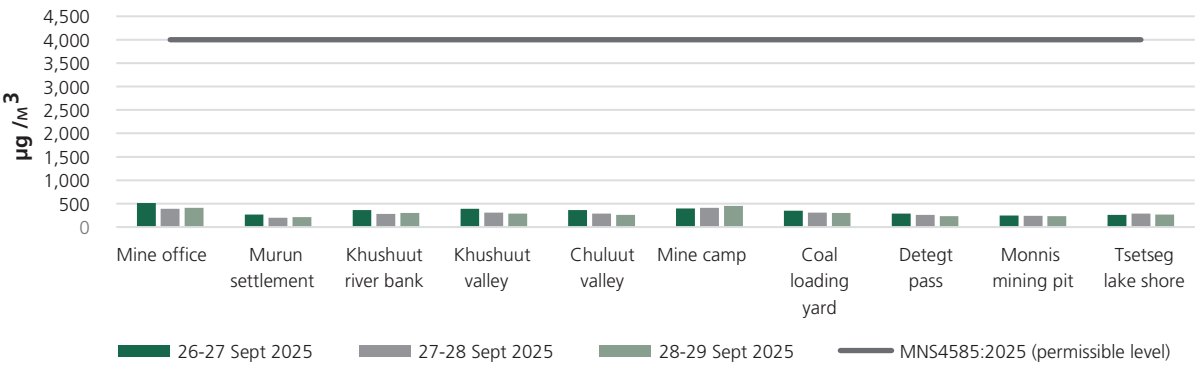


Khushuut air SO_2 content, the average of 24 hours measurement



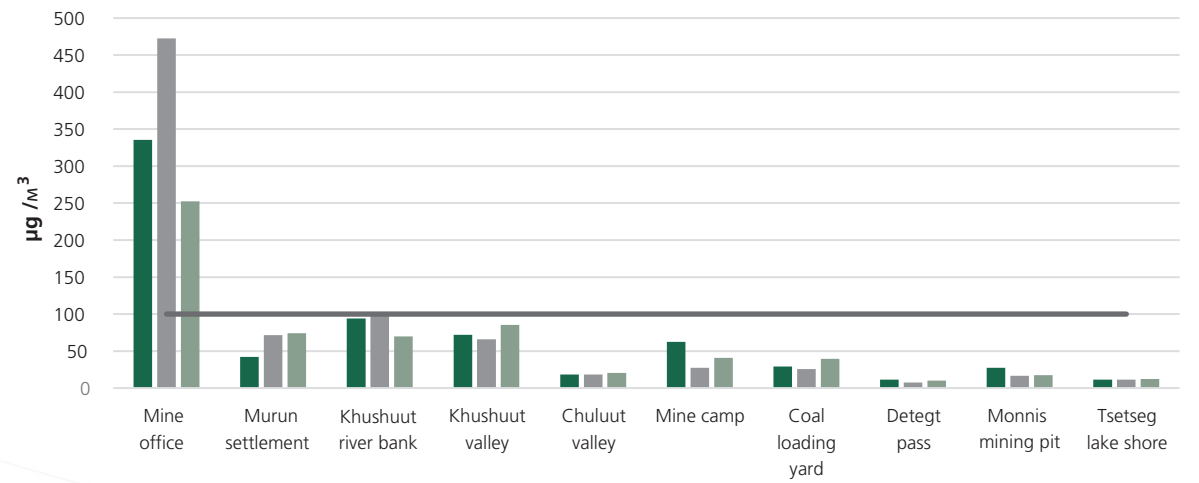
ENVIRONMENTAL (CONTINUED)

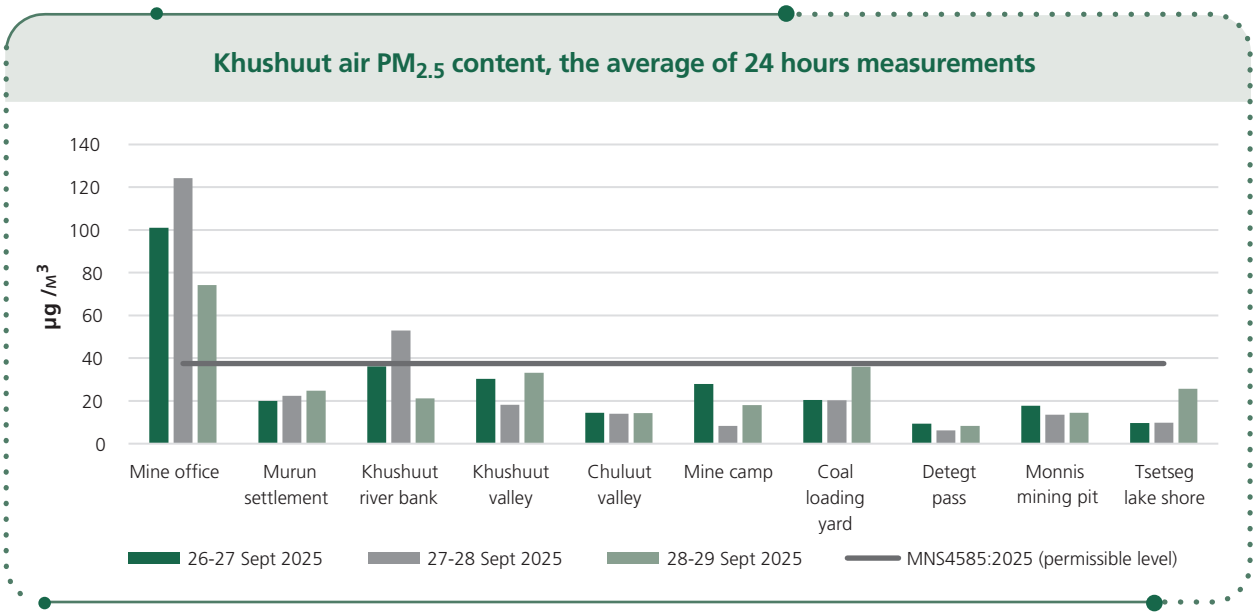
Khushuut air CO content, the average of 24 hours measurement



As shown in the tables below, the dust content in the PM_{10} and $PM_{2.5}$ categories was above the permissible levels at several measuring points. This was due to the Khushuut mine operating at its highest intensity during the measurement period, including active mining, coal transportation, and coal processing activities. Other than this, the Group is not aware of any environmental exceedances relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

Khushuut air PM_{10} content, the average of 24 hours measurements





Heavy metals in air

The independent contractor, Green Asia Consulting LLC, also collected air samples at two measuring points (the mine office and the main camp) to analyse the concentration of 11 heavy elements. The analysis results indicate that the levels of heavy elements in the air around MoEnCo's mining operations were either undetectable or minimal, and fully compliant with Mongolian standards MNS 5885:2008 (Permissible levels of airborne pollutants: general technical requirements)[15] and MNS 6063:2010 (Acceptable concentration of pollutants in the atmosphere of urban and public areas)[16].

At the Xinjiang coal washing plant

During the Financial Year, several environmental inspections were conducted at our washing plant to ensure full compliance with applicable environmental and safety standards. We engaged Xinjiang Yinuo Environmental Protection Technology Co., Ltd. (新疆壹諾環保科技有限公司) to carry out monitoring of organised emissions, fugitive emissions, and factory boundary noise levels. The inspection results showed organised emissions of <1.0 mg/m^3, fugitive emissions of 168 µg/m^3, and boundary noise levels below 51 dB(A) during both daytime and nighttime. All monitored indicators met the required standards.

We also commissioned Xinjiang Xinda Hongyi Technical Service Co., Ltd. (新疆信達宏義技術服務有限公司) to conduct a comprehensive assessment covering five key areas: occupational exposure to industrial dust (total and respirable dust), nitrogen oxides (nitric oxide and nitrogen dioxide), radiation, and noise. All aspects of this inspection were found to be in full compliance.

15 *https://estandard.gov.mn/website/masm/standards_details.aspx?code=b0cd668b-5feb-4219-ade1-ddeeaaa84341*

16 *https://estandard.gov.mn/website/masm/standards_details.aspx?code=6c4d802b-86dd-4fb2-b902-2fded9f697cb*

DUST REDUCTION

By its very nature, coal mining generates dust through rock cutting and breaking, topsoil stripping, and coal loading and unloading. Preventing dust hazards is a key occupational health and safety priority for MoEnCo. The Group implements a range of preventive and mitigation measures across all production phases, including:

- Environmental protection facilities: In 2014, MoEnCo constructed a dust-shielding fence around the DPP and adjacent customs control area, measuring 2,292 metres in length and 12–15 metres in height.

- "Water wall" technology: In 2017–2018, MoEnCo installed and expanded fixed water misting systems, one of the most effective dust control technologies, at the coal loading and unloading areas. Four systems currently operate at Khushuut, creating 20–30 metre high and 35–40 metre wide water walls. A new fixed system has also been installed at Uyench CBY.

- Additional misting air in high-dust areas: Since 2018, three sprinkler machines (orchard mist blowers and blast sprayers) with a combined 16-tonne water-spraying capacity have operated daily at the DPP, reducing dust concentrations to about 40%. With proven effectiveness, MoEnCo now operates nine fixed and mobile sprinkling units across the DPP and other dust-intensive locations.

- Road watering and grading: Five water trucks with a total capacity of 160 tonnes use mine waste water to water internal roads and coal handling areas daily. Two motor graders operate continuously to remove loose dirt and maintain smooth road surfaces.

- Dust concentration monitoring: MoEnCo's measures PM_{10} and $PM_{2.5}$ twice a month at 15 locations using DUSTTRAK2 equipment. Results are analysed and reported biannually to the Khovd Environmental Office and annually to the Ministry of Environment and Climate Change. The equipment is professionally calibrated in Texas, USA, every two years.

- Enforcing speed limits: Internal driving rules impose 5–30 km/h speed limits for coal hauling trucks, supported by speed monitoring devices installed along mine roads.

- Gravel surfacing: Covering dirt road surfaces with gravel suppresses airborne particulate matter, improves road durability under heavy truck traffic, and reduces the need for frequent watering – particularly effective in the dry, windy conditions of Khushuut.

- Vegetation strips: Purpose-built vegetation belts are established along roads and between the camp, office buildings, and the mine pit to help trap dust and improve local air quality.

- New coal processing technology: MoEnCo launched an IPP with a capacity of 5 million tonnes per annum to replace the existing DPP. The Ministry of Industries and Mineral Resources and the Khovd Provincial Government have formally accepted and authorised its commissioning. As of March 2026, the IPP is under pilot operation and is expected to reduce electricity consumption and significantly lower air pollution at the mine site. A vapour misting machine has been installed, a new dust protection fence is being designed, and a 20-metre high protective dam has been constructed along the primary dust dispersion direction.

At the coal washing plant, we have launched a dedicated dust control project for auto unloading vehicles since June 2025. The initiative focuses on reducing fugitive dust generated during truck unloading – a key source of airborne particulate matter at washing facilities. Additional measures include optimizing traffic flow to reduce idling, and applying moisture control techniques to raw coal before unloading. Together, these improvements significantly reduce dust emissions, improve on site air quality, and create a safer working environment for our employees.

VEHICLE EMISSIONS CONTROL

MoEnCo and its transportation contractors are required to operate in full compliance with the applicable requirements and to adhere to the following vehicle emission control procedures:

- Transportation Law of Mongolia of 1999, Regulation of 2010 on Technical Inspection of Vehicles, and other relevant regulations; and

- National standard MNS 4598:2025 (General requirements and technical conditions for road vehicles)[17], national standard MNS 5013:2009 (Petrol engine vehicles – maximum permissible levels and measuring methods of exhaust emissions)[18], national standard MNS 5014:2009 (Diesel engine vehicles – maximum permissible levels and measuring method of opacity)[19], approved by the Standardization and Metrology Agency.

All trucks that transport coal to our customers must undergo mandatory inspection imposed by the Government, purchase the due permits and pay annual emission taxes at the Khovd Province Auto Vehicles and Transportation Center. Only vehicles meeting the emission standards are allowed on the road. MoEnCo also ensures that all trucks engaging in coal transportation have been duly inspected, meeting the emission requirements with necessary customs permits. All MoEnCo's coal transport agreements include provisions ensuring the carrier's obligation to comply with the emission standards.

Our vehicles control team at Khushuut consists of four auto mechanical engineers and twenty one repairmen. They operate a daily checkpoint at the exit of the Khushuut mine. Coal transporting trucks are thoroughly monitored, and inspected if necessary, through their haulage on the Khushuut road and at the entrance of the Bulgan border crossing port by MoEnCo's team of four supervisors, four senior coordinators, eleven transport logistics specialists and six customs coordinators. In addition to MoEnCo's monitoring, various government agencies including (i) the National Auto Vehicles and Transportation Center, (ii) the Mongolian Customs General Administration, and (iii) the Industry Monitoring Department of the Ministry of Roads and Transportation ensure that all trucks meet the general requirements and technical conditions specified in the standards and also may perform selective testing of emissions. These three agencies also perform their thorough inspection duties at the Bulgan border crossing point (before heading to the PRC) for trucks loaded with coal and the returning unloaded trucks.

[17] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=5256262c-ba9a-42d9-bf1c-c2767dc5673a*

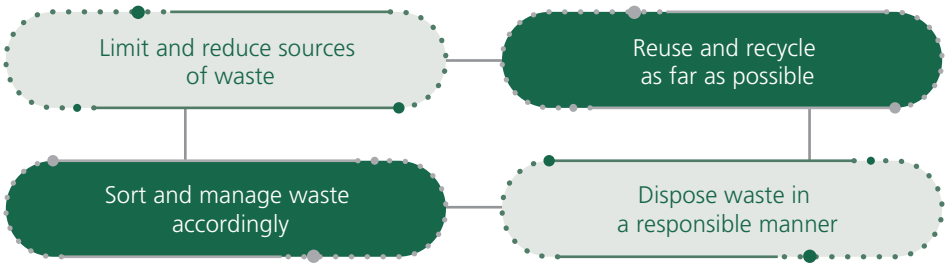
[18] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=af7c01d4-33db-43bf-9239-4df4174ae163*

[19] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=bb7fbfd0-5d37-49bc-81dc-bd0c7990576c*

INTEGRATED WASTE AND SEWAGE MANAGEMENT

Effective waste management through modern technologies forms the core of the Group's waste policy. We believe that recycling and responsibly managing operational waste are essential for long-term environmental sustainability in the region. In planning and implementing its waste management program, the Group adheres to the following strategy:

MoEnCo's waste management strategy



MoEnCo prepares a relevant and up to date waste management plan as part of its annual comprehensive Environmental Management Plan. This plan covers: (i) the types of waste generated at the camp and mine, their characteristics, and management methods; (ii) incineration and ash disposal; (iii) waste water, its reuse and disposal; (iv) hazardous waste, including waste generated by the camp's medical center; (v) non-hazardous and other waste streams; (vi) landfill management at the camp; (vii) emissions information; (viii) contractor services related to waste disposal; and (ix) all permitting and compliance requirements.

Waste from the Khushuut mine requires different disposal methods depending on its nature and the availability of suitable facilities at the camp or in nearby settlements. MoEnCo's waste management program complies with Mongolian laws on waste management, occupational safety and hygiene, and relevant regulations and national standards. The program is implemented through:

- **Compliance:** obtaining annual waste permits for dumpsites, disposal, and transportation, based on a positive assessment of the previous year's performance.
- **Paying for waste disposal:** contributing to local budgets, including fees for permits and land use rights for the camp's landfill.
- **Contracting professional services:** engaging licensed local companies to (i) securely store, transport, and recycle used oil and other combustible liquids, and (ii) collect and dispose of trash along the Khushuut road.

- **Sorting and handling camp waste:** separating plastic, paper, and non-recyclable waste. In 2024, an additional plastic-pressing machine was installed, and two truckloads of pressed plastic were delivered to the Khovd urban cleaning and landscaping company for recycling and reuse. During the Financial Year, close to 100% of the camp's plastic waste, were delivered for recycling.

- **"Clean up days":** organising regular clean-up activities involving all available employees at the mine camp. Staff collect waste and clean surrounding areas on weekly, quarterly, and annual schedules depending on the area covered.

- **Training and awareness building:** providing regular practical training for MoEnCo and contractor personnel on waste sorting, canteen waste handling, and used-oil management. In 2024, for example, 807 contractor truck drivers participated in such training.

- **Operating a landfill:** disposing of various waste types at the camp's designated landfill, which was professionally sited and approved by the local government.

- **Government inspection and reporting:** undergoing regular inspections by provincial and soum environmental authorities. In December 2024, MoEnCo's entire waste-management system and dumpsites were inspected by the provincial environmental inspector and hygienist as part of the annual government review.

During the Financial Year, the mine camp's hazardous waste, mainly medical waste, was delivered to the contracted Tsetseg soum hospital for proper disposal, and the corresponding hazardous waste fee was duly paid. MoEnCo also contracts local waste removal companies to regularly collect trash and maintain cleanliness along the Khushuut road.

The National Waste Recycling Association, MoEnCo's contracted professional service provider, issued recommendations on improving management of the integrated mine landfill at Khushuut, handling hazardous waste from the coal laboratory, temporarily storing various waste types prior to sorting, managing waste at the camps of subcontracted coal transport companies, and enhancing waste management along the coal transport road. The National Waste Recycling Association conducted several practical demonstrations, presentations, and discussions with MoEnCo to improve waste management at Khushuut.

At the Xinjiang coal washing plant, sewage generated from flowing water, spraying, flushing, and cleaning of machines and facilities during production is collected and treated through a closed loop system. This system allows all process waste water to be recycled within the washing plant, with no discharge to the external environment, thereby preventing any potential environmental impact.

Domestic sewage undergoes waste water treatment before being stored in a dedicated tank during winter and later reused for irrigation and greening activities in summer. In cases where sewage is produced due to equipment failure or other unexpected incidents, the waste water is diverted to standby thickening tanks. This ensures that no untreated sewage is released outside the plant, maintaining full compliance with environmental protection requirements.

A certain amount of non-hazardous coal gangue mixed with sludge is separated during the coal washing process. Most of this material is reused as raw input for construction purposes, while the remainder is temporarily stored in an interim yard before being transported for open-pit mine rehabilitation and, ultimately, for pasture restoration works. The washing process also generates hazardous wastes, including ash and used industrial oil. All hazardous oil is stored securely in a designated hazardous waste warehouse. We regularly engage specialised waste recycling companies to collect, transport, and dispose of both hazardous and non-hazardous wastes in a safe and compliant manner, ensuring that no waste is improperly released into the environment.

During the Financial Year, the details of waste discharge of the Group are as follows:

Waste generated	Unit	2025	2026
Hazardous waste	tonnes	4.74	4.87
Hazardous waste intensity	tonnes/thousand tonnes of production	0.0005	0.0011
Non-hazardous waste	tonnes	781,486.30	490,050.74
Non-hazardous waste intensity	tonnes/thousand tonnes of production	85.02	111.24

The amount of non-hazardous waste has reduced in the Financial Year because mine operations were suspended for two months due to tax disputes. The mine has subsequently resumed operations after clarification of tax issues.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its non-hazardous waste intensity by 1% by 2030, compared to the Financial Year.

ENERGY CONSUMPTION

Because MoEnCo's mine site is located in the remote hills of far western Khovd Province, 26 km from the nearest settlement of Tsetseg, cost effective and reliable energy sources are essential to our operations. With improvements in the regional electricity network, MoEnCo has been able to connect its camp and office facilities to the regional centralized power supply since November 2019.

In 2022, the Government reached a preliminary agreement to connect the Khushuut mine to a 110 kV aerial transmission line from Manhan soum and to construct a 110/35/10 kV electricity substation near Khushuut, fully funded by the Government. This initiative forms part of the national plan to support the production of more environmentally friendly compressed coal briquettes using Khushuut coal and to promote their supply and use throughout the western region.

The 120 km transmission line from Manhan soum is currently under construction and is expected to reach Khushuut in 2026. Once operational, this new electricity source will enable the Khushuut project to purchase most of its electricity from the central and regional grids, reducing operational costs, lowering diesel consumption, and supporting MoEnCo's efforts to mitigate air pollution at the mine site.

To reduce energy consumption and improve operational efficiency, the Xinjiang coal washing plant undertook a major equipment upgrade initiative that involved replacing seven high-power, energy-intensive electric machines with modern, energy-efficient models. These new units feature improved motor efficiency, optimized load management, and advanced control systems that reduce idle running time and unnecessary power draw. The upgrade not only lowers electricity consumption but also enhances processing stability, reduces maintenance needs, and increases overall productivity of the washing line. By modernizing these core components, the plant has reduced its energy footprint while ensuring more reliable and cost-effective coal-washing operations.

The Group's energy consumption during the Financial Year is as follows:

Energy consumption	Unit	2025	2026
Direct energy consumption	MWh	27,287.27	98,121.77
• Petrol	MWh	2,873.01	172.77
• Diesel	MWh	24,414.26	97,949.00
Indirect energy consumption	MWh	23,796.46	21,432.43
• Purchased electricity	MWh	23,796.46	21,432.43
Total energy consumption	MWh	51,083.73	119,554.20
Energy consumption intensity	MWh/thousand tonnes of production	5.56	27.14

The amount of diesel consumption has increased in the Financial Year mainly due to improved data collection to include the diesel used in electricity generator.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its energy consumption intensity by 1% by 2030, compared to the Financial Year.

WATER MANAGEMENT AND QUALITY MONITORING

Water management is a critical part of the MoEnCo's environmental management. Sustainable water management and water quality monitoring are particularly important in Mongolia due to the country's scarce water resources and semi-arid climate.

Water management measures

MoEnCo takes this responsibility seriously and continuously improves its water management efficiency through various management channels including:

- **Prohibiting the use of fresh water in mining operations:** The Khushuut mine uses water primarily for dust suppression, employee needs, and greening activities. Except for camp consumption, only waste water that naturally accumulates at the bottom of the mine pit, mainly from snow and ice melt during warmer seasons, is used.

- **Obtaining permits for the use of fresh water and waste water:** Permits are sought from (i) the Khovd Province Environmental Office which issues Water Use Certificate annually upon satisfactory conclusion of water use agreement for the previous year; (ii) Huisiin Gobi – Tsetseg Lake Watershed Area Administration (the "**Regional Water Administration**") and government-owned Mongol Us company (the local water provider) with which MoEnCo enters into the water use agreement annually.

- **Submitting the annual Comprehensive Water Use Report:** The report is jointly evaluated and approved by the Regional Water Administration and the local water provider. Only after satisfactory acceptance is the water-use permit for the following year issued. MoEnCo's report received a favourable government assessment in December 2025.

- **Implementing medium-and long-term water management actions:** These actions are incorporated into the annual Environmental Management Plan, which is reviewed and approved by the relevant government agencies. Performance is assessed and endorsed by the Ministry of Environment and Climate Change and the Khovd Provincial Government.
- **Paying water use fees:** Water use fees are duly paid to the Khovd Province budget.
- **Employing professional environmental specialists:** Professionals including a hydrogeologist is being hired at the mine.
- **Training:** Employees are trained on water saving techniques.
- **Managing sewage responsibly:** Obtaining permits from the provincial administration and contracting a local service provider to remove and dispose of camp sewage at the Khovd treatment facility.
- **Cleaning natural springs and water sources:** Quarterly clean-ups are conducted at springs and other water bodies in and around the Khushuut area.
- **Submitting the water use and water quality data:** Although not mandatory, this voluntary reporting to the local water administration supports joint monitoring and demonstrates MoEnCo's commitment to transparent local operations.

At the Xinjiang coal washing plant, several measures were implemented to reduce freshwater use and improve recycling. The domestic sewage pipeline was rerouted and connected directly to the thickening tanks in the production workshop, allowing domestic waste water to be treated and reused in the coal washing process rather than being discharged. This closed-loop approach reduces the plant's reliance on external water sources and increases the proportion of recycled water in operations.

To further promote responsible water use, a dedicated water conservation working group was established to coordinate initiatives, monitor consumption, and raise awareness among employees. The group held multiple meetings and organised training activities focused on efficient water use, leak prevention, and operational housekeeping. As a result of these combined efforts, total water consumption for both production and daily living needs decreased by 13% compared with the previous financial year, demonstrating measurable progress in the plant's water management.

The use of water resources by the Group during the Financial Year is as follows:

Water consumption	Unit	2025	2026
Water used for industrial purposes:	m^3	181,082.00	114,953.00
Underground water	m^3	155,225.00	108,426.00
Drainage water		25,857.00	6,527.00
Water used for other purposes	m^3	213,292.00	388,702.40
Total water consumption		394,374.00	503,655.40
Water consumption intensity	m^3/thousand tonnes of production	42.91	114.32

The increase in water consumption intensity in the Financial Year was mainly due to increased use of water at the coal washing plant.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its water consumption intensity by 1% by 2030, compared to the Financial Year.

Compliance and monitoring

MoEnCo's water-use management and quality-assurance program complies with the Water Law, the Law on Water Pollution Fee, the Subsoils Law, the Law on Hygiene, and a wide range of mandatory and voluntary standards and regulations governing:

(i) the safety and quality of drinking, technical, sewage, drainage, and recycled water;

(ii) water-recycling procedures; and

(iii) the safety of water-related facilities and equipment.

During the calendar year 2025, the Mongolian Government conducted a water-quality assessment of the Khushuut area in accordance with the relevant laws and standards. As part of this process:

- **Chemical analysis:** MoEnCo submitted 22 water samples quarterly from 10 locations to the National Food Safety Reference Laboratory. The laboratory consistently confirmed that Khushuut water met the Mongolian national drinking-water standard MNS 0900:2018 (Health protection and safety: hygienic requirements, quality and assessment of drinking water)[20].

- **Bacteriological analysis:** MoEnCo also submitted 22 drinking-water samples quarterly from five locations. In all cases, the laboratory concluded that the water met Mongolia's residential drinking-water standards.

- **Heavy-metals testing:** MoEnCo provided 22 drinking-water samples and 12 natural drainage-water samples from 10 locations – including nearby rivers and natural springs – to the government-owned Water Department laboratory. All samples were confirmed to meet MNS 0900:2018 and MNS 4586:2024 (Water quality: general requirements)[21].

[20] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=d73e3dd3-4130-491c-9bd0-d85d162ce0f4*

[21] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=004c4c12-d5e1-408c-9688-10d2baf31beb*

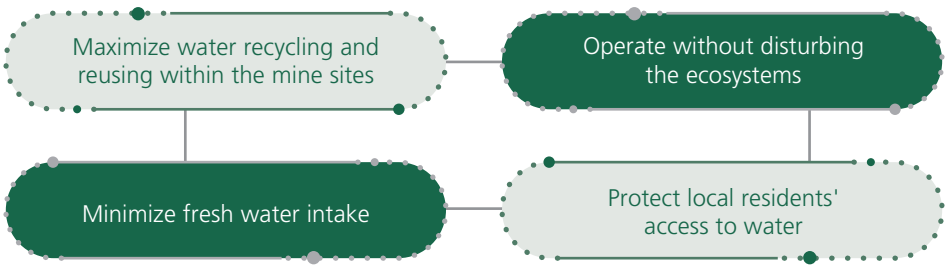
MoEnCo conducts four types of water monitoring – water level, flow, spurt force, and quality – across a range of natural and operational sources, including nearby rivers and creeks, natural springs, snow samples, water-monitoring boreholes, drinking-water wells, drainage water at the mine-pit bottom, and waste water. Monitoring data and government assessments consistently show that no water sources have been significantly affected by MoEnCo's water extraction, and no notable cases of water depletion have been observed.

Throughout the year, MoEnCo regularly monitors, tests, measures, or manages the following water sources:

- Surface water: quarterly measurements of river flow, level, and volume.
- Natural springs: monitoring flow and volume within a 4 km radius of the mine site.
- Underground water: monitoring water level and flow at three dedicated water-monitoring boreholes.
- Fresh water intake: metering and 24-hour camera surveillance at two wells, with quarterly submission of meter readings and recordings to the Darvi district environmental inspector and the Regional Water Administration.
- Drainage water: measuring and utilising drainage water from the mine-pit bottom during warmer seasons for road sprinkling, greening and irrigation, fire hazard training, and drilling operations.

MoEnCo also supports the Uyench – Bodonch – Bulgan Watershed Area Administration and the Regional Water Administration in monitoring the four major rivers in these basins and their tributaries. As part of our social responsibility commitments, MoEnCo jointly measures stream level, flow, force, and quality with the Administrations every summer. The Administrations then collect, analyse, and maintain the data in their public natural resource databases. During the calendar year 2025, the joint monitoring program included physical and chemical measurements of 27 rivers, two lakes, and four natural springs in the Uyench, Bodonch, and Bulgan river basins.

Principles of MoEnCo's comprehensive monitoring of water quality at Khushuut



MoEnCo's water wells are equipped with certified water meters and surveillance cameras, which support accurate measurement of water intake, monitoring of water transport, and overall water saving efforts. All meters are tested, calibrated when necessary, and verified annually by professionals from the local water provider.

To strengthen residential water recycling controls at the mine site, MoEnCo drilled two monitoring boreholes near the sewage system to detect potential leaks and assess whether subsoil or groundwater is being affected. Samples from these boreholes are tested monthly.

In October 2025, after obtaining the required permits, MoEnCo drilled an observation well to monitor groundwater levels and seasonal water regimes near Tsetseg Lake. It was jointly agreed with the Regional Water Authority, the Khovd Province Environmental Office, and MoEnCo that any potential impacts from mining and transportation activities on lake habitats must be monitored. The well, equipped with monitoring devices, has been handed over to the Regional Water Administration and the Tsetseg soum Governor's Office for ongoing monitoring and data analysis.

Because MoEnCo's hydrogeological database has been developed over more than a decade, we engaged MIW LLC in 2021 to study the hydrogeological conditions of the Khushuut coal deposit, estimate future water inflow to the open pit, conduct a groundwater survey across the licence area, and recommend water optimisation measures. The study now informs MoEnCo's annual water use projections, long-term water conservation planning, and equipment procurement.

In September 2025, MoEnCo commissioned Greentrends LLC, a licensed environmental research company, to assess the impact of mining operations on the water quality and ecology of the Khushuut River. The contractor analysed aquatic invertebrates, river bottom vegetation, and water quality indicators within 1.2–15 km of the mine, and delivered a comprehensive report and schematic maps to support future updates to MoEnCo's Environmental Policy and Management Program.

Water conservation and awareness initiatives

In the arid Khushuut region, protecting natural water sources is essential for ecosystem conservation. Each year, MoEnCo plants bushes and trees around natural springs, removes debris, and installs or renews tall net fences in four neighbouring soums to protect springs from livestock, wildlife, and human disturbance. During the calendar year 2025, four springs were cleaned and fenced. Between 2018 and 2025, a total of 24 natural springs in Darvi, Tsetseg, Uyench, and Bulgan soums were protected and formally handed over to the respective soum administrations.

Water conservation is also part of MoEnCo's mandatory internal training program for employees and subcontractors at the Khushuut camp. MoEnCo supports Watershed Area Administrations in water awareness initiatives and has been a key sponsor of local water-related events for the past four years.

For example, on World Water Day (22 March), MoEnCo supported the Regional Water Administration in organising the "Conservation of Glaciers and Mountain Icecaps" campaign across 11 soums in Khovd and Gobi-Altai provinces. The event brought together 110 water specialists, ecology teachers, and eco-club students to discuss climate impacts, the ecological importance of regional glaciers, and ongoing protection efforts.

From January to March 2026, the Bulgan, Uyench, and Bodonch River Basin Administration and MoEnCo jointly organised a writing competition for eco-club students in neighbouring soums, along with a meeting to provide professional guidance on responsible water consumption and local ecosystem protection. More than 100 participants attended, including teachers, students, and staff from the Altai Mountains Great Nature Reserve.

During the calendar year 2025, MoEnCo also participated in a series of practical training and discussion sessions on surface- and groundwater protection, major conservation works in the local water basin, MoEnCo's Corresponding Protection Program, and career opportunities in water-related fields. More than 80 participants from Khovd and Bayan-Ulgii provinces attended.

In 2024, the Regional Water Administration, the local Water Users Council, and MoEnCo signed a memorandum of understanding to promote water awareness and engage youth in nature conservation activities in Khovd Province. Ten rural public schools now participate in the program. Since its launch, awareness events have reached more than 250 people, including students, biology teachers, voluntary rangers, and local residents.

SOIL QUALITY MONITORING

Soil quality monitoring is essential because open-cast mining operations routinely alter the surrounding landscape by exposing previously undisturbed earth materials. We recognise that erosion of exposed soils, extracted mineral ores, tailings, and fine material in waste-rock piles can lead to soil degradation, and that mine-disturbed land may generate higher GHG emissions than undisturbed natural surfaces. For this reason, MoEnCo has conducted continuous soil-quality monitoring around the Khushuut mine since 2010 to ensure proper assessment and management of associated environmental risks.

MoEnCo carries out regular and comprehensive soil-quality monitoring at two locations:

- **Near the Khushuut mine:** Soil monitoring has been conducted since 2010. In 2012, the Laboratory of Soil Science of the Institute of Geography, Mongolian Academy of Sciences, selected the current 16 sampling points within a 5 km radius of the Khushuut mine pit.

- **At Uyench CBY:** Soil quality monitoring began even before operations commenced in January 2017. Six soil sampling points are monitored at this site.

During the calendar year 2025, soil samples were collected quarterly from the 22 sampling points described above and sent to Deej, a private accredited soil and water testing laboratory. A total of 64 samples were analysed for general chemical composition, texture, moisture, and heavy metals content against the limits set by the national standard MNS5850:2019 (Soil quality. Permissible levels of soil pollutants)[22].

Adhering to the requirements of the Land Law and the Regulation on Certification of Land Characteristics and Quality approved by Cabinet Resolution No. 92 of March 2024, MoEnCo engaged a licensed professional organisation to obtain government certification of its mining licence areas. Following on-site inspection, sampling, and analysis, the areas were certified as compliant, and the certification is valid for the next five years.

[22] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=9eb26ced-a983-4d29-abcc-4de0f1c08be4*

REHABILITATION OF MINE DISTURBED AREAS

Timely and professional land rehabilitation is essential in the Khushuut mine area, where extreme weather conditions, high-mountain altitude, and fragile, thin, and sporadic topsoil require careful management. MoEnCo's annual Environmental Management Plan includes a land rehabilitation program that complies with the Land Law, the Law on Subsoils, the Minerals Law, and a range of national standards on land assessment, degradation prevention, topsoil preservation, and mining land rehabilitation.

MoEnCo implements its rehabilitation program through a combination of statutory and voluntary land preservation at Khushuut and in the community. At the Khushuut mine, rehabilitation works include geological and biological reclamation of mined areas, preservation of fertile topsoil, and the planting and nurturing of trees, bushes, and vegetation strips along coal transport roads, around Khushuut village, and near the mine pit. These activities are carried out by MoEnCo's environmental team and contractors, who undertake leveling and contouring, reshaping disturbed areas, preserving fertile topsoil, and re-vegetating sites with native grasses, perennials, trees, and shrubs.

During the calendar year 2025, 1,505 m^3 of topsoil was stripped from 5.62 hectares. The mine currently maintains 196,606.7 m^3 of preserved topsoil. To maintain soil fertility, an automated sprinkler irrigation system with a 10-ton water tank was installed on the topsoil piles in May 2020. To reduce dust emissions from the DPP and other sources, 7,000 native trees were planted on surrounding hills in previous years. MoEnCo continues to water and maintain them. MoEnCo annually procures 100 kg of local perennial seeds and 500 litres of organic fertiliser from Khovd suppliers for topsoil-pile vegetation. During the 2024 autumn planting session, 1,000 trees and shrubs of eight local varieties were planted around the camp and nearby areas.

In the community, MoEnCo undertakes a range of land preservation and support activities, including providing land reclamation in non mining areas equivalent in size to its mined lands under the Corresponding Protection Program; rehabilitating long abandoned mine sites at the request of local soum administrations; caring for historic monuments in remote areas; carrying out land improvement and technical works at natural springs and other water sources; helping residents protect vegetable growing plots from grazing animals; supporting communities in preserving and recreationally using local natural sites; and funding provincial inventories of degraded land.

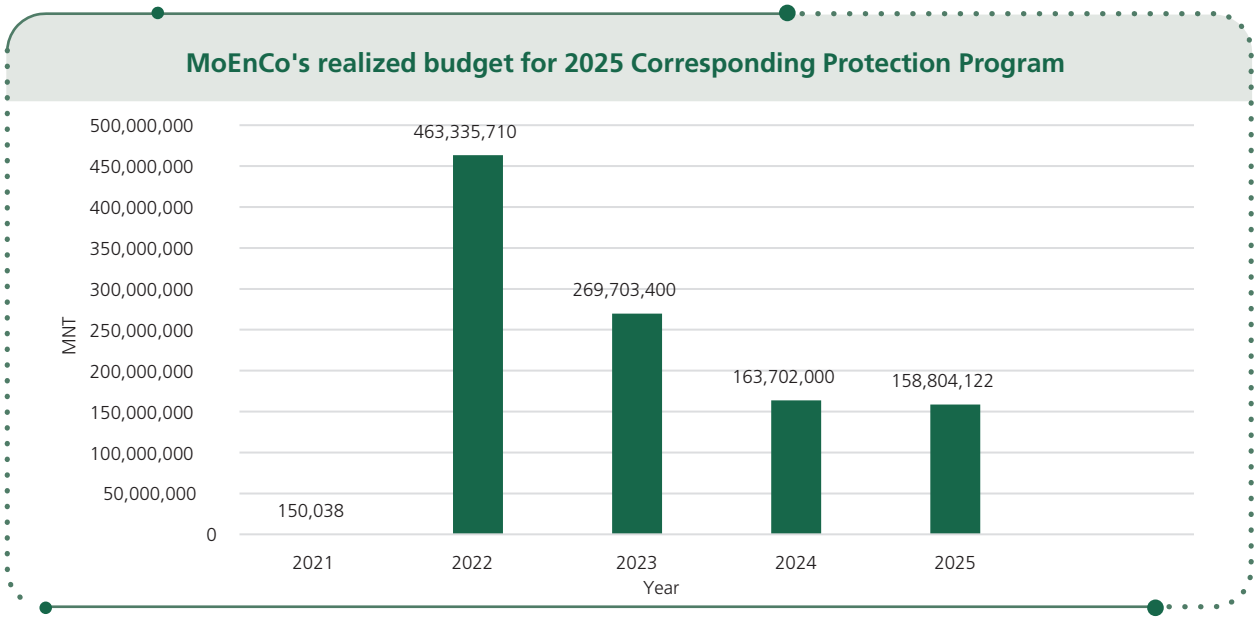
Every two to three years, MoEnCo also commissions major environmental studies to assess potential impacts on local ecosystems and guide mitigation measures. In 2021, the Mongolian National Association for Pasture Use was engaged to conduct a comprehensive pasture survey to determine carrying capacity, identify any mining related impacts, and recommend mitigation actions. In August 2023, MoEnCo collaborated with researchers from the Biology Department of the Mongolian National University to study vegetation and animal species composition, including rare, vulnerable, protected, and ecologically important species – findings that now underpin a regular environmental training course at the camp. During the calendar year 2025, a licensed contractor assessed the potential impacts of mining operations on the water quality and the flora and fauna of the Khushuut River.

During the calendar year 2025, MoEnCo's topsoil removal, preservation, and storage procedures were inspected by the Khovd Province environmental inspector and found to be fully compliant with MNS 5916:2008 (Requirements for removal and temporary storage of fertile soil during earth excavation)[23]. Due to ongoing mining activities, no areas underwent full geological or biological reclamation the calendar year 2025. However, MoEnCo continues to make remote parts of its mining licence areas available to local herders for livestock grazing.

[23] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=0401344c-ba53-4fca-9784-e2d8f18573ec*

CORRESPONDING PROTECTION PROGRAM

In collaboration with the Sustainable Mining Land Management Project of the United Nations Development Programme in Mongolia, MoEnCo launched the Corresponding Protection Program in 2016 to carry out land reclamation near the Khushuut mine in an area equivalent to the land disturbed by mining and related operations. MoEnCo has voluntarily reaffirmed this commitment in the 2021-2024 and 2025-2028 Cooperation Agreements with the Khovd Provincial Government. The Program is incorporated into MoEnCo's annual Environmental Management Plan, with dedicated budgets for each category of work, and progress is duly reported to the Ministry of Environment and Climate Change and the provincial government.



MoEnCo's Corresponding Protection Program for the calendar year 2025 completed the following through contracting with local businesses:

- **Rehabilitation of damaged and abandoned land:** Following a proposal from the Provincial Environmental Office, and the Manhan soum and Must soum administrations, MoEnCo completed technical rehabilitation of 19.4 hectares of lands previously damaged by abandoned gold mining and road construction works in September 2025, in accordance with MNS 5914:2008 (Environment. Land reclamation. Terms)[24]. Between 2018 and 2025, MoEnCo rehabilitated a total of 94.82 hectares of land outside its own licence areas across six soums.

- **Protection of natural springs:** In the arid Khushuut region, safeguarding natural springs is essential for protecting drinking water sources against contamination, and damages by grazing animals and reckless driving. Each year, MoEnCo installs, repairs, and maintains fences, pathways, and, where applicable, monitoring cameras around springs. In 2025, four natural springs in four soums were fenced and formally handed over to the respective soum administrations.

- **Supporting land cultivation:** Fencing remote cultivation plots helps protect crops from grazing animals and vehicle intrusion. In 2025, at the request of Darvi soum, MoEnCo fenced 100 hectares of crop-growing parcels used by local agricultural cooperatives. From 2018 to 2025, MoEnCo protected a total of 500 hectares of crop and vegetable cultivation land.

[24] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=60d79405-21a4-4062-9bfc-0f5479f24066*

- **Distribution of fodder:** Harsh high-mountain winters pose challenges for wildlife, so MoEnCo conducts annual biotechnical measures with environmental staff and rangers from neighbouring soums and state protected areas. In 2025, our team distributed 5 tonnes of saline fodder and 1,000 bales (about 25 tonnes) of hay across 18 locations in five soums to support local wildlife.

- **Monitoring of wildlife migration routes:** In June 2024, MoEnCo, together with the local protected area administration and the Khovd Environmental Office, installed three motion-sensitive cameras along the Khushuut road to monitor wildlife movement and inform future adjustments to coal transport schedules. Bestquarder-brand cameras were procured locally, and optimal installation points were identified. Camera data are analysed quarterly.

- **Collaboration with the Administrations:** MoEnCo has long supported state protected areas through awareness activities, wildlife-fodder support, and public forums. In 2025, responding to proposals from Darvi soum and the Great Gobi State Protected Area Administration, MoEnCo built a modern restroom compliant with MNS 5924:2015 (Technical requirements for pit latrine and sewage pit)[25], for staff and tourists, and installed seven waste sorting containers at high-visitor locations to help reduce human impact on soil and water.

- **Working with voluntary rangers:** MoEnCo has selected and trained eight voluntary resident rangers, local herders equipped with GPS trackers, binoculars, and winter uniforms, who support conservation efforts by participating in biodiversity surveys, winter biotechnical works, patrolling Corresponding Protection Program areas, and raising environmental awareness among local communities.

- **Cleaning and protecting the headwaters:** During warmer months, the Khushuut River headwaters and nearby springs attract herders and tourists, leading to waste accumulation. MoEnCo conducts regular clean-ups, and in 2025, the environmental team cleaned water points around the mine every 14 days.

MoEnCo's Corresponding Protection Program does not aim to expand the total area of rehabilitated land but instead focuses on diversifying activities within the existing program area. For example, the 2016–2018 program included planting trees and bushes; fencing agricultural and gardening plots to protect them from grazing animals; landscaping and greening works along local roads and settlements; and training local residents in soil work techniques, watering and tree planting procedures, and general environmental protection practices. In addition to these regular activities, the current Corresponding Protection Program includes several long term, targeted initiatives such as:

- the Bulgan river beaver protection program that started in 2019;

- the Sutai Mountain Glacier Monitoring Program that started in 2020 and was formalized by a collaboration agreement in March, 2021; and

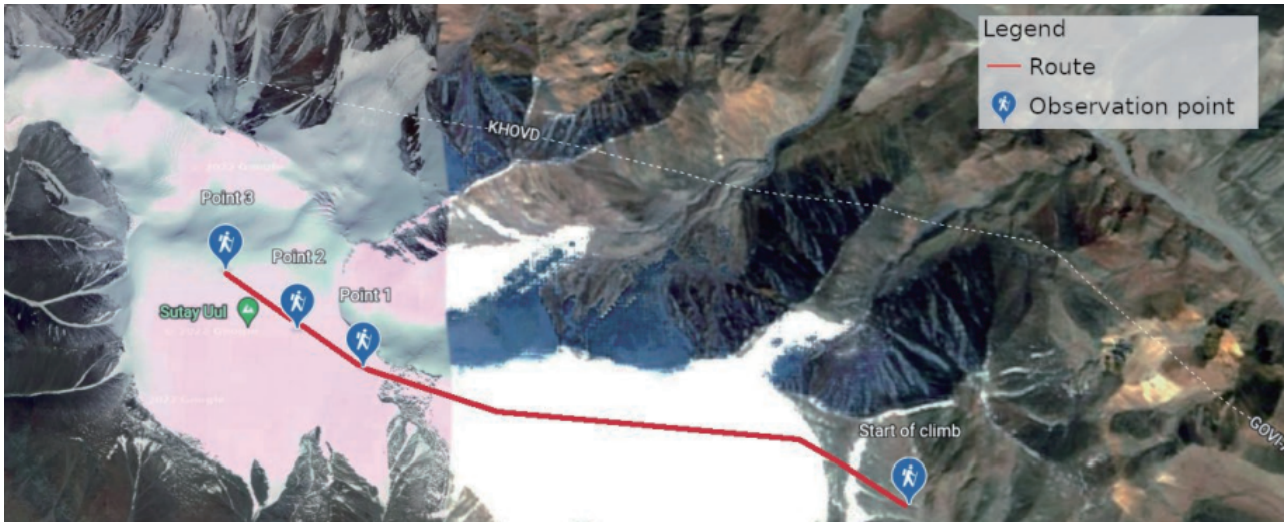
- the "One Million Trees" Program, which is a part of the nation-wide "One Billion Trees" movement that MoEnCo joined in November 2021.

[25] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=7a4dc3a4-9065-4301-a6b6-dbb017b7613b*

Collaboration with the Sutai Mountain state protected area administration

The remote, rugged, and sparsely populated hill lands surrounding the Khushuut mine form an important habitat for diverse local ecosystems and are the source of numerous creeks and rivers. In recognition of their ecological value, the nearby Sutai area, located about 20 km from the mine, was upgraded to a state protected area in 2018, after which MoEnCo began close cooperation with its Administration. MoEnCo has funded the installation of five information boards and 40 boundary pillars, and supported ranger training to prevent illegal hunting, strengthen community monitoring networks, and build the capacity of voluntary resident rangers.

In March 2021, MoEnCo entered into an agreement with the Permafrost and Atmospheric Research Center, a non-profit research institution, to study the status and changes of glaciers, snow caps, and slope erosion on Sutai Mountain. The Permafrost and Atmospheric Research Center conducts research across the ecologically-connected Sutai, Munkh-Khairkhan, Kharkhiraa, and Turgen mountain ranges in western Mongolia. Under the agreement, joint teams, comprising specialists from the Research Center, MoEnCo, and the Regional Water Administration, climb 25 km round hike to the summit of Sutai twice a year to measure air quality and snow cover. The specialists team includes hydrogeologist, GPS specialist, and environmental experts. They established three observation points on the slopes, measured $PM_{2.5}$ and PM_{10} particles from 2021 to 2025 using advanced equipment. In September 2025, MoEnCo's two geologists and senior hydrogeologist conducted particle testing at Sutai. All measurements across the three locations showed no air contamination, with particle concentrations remaining within the limits of the national standard MNS 4585:2025 (Air quality. General technical requirements).



Herding households living in buffer zones of the Sutai Mountain state protected area benefit from the protection of their lands against intensive development, and created some partnerships to promote such safeguarding. In March and October 2025, MoEnCo supported a joint meeting of these partnerships, during which we made presentation of our local operations, Environmental Protection Program and the long-term Sutai research, and listened to opinions and suggestions of the local community.

MoEnCo's contribution to the national "One Billion Trees" movement

MoEnCo recognises the importance of reducing GHG emissions from its operations and has planted more than one hundred thousand trees and bushes in the mine vicinity, the Khovd provincial centre, along the Khushuut road, in the Bulgan River basin, and across relevant soums between 2014 and 2025. All planting and maintenance work is carried out by local residents and professional forestry companies, either full-time or seasonally. Building on this experience and strong community support, MoEnCo joined the national "One Billion Trees" campaign initiated by the President of Mongolia in 2021.

In addition to nurturing thousands of seedlings planted in previous years, MoEnCo collaborates with and supports local plant nurseries. For example, in 2023 two new tree-breeding enterprises in Khovd received substantial financial and technical assistance to expand their capacity and green stock. In May 2024, MoEnCo signed a three-year contract with AgroForest LLC, a professional forestry company, to maintain and cultivate MoEnCo's seedling site in the capital city, Ulaanbaatar. This is MoEnCo's third professional forestry partner supporting long-term seedling growth and maintenance.

	2016-2021 as part of the Corresponding Protection Program	2022-2025 as part of "One Billion Trees" national movement	Total in 2016-2025
No. of locations involved	4	6	8
No. of trees planted and nurtured	40,000	100,000	140,000

Almost half of Mongolia's population lives in the Ulaanbaatar metropolitan area, creating significant air and land pollution pressures. To address this, the Governor's Office works with major companies headquartered in Ulaanbaatar to align their participation in the national "One Billion Trees" movement with greening efforts around the city. Under this program, MoEnCo planted 50,000 coniferous and deciduous seedlings on a 20 hectare forest area in the Zalaat Gorge of Bogd Khan Mountain, where pest damage had caused severe degradation.

For the calendar year 2025, MoEnCo also completed tree planting and nurturing works at Shine Kharkhorum in Uvurkhangai Province, about 900 km from the Khushuut mine, following a recommendation from the President of Mongolia to support the development of this key tourism centre. MoEnCo selected a professional nursery and signed a three-year contract to plant 10,000 trees and maintain green stock at Shine Kharkhorum. As of March 2026, MoEnCo's tree planting program spans Tsetseg, Darvi, Bulgan, Uyench, Altai, and Jargalan soums of the Khovd Province, the Bogd Khan Mountain area of Ulaanbaatar, and the Shine Kharkhorum tourism centre in the Uvurkhangai Province.

The beaver protection program

Launched in 2019 in consultation with relevant soums, this program is implemented along MoEnCo's coal export road, about 320 km from the Khushuut mine. Due to increased human activity over recent decades and climate-driven changes in vegetation and river flow patterns, the beaver population in the Bulgan River has declined. Through this program, MoEnCo aims to support the recovery of beaver populations and strengthen the long term health of the Bulgan River ecosystem. In previous years, MoEnCo donated 1,500 young trees to the Uyench – Bodonch – Bulgan River Basin Administration for planting in beaver habitats, as well as fencing materials to protect nesting areas from grazing livestock and wildlife. We also provided phosphorescent warning and information boards, which were installed along the special protection zones of the Uyench, Bodonch, Bulgan, and Barlag rivers. The River Basin Administration monitors the beaver habitat and reported an increase of six breeding pairs – bringing the total population to approximately 18 individuals in 2025, including kits and yearlings. This growth is expected to contribute to positive ecological changes, gradually transforming the area into richer, more resilient marshland ecosystems.

SOCIAL



EMPLOYMENT PRACTICE, WELFARE AND BENEFITS

The Group regards every employee as a valuable asset. We are an equal opportunity employer, and all employees are treated with respect regardless of age, gender, marital status, disability, race, citizenship, or religion. Our remuneration packages are structured with regard to job level, pay composition, and prevailing market conditions in the regions and industries where we operate, and our remuneration policies are reviewed periodically. The Group respects the legitimate rights and interests of its diverse workforce and adheres to the labour laws, employment practices, and business ethics requirements of all jurisdictions in which we operate.

As of 31 March 2026, the Group employed 777 employees. To supplement its workforce during peak operational periods, MoEnCo additionally engaged 32 independent contractors for seasonal assignments during the Financial Year.

	2025	2026
Total headcount	876	777
By gender		
Male	709	618
Female	167	159
By age group		
25 and below	108	71
26-35	309	268
36-45	256	243
46-55	156	141
56 and above	47	54
By region		
Hong Kong	33	35
China	341	439
Mongolia	502	303
By employment type		
Full-time	864	777
Part-time	12	0

Employee turnover rate[26]	2025	2026
Total employee turnover rate	17.19%	19.98%
By gender		
Male	17.34%	20.73%
Female	16.56%	16.77%
By age group		
25 and below	28.57%	24.07%
26-35	21.67%	20.06%
36-45	13.48%	18.75%
46-55	11.04%	18.59%
56 and above	12.00%	21.28%
By region		
Hong Kong	17.14%	6.06%
China	21.19%	20.52%
Mongolia	14.29%	20.82%

Mongolia enforces stringent labour legislation aligned with international best practices, and MoEnCo fully complies with all applicable requirements. MoEnCo maintains strict policies prohibiting child and forced labour, and all employment terms adhere to the Labour Law, the Occupational Safety and Sanitary Law, the Social Insurance Law, and other relevant regulations. Contractors and suppliers are likewise required to meet these standards.

At the end of the Financial Year, more than 2,200 people worked at the Khushuut mine, including employees and contractors of MoEnCo. They enjoy active social life at the Khushuut camp through engaging in various artistic and sports activities organised on-site and at community, provincial, and national levels.

During the Financial Year, provincial labour inspectors conducted a government inspection at the mine, reviewing compliance with labour and safety regulations and holding discussions with workers. The inspection concluded with a positive assessment of MoEnCo's labour conditions and practices.

Job vacancies are regularly announced through MoEnCo's website, social media channels, and Khovd media. Moreover, we actively participate in and sponsor the Khovd Job Fairs organised by the Khovd Provincial Government.

MoEnCo pays all required social security and health insurance premiums in accordance with Mongolian law. In addition to mandatory government social insurance, which covers health, unemployment, pensions, welfare, and industrial accidents, we provide all employees with voluntary employer's liability insurance under private schemes, offering additional protection for medical expenses and lost wages in the event of work-related injury, illness, or death. Contractors and suppliers are required, at minimum, to provide mandatory government social and health insurance for their employees.

[26] *Employee turnover by category = Number of employees left during the Financial Year in a specific category/Number of employees in that category at the beginning of the Financial Year x 100%*

During the Financial Year, no complaints related to harassment, discrimination, or human rights violations were reported to MoEnCo, the workers' union, or provincial labour inspectors. The Group was not aware of any breaches of relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that may have a significant impact on the Group. The Group is also unaware of any breaches of relevant laws and regulations relating to the use of child labour and forced labour.

TRAINING AND DEVELOPMENT

We are committed to continuous training and development to enhance employee performance and support personal growth. Our training programme is guided by the following core values:



Mongolian laws on occupational safety and health impose clear obligations on MoEnCo, as both a mining licence holder and an employer, to provide regular safety and health training to all employees. MoEnCo's comprehensive training programme fully meets these requirements, including the Procedures for Conducting Labour Safety and Hygiene Training and Exams (Order No. A/370 of the Minister of Labour and Social Welfare, 13 December 2019) and the national standard MNS 4969:2000 (Occupational safety and health. Organization of training. Main rules)[27]. These regulations prescribe specific training ratios and minimum hours based on specifics of the workplace. MoEnCo submits its training plans and performance reports to the Government as part of its annual reporting obligations.

[27] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=19a37cf2-7e97-4a7e-b7c2-f4499c0f3d55*

Training is generally provided free of charge to both MoEnCo employees and contractors. We aim to strengthen skills and professional development through a range of educational methods, including:

MoEnCo's training and personal development structure



During the Financial Year, the Group has recorded a total of 8,506.50 training hours (for the calendar year 2025: 12,098.00) and an average training hours of 10.95 per employee (for the calendar year 2025: 23.80).

Training data in the Financial Year	Percentage of employees trained[28] (%)	Average hours of training received per employee[29] (Hours)
By gender		
Male	125.57[30]	12.41
Female	62.89	5.25
By position		
Directors and management	20.00	2.04
Non-management staff	115.82	11.24

28 *Percentage of employees trained by category = Number of employees trained in a specific category in the Financial Year/Total number of employees in that category at the end of the Financial Year x 100%*

29 *Average hours of training received per employee by category = Number of training hours in a specific category in the Financial Year/Total number of employees in that category at the end of the Financial Year*

30 *Some percentages are higher than 100% as the figures include employees who left the Group during the year.*

When organising training and development activities, MoEnCo collaborates with a range of professional organisations and certified training institutions, and also involves its staff in external programs and events. Under the 2025 training and development program, MoEnCo partnered with the National University of Medical Sciences, the Occupational Safety and Health Center (a semi-government organisation), OSHMI Academy, the Bulgan soum Traffic Police, the Mine Rescue Squad of the government, and two specialised occupational training companies.

During the calendar year 2025, a total of 250 MoEnCo employees participated in 11 external training programs covering advanced rescue procedures in remote settings, volunteer lifeguard and firefighter training, hazardous chemicals handling and storage, pressure-vessel, pipeline and equipment safety, radiation response and protection, capacity building for occupational safety and health managers, and road-traffic safety laws and regulations.

By providing these opportunities for personal and professional development, MoEnCo strengthens workplace safety, enhances technical competence, and fosters a learning culture that benefits the Group as a whole.

OCCUPATIONAL SAFETY

Mining is a complex operation that involves significant risks and therefore requires an alert and healthy workforce. The remote and isolated conditions at the Khushuut mine further demand additional resources and a tailored strategy to implement an effective Occupational Safety and Health Management ("**OSHM**") program.

MoEnCo delivers occupational health and safety through the following strategies:

- Operating a comprehensive hazard-identification and prevention system, integrating the OSHM organisational unit, approved safety procedures, and dedicated budgets for OSHM measures;
- Developing, reviewing, and strictly enforcing internal safety regulations and procedures at all levels;
- Reporting annually on the implementation of OSHM plans;
- Training, supervising, advising, and evaluating safety compliance across the organization;
- Conducting pre-employment health screenings and annual medical checks;
- Providing medical services, health surveillance, and treatment for illness and injury at the Khushuut mine, where occupational hazards are most concentrated; and
- Monitoring key health and safety parameters at all workplaces.

As of 31 December, 2025, MoEnCo's OSHM team consisted of 25 full-time professionals stationed at the mine site. In addition to ensuring safe daily operations, the team conducted workplace safety inspections at MoEnCo's facilities and at the camps of six contractors operating at Khushuut. During the calendar year 2025, the team carried out 87 workplace safety inspections and 365 inspections of heavy machinery and vehicles.

Supervisory staff and safety officers also conduct daily, weekly, bi-monthly, or monthly inspections to identify hazards, assess risks, and take immediate corrective action when deviations from policies or procedures are observed. For example, temperature, humidity, lighting, and noise levels are measured and recorded monthly at all workplaces at the camp. These measurements comply with mandatory mining and industrial safety standards, including MNS 6437:2014 (Occupational safety and health requirements in the mineral processing industry) and MNS 6767:2019 (Occupational safety and hygiene. General requirements for measuring lighting at workplace and its permissible limits). Measurements are taken using the Vital Environmental Meter EM5 and compared against the relevant standard limits. Both lagging and leading indicators are used to measure health and safety performance on a monthly basis.

Occupational safety performance	2025	2026
Number of work-related fatalities	0	0
Lost time due to work-related injury (hours)	7	0
Work-related injury frequency rate	4.58	0.00
Total recordable injury frequency rate	15.26	0.00

In 2023, the Khushuut Mine Director amended the uniform policy to strengthen workplace safety. Under the revised policy, all workers, including contractors, must wear designated uniforms and appropriate protective gear depending on the site, task, and season. In line with these requirements, uniforms and protective equipment were renewed and upgraded in 2024.

The OSHM team at Khushuut also includes full and part time occupational safety and health managers employed by MoEnCo's contractors. MoEnCo's safety team, together with the doctors and nurses of the Khushuut medical centre, regularly holds meetings and consultations with these managers and provides additional, rigorous training that meets both legal requirements and MoEnCo's internal safety standards.

In 2024, the National Auto Vehicles and Transportation Center tightened licensing requirements for heavy duty truck operators. MoEnCo incorporated these new occupational safety requirements into its contracts and daily operating permissions for transportation service providers, enabling continuous performance evaluation. As of early 2026, all 26 transportation companies engaged by MoEnCo employ full time occupational safety and health managers, and two additional contractors retain general physicians on staff. MoEnCo's OSHM team collaborates closely with them to ensure safe operations.

MoEnCo's contracts with major service providers mandatorily include (i) labour safety and compliance provisions, including liabilities for safety violations or breaches of workers' rights, and (ii) requirements to employ a full time or part time occupational safety and health professional.

Occupational safety and health performance is a key component of the annual government assessment conducted by the Khovd Province administration. MoEnCo reports all mandatory safety indicators to the government as part of its annual reporting obligations.

At the Xinjiang coal washing plant, a private certified agency was engaged to conduct regular inspections of the plant's lightning-protection and safety systems in accordance with relevant laws and regulations. All systems passed the checks, confirming the continued safety and reliability of our operational infrastructure.

During the Financial Year, MoEnCo recorded no work related accidents or fatalities, and no lost days due to work injury. MoEnCo has maintained zero work-related fatalities for three consecutive years, including the Financial Year. The Group is not aware of any breaches of relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that may have a significant impact on the Group.

EMERGENCY RESPONSE AND READINESS

The Khushuut mine maintains strong on site emergency response and mine rescue capability that reflects the scale of its operations, the challenging mountainous terrain, and the specific working environment and technical risks associated with mining.

As of 31 December, 2025, our Emergency Response Team ("**ERT**") consisted of three full-time professionals, two technical staff and 19 trained volunteers from MoEnCo and its contractors.

The ERT maintains 24 hour readiness and provides emergency response capacity that exceeds the requirements of the Disaster Preparedness Law and other relevant regulations. The team has consistently received "Best in Industry" nominations and awards at regional joint drills, practical exercises, and demonstration sessions. The ERT is equipped with modern communication and tracking systems, personal protective equipment, uniforms, fire extinguishing tools, and specialised vehicles and machinery.

A mine emergency response plan is a mandatory requirement under Mongolian law and serves as a critical organisational tool for preparing personnel to respond effectively to emergencies. In accordance with the Disaster Preparedness Law and other applicable regulations, MoEnCo prepares annual Disaster Prevention and Disaster Management Plans, which are reviewed by the Mine Rescue Office of the National Emergency Management Agency of Mongolia. Before issuing its assessment, representatives of the Mine Rescue Office, including a state inspector, conduct an annual on site inspection at Khushuut to evaluate disaster readiness.

MoEnCo's emergency response program data on a calendar-year basis

	2021	2022	2023	2024	2025
Total hours of disaster readiness & response training offered	0	158	162	170	176
No. of calls to incidents at the mine	7	8	8	10	5
No. of calls to incidents on the Khushuut road or in the community	26	4	12	15	4

Our ERT is responsible for fire safety across the Khushuut mine and works closely with provincial and soum fire inspectors. Together with OSHM managers and local fire authorities, the ERT conducts weekly, monthly, and quarterly fire safety inspections of facilities and vehicles, performs system tests, and verifies equipment inventories. Because MoEnCo operates in a remote, sparsely populated area, it provides free emergency assistance to local residents whenever help is requested and supports incident response along the Khushuut road. During the calendar year 2025, the ERT responded to two fire incidents at nearby herder households.

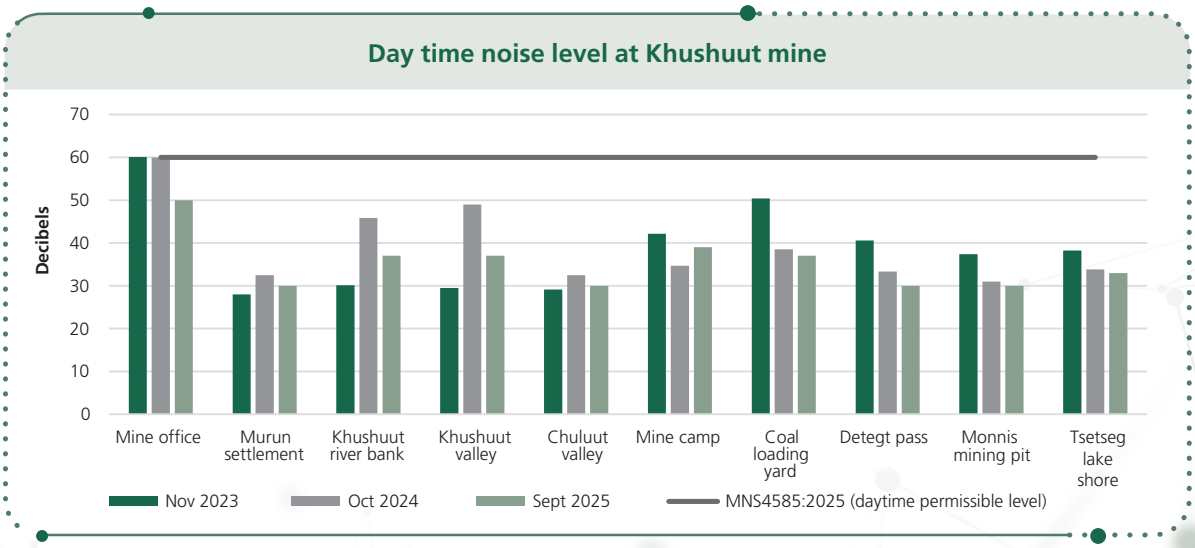
The ERT also participates regularly in events and training organised by the General Authority for Emergency Management of Mongolia, as well as the Emergency Office and Fire Department of the Khovd Province. During the calendar year 2025, MoEnCo organised and fully funded the following training activities:

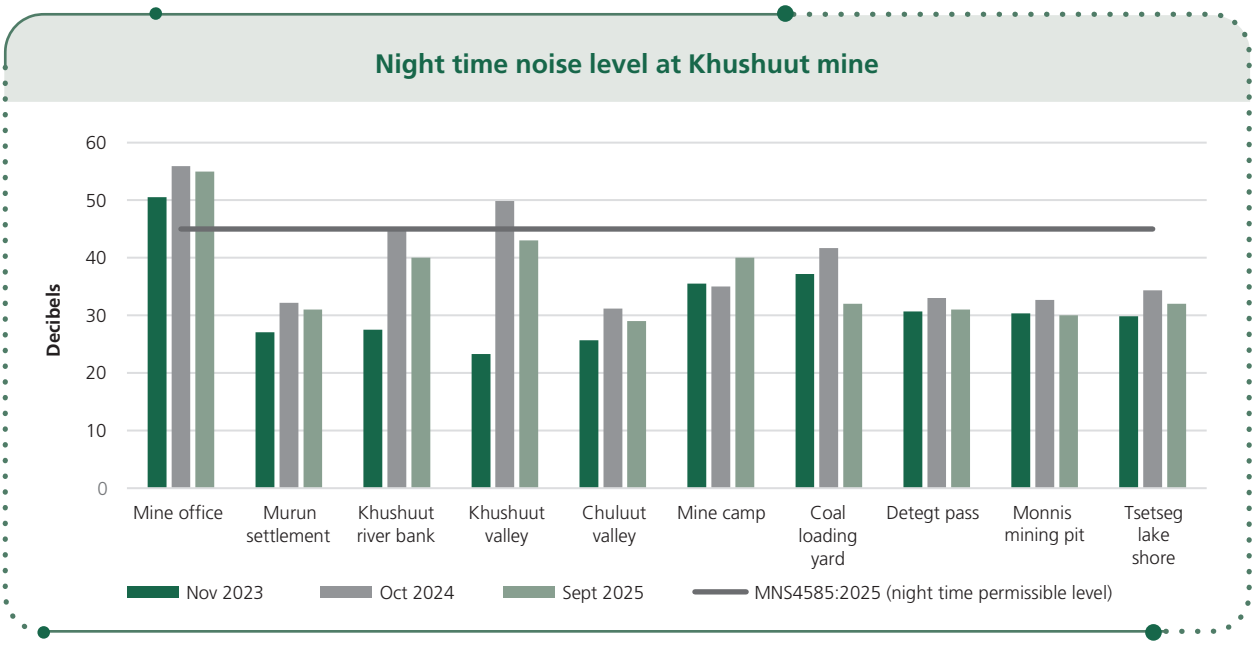
- A 176-hour mandatory training program for employees covering fire and disaster prevention, emergency readiness, first aid, and emergency response procedures; and
- A two-day intensive training for 20 ERT members, held at the Khushuut camp in November 2025 and delivered by multi-disciplinary trainers from the Mine Rescue Squad of the General Authority for Emergency Management. The training focused on strengthening MoEnCo's self-sufficiency in major disaster situations by developing multi-functional teams and cross-training personnel in emergency response skills. It included classroom sessions and practical drills, and participants received competency certificates upon successful completion.

NOISE CONTROL AND REDUCTION MEASURES

Like other heavy industries, mining can expose workers to elevated noise levels. Drills, crushers, mills, and other equipment used at Khushuut are inherently noisy. Reducing excessive noise is not only a legal obligation but also an important part of providing a safe, healthy working environment and preventing accidents and under-performance. MoEnCo's noise-control measures include:

- Understanding noise: Excessive industrial noise can lead to regulatory non-compliance, affect workers' well-being and productivity, contribute to environmental noise pollution, and jeopardize community relations.
- Identification of noise sources and risk assessment: MoEnCo's environmental team identifies and measures noise sources and levels and reports the results to the government as part of the environmental management report. These measurements and assessments guide the actions needed to maintain continuous compliance. During the calendar year 2025, noise levels were measured at five locations across the Khushuut mine, with 7–36 measurement points per location, totalling 61 points. The results show that DPP machinery, drilling operations, and heavy-duty trucks are the main sources of industrial noise.
- Noise measurement: MoEnCo engages an independent licensed appraiser to measure noise levels and provide recommendations. In September 2025, Green Asia Consulting LLC assessed noise levels under the revised MNS4585:2025 standard at 10 measurement points within a 12-km radius of the mine. The assessment confirmed MoEnCo's overall compliance with the standard requirements, as shown below.





- Internal safety procedures: Noise exposure and noise reduction requirements are regulated under MoEnCo's Internal Regulations and the rules of the camp, as well as several approved safety procedures. MoEnCo's safety team ensures strict enforcement of these rules.

- Personal protective equipment – All workers are required to wear uniforms and mandatory personal protective equipment, including earplugs. Employees working in high-noise areas must use industrial-grade ear protection.

- Noise prevention training and awareness: Employees and contractors receive regular practical training on noise awareness, prevention measures, and compliance requirements.

- Government oversight: Noise control and management form part of the annual government inspection conducted by the Khovd Provincial Governor's Office. All noise measurement results are submitted twice a year to the Khovd Environmental Office and annually to the relevant central authorities as part of MoEnCo's environmental and OSHM reporting.

- Annual hearing examinations: All employees working at Khushuut receive free annual hearing tests as part of their mandatory health check-ups.

MEDICAL CARE FOR OUR WORKERS AND THE COMMUNITY

In compliance with legal requirements, all site employees undergo pre-employment medical examinations to ensure they are fit to perform their duties safely without putting themselves or others at risk. Depending on job specifics, comprehensive medical check-ups are then conducted annually or bi-annually to detect any health issues or occupational diseases. All costs for pre-employment and periodic medical examinations are borne by MoEnCo. During the calendar year 2025, 417 employees completed their annual medical check-ups through hospitals in Ulaanbaatar and the Khovd Province.

The Khushuut mine hosts one of the best-equipped health centres in the region, operated by subcontractor, EmMed LLC. It provides free medical services to employees and contractors at the Khushuut mine and Uyench camp, export coal truck drivers along the Khushuut road, and local residents.

Located in a remote part of the Altai Mountains with limited medical facilities, MoEnCo supports surrounding communities by offering free healthcare services, transporting sick or pregnant residents to the provincial hospital, and assisting in emergencies along the Khushuut road. The health centre provides free primary care, vaccinations, emergency response, stabilisation, treatment, and first-aid training to employees and contractors. MoEnCo's medical and OSHM teams also played a central role in preventing and responding to the COVID-19 outbreak. Over the past three years, injury rates and hospital visits have steadily declined, reflecting strict safety enforcement, routine training, and contractors' compliance with on-site requirements.

As of the end of the Financial Year, MoEnCo's medical team at Khushuut consisted of four doctors and two nurses providing 24/7 services. Since operations began in August 2013, the team has attended to approximately 160,500 patient visits, including COVID-19-related services.

Visits to MoEnCo's medical center on calendar year-basis	2023	2024	2025
Visits/calls/checks of employees and contractors	7,442	6,217	5,278
Visits/calls/checks of local residents	106	58	50
Calls to accidents on Khushuut road	3	6	3

An important function of the Khushuut medical center is to provide general training on wellness and healthy habits. Each year, the center hosts training sessions attended by hundreds of mine workers and local residents. During the calendar year 2025, the medical team delivered 58 training sessions on topics such as first aid, cardiopulmonary resuscitation ("**CPR**"), general disease prevention, and occupational injury prevention, reaching more than 830 employees and contractors.

Together with OSHM professionals, the medical team also participates in workplace inspections throughout the year to identify and mitigate health hazards. EmMed LLC records and analyses all health-related data from the Khushuut mine and prepares a comprehensive annual report in line with international guidelines. Mandatory statistical data are submitted to the Khovd Health Department.

Based on the findings and recommendations of these reports, MoEnCo promptly implements improvements, for example, adjustments to the camp canteen menu, updates to training topics and duration, and decisions on vaccines and medical supplies required at the camp.

CHEMICALS HANDLING AND ASSURANCE OF COAL QUALITY

Over 14 years of operation, MoEnCo's full-scale chemical laboratory at the Khushuut mine has become the largest laboratory in western Mongolia and the first nationally certified private chemical laboratory in the Khovd Province. As of the end of the Financial Year, the laboratory operates 24/7 in a 457 m^2 facility staffed by 43 locally hired professionals.

MoEnCo complies with the Mongolian Law on Hazardous Chemical Substances, the mandatory standard MNS ISO/IEC 17025:2018 (General requirements for competence of a testing and calibration laboratory)[31], and other applicable guidelines and standards. Chemical handling requirements are incorporated into MoEnCo's annual Environmental Management Plan, and performance is reported each year to the Ministry of Environment and Climate Change and local authorities.

Since its establishment in 2013, the laboratory has consistently met the mineral quality assurance and safety requirements of international ISO standards, China's GB/T standards, and ASTM standards. It first received accreditation from the Standardization Accreditation Office of Mongolia in April 2018 after demonstrating long-term compliance with the Mongolian National Accreditation System (MNAS). Our team regularly confirms its technical competence by participating in annual proficiency testing programs organised by the government-run Central Geological Laboratory under the National Coal Program, as well as the Proficiency Testing Schemes of the China NIL Research Center for Proficiency Testing. Selected equipment is inspected and calibrated annually by the Standardization and Metrology Agency. During the calendar year 2025, the laboratory successfully completed an advanced voluntary accreditation with the Mongolian National Accreditation Center and received its 2025-2029 certificate.

Continuous training is a core element of laboratory safety. During the calendar year 2025, 13 staff members attended internal classes and external training organised by the Mongolian National Accreditation Center, two private specialised training institutions, and a laboratory in China on standards compliance, risk assessment and mitigation, equipment handling, and electrical-hazard prevention.

A key responsibility of MoEnCo's laboratory is to ensure that the chemical composition of coal meets applicable standards. During the calendar year 2025, the laboratory conducted 12 types of proximate and ultimate analyses and coke activity tests on 162,381 kg of coal and soil samples using more than 80 testing instruments. Export coal is also tested and sampled at the Chinese border to verify compliance with Chinese laws and import requirements.

As of the end of the Financial Year, the laboratory used 18 non-poisonous chemicals for which MoEnCo maintains all required permits for use, transport, storage, and import. Monthly inventory checks are performed by assigned professionals in the laboratory's modern storage facility, which complies with MNS 6458:2014 (General requirements for storage of toxic and hazardous chemicals and products)[32]. In November 2025, MoEnCo commissioned a new 60 m^2 chemical storage facility that meets all applicable safety requirements.

Laboratory operations are reviewed annually as part of the government's environmental assessment of the mine. In 2023, in addition to inspections by provincial and soum environmental authorities, the laboratory hosted a delegation from the Central Customs Laboratory of the General Customs Authority of Mongolia. Following this inspection, a tripartite cooperation agreement was signed in November 2024 between the Central Customs Laboratory, the Bulgan border port, and MoEnCo's coal laboratory. This agreement now enables longer-term permits and more efficient customs clearance for MoEnCo's export coal.

[31] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=8cec23ca-922d-4d3e-a01f-45071875c45b*

[32] *https://estandard.gov.mn/website/masm/standards_details.aspx?code=96f27037-42e3-494e-8795-7c948476af24*

SANITARY STANDARDS AT THE CAMP

Continuously meeting occupational hygiene requirements is a core part of MoEnCo's safety program. A well-maintained camp directly affects the health, well-being, and productivity of our workforce, and MoEnCo invests significant resources to ensure that living and working conditions remain safe, clean, and suitable for a remote mountainous environment. Sanitary and hygiene assurance at the Khushuut camp, mine site, and Uyench CBY camp is carried out by a team of two hygienists and two sanitary-assurance supervisors.

MoEnCo safeguards employee well-being through the following measures:

- **Annual health and sanitary assurance planning:** A dedicated plan is prepared and enforced each year as part of the Occupational Safety Management Plan. Its implementation is reported to the Mineral Resources and Petroleum Authority of Mongolia and the Khovd Provincial Government.

- **Regular workplace assessments:** Depending on the workplace, inspections, sampling, and testing are conducted daily, bi-weekly, weekly, or monthly. Temperature, humidity, lighting, and noise levels are measured monthly and compared against relevant safety-standard requirements.

- **Training and hygiene compliance:** Regular training is provided to employees, contractors, and specific staff such as camp-canteen cooks. Sanitary procedures form a mandatory part of internal training. All food-handling staff undergo health checks every six months in accordance with Regulation A/145 (2017) of the Minister of Health.

- **Pest and vector control:** Rodent, pest, and insect prevention and disinfection are carried out in compliance with the "Regulation on hygiene assurance and infection prevention through extermination and disinfection of house pests, insects and rodents" approved by the General Agency for Specialized Inspection. A licensed company treats the entire camp and selected parts of the mine quarterly.

In line with MoEnCo's mining work plan and its goal to provide healthier and safer living conditions, a large-scale camp redesign program has been underway since 2021. As part of this effort, MoEnCo completed a new 1,440 m^2 residential building, a new boiler house, and expanded the camp kitchen to 337.16 m^2 in 2022. Several technical and residential facilities at Khushuut and Uyench CBY were also upgraded. In 2023, MoEnCo completed an 844.32 m^2 sports hall and 41 residential units totalling 1,241 m^2, all fully furnished and equipped with modern amenities.

SUPPLY CHAIN MANAGEMENT

Supply chain management at MoEnCo involves comprehensive planning, implementation, and monitoring of daily operations across a network of interconnected business partners in western Mongolia and north-western China. The complexity of this cross-border model requires strong coordination and compliance with national regulations in both countries. MoEnCo's approach to working with contractors and suppliers is grounded in fair competition, continuous improvement, and ethical conduct. For the year ended 31 December, 2025, about 75.5% of MoEnCo's goods and services were procured in the Khovd province.

MoEnCo's supply chain consists of two main components:

- Inbound supply: Procurement of services, materials, and products for mine operations, coal transportation, and camp living arrangements; and

- Outbound supply: Sales and delivery of coal to domestic and Chinese buyers, as well as MoEnCo's free and discounted coal distribution program.

All contracts with contractors and suppliers include compliance provisions covering anti-bribery, labour standards adherence in Mongolia and China, workers' health and safety, environmental protection and rehabilitation, fair pay, working hours and rest, and mandatory insurance. Contractors and suppliers must enroll all workers in the required schemes, including health, unemployment, pension, welfare, and industrial accident insurance.

When selecting suppliers and contractors, MoEnCo applies two key criteria:

- Priority for Khovd-based suppliers and individuals: During the Financial Year, MoEnCo purchased goods and services worth of MNT338 billion (HK$742,556,856), representing 75.5% of total procurement, from 125 businesses and residents of Khovd.

- Suitability of products and services: The needs of mine workers and the operational demands of a remote region with harsh climatic and terrain conditions are considered, and suitable products and services will be given priority.

All contractors and suppliers – new or existing – are assessed for ethics, anti-corruption, and labour standards risks before commencing work. MoEnCo's procurement activities provide substantial support to the local economy. As a responsible corporate citizen, MoEnCo continues to emphasise community development and partnership by sharing benefits with rural communities, creating jobs, and procuring local goods and services.

MoEnCo maintains a database of potential and existing suppliers and contractors, with an online registration form available at www.moenco.mn. Our supply chain management also focuses on cross-border logistics and coordination between China and Mongolia, while maintaining competitiveness at regional and global levels. Locally, MoEnCo works only with companies that share its commitment to environmental protection, legal compliance, and ethical business conduct.

PRODUCT RESPONSIBILITY

The Group sells coking coal, thermal coal, and raw coal, with coking coal being the primary product for customers in Xinjiang, PRC. We recognise the importance of product quality and customer satisfaction and remain committed to delivering high-quality coal that meets customer requirements.

The Group maintains a well-established coal quality assurance and control system covering the entire process from production to after-sales. Our mine team leads production in compliance with Mongolian laws, while the coal quality department ensures adherence to all applicable regulations in both Mongolia and China.

Upon arrival at the customer's site, coking coal is sampled and tested. Our coal quality department also conducts daily sampling and/or sampling for every ten vehicles to test G-value, moisture, ash, volatile matter, water content, Y-value, and other indicators. Unit prices are determined based on test results within the range specified in the sales contract.

Product recalls are generally unnecessary. However, if quality defects, variations, or customer dissatisfaction are reported, MoEnCo follows a standard procedure. The coal quality and sales departments immediately engage with the customer to obtain detailed information, after which our representative collects on-site samples for laboratory testing. When required, an independent testing institution is engaged for sampling and analysis. Both departments continue to follow up and keep management and customers informed until the issue is fully resolved.

During the Financial Year, none of our coal sold or shipped had been subject to recall for safety and health reasons and no major complaints on our coal quality had been received.

We are committed to maintaining the highest standards of business conduct in relation to customer privacy. We follow clear procedures for handling and protecting sensitive commercial information and any data provided by customers during business transactions. All commercial contracts are treated as private and confidential, with access restricted to the responsible officer, relevant staff, and management. All personnel with access to such information are required to sign mandatory confidentiality agreements.

During the Financial Year, the Group is not aware of any breaches of relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress, that may have a significant impact on the Group.

ANTI-CORRUPTION

We believe strong corporate governance is the foundation of long-term success. MEC upholds the highest ethical standards in decision making to protect the interests of the Group and its shareholders. Our governance policies and practices are well-established and apply to all business activities at every level.

The Group requires all employees and directors to adhere to rigorous anti-corruption standards. We are committed to preventing, detecting, and reporting all forms of fraud, including bribery and corruption. The Audit Committee is responsible for reviewing and raising concerns about potential improprieties in financial reporting, internal controls, and related matters. During the Financial Year, the Group and its employees were not involved in any corruption cases. The Group is not aware of any breaches of relevant laws and regulations relating to bribery, extortion, fraud and money laundering that may have a significant impact on the Group.

MEC has a whistleblowing policy set out in its internal regulations, providing a formal channel for employees and stakeholders to report suspected misconduct, malpractice, or irregularities. The policy protects whistleblowers from victimisation, discrimination, or disadvantage when concerns are raised in good faith.

MoEnCo's Internal Regulations outline its obligations to comply with all applicable laws and to avoid and report bribery and corruption. We prevent corruption and nepotism through:

- due diligence on potential employees, contractors, and suppliers
- effective communication channels between management and staff
- dedicated assessment of bidders and tender proposals
- inclusion of anti bribery provisions in all employment contracts
- regular training delivered internally or by external experts

During the calendar year 2025, 32 mid-level managers participated in two training sessions on responsible management, occupational safety, corruption prevention, and conflict-of-interest management.

The Group ensures that all operations and interactions are conducted ethically, honestly, and in accordance with applicable laws and regulations. With thousands of workers, suppliers, and contractors, we recognise that corruption undermines our values and threatens the trust we maintain with the communities where we operate. Employees are expected to identify and report unethical conduct, including potential bribery or corruption. The Group maintains a strong anti-retaliation policy to protect those who raise concerns in a timely and good-faith manner.

Transparency and reporting are essential to ethical business conduct. The Group regularly discloses information on operations, revenues, taxes, environmental performance, and social issues through:

- the Group's website and the HKEx
- the Mineral Resources and Petroleum Authority of Mongolia and the Ministry of Environment and Climate Change
- the Khovd Provincial Government
- MoEnCo's website (http://moenco.mn)
- the Extractive Industries Transparency Initiative (www.eitimongolia.mn)

COMMUNITY

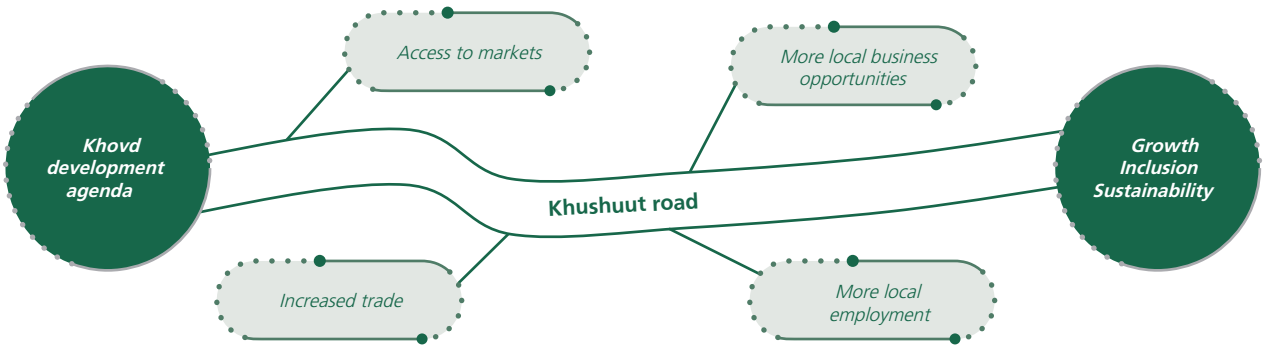


INVESTMENT AND CONTRIBUTION TO THE COMMUNITY AND ECONOMY

MoEnCo has been listed among Mongolia's Top-100 Companies by the Mongolian National Chamber of Commerce and Industry for years. These recognitions reflect MoEnCo's strong business performance, the significant number of jobs created in a remote region of the country, and substantial tax and social insurance contributions to both central and provincial governments. We view these consecutive nominations as a fair acknowledgment of MoEnCo's contribution to the regional economy and the well-being of local communities.

Local Infrastructure Development

In 2011, MoEnCo commissioned the 311 km Khushuut road, connecting the coal mine to the Bulgan border point in Mongolia and the Takeshenken border on the PRC side. Over the past decade, the Khushuut road has remained the only hard surfaced road across three neighbouring rural districts and has become the main artery supporting local economic activity. Its long standing contribution to the development of the Khovd Province can be illustrated as follows:



MoEnCo has invested heavily in maintaining the Khushuut road to withstand heavy freight loads and Mongolia's extreme temperatures. Residents across the Khovd Province use this asphalt road free of charge. Our local road maintenance contractor carries out annual repairs in strict compliance with the Roads Law of Mongolia and relevant national standards.

The Khushuut road generates substantial local employment, engaging workers in snow, ice, and sand removal; natural sludge clearing; asphalt repairs and upgrades; replacement of road signs; and the upkeep of drivers' rest areas. Over the years, private businesses have established eateries, repair shops, service centres, and stores along the route. MoEnCo has built 16 rest areas, while petroleum suppliers have constructed 10 fuel stations to support road users.

In December 2024, MoEnCo commissioned a 1,066-meter asphalt road connecting Tsetseg soum and Khushuut village, home to more than 700 residents, many of whom work at the Khushuut mine.

Local employment and investment promotion

Fulfilling our pledge to increase job opportunities for local residents and support businesses in Khovd, MoEnCo recruited an average of 88% of its total workforce from the Khovd Province during the Financial Year. All employees, including local hires, receive equal benefits such as regular medical check-ups, social security, health insurance, on-the-job training, and access to an active social environment at the camp. In addition, more than 80% of the over 2,000 workers employed by MoEnCo's contractors are also Khovd residents, in line with the requirements set out in the contracts with these contractors.

Beyond MoEnCo's direct employment, local jobs are created through several channels:

- Khushuut road maintenance, which requires year round work such as snow, ice, and sand removal; natural sludge clearing; repairs and upgrades; road sign replacement; and upkeep of rest areas. During the Financial Year, all maintenance, landscaping, and waste removal contractors along the road were local businesses.
- Annual land rehabilitation, for which MoEnCo engages only local residents or professionals from the region.
- Long distance coal transportation, which is fully carried out by local transporters.
- Public works financed by local development funds, including construction, repairs, landscaping, and other community projects, all of which provided additional employment opportunities for local residents.

MoEnCo's subcontracting agreements include mandatory provisions requiring contractors to hire the majority of their personnel locally under legitimate labour contracts that meet all legal requirements, including compulsory government social and health insurance schemes. Strict enforcement of these provisions has led to strong employment practices and improved operational standards among MoEnCo's contractors.

One of our major contractors, Altain Zam LLC, has been recognised as one of Mongolia's Top 100 Companies in 2022, 2023, and 2024. The company has provided coal transportation services to MoEnCo since 2015, with more than 70% of its operations, workforce, and machinery based at the Khushuut mine. Approximately 80% of its employees are residents of Khovd Province. In 2021, Altain Zam achieved full ISO safety certification through Australia's TQCIS system and currently maintains a modern 450 person camp at Khushuut.

Another major contractor, Mezom LLC, received the Best Employer Award from the National Social Insurance Agency in 2025 and was recognised in 2024 by the Khovd branch of the National Auto Vehicles and Transportation Center for its excellent transportation safety performance.

MoEnCo has consistently taken an active role in promoting Khovd as a safe and attractive investment destination. In addition to generating significant regional procurement, we support the Khovd Government in its investment and trade promotion efforts to foster economic development.

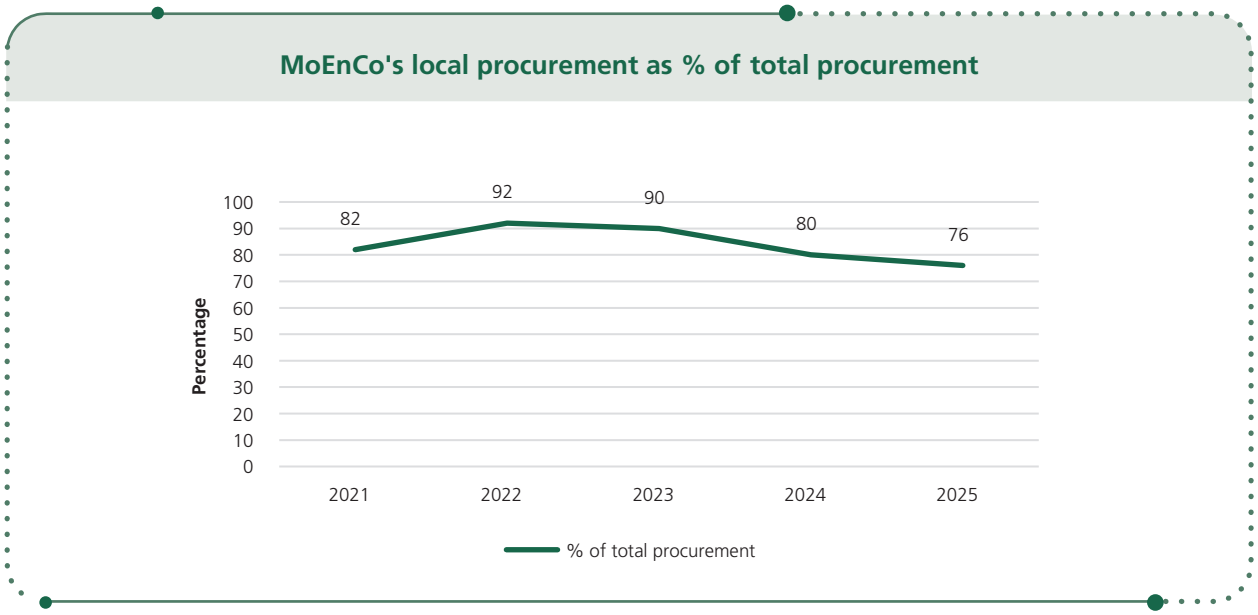
MoEnCo and its major subcontractors regularly participate in employment promotion and business events across the Khovd Province to introduce Khushuut operations, job vacancies, subcontracting opportunities, procurement procedures, the MoEnCo scholarship, and other topics of interest to local residents and businesses. In September 2025, our representatives attended the Mining Week & MinePro 2025 as Golden Sponsors, contributing to the sustainable development of Mongolia's extractive industry.

Priority to local procurement

MoEnCo actively supports local small-and medium-sized businesses in Khovd that meet our procurement requirements. After more than a decade of supplying products and services to the Khushuut mine, suppliers from Khovd and the wider western region have gained extensive experience working with a multinational company and managing cross border supply chains. For the year ended 31 December, 2025, about 75.5% of our goods and services were procured in the Khovd province. MoEnCo hired only local transportation companies for exporting coal.

MoEnCo's local procurement data

	2021	2022	2023	2024	2025
Total number of suppliers and contractors	261	273	283	286	271
Number of suppliers and contractors that are local	103	116	132	135	125



MoEnCo's Procurement Department also regularly participates in the "Working Hovd People" day celebrations in Khovd, where face to face meetings and registration of potential local suppliers and subcontractors take place. During these events, information is shared on procurement procedures, requirements, and upcoming opportunities.

Local cooperation agreements

MoEnCo, as a mining license holder, has entered into four Cooperation Agreements with the Khovd Provincial Government covering the periods 2014–2016, 2017–2020, 2021–2024, and 2025–2028. In the concluding statements of the past three agreements, the Khovd Provincial Government expressed its "great satisfaction" with MoEnCo's fulfilment of its social responsibility commitments.

The 2021–2024 Cooperation Agreement, signed in November 2021, was founded in the principles of mutual respect for interests, shared goals between MoEnCo and the Provincial Government, non interference, and equal treatment with other private businesses operating in the province. A joint working group – comprising representatives of the provincial and soum governments and MoEnCo – reviewed the Agreement's implementation annually. By the end of 2024, MoEnCo reported on its fulfilment of the duties specified in the Agreement, including the following key achievements:

- As of the end of February 2025, approximately 79% of contractors' employees and 88% of MoEnCo's workforce were residents of Khovd Province.

- MoEnCo supplied more than 88,600 tons of coal free of charge or at a significantly discounted price – at least eight times lower than the Khovd market price – to over 13,000 residents, and also provided coal as gifts to elderly residents of Khushuut bag and to MoEnCo retirees.

By the end of December 2024, the 2021–2024 Cooperation Agreement expired. In January 2025, the Governor of the Khovd Province established a joint working group to review its implementation. The review concluded with a very satisfactory assessment of MoEnCo's performance. The same working group also prepared the 2025–2028 Cooperation Agreement between MoEnCo and the Khovd Provincial Government, which was mutually approved in November 2025.

Under this new agreement, MoEnCo undertook a wide range of obligations relating to environmental conservation, job creation, support for local businesses, and increased investment in infrastructure. Compared with the previous two Cooperation Agreements, the 2025–2028 agreement places greater emphasis on:

(i) ensuring MoEnCo's support reaches soum-level beneficiaries, including through the establishment of the new Khushuut Sustainable Development Fund; and

(ii) better leveraging newly introduced tax incentives aimed at promoting local development.

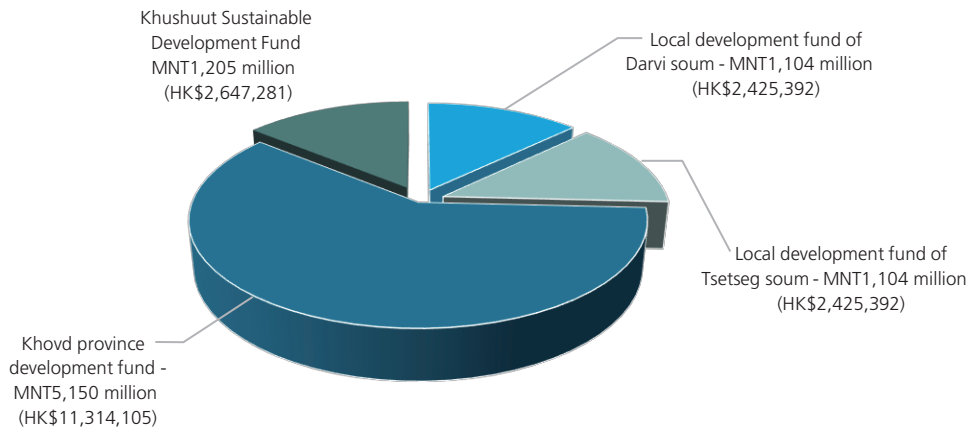
Contributions to the local development funds

MoEnCo makes annual cash contributions to the local development funds of the Khovd Provincial Government in accordance with the Cooperation Agreement. These contributions support: (i) the Khovd Provincial Development Fund; (ii) the Local Development Fund of Tsesteg soum; and (iii) the Local Development Fund of Darvi soum. The allocation of these funds, including project lists, annual plans, and implementation reports, is approved by the Khovd Citizens' Khural (provincial assembly) and the respective soum Khurals. For the year ended 31 December, 2025, MoEnCo transferred approximately MNT8.56 billion (approximately HK$18,812,173) to these funds.

	2021	2022	2023	2024	2025
MoEnCo's contribution to the local development funds of Khovd	MNT2,034 million (HK$5.41 million)	MNT6.7 billion (HK$17.18 million)	MNT7.7 billion (HK$17.77 million)	MNT10.8 billion (HK$24.73 million)	MNT8.563 billion (HK$18.81 million)

In November 2025, the mutually beneficial cooperation between MoEnCo and the Khovd Provincial Government reached a new level with the establishment of the Khushuut Sustainable Development Fund. The fund operates as a non profit, non governmental organization with a Board comprising five representatives from the Khovd Government and four from MoEnCo. For MoEnCo, the fund serves as an important channel to strengthen ties with local communities, demonstrate social responsibility, and support local projects, initiatives, and job creation. As of the year ended 31 December, 2025, the Khushuut Sustainable Development Fund had received more than MNT1.2 billion (approximately HK$2,636,297) from MoEnCo.

MoEnCo's funding to the Khushuut development funds



MoEnCo's contributions to local development funds between 2017 and 2023 supported nearly 400 projects across 12 soums of the Khovd Province. These projects included construction, installation, maintenance, repairs, and equipment procurement for public buildings such as soum schools, hospitals, nursing centres, kindergartens, and the Development Center for People with Disabilities. Funding also supported repairs and upgrades to local urban infrastructure, including electricity plants, clean water supply and sewage networks, irrigation systems, community wells, waste management and landfill facilities, town lighting, and bridges. Additional support was provided for cultural, sports, youth, and community events, as well as research and development for future public investments.

The Board of the newly established Khushuut Sustainable Development Fund has approved support in 2026 for projects and events primarily in neighbouring soums, with a focus on promoting the intellectual development of rural children and youth, and preserving traditional arts, sports, and culture. Funding has also been approved for the purchase of eye surgery equipment and other medical devices for the Western Regional Diagnostic and Treatment Center in the provincial center.

Donations and in-kind services

During the Financial Year, MoEnCo continued to promote local development through donations, free coal distribution, and a wide range of in-kind services. Key areas of support included:

- **Medical services for local communities:** MoEnCo's health center provides free outpatient medical care and emergency services for residents of three nearby soums. During the calendar year 2025, our medical team treated 50 local patients and mine camp visitors at no charge.

- **Stewardship of cultural heritage:** Khovd Province is rich in archaeological heritage. Under the Law on Protection of Cultural Heritage and the Minerals Law, corporate land users must safeguard historical monuments within their licensed areas. A total of 114 natural and cultural monuments are registered within the territories associated with the Khushuut mine and road in Darvi and Tsetseg soums. MoEnCo protects these remote burial sites, ruins, and monuments through conservation works, registry maintenance, and installation of direction signs, safety warnings, and information boards. During the calendar year 2025, we carried out maintenance at four cultural sites and updated their registry in our database.

- **MoEnCo scholarships:** MoEnCo has provided scholarships to students from Khovd to study at Mongolian universities and at the Khovd Vocational Training and Production Center since 2022. Some graduates have finished their studies and returned to Khovd to begin their professional careers at Khushuut. The total number of Khovd students supported by MoEnCo has now reached 227.

- **MoEnCo internships:** In summer 2025, MoEnCo hosted seven mining and geological engineering students from the Western Regional School of the Mongolian National University in an internship program. Interns applied theoretical knowledge to real-world operations in mine planning, surveying, safety compliance, data analysis, and equipment maintenance, while building industry connections through direct engagement with our production teams. MoEnCo covered all travel and living expenses of the interns.

- **Donations beyond development fund contributions:** MoEnCo provides additional donations to support local communities during emergencies caused by severe weather or medical conditions. For example, we made regular donations of animal feed to herders and families of mine-site workers during harsh winters or spring droughts, supported community emergency-preparedness efforts, and offered gifts and free coal vouchers to local seniors and MoEnCo retirees.

- **Environmental support and degraded-land restoration:** In September 2025, MoEnCo funded the Khovd Environmental Office to conduct a province-wide inventory of degraded lands. The Office completed the assessment in 2023, identifying 690 hectares of degraded land across 47 locations, largely affected by illegal or informal artisanal mining. MoEnCo has reclaimed such land parcels annually and is continuously planning to restore degraded lands outside our licensed areas.

- **Support for small- and medium-sized enterprises:** MoEnCo and the Khovd Governor's Office jointly select and support local small- and medium-sized enterprises by providing seed funding for their expansion. During the calendar year 2025, the joint committee selected (i) a cooperative from Must soum producing authentic cashmere and wool garments, and ii) an agricultural company in Jargalant soum producing novelty products from local berries, trees, and vegetables. MoEnCo and all funding recipients enter into three-year mutual-support agreements.

- **Support for public safety:** In January 2024, MoEnCo donated a van with enhanced cross-country capability and additional equipment to the Crime Prevention Council of the Bulgan soum Police Department. The van is used to ensure traffic safety along the 311-km coal-transportation road and its rest areas. MoEnCo will continue working with the Council to establish traffic-patrol posts along the Khushuut road.

- **Community engagement and hosting visitors:** MoEnCo regularly participates in community events and hosts visitors from various backgrounds. Between 2022 and 2025, the Khushuut camp hosted over 1,000 visitors, including Members of the Parliament, provincial officials, government and NGO representatives, local citizens, students, and media. Visitors toured the site, reviewed operations, conducted assessments, provided recommendations, and organised events and training.

- **Free and discounted coal distribution:** MoEnCo distributes free or significantly discounted coal to support local communities, businesses, and government requests during harsh winters or urgent events. Our free and discounted coal distribution reaches six soums (Tsetseg, Darvi, Jargalant, Bulgan, Altai, Uyench). Considering the exceptionally long and harsh 2023-2024 winter in Mongolia, MoEnCo distributed 2-4 tonnes of coal to every household of Khovd depending on the proximity of a soum to the Khushuut mine. This initiative was carried out through the administrations of all 17 soums in Khovd.

MoEnCo's free and discounted coal distribution

	2023	2024	2025
Tonnes of coal distributed free of charge	30,819	14,320	100
Tonnes of discounted coal sold	80,394	82,197	82,346
No. of local households, social organizations or companies which received discounted coal	2,559	6,474	14,034

To continue supporting education in Qinghe County, the Group's Xinjiang plant carried on its scholarship and financial-aid programme in 2025 with largely unchanged arrangements. Awards were granted to students ranking among the top 10 in their respective grades when progressing from Grade 10 to 11, Grade 11 to 12, and Grade 12 to the national college entrance examination. Financial assistance was also provided to first- and second-year undergraduates from low-income families who were admitted to universities within Xinjiang. In 2025, a total of 66 students received scholarships from the Group amounting to RMB 270,000.

During the Financial Year, the Hong Kong head office supported Hong Kong Children in Need by sponsoring HK$500,000 for the development of its 2025-2026 STEAM curriculum. In addition to strengthening science, technology, engineering, arts, and mathematics learning for under-resourced children, the programme incorporates themes on environmental protection and sustainability aligned with the United Nations Sustainable Development Goals, introduces core ESG concepts, and explores how artificial intelligence can be applied to enhance environmental sustainability. Through this sponsorship, the Group helps broaden students' access to future-ready knowledge, reduce educational inequality, and inspire young learners to develop creativity, problem-solving skills, and a deeper awareness of environmental responsibility.

CONTENT INDEX OF THE ESG CODE OF THE STOCK EXCHANGE



CONTENT INDEX OF THE ESG CODE OF THE STOCK EXCHANGE (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	• Environmental Policy and Management • Environmental Performance Reporting • Environmental Audits • Air Quality Monitoring • Dust Reduction • Vehicle Emissions Control • Integrated Waste and Sewage Management • Soil Quality Monitoring • Rehabilitation of Mine Disturbed Areas • Chemicals Handling and Assurance of Coal Quality
KPI A1.1	The types of emissions and respective emissions data	• Air Quality Monitoring • Dust Reduction
KPI A1.2	Replaced by Climate-related Disclosures	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	• Integrated Waste and Sewage Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	• Integrated Waste and Sewage Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	• Metrics and Targets • Air Quality Monitoring • Dust Reduction • Vehicle Emissions Control • Integrated Waste and Sewage Management • Rehabilitation of Mine Disturbed Areas
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	• Integrated Waste and Sewage Management

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	• Energy consumption • Water Management and Quality Monitoring
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	• Energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	• Water Management and Quality Monitoring
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	• Energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	• Water Management and Quality Monitoring
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	• Not applicable to the Group
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	• Water Management and Quality Monitoring • Soil Quality Monitoring • Rehabilitation of Mine Disturbed Areas • Corresponding Protection Program
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Water Management and Quality Monitoring • Soil Quality Monitoring • Rehabilitation of Mine Disturbed Areas • Corresponding Protection Program
Aspect A4: Climate Change		
General Disclosure	Replaced by Climate-related Disclosures	
KPI A4.1	Replaced by Climate-related Disclosures	

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	• Employment Practice, Welfare and Benefits • Occupational Safety
KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region	• Employment Practice, Welfare and Benefits
KPI B1.2	Employee turnover rate by gender, age group and geographical region	• Employment Practice, Welfare and Benefits
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	• Occupational Safety • Emergency Response and Readiness • Noise Control and Reduction Measures • Medical Care for Our Workers and the Community • Chemicals Handling and Assurance of Coal Quality • Sanitary Standards at the Camp
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• Occupational Safety
KPI B2.2	Lost days due to work injury	• Occupational Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	• Occupational Safety • Emergency Response and Readiness • Noise Control and Reduction Measures • Medical Care for Our Workers and the Community • Chemicals Handling and Assurance of Coal Quality • Sanitary Standards at the Camp

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	• Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category	• Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• Employment Practice, Welfare and Benefits
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	• Employment Practice, Welfare and Benefits
KPI B4.2	Description of steps taken to eliminate such practices when discovered	• Employment Practice, Welfare and Benefits
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	• Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	• Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• Supply Chain Management

CONTENT INDEX OF THE ESG CODE OF THE STOCK EXCHANGE (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• Product Responsibility • Chemicals Handling and Coal Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	• Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	• Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures	• Product Responsibility • Chemicals Handling and Coal Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	• Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	• Anti-Corruption

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• Corresponding Protection Program • Investment and Contribution to the Community and Economy • Emergency Response and Readiness • Medical Care for Our Workers and the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• Corresponding Protection Program • Investment and Contribution to the Community and Economy • Emergency Response and Readiness • Medical Care for Our Workers and the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	• Corresponding Protection Program • Investment and Contribution to the Community and Economy • Emergency Response and Readiness • Medical Care for Our Workers and the Community

Subject Areas, Aspects, General Disclosures	Section/Statement
Climate Related Disclosures	
Governance	• Governance
Climate Governance • Board oversight of climate risks and opportunities • Board committees involved • Management's climate responsibilities • Reporting lines	• Governance • ESG Governance Structure
Strategy	• Strategy
Climate Risks and Opportunities • Physical risks • Transition risks • Climate opportunities	• Time Horizon • Managing climate-related risks and opportunities • Physical risks, transition risks and opportunities

CONTENT INDEX OF THE ESG CODE OF THE STOCK EXCHANGE (CONTINUED)

Subject Areas, Aspects, General Disclosures	Section/Statement
Business Impact Assessment • Business model • Operations • Financial position • Cash flows • Strategy	• Effect on business model and value chain • Our adaptation and mitigation plans • Our long-term transition plan • Current and anticipated financial effect
Climate Resilience • Scenario analysis performed • Assumptions used • Findings and resilience assessment	• Climate resilience and scenario analysis
Risk Management	• Risk Management
Climate Risk Processes • Climate risk identification process • Assessment methodology • Prioritization process • Monitoring procedures	• Risk management framework
Metrics and Targets	• Metrics and Targets
GHG Metrics • Scope 1 emissions • Scope 2 emissions • Scope 3 emissions • Emission intensity metrics	• Greenhouse gas emission • Measures to reduce GHG emissions
Climate Targets • Net-zero commitments • Emission reduction targets • Transition plans • Progress against targets	• Climate-related targets
Internal Carbon Pricing • Carbon price methodology • Application in decision-making	• Cross-industry and industry-based metrics
Capital Deployment • Climate-related capex • Industry-based metrics • Green investments • Decarbonisation spending	• Cross-industry and industry-based metrics

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