



赤峰吉隆黃金礦業股份有限公司 Chifeng Jilong Gold Mining Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6693

GLOBAL OFFERING

Volume 1



Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



This Prospectus is printed in three parts that together form the Prospectus. You should read each part of the Prospectus in conjunction with the other parts in order to understand the matters to which the Prospectus relates, including, without limitation, the Hong Kong Public Offering and the International Offering. Prospective investors should read each part of the Prospectus before making any application in response to the Hong Kong Public Offering. We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at cfgold.com. You may download and print from these website addresses if you want a printed copy of this Prospectus.

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.



Chifeng Jilong Gold Mining Co., Ltd. 赤峰吉隆黄金矿业股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 205,652,000 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 20,565,200 H Shares (subject to reallocation and the Offer Size Adjustment Option)
Number of International Offer Shares	: 185,086,800 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
Maximum Offer Price	: HK\$15.83 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock Code	: 6693

Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



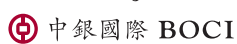
Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



First Shanghai

Joint Lead Managers

Futu Securities

Livermore Holdings

SWHY(HK)

Victory Securities

Star River

Tiger Brokers

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or before Thursday, March 6, 2025 and, in any event, not later than 12:00 noon on Thursday, March 6, 2025. The Offer Price will not be more than HK\$15.83 per H Share and is expected to be not less than HK\$13.72 per H Share, unless otherwise announced.

The Overall Coordinators (for itself and on behalf of the Underwriters), may, with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below as stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at cfgold.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For more details, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated business. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed "Risk Factors", "Summary of Principal Legal and Regulatory Provisions" in Appendix V and "Summary of Articles of Association" in Appendix VI to this Prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold in the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws. The Offer Shares may only be offered, sold or delivered outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering pursuant to Rule 12.11 of the Hong Kong Listing Rules. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at cfgold.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

February 28, 2025

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at cfgold.com. You may download and print from these website addresses if you want a printed copy of this Prospectus.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses stated above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this Prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 200 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
200	3,197.93	4,000	63,958.58	60,000	959,378.72	2,000,000	31,979,291.10
400	6,395.86	5,000	79,948.23	70,000	1,119,275.19	2,500,000	39,974,113.88
600	9,593.79	6,000	95,937.87	80,000	1,279,171.64	3,000,000	47,968,936.66
800	12,791.72	7,000	111,927.52	90,000	1,439,068.11	3,500,000	55,963,759.43
1,000	15,989.64	8,000	127,917.17	100,000	1,598,964.55	4,000,000	63,958,582.20
1,200	19,187.57	9,000	143,906.81	200,000	3,197,929.11	4,500,000	71,953,404.98
1,400	22,385.50	10,000	159,896.45	300,000	4,796,893.66	5,000,000	79,948,227.76
1,600	25,583.43	20,000	319,792.91	400,000	6,395,858.22	6,000,000	95,937,873.30
1,800	28,781.36	30,000	479,689.36	500,000	7,994,822.78	7,000,000	111,927,518.86
2,000	31,979.29	40,000	639,585.83	1,000,000	15,989,645.56	8,000,000	127,917,164.40
3,000	47,968.93	50,000	799,482.28	1,500,000	23,984,468.33	10,282,600 ⁽¹⁾	164,415,129.34

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our website at cfgold.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Friday,
February 28, 2025

Latest time to complete electronic applications under
White Form eIPO service through the designated
website at www.eipo.com.hk⁽²⁾ 11:30 a.m. on Wednesday,
March 5, 2025

Application lists for the Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on Wednesday,
March 5, 2025

Latest time to complete payment of **White Form eIPO**
applications by effecting internet banking
transfer(s) or PPS payment transfer(s) and giving
electronic application instructions to HKSCC⁽⁴⁾ 12:00 noon on Wednesday,
March 5, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the earliest and latest time as stated above, as this may vary by **broker** or **custodian**.

Application lists for the Hong Kong Public Offering close⁽³⁾ . . . 12:00 noon on Wednesday,
March 5, 2025

Expected Price Determination Date⁽⁵⁾ Thursday,
March 6, 2025

Announcement of the final Offer Price, the level of indications
of interest in the International Offering, the level of
applications in the Hong Kong Public Offering and the
basis of allocation of the Hong Kong Offer Shares under
the Hong Kong Public Offering to be published and on
the website of the Stock Exchange at www.hkexnews.hk
and our website at cfgold.com⁽⁶⁾ at or before⁽⁷⁾ 11:00 p.m. on Friday,
March 7, 2025

EXPECTED TIMETABLE⁽¹⁾

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **cfgold.com** and **www.hkexnews.hk**, respectively at or before 11:00 p.m. on Friday, March 7, 2025
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) from 11:00 p.m. on Friday, March 7, 2025 12:00 midnight on Thursday, March 13, 2025
- from the allocation results telephone enquiry by calling 2862 8555 between 9:00 a.m. and 6:00 p.m. on Monday, March 10, 2025
Tuesday, March 11, 2025
Wednesday, March 12, 2025 and
Thursday, March 13, 2025

H Share certificates in respect of wholly or partially successful applications under the Hong Kong Public Offering to be dispatched or deposited into CCASS on or before⁽⁸⁾ Friday, March 7, 2025

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications under the Hong Kong Public Offering to be dispatched/collected on or before⁽⁹⁾ Monday, March 10, 2025

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on Monday, March 10, 2025.

The application for the Hong Kong Offer Shares will commence on Friday, February 28, 2025 through Wednesday, March 5, 2025. The application monies (including brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of us and the refund monies, if any, will be returned to the applicant(s) without interest on Monday, March 10, 2025. Investors should be aware that the dealings in H Shares on the Stock Exchange are expected to commence on Monday, March 10, 2025.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, we will make an announcement as soon as practicable thereafter.

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All times and dates refer to Hong Kong times and dates.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 5, 2025, the application lists will not open on that day. For further details, please see the section headed “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements — 1. The Opening and Closing of the Application Lists”.
- (4) Applicants who apply for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels”.
- (5) The Price Determination Date is expected to be on or before Thursday, March 6, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for itself and on behalf of the Underwriters) and our Company on or before 12:00 noon on Thursday, March 6, 2025, the Global Offering will not proceed and will lapse.
- (6) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (7) None of the websites or any of the information contained on the websites forms part of this Prospectus.
- (8) White Form e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form e-Refund** payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

H Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies”.

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This Prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not included in this Prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Joint Global Coordinator, the Joint Bookrunner, the Joint Lead Manager, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering. Information contained on our website cfgold.com does not form part of this Prospectus.

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SUMMARY

This summary aims at giving you an overview of the information contained in this Prospectus and should be read in conjunction with the full text of this Prospectus. As the following is only a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this Prospectus.

OVERVIEW

We are principally engaged in the mining, processing, and sales of gold. As of the Latest Practicable Date, we owned and operated seven gold and polymetallic mines across the world, including China, Southeast Asia, and West Africa. According to Frost & Sullivan:

- we experienced the fastest growth among major gold producers in China. From 2021 to 2023, our gold production achieved a CAGR of 33.1%, which was higher than the 16.4% average growth rate of major gold producers in China;
- we ranked fifth among gold producers in China in terms of gold Resources, with gold Resources of 12.5 million oz as of September 30, 2024, and we ranked fifth among gold producers in China in terms of gold production, with gold production of 461.5 koz in 2023;
- our operational efficiency enhancement surpassed the worldwide industry average and we positioned lower in terms of gold all-in sustaining costs (“AISC”) than that of the global average. For the year ended December 31, 2023, our gold AISC stood at only US\$1,179.1 per ounce, placing us in the first quartile in the worldwide gold mining industry, while the global average for the same period was approximately US\$1,348.5, which is 14.4% higher than ours. In 2023, we beat the global trend of increased costs, as we reduced our gold AISC by 12.0%, whereas the average AISC for international gold producers increased by 7.2% during the same period; and
- among gold producers in China, we had the greatest overseas presence in terms of both total assets and revenue contribution derived from business activities outside of the PRC as of December 31, 2023 and in 2023, respectively. In 2023, approximately 76.9% of our total gold production and 71.9% of our total revenue was generated from our overseas business. As of September 30, 2024, approximately 65.2% of our total assets were contributed by our overseas business.

SUMMARY

We conducted our gold production business primarily through six gold mines, including: (i) four mines in the PRC, namely the Jilong Gold Mine, Wulong Gold Mine, Jintai Gold Mine and Huatai Gold Mine; (ii) one mine in Laos, namely the Sepon Gold and Copper Mine; and (iii) one mine in Ghana, namely the Wassa Gold Mine. Furthermore, we operate one polymetallic mine in Jilin Province, China, namely the Hanfeng Polymetallic Mine, the principal products of which are zinc, lead, copper and molybdenum concentrate powder. Also, we are planning to develop rare earth Resources in Laos. In addition to our mining business, we have a resource recycling business, where we recycle waste electronic products and electrical appliances.

As of the Latest Practicable Date, we held a total of 12 valid mining licenses in the PRC, including (i) one mining license for Wulong Mining, (ii) two mining licenses for Jilong Mining, (iii) six mining licenses for Huatai Mining, (iv) one mining license for Jintai Mining, and (v) two mining licenses for Hanfeng Mining. In addition, as of the Latest Practicable Date, we held 5 valid exploration permits in the PRC, including (i) one exploration permit for Jilong Mining, (ii) two exploration permits for Wulong Mining, (iii) one exploration permit for Jintai Mining, and (iv) one exploration permit for Hanfeng Mining. Moreover, as of the Latest Practicable Date, we held one valid mining license and one valid exploration permit in Laos. In addition, as of the Latest Practicable Date, we held two valid mining licenses and three valid exploration permits in Ghana for GSWL, with one mining license having been renewed by the Ministry of Lands and Natural Resources and in the process of being ratified by Parliament. It is stipulated in the subsection 44(4) of the Mining Act of Ghana that if a holder of a mining lease has made an application for extension of the term, the lease shall continue in force in respect of the subject of the application before the outcome of the application is determined. As advised by our Ghana Legal Advisor, this means the lessee is able to continue its ongoing mining operations under the old lease before the new lease is ratified by the Parliament. For details, see “Business — Our Gold Production Business in Ghana — Mining Licenses and Exploration Permits.”

We have high visibility and certainties in our production expansion plans for our gold mines and aim to achieve Resources and Reserve enhancement through exploration activities as set out below:

- in terms of our overseas gold assets, we are accelerating the construction of the open-pit and underground mining projects of the Sepon Gold and Copper Mine, which is expected to increase the annual underground mining capacity to 806,000 tonnes by 2025 from the current capacity of 536,000 tonnes. We plan to also commence copper production in 2025 at Khanong area of Sepon Gold and Copper Mine, which has over 6,000,000 tonnes of copper ore, and over 57,000 tonnes of copper metal contained according to the resource model. Meanwhile, we are accelerating modelling and study of exploration prospects of Discovery West Deeps and Phavat North of the Sepon Gold and Copper Mine with open-pit and underground mining potentials. The annual underground mining capacity is

SUMMARY

expected to be further increased after 2026 and 2027. A high-level resource range assessment of Discovery West Deeps and Phavat North prospects estimated a total tonnage of 5,000,000 tonnes, with an average Au grade of 3.5g/t of gold resources expected to be added.

- in terms of our domestic gold assets, we have been undergoing several rounds of technological transformation and we are still working on several technological improvement projects. We have also initiated an expansion project at Jilong Mining to increase its annual mining capacity to approximately 300,000 tonnes by the end of 2025.

Plan for Exploration and Development of Rare Earth Resources

Apart from our core gold business, our planned exploration and development of rare earth resources in Laos also create new growth opportunities. Anomalies in rare earth elements were discovered at the Sepon Gold and Copper Mine during exploration in early 2021. Following further studies, according to SRK report, as of September 30, 2024, the Mineral Resources for rare earth oxides are estimated to be about, 26.78 million tonnes of Indicated Mineral Resource with an average grade of 383.75 g/t TREO, equivalent to 10.28 thousand tonnes of total rare earth oxides within the Project area, and 63.79 million tonnes of Inferred Mineral Resource with an average grade of 339.22 g/t TREO, equivalent to 21.64 thousand tonnes of total rare earth oxides within the Project area. In October 2022, together with Xiamen Tungsten we established a joint venture, Chijin Xiawu, where we hold a 51% equity interest. Chijin Xiawu focuses on the development of rare earth Resources in Laos. The collaboration with Xiamen Tungsten is expected to improve our competitiveness in the development of rare earth and generate new growth opportunities for our business. Our subsidiaries' applications for licenses or permits for rare earth exploration or mining right in Laos submitted to the relevant governmental authorities are currently put on hold by the relevant governmental authorities, as the Laos government has suspended review of all rare earth pilot project applications. Please refer to "Business — Our Rare Earth Business in Laos" for more details.

COMPETITIVE STRENGTHS

We believe that our leading market position is underpinned by the following competitive strengths:

- the largest non-state owned gold producer with leading growth in gold production and revenue in China, possessing robust market prospects;
- overseas experience and global recognition with proven track record in identifying synergetic acquisition targets, executing transactions and integrating global operations;

SUMMARY

- continuously improving on the cost curve to enhance efficiency through technological upgrade and to drive profitability;
- distinctive “Mutual Prosperity and Development” corporate culture and effective incentive programs continuously motivate the management and employees to boost continuous growth;
- a strong social responsibility and solid commitment to promoting green and sustainable development with high ESG standards; and
- seasoned and dedicated management team with deep expertise in the gold industry and proven track record in mine operations locally and globally.

Please see “Business — Competitive Strengths” for further details of our competitive strengths.

BUSINESS STRATEGIES

We intend to implement the following business strategies to achieve our goal:

- continue to increase Reserves through exploration activities and expand production volume at existing mines to realize our full growth potential;
- continue to obtain Resources and Reserves and increase production volume through domestic and overseas acquisitions of high-quality gold assets for robust and sustainable growth;
- continue to improve productivity, reduce cost and enhance profitability;
- adhere to our culture of “Mutual Prosperity and Development” to ensure strong motivation for the management team and employees; and
- continue to improve our ESG governance and enhance our standards of environmental protection, safety, social responsibility and corporate governance.

Please see “Business — Business Strategies” for further details of our business strategies.

SUMMARY

MINERAL RESOURCES AND RESERVES

Our Mineral Resources and Ore Reserves in China

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our gold Resources in the PRC as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine . .	Measured	—	—	—	—
	Indicated	1,261	8.17	332	10.30
	Inferred	1,738	7.21	402	12.53
	Total	2,999	7.61	734	22.83
Jilong Gold Mine . . .	Measured	484	12.19	190	5.90
	Indicated	424	9.25	126	3.92
	Inferred	508	9.24	151	4.70
	Total	1,415	10.25	467	14.51
Huatai Gold Mine . .	Measured	385	5.88	73	2.27
	Indicated	2,146	7.27	502	15.60
	Inferred	1,281	6.90	284	8.83
	Total	3,812	7.01	859	26.71
Jintai Gold Mine . . .	Measured	3,363	1.68	181	5.64
	Indicated	4,604	1.02	151	4.70
	Inferred	2,699	1.29	112	3.49
	Total	10,666	1.30	444	13.82
Total					
consolidated	Measured	4,232	3.26	444	13.80
	Indicated	8,435	4.09	1,110	34.52
	Inferred	6,226	4.75	949	29.55
	Total	18,893	4.12	2,503	77.87

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

SUMMARY

As of September 30, 2024, the Mineral Resources for Wulong Gold Mine are estimated to be about 2,999 thousand tonnes with an average Au grade of 7.61 g/t, including approximately 1,261 thousand tonnes of Indicated Mineral Resources with an average Au grade of 8.17 g/t, and 1,738 thousand tonnes of Inferred Mineral Resources with an average Au grade of 7.21 g/t. The Mineral Resources for Jilong Gold Mine are estimated to be about 1,415 thousand tonnes with an average Au grade of 10.25 g/t, including approximately 484 thousand tonnes of Measured Mineral Resources with an average Au grade of 12.19 g/t, 424 thousand tonnes of Indicated Mineral Resources with an average Au grade of 9.25 g/t, 508 thousand tonnes of Inferred Mineral Resources with an average Au grade of 9.24 g/t. The Mineral Resources for Huatai Gold Mine are estimated to be about 3,812 thousand tonnes with an average Au grade of 7.01 g/t, including approximately 385 thousand tonnes of Measured Mineral Resources with an average Au grade of 5.88g/t, 2,146 thousand tonnes of Indicated Mineral Resources with an average Au grade of 7.27 g/t, 1,281 thousand tonnes of Inferred Mineral Resources with an average Au grade of 6.90 g/t. The Mineral Resources for Jintai Gold Mine are estimated to be about 10,666 thousand tonnes with an average Au grade of 1.30 g/t, including approximately 3,363 thousand tonnes of Measured Mineral Resources with an average Au grade of 1.68 g/t, 4,604 thousand tonnes of Indicated Mineral Resources with an average Au grade of 1.02 g/t, 2,699 thousand tonnes of Inferred Mineral Resources with an average Au grade of 1.29 g/t.

As of September 30, 2024, the Mineral Resources for our PRC Mines are estimated to be about 18,893 thousand tonnes with an average Au grade of 4.12 g/t, including approximately 4,232 thousand tonnes of Measured Mineral Resources with an average Au grade of 3.26 g/t, 8,435 thousand tonnes of Indicated Mineral Resources with an average Au grade of 4.09 g/t, 6,226 thousand tonnes of Inferred Mineral Resources with an average Au grade of 4.75 g/t.

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our gold Reserves in the PRC as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine . .	Proved	—	—	—	—
	Probable	984	7.30	231	7.19
	Total	984	7.30	231	7.19
Jilong Gold Mine . . .	Proved	510	9.81	161	5.00
	Probable	409	7.38	97	3.02
	Total	919	8.73	258	8.02
Huatai Gold Mine . .	Proved	226	5.21	38	1.18
	Probable	1,468	6.35	300	9.32
	Total	1,694	6.20	338	10.50

SUMMARY

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Jintai Gold Mine . . .	Proved	—	—	—	—
	Probable	1,370	0.75	33	1.03
	Total	1,370	0.75	33	1.03
Total					
consolidated	Proved	736	8.40	199	6.18
	Probable	4,231	4.86	661	20.55
	Total	4,967	5.38	860	26.73

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Probable Ore Reserves for Wulong Gold Mine are about 984 thousand tonnes with an average Au grade of 7.30 g/t. The Ore Reserves for Jinlong Gold Mine are about 919 thousand tonnes with an average Au grade of 8.73 g/t, of which 510 thousand tonnes are Proved Ore Reserves with an average Au grade of 9.81 g/t, and 409 thousand tonnes are Probable Ore Reserves with an average Au grade of 7.38 g/t. The Ore Reserves for Huatai Gold Mine are about 1,694 thousand tonnes with an average Au grade of 6.20 g/t, of which 226 thousand tonnes are Proved Ore Reserves with an average Au grade of 5.21 g/t, and 1,468 thousand tonnes are Probable Ore Reserves with an average Au grade of 6.35 g/t. The Probable Ore Reserves for Jintai Gold Mine are about 1,370 thousand tonnes with an average Au grade of 0.75 g/t.

As of September 30, 2024, the Ore Reserves for PRC Mines are about 4,967 thousand tonnes with an average Au grade of 5.38 g/t, of which 736 thousand tonnes are Proved Ore Reserves with an average Au grade of 8.40 g/t, and 4,231 thousand tonnes are Probable Ore Reserves with an average Au grade of 4.86 g/t.

Our Mineral Resources and Ore Reserves in Laos and Ghana

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our gold Resources in Laos and Ghana as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Sepoon Gold and	Measured	276	7.98	71	2.21
Copper Mine –	Indicated	7,220	4.13	958	29.80
Gold	Inferred	6,002	3.67	707	22.00
	Total	13,498	4.00	1,736	54.01

SUMMARY

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (koz)	Au Metal Contained (t)
Wassa Gold Mine . .	Measured	6,754	2.97	646	20.08
	Indicated	9,984	3.13	1,004	31.24
	Inferred	60,893	3.38	6,609	205.53
	Total	77,631	3.31	8,258	256.85
Total consolidated .	Measured	7,031	3.17	717	22.29
	Indicated	17,203	3.55	1,962	61.03
	Inferred	66,895	3.40	7,316	227.54
	Total	91,129	3.41	9,995	310.86

Notes:

1. As to the Sepon Gold and Copper Mine and Wassa Gold Mine, the Mineral Resources include the resources from open-pit, underground and stockpile.
2. Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Mineral Resources for Sepon Gold and Copper Mine are estimated to be about 13,498 thousand tonnes with an average Au grade of 4.00 g/t, including approximately 276 thousand tonnes of Measured Mineral Resources with an average Au grade of 7.98 g/t, 7,220 thousand tonnes of Indicated Mineral Resources with an average Au grade of 4.13g/t, 6,002 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.67 g/t. The Mineral Resources for Wassa Gold Mine are estimated to be about 77,631 thousand tonnes with an average Au grade of 3.31 g/t, including approximately 6,754 thousand tonnes of Measured Mineral Resources with an average Au grade of 2.97 g/t, 9,984 thousand tonnes of Indicated Mineral Resources with an average Au grade of 3.13g/t, 60,893 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.38 g/t.

As of September 30, 2024, the Mineral Resources for our overseas mines are estimated to be about 91,129 thousand tonnes with an average Au grade of 3.41 g/t, including approximately 7,031 thousand tonnes of Measured Mineral Resources with an average Au grade of 3.17 g/t, 17,203 thousand tonnes of Indicated Mineral Resources with an average Au grade of 3.55 g/t, 66,895 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.40 g/t.

SUMMARY

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our gold Reserves in Laos and Ghana as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Sepon Gold and	Proved	268	4.70	41	1.26
Copper Mine –	Probable	7,628	3.05	749	23.30
Gold	Total	7,896	3.11	790	24.56
Wassa Gold Mine. . .	Proved	3,521	2.14	242	7.53
	Probable	5,291	2.12	360	11.19
	Stockpile	30	1.33	1.27	0.04
	Total	8,842	2.12	603	18.76
Total consolidated .	Proved	3,790	2.32	283	8.79
	Probable	12,918	2.67	1,109	34.49
	Stockpile	30	1.33	1.27	0.04
	Total	16,738	2.59	1,393	43.32

Notes:

1. As to the Sepon Gold and Copper Mine and Wassa Gold Mine, the Ore Reserves include the ore from open pit, underground and stockpile.
2. Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Ore Reserves for Sepon Gold and Copper Mine are about 7,896 thousand tonnes with an average Au grade of 3.11 g/t, of which 268 thousand tonnes are Proved Ore Reserves with an average Au grade of 4.70 g/t, and 7,628 thousand tonnes are Probable Ore Reserves with an average Au grade of 3.05 g/t. The Ore Reserves for Wassa Gold Mine are about 8,842 thousand tonnes with an average Au grade of 2.12 g/t, of which 3,521 thousand tonnes are Proved Ore Reserves with an average Au grade of 2.14 g/t, 5,291 thousand tonnes are Probable Ore Reserves with an average Au grade of 2.12 g/t, and 30 thousand tonnes are Stockpile with an average Au grade of 1.33 g/t.

As of September 30, 2024, the Ore Reserves for our overseas mines are about 16,738 thousand tonnes with an average Au grade of 2.59 g/t, of which 3,790 thousand tonnes are Proved Ore Reserves with an average Au grade of 2.32 g/t, 12,918 thousand tonnes are Probable Ore Reserves with an average Au grade of 2.67 g/t, and 30 thousand tonnes are Stockpile with an average Au grade of 1.33 g/t.

SUMMARY

Our Other Mineral Resources and Ore Reserves in the PRC

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our non-ferrous metal Resources in the PRC conducted through our subsidiary, Hanfeng Mining, which owned two mining areas, namely the Lishan Mining Area and the Dongfeng Mining Area, as of September 30, 2024:

Category	Lishan Mining Area							Dongfeng Mining Area		
	Tonnage	Zn Grade	Zn Metal Contained	Cu Grade	Cu Metal Contained	Pb Grade	Pb Metal Contained	Tonnage	Mo Grade	Mo Metal Contained
	(kt)	%	(kt)	%	(kt)	%	(kt)	(kt)	%	(kt)
Measured	752	2.36	18	—	—	0.12	1	1,819	0.11	2
Indicated	8,583	2.66	229	0.07	6	0.12	10	26,495	0.12	32
Inferred	10,616	2.90	308	0.09	10	0.13	14	37,053	0.12	45
Total	19,951	2.78	554	0.08	16	0.13	25	65,367	0.12	79

Notes:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.
- It should be noted that only the Lishan Lower Part (Stage 1) is included in the Ore Reserves, as there are insufficient technical studies regarding the Lishan Lower Part (Stage 2) and the Dongfeng Lower Part.

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our non-ferrous metal Reserves in the PRC conducted through our subsidiary, Hanfeng Mining, which owned two mining areas, namely the Lishan Mining Area and the Dongfeng Mining Area, as of September 30, 2024:

Category	Lishan Mining Area		
	Tonnage	Zn Grade	Zn Metal Contained
	(kt)	(%)	(kt)
Proved	390	2.26	9
Probable	2,920	2.47	72
Total	3,310	2.45	81

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

SUMMARY

Our Mineral Resources and Ore Reserves in Laos

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our copper Resources in Laos conducted at LXML, as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Cu Grade	Cu Metal Contained
		(kt)	(%)	(kt)
Sepon Gold and Copper	Measured	—	—	—
Mine – Copper	Indicated	4,416	1.45	64
	Inferred	2,078	0.98	20
	Total	6,493	1.30	85

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

The following table, which is based on the Competent Person's Report prepared in accordance with the JORC Code, sets forth the information of our copper Reserves in Laos conducted at LXML, as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Cu Grade	Cu Metal Contained
		(kt)	(%)	(kt)
Sepon Gold and Copper	Proved	—	—	—
Mine – Copper	Probable	1,185	0.93	11.05
	Total	1,185	0.93	11.05

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

SUMMARY

Our Gold Production Volume

The following table sets forth our ore mined volume, ore processed volume and mine production volume in relation to our gold mining businesses for the periods indicated:

	Year Ended December 31,										Nine Months Ended September 30,									
	2021					2022					2023					2024				
	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate
	(kt)	(kt)	(koz)	(kt/da)		(kt)	(kt)	(koz)	(kt/da)		(kt)	(kt)	(koz)	(kt/da)		(kt)	(kt)	(koz)	(kt/da)	
Wulong Gold Mine ⁶	333	383	28.0	400	96%	389	423	43.8	1,000	42%	577	578	59.2	1,000	58%	444	441	40.3	750	53%
Jilong Gold Mine ^{1, 6}	138	146	34.3	120	122%	153	156	29.5	120	130%	155	155	44.7	120	129%	110	112	31.2	90	124%
Huatai Gold Mine ^{2, 6}	56	60	4.9	60	100%	18	19	1.3	60	32%	1	2	0.5	60	3%	1	2	1.5	45	4%
Jintai Gold Mine ³	-	-	-	-	-	-	-	-	140	88%	-	-	-	-	-	459	459	6.6	360	100%
Sepon Gold and Copper Mine-Gold ^{4, 6}	4,237	3,407	193.0	3,800	90%	3,794	3,792	199.5	3,800	100%	2,790	3,085	193.2	3,800	81%	1,787	2,457	140.9	2,850	86%
Wassa Gold Mine ^{5, 6}	-	-	-	-	-	2,024	1,969	162.1	2,700	73%	2,530	2,551	161.5	2,700	94%	1,920	1,850	116.1	2,025	91%
Total	4,814	3,996	260.2	4,380	91%	6,378	6,359	436.2	7,680	83%	6,175	6,493	461.5	7,820	83%	4,262	4,822	330.0	5,760	84%
	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==

Notes:

- Utilization rate is calculated by dividing the amount of ore processed by the processing capacity. For some of the periods, the utilisation rate were over 100%. This was mainly because the relevant processing plants actually operated for more days than the planned schedule as the annual maintenance work took less than the anticipated time.
- The ore mined, ore processed, gold production, processing capacity and utilisation rate of Huatai Gold Mine began to decline since 2021. This is mainly because the technical renovation and expansion project of Huatai Gold Mine commenced in 2021. Since then, the production of Huatai Gold Mine gradually declined due to the impact from the engineering upgrades. For more details regarding the year-to-year comparison of the gold production volume, please refer to “Our Gold Production Business in China — Overview — Operation Performance.”

3. In January 2023, we completed the acquisition of a 51% equity interest in Xinhenghe Mining, which in turn directly holds a 90% equity interest in Jintai Mining, which operates the Jintai Gold Mine, and we began consolidating the accounts of Jintai Mining from January 31, 2023. As such, ore mined volume, ore processed volume and mine production volume of Jintai Gold Mine prior to January 31, 2023 was not included in our Group. For more details, please see “Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Xinhenghe Mining.”
4. The volume of the ore mined of Sepon Gold and Copper Mine declined over the Track Record Period, mainly because we were upgrading the mining systems of Sepon Gold and Copper Mine to enhance the capacity, which affected the mining operations, and we have utilised part of the ore inventory which were mined in past periods. The volume of ore processed decreased as Sepon Gold and Copper Mine started underground mining in 2023 and the underground operation provides higher grade ore but with smaller volume. For more details regarding the year-to-year comparison of the gold production volume, please refer to “— Our Gold Production Business in Laos — Overview — Operation Performance.”
5. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, ore mined volume, ore processed volume and mine production volume of Wassa Gold Mine prior to February 1, 2022 was not included in our Group. For more details, please see “Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources.”
6. For some of the years, the volume of “ore processed” was higher than the volume of “ore mined.” This was mainly because some of the ore mined during the previous year was kept as inventory and was processed in the following year which added up to the aggregated amount of the “ore processed” for that year.

SUMMARY

Our Other Mineral Resources Production Volume

The following table sets forth the ore mined volume, ore processed volume and mine production volume in relation to our other Mineral Resources businesses for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2024
	2021	2022	2023		
	(kt)	(kt)	(kt)	(kt)	(kt)
Ore Mined					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	510	502	457	247	549
Sepon Gold and Copper Mine – Copper cathodes ¹	149	–	–	–	–
Ore Processed					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	506	579	434	220	534
Sepon Gold and Copper Mine – Copper cathodes .	255	772	1,105	802	843
Processing Capacity					
Hanfeng Polymetallic Mine					
– Polymetallic metals . .	660	660	660	500	675
Sepon Gold and Copper Mine – Copper cathodes ¹	260	800	1,150	850	850
Utilisation Rate²					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	77%	88%	66%	44%	79%
Sepon Gold and Copper Mine – Copper cathodes .	98%	97%	96%	94%	99%
Production Volume					
Hanfeng Polymetallic Mine					
<i>Zinc concentrate</i>					
<i>powder</i>	19.93	22.04	11.29	5.55	10.18
<i>Lead concentrate</i>					
<i>powder</i>	3.48	3.31	2.72	1.43	2.63
<i>Copper concentrate</i>					
<i>powder</i>	2.93	2.05	1.44	0.63	1.19
<i>Molybdenum concentrate</i>					
<i>powder</i> ³	–	0.04	0.21	0.07	0.49
Sepon Gold and Copper Mine – Copper cathodes .	5.02	6.43	6.49	4.94	4.03

SUMMARY

Notes:

1. The ore mined volume for the Sepon Gold and Copper Mine's copper mine dropped to zero in 2022, because Sepon Gold and Copper Mine resumed gold production in 2020, while only keeping a small portion of processing capacity for its copper business since then. For the reason behind the halt in gold production at the copper mine of the Sepon Gold and Copper Mine, please refer to "Business — Our Gold Production Business in Laos — Overview." As of the Latest Practicable Date, the Sepon Gold and Copper Mine did not have any active copper mining projects while only processed the ore from its stockpile.
2. Utilization rate is calculated by dividing the amount of ore processed by the processing capacity. For some of the periods, the utilisation rate was over 100%. This was because the relevant processing plants actually operated for more days than the planned schedule as the annual maintenance work took less than the anticipated time.
3. There was no molybdenum production volume for the year of 2021, mainly because the Dongfeng Mine was conducting exploration and had not yet initiated molybdenum mining activities.

Our Revenue Breakdown

During the Track Record Period, we generated revenue from the PRC, Laos and Ghana. The following table sets forth a breakdown of our revenue by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
PRC	1,259,688	33.3	1,477,471	23.5	2,026,833	28.1	1,301,395	25.7	1,793,374	28.8
Laos	2,522,936	66.7	2,998,740	47.9	3,054,614	42.3	2,239,406	44.2	2,327,466	37.4
Ghana	—	—	1,790,576	28.6	2,139,505	29.6	1,521,492	30.1	2,101,991	33.8
Total	3,782,624	100.0	6,266,787	100.0	7,220,952	100.0	5,062,293	100.0	6,222,831	100.0

Notes:

1. Our revenue in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the revenue of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see "Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources".
2. Our gold products are sold globally. Our major clients are refineries located in PRC, Thailand, Australia, Singapore, South Africa and Ghana.

SUMMARY

During the Track Record Period, we generated our revenue primarily from gold mining, other Mineral Resources and other businesses. The following table sets forth the breakdown of our revenue by business segment for the periods indicated:

	Year Ended December 31,						Nine Months Ended	
	2021		2022		2023		September 30, 2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Gold mining . .	2,968,694	78.5	5,304,729	84.6	6,322,263	87.6	5,561,259	89.4
Other Mineral								
Resources . .	551,278	14.6	650,206	10.4	495,752	6.8	454,130	7.3
Silver	5,163	0.1	17,391	0.3	3,107	0.0	3,689	0.1
Copper								
cathodes . . .	337,440	9.0	393,342	6.3	381,569	5.3	241,677	3.9
Copper								
concentrate								
powder	38,011	1.0	21,756	0.3	15,962	0.2	6,866	0.1
Lead								
concentrate								
powder	34,700	0.9	39,734	0.6	29,744	0.4	38,826	0.6
Zinc								
concentrate								
powder	135,964	3.6	174,303	2.8	65,370	0.9	81,595	1.3
Molybdenum								
concentrate								
powder	—	—	3,680	0.1	—	—	81,477	1.3
Others	262,652	6.9	311,852	5.0	402,937	5.6	207,442	3.3
Total	<u>3,782,624</u>	<u>100.0</u>	<u>6,266,787</u>	<u>100.0</u>	<u>7,220,952</u>	<u>100.0</u>	<u>6,222,831</u>	<u>100.0</u>

Note:

1. “Others” primarily comprised recycling of waste electronic products and electrical appliances business conducted through Guangyuan Technology. The major customers of Guangyuan Technology are enterprises in the metal products manufacturing and resource recycling sectors.

SUMMARY

Our Gold Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of gold mining business for the periods indicated.

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	Avg. Selling Price		Avg. Selling Price		Avg. Selling Price		Avg. Selling Price		Avg. Selling Price	
	Sales Vol.		Sales Vol.		Sales Vol.		Sales Vol.		Sales Vol.	
	koz	RMB/g	koz	RMB/g	koz	RMB/g	koz	RMB/g	koz	RMB/g
Wulong Gold Mine	28.0	383.0	43.8	395.6	59.2	455.8	40.3	447.2	47.5	543.7
Jilong Gold Mine	34.3	371.4	29.5	397.3	44.7	455.8	31.2	449.5	27.5	536.9
Huatai Gold Mine	4.9	368.4	1.3	400.4	0.5	429.0	0.5	424.9	0.0	0.0
Jintai Gold Mine	0.0	0.0	0.0	0.0	2.2	470.3	0.0	0.0	6.8	537.9
<i>PRC – Subtotal/</i>										
<i>average</i>	67.2	376.0	74.6	396.4	106.6	455.9	72.0	448.0	81.8	540.9
Sepon Gold and										
Copper Mine	183.4	382.5	214.2	389.3	193.8	443.1	143.5	432.7	131.2	507.3
Wassa Gold Mine	0.0	0.0	156.5	367.7	166.0	414.2	120.0	407.7	139.1	484.8
<i>Overseas – Subtotal/</i>										
<i>average</i>	183.4	382.5	370.7	380.2	359.8	429.7	263.5	421.3	270.3	495.7
Total	250.6	380.8	445.3	382.9	466.4	435.7	335.5	427.0	352.1	506.2

Note: The average selling price was determined based on the gold metal contained in the gold products despite the variant grades of the products.

The Life and the Current Status of our Mines

Wulong Gold Mine, Jilong Gold Mine, Jintai Gold Mine, Hanfeng Polymetallic Mine, Sepon Gold and Copper Mine, and Wassa Gold Mine are currently in operation and each of them has LOM of 12, 9, 11, 8, 7, and 5 years respectively. Huatai Gold Mine has LOM of 28 years and is currently under renovation. LOM is calculated based on Ore Reserves as of September 30, 2024 according to the SRK Report.

Development Plan and Planned Production Schedule

Development Plan

For Wulong Gold Mine, we plan to undertake the renovation of shaft and the expansion of tunnels, including shaft deepening projects and technical renovation projects in 2025 and 2026. In 2027, we plan to increase our mining capacity by 33.1% compared to 2024.

SUMMARY

For Jilong Gold Mine, we plan to undertake the renovation of shaft and ventilation shafts and expand the tunnels in 2025 and 2026. In 2027, we plan to increase our mining capacity by 33.1% compared to 2024.

For Huatai Gold Mine, we plan to continue with the technical renovation projects in 2025. In 2026, we plan to substantially complete the infrastructure development and increase the annual mining capacity by 30,000 tonnes.

For Jintai Gold Mine, we plan to increase the annual gold production to 1 tonnes in 2025.

For Sepon Gold and Copper Mine, we plan to make follow-up investments in the Far West Mine, including the construction of a tailings storage facility, and establish a copper ore processing plant with an annual capacity of 1 million tonnes in 2025. In 2027, we plan to increase our annual gold production to 7 tonnes and our copper annual production to 30,000 tonnes.

For Wassa Gold Mine, we plan to carry out deep and peripheral exploration, as well as intensified drilling operations, and initiate the construction of the transition from surface to underground mining of the Father Brown Mine from 2025 to 2027.

For Hanfeng Polymetallic Mine, we plan to establish a 5,000-tonne ore processing plant for the Dongfeng Molybdenum Mine in 2026.

For details of the development plans of our mines, please refer to “Business — Development Plan and Production Schedule — Development Plan.”

Planned Production Schedule

The following chart sets forth the planned mining and production schedule for the operations in Wulong Gold Mine and Jilong Gold Mine for the periods indicated over the life of mine:

Underground Gold Mine in China	Unit	LOM	2024											
			Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Jilong														
Mined Tonnes	kt	919	88	184	180	194	109	58	55	38	13	–	–	–
Milled Tonnes	kt	919	88	184	180	194	109	58	55	38	13	–	–	–
Gold Produced	koz	250	24	43	37	46	31	22	22	18	7	–	–	–
Wulong														
Mined Tonnes	kt	984	27	99	99	98	99	108	108	102	101	66	44	33
Milled Tonnes	kt	984	27	99	99	98	99	108	108	102	101	66	44	33
Gold Produced	koz	210	5	22	25	22	21	23	24	21	17	15	10	4

SUMMARY

Notes:

1. The planned production schedule of the LOM was made based on the data collected of our PRC Gold Mines as of September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule.”
3. As Huatai Gold Mine is currently under technical renovation, and Jintai Gold Mine is of less significance of production compared to Jilong Gold Mine and Wulong Gold Mine, we only include details of Jilong Gold Mine and Wulong Gold Mine in the charts above.

The following chart sets forth the planned mining and production schedule for the operations at the Sepon Gold and Copper Mine for the periods indicated over the life of mine:

Type	Unit	LOM	2024						
			Q4	2025	2026	2027	2028	2029	2030
<i>LXML</i>									
Mined Tonnes Gold	kt	7,896	1,435	2,803	1,909	770	546	402	31
Mined Tonnes Copper	kt	1,185	447	738	—	—	—	—	—
Total Mined Tonnes	kt	9,081	1,882	3,542	1,909	770	546	402	31
Milled Tonnes Gold	kt	7,896	1,435	2,803	1,909	770	546	402	31
Milled Tonnes Copper	kt	1,185	447	738	—	—	—	—	—
Total Milled Tonnes	kt	9,081	1,882	3,542	1,909	770	546	402	31
Gold Produced	kg	15,963	1,568	5,152	4,912	1,803	1,353	1,108	66
Gold Produced	koz	513	50	166	158	58	44	36	2
Copper Produced	kt	5	2	3	—	—	—	—	—

Notes:

1. The planned production schedule of the LOM of 7 years was made based on the data collected from the Sepon Gold and Copper Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

SUMMARY

The following chart sets forth the planned mining and production schedule for the operations at the Wassa Gold Mine for the periods indicated over the life of mine:

Wassa Gold Mine in Ghana	Unit	LOM	2024Q4	2025	2026	2027	2028
Wassa_Basic Plan							
Mined_Tonnes	kt	8,812	979	3,209	2,517	1,614	493
Milled Tonnes	kt	8,812	979	3,209	2,517	1,614	493
Gold Produced	kg	17,955	1,981	6,000	5,533	3,474	967
Gold Produced	koz	577	64	193	178	112	31
Wassa_Upside Plan							
Mined_Tonnes	kt	9,986	979	3,209	2,517	1,614	1,667
Milled Tonnes	kt	9,986	979	3,209	2,517	1,614	1,667
Gold Produced	kg	19,897	1,981	6,000	5,533	3,474	2,908
Gold Produced	koz	640	64	193	178	112	94

Notes:

1. The planned production schedule for the LOM includes two scenarios: the basic plan and the upside plan. The upside plan includes residual material in the upper area and material in the lower area, which SRK views as a potential economic opportunity but does not classify as Ore Reserves due to insufficient technical studies. Both LOM scenarios span five years and were developed based on data collected from the Wassa Gold Mine as of September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

For the charts set forth the planned mining and production schedule for the operations at the Huatai Gold Mine and Jintai Gold Mine, please refer to “Business — Our Gold Production Business in PRC — Planned Production Schedule”. For the chart sets forth the planned mining and production schedule for the operations at the Hanfeng Polymetallic Mine, please refer to “Business — Our Other Mineral Resources Production Business in China — Planned Production Schedule”.

SUMMARY

Cash Operating and Production Costs

Cash operating costs for our PRC Gold Mines primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per gram of gold produced of our PRC Gold Mines for the years indicated.

The anticipated fluctuations in future cash operating costs are primarily driven by several factors, which vary across the gold mines. For some mines, the expansion of mining capacity is expected to increase gold production, thereby reducing unit costs. In others, higher gold grades in the deeper zones contribute to greater gold output and further reductions in unit costs. Specifically, the production schedule of each of Wulong Gold Mine and Jilong Gold Mine in the SRK Report solely focuses on stope production and excludes ore from comprehensive utilization as recorded in historical data. As a result, it is anticipated that gold production of these two mines will be lower compared to previous figures, thus leading to an increase in unit costs.

Wulong Gold Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Gold Produced	kg	791	1,222	1,824	1,477	6,538 ³	153	678	785	687	668	717	741	668	535	465	303	139
Labor	RMB/g	101.31	77.62	76.70	73.14	100.89 ⁴	120.61	97.55	84.66	95.50	99.54	100.62	98.06	102.46	126.27	95.11	97.10	159.12
Material	RMB/g	24.02	46.03	46.62	33.25	49.95 ⁴	59.72	48.30	41.92	47.28	49.28	49.82	48.55	50.73	62.51	47.09	48.07	78.78
Electricity	RMB/g	35.54	34.25	21.05	22.44	15.06 ⁴	18.00	14.56	12.64	14.26	14.86	15.02	14.64	15.29	18.85	14.20	14.49	23.75
Others	RMB/g	82.03	74.76	53.23	67.59	46.93 ⁴	56.10	45.38	39.38	44.42	46.30	46.80	45.61	47.66	58.73	44.24	45.17	74.02
Total	RMB/g	242.90	232.66	197.59	196.42	212.83⁵	254.44	205.79	178.60	201.46	209.99	212.25	206.86	216.14	266.36	200.63	204.83	335.66

SUMMARY

Jilong Gold Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032
Gold Produced.	kg	1,048	811	1,390	795	7,782 ³	754	1,327	1,142	1,444	973	687	695	549	211
Labor.	RMB/g	56.20	77.88	43.98	81.16	73.23 ⁴	72.02	85.87	97.80	83.38	69.61	52.78	48.84	42.36	39.66
Material	RMB/g	18.31	30.18	17.44	34.06	27.27 ⁴	26.82	31.97	36.42	31.05	25.92	19.65	18.19	15.77	14.77
Electricity	RMB/g	10.54	13.25	7.74	16.90	9.44 ⁴	9.28	11.07	12.61	10.75	8.97	6.80	6.30	5.46	5.11
Others	RMB/g	66.49	83.02	97.91	92.53	83.06 ⁴	81.68	97.39	110.93	94.56	78.95	59.86	55.39	48.04	44.98
Total	RMB/g	151.53	204.32	167.07	224.65	193.00⁵	189.80	226.30	257.75	219.74	183.46	139.10	128.72	111.63	104.52

Notes:

1. As Huatai Gold Mine is currently under technical renovation, and Jintai Gold Mine is of less significance of production compared to Jilong Gold Mine and Wulong Gold Mine, we only include details of Jilong Gold Mine and Wulong Gold Mine in the charts above.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
3. “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
4. Each of the cost of “Labor”, “Material”, “Electricity” and “Others” is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.
5. “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

For the charts set forth the cash operating costs for the operations at the Huatai Gold Mine and Jintai Gold Mine, please refer to “Financial Information — Cash Operating and Production Costs”. For the chart sets forth the cash operating costs for the operations at the Hanfeng Polymetallic Mine, please refer to “Financial Information — Cash Operating and Production Costs”.

Cash operating costs for our Sepon Gold and Copper Mine primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per tonnes of gold and copper produced of our Sepon Gold and Copper Mine for the years indicated.

SUMMARY

At the Sepon Gold and Copper Mine, future cost differences are anticipated to primarily arise from a shift in mining methods. In contrast to historical operations, which have combined both open-pit and underground mining, future production is expected to rely solely on underground mining. This transition is anticipated to lead to significant changes in operating costs.

Sepon Gold and Copper Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030
Gold Produced	kg	5,983	6,629	6,009	3,949	15,963 ³	1,568	5,152	4,912	1,803	1,353	1,108	66
Copper Produced	kt	4.31	6.88	6.17	3.67	4.97 ³	1.83	3.14	-	-	-	-	-
Gold Operation													
Labor	USD/g	4.75	3.42	3.84	4.62	4.45 ⁴	8.23	4.90	3.50	3.84	3.63	3.26	4.31
Material	USD/g	18.02	26.94	23.32	22.63	25.23 ⁴	46.66	27.75	19.82	21.76	20.59	18.47	24.45
Electricity	USD/g	2.23	1.84	3.06	3.75	3.46 ⁴	6.40	3.81	2.72	2.99	2.83	2.54	3.36
Others	USD/g	5.72	3.71	6.69	7.55	6.28 ⁴	13.24	7.59	4.29	4.71	4.46	4.00	5.29
Copper Operation													
Labor	USD/t	497	417	652	794	2,146 ⁴	2,197	2,116	-	-	-	-	-
Material	USD/t	1,720	3,226	3,896	3,869	7,153 ⁴	7,325	7,053	-	-	-	-	-
Electricity	USD/t	237	207	545	626	954 ⁴	977	940	-	-	-	-	-
Others	USD/t	0.84	0.62	0.70	0.83	3.39 ⁴	3.47	3.34	-	-	-	-	-
Total (Gold Operation)	USD/g	30.72	35.91	36.91	38.54	39.42⁵	74.54	44.04	30.33	33.30	31.51	28.27	37.42
Total (Copper Operation)	USD/t	2,454	3,851	5,093	5,290	10,256⁵	10,503	10,113	-	-	-	-	-

Notes:

1. All costs at the company level of LXML are borne by the gold mine of the Sepon Gold and Copper Mine.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
3. “Copper Produced” is the total copper production over the LOM, as the aggregated volume of all the annual production volume. “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
4. Each of the cost of “Labor”, “Material”, “Electricity” and “Others” is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold/copper production.
5. “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

SUMMARY

Cash operating costs for our Wassa Gold Mine primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per gram of gold produced of our Wassa Gold Mine for the years indicated.

At the Wassa Gold Mine, anticipated future cost differences are expected to primarily result from a transition in mining methods. Specifically, whereas historical operations have integrated both open-pit and underground mining, future production is projected to be conducted exclusively through underground mining. This shift is expected to give rise to significant changes in operating costs.

Wassa Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028
Gold Produced	kg	–	4,835	5,310	5,022	17,955 ²	1,981	6,000	5,533	3,474	967
Labor	USD/g	–	6.57	7.40	6.20	10.30 ³	10.38	11.23	9.55	9.75	10.70
Material	USD/g	–	12.10	10.70	13.54	18.56 ³	18.69	20.22	17.20	17.57	19.28
Electricity	USD/g	–	1.66	3.87	1.87	3.78 ³	3.81	4.12	3.50	3.58	3.92
Others	USD/g	–	9.95	11.72	8.75	13.06 ³	13.16	14.23	12.10	12.37	13.57
Total	USD/g	–	30.28	33.69	30.36	45.70⁴	46.03	49.80	42.35	43.27	47.47

Note:

- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
- Each of the cost of “Labor”, “Material”, “Electricity” and “Others” is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.
- “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

For the charts set forth the cash operating costs for the operations at the Mengkham Rare Earth Element Project, please refer to “Financial Information — Cash Operating and Production Costs”.

SUMMARY

Mining Licenses and Exploration Permits

The following table sets forth information regarding our relevant mining licenses and exploration permits as of the Latest Practicable Date:

Wulong Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license . . .	C2100002011084140116558	10	6.2732	December 4, 2020 to August 4, 2035	Valid
Exploration Permit . .	T2100002008044010006347	–	3.88	November 20, 2024 to November 20, 2029	Valid
Exploration Permit . .	T2100002008044010005662	–	0.6112	June 2, 2023 to June 2, 2028	Valid

Jilong Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License . . .	C1500002009114120054250	18	8.61	May 1, 2024 to September 26, 2026	Valid
Mining License . . .	C1500002023124210156146	6	9.1340	December 27, 2023 to March 27, 2032	Valid
Exploration Permit . .	T1500002008044010006035	–	3.83	March 25, 2021 to March 24, 2026	Valid

Huatai Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License . . .	C1500002009064120021513	6	2.7978	June 6, 2024 to June 5, 2044	Valid
Mining License . . .	C1500002011014140119663	6	0.8138	September 15, 2024 to September 14, 2027	Valid
Mining License . . .	C1500002013094210131353	6	1.0164	March 11, 2024 to September 5, 2025	Valid
Mining License . . .	C1500002015114210140450	3	1.8332	November 17, 2015 to November 17, 2025	Valid
Mining License . . .	C1500002015114210140451	3	0.3199	November 18, 2024 to November 17, 2025	Valid
Mining License . . .	C1500002015114210140449	3	3.7362	November 18, 2023 to November 17, 2025	Valid

SUMMARY

Jintai Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license	C5300002012054110124688	14	1.0920	June 7, 2022 to June 6, 2032	Valid
Exploration Permit . .	T5300002009034010026977	–	10.28	June 3, 2021 to June 3, 2026	Valid

Hanfeng Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license	C2224002021083210152512	60	2.2250	August 27, 2021 to August 27, 2050	Valid
Mining license	C2200002010123120093830	9.9	2.4207	February 25, 2025 to February 24, 2030	Valid
Exploration Permit . .	T100000202103302800361	–	2.3191	December 20, 2020 to December 20, 2025	Valid

LXML

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License	No. 45-24/MEM.MMD	–	130.88	September 30, 2023 to September 29, 2033	Valid
Exploration Permit . .	No. 1466/MEM. DGM.3	–	1,010.40	June 14, 2023 to June 14, 2026	Valid

SUMMARY

GSWL

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining Lease	LVDGAST35364682022	–	63.00	January 26, 2022 to January 25, 2047	Lease renewed and in the process of ratification.
Mining Lease	LVDGAST37993462020	–	19.45	August 25, 2020 to August 24, 2031	Valid
Mining Lease	LVDGAST38000372020	–	43.00	August 25, 2020 to August 24, 2031	Valid
Exploration Permit . .	LVB9113/1994 & PL 2/155	–	24.81	December 13, 2024 to December 12, 2027	Valid
Exploration Permit . .	LVB5528/2005 & PL 2/378	–	96.44	March 4, 2022 to March 3, 2025 ¹	Valid
Exploration (prospecting) Permit	LVB1624/2006 & RL2/117	–	26.9	September 4, 2024 to September 3, 2027	Valid

Note:

1. We will submit our renewal application prior to the expiry date in accordance with the relevant laws and regulations, and we and our Ghana Legal Advisor do not expect any legal impediment in the renewal process for this permit.

The mining rights of the Wassa Gold Mine are pledged to Standard Bank Group in South Africa to secure short-term loans.

Mining and Processing Capacity

We are advancing multiple underground development projects at the Wulong Gold Mine to increase its annual processing capacity from 578,000 tonnes to approximately 700,000 tonnes. The mine's average daily processing capacity increased to over 1,800 tonnes in the second half of 2023. We will continue to invest in exploration and Reserves enhancement at the mine to tap into the potential of Resources in the deep and peripheral areas.

SUMMARY

The Jilong Gold Mine has completed the 180,000-tonne gold ore processing plant expansion project, and trial production has commenced since June 2024. We plan to increase annual mining capacity from 120,000 tonnes to approximately 300,000 tonnes by the end of 2025. Additionally, we commenced construction of a new tailings storage facility in November 2023, with other construction projects progressing as planned.

The Huatai Gold Mine will initiate a comprehensive transformation of the mine's infrastructure and commence shaft engineering construction. Upon completion, we expect to increase the Huatai Gold Mine's annual mining capacity by 30,000 tonnes.

In October 2023, we completed the construction project at the Jintai Gold Mine with its annual mining and processing capacity of approximately 140,000 tonnes. Since 2024, we commenced a further expansion project of the Jintai Gold Mine, pursuant to which the Xidengping mining area is expected to reach an annual mining and processing capacity of approximately 50,000 tonnes, and the Tangzibian mining area is expected to reach an annual mining and processing capacity of approximately 600,000 tonnes.

For the Sepon Gold and Copper Mine, it is expected that its annual underground mining capacity will increase from the current capacity of 536,000 tonnes to 806,000 tonnes. We will also commence copper production at Khanong area, which has over 6,000,000 tonnes of copper ore, and over 57,000 tonnes of copper metal contained according to the resource model.

For Wassa Gold Mine, we will further expand our mining and processing capacity, with a goal to develop the Wassa Gold Mine into a large-scale gold mine and expect to achieve (i) an annual processing capacity of approximately 3.3 million tonnes and (ii) an annual production of 350 koz gold.

Hedging Strategy

We have different measures to hedge against the risk of fluctuations in gold price. To mitigate the risks of future increases in the prices of the gold we intend to lease, we engage in hedging through forward transactions or by purchasing futures products in the futures market for the leased gold. As a gold production enterprise, we take risk management strategy to prevent the risk of gold price declines by selling our gold products in major futures markets, such as the Shanghai Gold Exchange or the COMEX gold exchange in the U.S., to lock in prices. The volume of such transactions each year depends on the trend of gold price fluctuation for that year, but the total volume will not exceed 10% of the annual gold production according to our internal policy.

We have different measures to hedge against the risk of fluctuations in gold price. For details, please refer to “Business — Gold Leasing, Hedging and Streaming — Hedging.”

SUMMARY

OUR MINING OPERATIONS AND PRODUCTION FACILITIES

Our gold production operations in PRC, Laos and Ghana can generally be divided into two steps, namely, (i) mining and (ii) processing.

PRC

In relation to mining, we primarily utilize the resuing method for our underground mining at the Wulong Gold Mine, the Jilong Gold Mine and the Huatai Gold Mine, and we also utilize the open-pit mining method at Jintai Gold Mine. In relation to processing, the Wulong Gold Mine primarily utilizes the flotation process method, whereas the Jilong Gold Mine and the Huatai Gold Mine primarily utilize the all-slime cyanidation absorption gold extraction method, and the Jintai Gold Mine primarily utilize the carbon-in-pulp gold extraction process method. See “Business — Our Gold Production Business in China — Operating Process of Gold Production Business in the PRC.”

Laos

In relation to mining, we generally follow the open-pit mining method, and also adopt the underground mining method. In relation to processing, we utilize the flotation-pressure oxidation method to process both primary ores and oxide ores. See “Business — Our Gold Production Business in Laos — Operating Process of Gold Production Business in Laos.”

Ghana

In relation to mining, the Wassa mining area primarily utilizes the open-pit mining method and the sub level open stoping method, the Hwini Butre mining area utilizes the open-pit mining method, and the Benso mining area primarily utilizes the open-pit mining method. In relation to processing, we primarily utilize the gravity-flow all-slime cyanidation absorption gold extraction method. See “Business — Our Gold Production Business in Ghana — Operating Process of Gold Production Business in Ghana.”

SALES AND MARKETING

During the Track Record Period, our primary products were gold, copper cathodes and other Mineral Resources products.

In relation to our sales of products in PRC, our products are sold to a wide range of customers in China and we adopt different arrangements to determine the price and facilitate our sales. For our gold production, we determine the selling price based on the spot trading price of the Shanghai Gold Exchange and the relevant customer’s agreement. For our other Mineral Resources, we determine sales prices based on the market prices of the relevant metals contained in the concentrates, including zinc, lead, copper, silver and molybdenum. For our other production, we determine the sales prices with reference to the quantity of disassembled products and the market conditions or through bidding process. In relation to our sales of products in the PRC, we generally enter into sales agreements with our customers on an annual basis without entering into any long-term agreement. For details, please refer to the section headed “Business — Sales and Customers — Sales in the PRC.”

SUMMARY

In relation to our sales of products in Laos, we generally enter into sales agreements with our customers for one to three years. Given the high quality of our products, various potential customers have approached us. Accordingly, we believe that it would not be difficult for us to find alternative customers for sales of products on terms comparable to those we have with our existing customers. For details, please refer to the section headed “Business — Sales and Customers — Sales in Laos.”

In relation to our sales of products in Ghana, we generally enter into sales agreements with our customers for two years or longer terms. For details, please refer to the section headed “Business — Sales and Customers — Sales in Ghana.”

The mines of our Company are interconnected with local and proximate regions through an extensive road network, and are further integrated with key transportation infrastructure, including land, water, and air routes. During the Track Record Period, the products from our PRC Mines were shipped via land transportation, and the products derived from the Wassa Gold Mine and Sepon Gold and Copper Mine were generally dispatched via air, ensuring expeditious and secure delivery to their intended destinations.

OUR CUSTOMERS

During the Track Record Period, our top five customers were refiners and trading companies of precious metals and other non-ferrous metals as well as banks. For each year/period of the Track Record Period, revenue contributed by our top five customers amounted to RMB2,946.2 million, RMB5,345.8 million, RMB5,565.6 million and RMB4,904.6 million, respectively, accounting for 77.9%, 85.4%, 77.1% and 78.8% of our total revenue for the same periods. Revenue contributed by our largest customer for each year/period of the Track Record Period amounted to RMB2,126.6 million, RMB2,602.2 million, RMB2,672.1 million and RMB2,140.3 million, respectively, accounting for 56.2%, 41.5%, 37.0% and 34.4% of our total revenue for the same periods.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our customers were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period of the Track record Period. See “Business — Sales and Customers — Customers.”

PROCUREMENT AND SUPPLIERS

We conduct our business in China, Laos and Ghana, and we consider that procurement management excellency is one of our key focuses. We have adopted headquarter-supported global centralized procurement system to enhance our procurement management efficiency. As supplemented procurement methods, we also procure individually in each country.

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In the PRC, we procure a wide range of raw materials used in our mining operations, such as explosive materials, diesel, sodium cyanide and cement, from local suppliers. And we procure various machinery and equipment for our production activities, including mining and processing equipment which mainly comprises rock drilling machines, drilling jumbos, scrapers, crushing circuits, grinding circuits, flotation circuits, pressure filters, conveyers, and other ancillary equipment. For details, please see “Business — Procurement and Suppliers — Our PRC Operations”. In Laos and Ghana, we also procure various materials, such as diesel fuel, processing chemicals and reagents, explosives, and related consumables, as well as machinery and equipment for our production operations from (i) different local suppliers in Laos and Ghana and/or (ii) the original equipment manufacturers. We also procure various services, such as security services, civil work services, engineering services and loading and hauling services, from various local suppliers. For details, please see “Business — Procurement and Suppliers — Our Operations in Laos and Ghana.”

The following table sets forth the annual procurement amounts of all of our subsidiaries, which are located in PRC, Laos and Ghana, for the periods indicated.

	Year ended December 31,			Nine Months ended September 30,
	2021	2022	2023	2024
	(RMB'000)			
PRC	337,744	420,211	557,791	559,475
Laos	2,050,845	2,229,796	1,685,296	1,372,992
Ghana	1,132,378	1,740,289	1,694,634	1,592,815
Total	3,520,967	4,390,296	3,937,721	3,525,282

During the Track Record Period, all of our top five suppliers in the respective year/period were service or commodity providers such as suppliers of electricity, fuel, and transportation. For each year/period of the Track Record Period, purchases from our top five suppliers amounted to RMB647.3 million, RMB855.2 million and RMB666.5 million and RMB633.9 million, respectively, accounting for 25.6%, 19.1%, 13.7% and 17.6% of our cost of sales for the same periods, respectively. Purchases from our largest supplier for each year/period of the Track Record Period amounted to RMB159.5 million, RMB210.6 million, RMB149.5 million and RMB235.5 million, respectively, accounting for 6.3%, 4.7%, 3.1% and 6.5% of our cost of sales for the same periods, respectively.

During the Track Record Period and as of the Latest Practicable Date, we did not experience any material impact to our operation or financial condition due to any significant fluctuation in prices set by our suppliers or breach of contract on the part of our suppliers. During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers, and the top five suppliers in each year/period of the Track record Period are all Independent Third Parties. See “Business — Procurement and Suppliers — Suppliers.”

SUMMARY

CONTRACTORS

In the PRC, we outsource a portion of our exploration and shaft construction/engineering work to qualified contractors. In Laos, we outsource third-party contractors, especially mining and processing work in our projects in Laos. In Ghana, we engaged third-party contractors to provide excavation, mining, exploration, processing, construction and drilling services. For details, please see “Business — Contractors — Our PRC Operations”, “Business — Contractors — Our Operations in Laos” and “Business — Contractors — Our Operations in Ghana.”

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material disputes with our contractors in PRC, Laos and Ghana or experience any suspension or delay in our operations as a result of misconduct of our contractors.

COMPETITIVE LANDSCAPE

The gold industry has become more concentrated due to mergers and resource integration of gold companies. Large gold companies with advantages, such as efficient operations, global presence, financial strength and other advantages, are leading the industry. At the same time, regulatory controls, including safety and environmental protection requirements, have further tightened. Less competitive gold production companies with aging facilities and insufficient resources have been forced to shut down or undergo significant changes. Furthermore, the total production cost of gold mining has increased due to several factors, and smaller gold companies have gradually exited the market. The CR10 Concentration Ratio, which is an indicator used to measure market concentration and represents the total market share of the top ten companies in a specific market, of the gold industry increased from 24.4% in 2021 to 25.6% in 2023. See “Industry Overview — Competitive Landscape” for more details.

REGULATORY REGIMES

We conduct business in Ghana, and on July 31, 2018, the Ghanaian Minister of Lands and Natural Resources informed the Ghanaian Chamber of Mines of the Government of Ghana’s intention to exercise its right of pre-emption to acquire up to 20% of all gold mined in Ghana for the benefit of Ghanaian refineries. In November 2022, the Government of Ghana directed all gold mining companies, effective January 2023 to sell up to 20% of their products produced in Ghana to the Bank of Ghana at the World Market Spot Price for Ghanaian Cedis. We generally are able to utilize all Ghanaian Cedis for our operating expenses, but there is a risk that our holding of Ghanaian Cedis is subject to fluctuation and foreign exchange loss.

We conduct business in Laos, and Laos is not a member of the IOSCO or a signatory to the IOSCO MMOU. Our Group’s place of central management and control is in the PRC, taking into account, among other things, that: (i) our Group is headquartered in Beijing, and all its Directors and senior management are PRC citizens and/or based in the PRC (including Hong Kong); (ii) the decision-making process and business activities of our Group’s operations in the PRC, Laos and Ghana are centrally managed, monitored and approved by our Group’s

SUMMARY

headquarters in Beijing; (iii) as our Group's A shares are listed on the SSE, (a) our principal books and records are located and maintained in the PRC; and (b) we are regulated by the CSRC and the SSE and subject to applicable laws and regulations in the PRC. In particular, our Group and its Directors are obliged to provide the CSRC and the SSE with all the information relating to our Group's affairs (including its Laos operations) to facilitate their understanding of its business operations and respond to their enquiry and/or investigation. CSRC is a full signatory to the IOSCO MMOU. Therefore, this enables the Commission to seek regulatory assistance and information, facilitating its investigations and enforcement actions, and ensuring compliance with Rule 8.02A.

Furthermore, we are subject to Chapter 18 of the Listing Rules as a mineral company.

EFFECTS OF THE COVID-19 OUTBREAK

In 2020, the outbreak of COVID-19 in the PRC and around the globe led to an international public health crisis and, as a result, the global economy in general was materially and adversely affected. Our Group's business operations were briefly impacted by the outbreak in early 2020 due to restrictions on social and work gatherings, mandatory quarantine requirements and suspended public transportation in certain areas in China, Laos and Ghana. As some of our Group's employees had to work from home, the operations that required onsite service were interrupted to a limited extent. However, we resumed normal business operations after the initial disruptions in early 2020. In addition, China experienced widespread COVID-19 resurgence in late 2022 and early 2023, but the emergency measures taken by the Chinese government quickly brought the situation under control. Despite the significance of the pandemic, COVID-19 did not have any material adverse impact on our business operation or key operating performance during the Track Record Period.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our historical financial information as of and for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024 extracted from the Accountants' Report set out in Appendix IA to this Prospectus. The summary below should be read in conjunction with the consolidated financial information in Appendix IA, including the accompanying notes and the information set forth in the section headed "Financial Information" in this Prospectus.

SUMMARY

Summary of Results of Operations

The following table sets forth a summary of our results of operations for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	<i>(RMB'000)</i>			<i>(unaudited)</i>	
Revenue	3,782,624	6,266,787	7,220,952	5,062,293	6,222,831
Cost of sales	(2,525,121)	(4,471,868)	(4,868,078)	(3,521,863)	(3,600,815)
Gross profit	1,257,503	1,794,919	2,352,874	1,540,430	2,622,016
Profit before tax . . .	770,375	822,012	1,206,795	758,254	1,848,035
Profit for the					
year/period	613,408	493,880	871,585	562,020	1,264,769
Attributable to:					
Owners of the parent .	581,949	450,976	804,471	526,655	1,115,256
Non-controlling					
interests	31,459	42,904	67,114	35,365	149,513
Profit for the					
year/period	613,408	493,880	871,585	562,020	1,264,769

Our net profit decreased from RMB613.4 million in December 31, 2021 to RMB493.9 million in December 31, 2022, primarily due to the acquisition of GSWL. The acquisition led to increased financial and administrative expenses, and incurred higher tax rates overseas, resulting in a decrease in net profit.

Our net profit increased from RMB493.9 million in December 31, 2022 to RMB871.6 million in December 31, 2023, primarily due to the year-on-year increase in both the volume and the selling price of gold.

Our net profit increased from RMB562.0 million in September 30, 2023 to RMB1,264.8 million in September 30, 2024, primarily due to the increase in gold sales volume and the average selling price compared to the same period of 2024.

SUMMARY

Cost of Sales

Our cost of sales primarily comprises materials expense, labor expense, electricity fees, depreciation and amortization, and others. The fluctuations of our cost of sales are in line with the decreases and increases in our revenue during the Track Record Period.

For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our cost of sales amounted to RMB2,525.1 million, RMB4,471.9 million, RMB4,868.1 million, RMB3,521.9 million and RMB3,600.8 million, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Materials										
expense	998,240	39.5	2,122,635	47.5	2,006,000	41.2	1,496,272	42.5	1,461,452	40.6
Labor expense . .	398,270	15.8	611,157	13.7	690,984	14.2	473,389	13.4	624,265	17.3
Electricity fees . .	151,639	6.0	225,787	5.0	352,709	7.2	215,123	6.1	247,340	6.9
Depreciation and										
amortization . .	411,005	16.3	1,033,836	23.1	1,322,323	27.2	979,508	27.8	902,241	25.1
Others ¹	565,967	22.4	478,453	10.7	496,062	10.2	357,571	10.2	365,517	10.1
Total	<u>2,525,121</u>	<u>100.0</u>	<u>4,471,868</u>	<u>100.0</u>	<u>4,868,078</u>	<u>100.0</u>	<u>3,521,863</u>	<u>100.0</u>	<u>3,600,815</u>	<u>100.0</u>

Note:

1. “Others” primarily includes contractor expenses, construction expenses, service expenses, safety measure expenses and repair expenses.

For the breakdown of our cost of sales by business segment and the breakdown of our cost of sales by origin of our products during the Track Record Period, please refer to “Financial Information — Description of Key Statement of Profit or Loss Items — Cost of Sales.”

SUMMARY

Gross Profit and Gross Profit Margin

Our gross profit consists of revenue less cost of sales. Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our gross profit amounted to RMB1,257.5 million, RMB1,794.9 million, RMB2,352.9 million, RMB1,540.4 million and RMB2,622.0 million, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Gold mining . .	868,698	29.3	1,465,806	27.6	2,256,664	35.7	1,482,144	33.2	2,508,183	45.1
Other Mineral										
Resources .	335,811	60.9	279,377	43.0	64,911	13.1	27,259	8.1	91,720	20.2
Others	52,994	20.2	49,736	15.9	31,299	7.8	31,027	12.1	22,113	10.7
Total	1,257,503	33.2	1,794,919	28.6	2,352,874	32.6	1,540,430	30.4	2,622,016	42.1

The following table sets forth a breakdown of our gross profit and gross profit margin by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
PRC	591,738	47.0	668,660	45.3	1,031,907	50.9	711,633	54.7	1,042,153	58.1
Laos	665,765	26.4	552,686	18.4	670,960	22.0	404,807	18.1	741,141	31.8
Ghana ¹	—	—	573,573	32.0	650,007	30.4	423,990	27.9	838,722	39.9
Total	1,257,503	33.2	1,794,919	28.6	2,352,874	32.6	1,540,430	30.4	2,622,016	42.1

Note:

- Our gross profit in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the gross profit of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see “— Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources”.

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Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of
	2021	2022	2023	September 30, 2024
	(RMB'000)			
Total non-current asset	4,295,439	13,434,829	13,822,413	13,570,188
Total current asset	3,758,167	4,109,465	4,895,380	6,324,980
Total asset	8,053,606	17,544,294	18,717,793	19,895,168
Total current liabilities	1,341,612	3,279,882	3,722,409	4,597,554
Net current assets	2,416,555	829,583	1,172,971	1,727,426
Total assets less current				
liabilities	6,711,994	14,264,412	14,995,384	15,297,614
Total non-current liabilities .	1,710,963	6,856,109	6,453,176	5,497,716
Net assets	5,001,031	7,408,303	8,542,208	9,799,898
Non-controlling interests . . .	380,614	2,220,733	2,390,218	2,683,412

Our net assets increased from RMB5,001.0 million as of December 31, 2021 to RMB7,408.3 million as of December 31, 2022, primarily due to (i) an increase in the total comprehensive income of RMB1,053.3 million for the year, and (ii) an increase in minority shareholders' equity of RMB1,666.4 million following the acquisition of GSWL.

Our net assets increased from RMB7,408.3 million as of December 31, 2022 to RMB8,542.2 million as of December 31, 2023, mainly due to an increase in the total comprehensive income of RMB981.0 million for the year.

Our net assets increased from RMB8,542.2 million as of December 31, 2023 to RMB9,799.9 million as of September 30, 2024, primarily due to (i) an increase in the total comprehensive income of RMB1,173.5 million, (ii) an increase in the contribution from non-controlling interests of RMB166.6 million, and (iii) payment of dividends of RMB82.4 million.

Our net current assets decreased significantly from RMB2,416.6 million as of December 31, 2021 to RMB829.6 million as of December 31, 2022. This was primarily due to: (i) a decrease in cash and cash equivalents of RMB655.3 million resulting from the acquisition of Golden Star Resources in 2022; (ii) an increase in other payables and accruals of RMB504.2 million mainly for construction projects and equipment; and (iii) an increase in short-term loans of RMB488.4 million associated with the acquisition of Golden Star Resources and a capacity expansion of the Jilong Gold Mine. The decrease was partially offset by an increase in inventories resulting from our acquisition of Golden Star Resources and raw materials for the Sepon Gold and Copper Mine's expanded production.

SUMMARY

Our net current assets increased from RMB829.6 million as of December 31, 2022 to RMB1,173.0 million as of December 31, 2023. This was primarily due to: (i) an increase in inventories of RMB242.3 million, mainly due to an increase in work in progress at the Sepon Gold and Copper Mine; (ii) an increase in cash and cash equivalents of RMB222.1 million resulting from an increase in free cash flow from operations; and (iii) a decrease in trade and notes payables of RMB298.9 million. The increase was partially offset by: (i) an increase in financial liabilities at fair value through profit or loss of RMB319.7 million resulting from the increase of gold leasing; and (ii) an increase in short-term loans of RMB361.6 million.

Our net current assets increased from RMB1,173.0 million as of December 31, 2023 to RMB1,727.4 million as of September 30, 2024. This was primarily due to the increase in the prepayments, receivables and other assets of RMB531.6 million.

Summary of Cash Flows Analysis

The following table sets forth a summary of our cash flows for the periods indicated.

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Net cash flows from					
operating activities	755,149	1,090,133	2,203,080	1,205,363	2,043,988
Net cash flows from/(used					
in) investing activities . . .	(277,873)	(3,984,047)	(1,771,119)	(1,443,021)	(677,127)
Net cash flows from/(used					
in) financing activities . . .	55,905	2,225,143	(228,120)	257,705	(554,463)
Net increase/(decrease) in					
cash and cash equivalents .	533,181	(668,771)	203,841	20,047	812,398
Cash and cash equivalents at					
beginning of year/period . .	1,176,419	1,707,868	1,052,545	1,052,545	1,274,635
Effect of foreign exchange					
rate changes, net	(1,732)	13,448	18,249	12,708	7,108
Cash and cash equivalents					
at the end of the					
year/period	1,707,868	1,052,545	1,274,635	1,085,300	2,094,141

SUMMARY

For the nine months ended September 30, 2024, we recorded net cash inflow from operating activities of RMB2,044.0 million. This was primarily due to our profit before tax of RMB1,848.0 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB687.5 million; (ii) amortization of other intangible assets of RMB226.0 million; and (iii) investment losses received from disposal of financial liabilities held for trading of RMB107.4 million. This was partially offset by: (i) an increase in inventories of RMB73.7 million; and (ii) a decrease in other payables and accruals of RMB148.0 million.

In 2023, we recorded inflow from operating activities of RMB2,203.1 million. This was primarily due to our profit before tax of RMB1,206.8 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB910.8 million; (ii) amortization of other intangible assets of RMB552.4 million; and (iii) increase in other payables and accruals of RMB160.9 million. This was partially offset by: (i) decrease in trade and notes payables of RMB262.1 million; and (ii) an increase in inventories of RMB143.8 million.

In 2022, we recorded inflow from operating activities of RMB1,090.1 million. This was primarily due to our profit before tax of RMB822.0 million, adjusted by non-cash and non-operating items, which primarily included (i) depreciation of property, plant and equipment of RMB761.2 million; (ii) amortization of other intangible assets of RMB582.2 million; and (iii) decrease in trade and notes payables of RMB218.0 million. This was partially offset by: (i) an increase in inventories of RMB329.0 million; and (ii) a decrease in other payables and accruals of RMB300.2 million.

In 2021, we recorded net cash inflow from operating activities of RMB755.1 million. This was primarily due to our profit before tax of RMB770.4 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB455.7 million; (ii) amortization of other intangible assets of RMB315.9 million; and (iii) increase in trade and notes payables of RMB143.4 million. This was partially offset by: (i) an increase in inventories of RMB815.7 million; and (ii) an increase in prepayments, other receivables and other assets of RMB66.0 million.

ACQUISITION OF GOLDEN STAR RESOURCES

In January 2022, we acquired 62% of the issued and outstanding common shares of Golden Star Resources through Chijin HK, which in turn indirectly holds a 90% equity interest in GSWL, and the remaining 38% equity interest in Golden Star Resources was acquired by the China-Africa Fund for Industrial Cooperation Co., Ltd. (中非產能合作基金有限責任公司). Pursuant to section 192 of the Canada Business Corporations Act, the consideration was set at US\$3.91 per share in cash, representing a total transaction value of approximately US\$470 million on a fully-diluted, in-the-money basis. The aggregate consideration to be paid by our Company (through Chijin HK) amounted to US\$291 million, which was fully settled in January 2023. The acquisition was completed on January 31, 2022, upon which Golden Star Resources became our non-wholly owned subsidiary. To finance the acquisition of Golden Star Resources,

SUMMARY

we incurred long-term borrowings of in aggregate RMB1,104.0 million at an interest rate of 4.95% per annum. For more information, see “Business — Our Gold Production Business in Ghana” and “Financial Information — Key Factors Affecting Our Results of Operations — Acquisition — Acquisition of Golden Star Resources.”

According to Rule 4.05A of the Hong Kong Listing Rules, the acquisition of Golden Star Resources would have been classified at the date of application for our Listing as a major transaction under Chapter 14 of the Hong Kong Listing Rules. For further details of the financial performance of Golden Star Resources, please refer to the history financial information of Golden Star Resources set out in Appendix IB to this Prospectus.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	Year Ended December 31,			Nine Months Ended September 30,
	2021	2022	2023	2024
Rates of return				
Return on assets	7.6%	2.8%	4.7%	6.4%
Return on equity	12.3%	6.7%	10.2%	12.9%
Liquidity ratios				
Current ratio	2.8	1.3	1.3	1.4
Quick ratio	1.7	0.6	0.7	0.8
Gearing ratio	0.6%	35.1%	32.0%	24.2%

Notes:

1. Return on assets ratio is calculated using net profit divided by total assets at the end of the year, multiplied by 100%.
2. Return on equity ratio is calculated using net profit divided by total equity at the end of the year, multiplied by 100%.
3. Current ratio is calculated using total current assets divided by total current liabilities.
4. Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
5. Gearing ratio is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity.

See “Financial Information — Key Financial Ratios” for details.

SUMMARY

LISTING EXPENSE

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately HK\$151.7 million, representing approximately 5.0% of the gross proceeds from the Global Offering (based on the mid-point of the indicative Offer Price range and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately HK\$91.2 million underwriting-related fees and approximately HK\$60.6 million non-underwriting-related fees (including fees and expenses of legal advisors and the reporting accountant of approximately HK\$28.4 million and other fees and expenses of approximately HK\$32.2 million). Among the total listing expenses which we expect to incur, approximately HK\$134.6 million will be directly attributable to the issue of our Shares and deducted from equity, and the remaining HK\$17.1 million will be expensed upon Listing. Our Directors do not expect such expenses to materially impact our results of operations in 2024. See “Financial Information — Listing Expense” for details.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2024

On the basis set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, we estimate our consolidated profit attributable to owners of our Company for the year ended December 31, 2024 to be not less than RMB1,730.0 million (equivalent to approximately HK\$1,879.2 million). For details about our consolidated profit attributable to owners of our Company for the year ended December 31, 2024, see “Appendix IIB — Profit Estimate.”

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, in connection with our proposed acquisition of 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd. (the “**Target Company**”), we have obtained the approval from the Xiamen Development and Reform Commission, and the parties to the transactions were proceeding with the fulfillment of the other conditions of the transaction including changes of the authorized representatives of the Target Company and its subsidiaries (collectively the “**Target Group**”). See “History, Development and Corporate Structure — Post-Track Record Period Acquisition”.

The Phase I Construction Project of the lower mining zone of the Hanfeng Polymetallic Mine was completed in December 2024. It has passed production safety assessment and obtained a production safety permit. The project officially commenced operation on December 30, 2024. It is expected to increase our production volume of copper, lead, and zinc by 435,000 tonnes.

SUMMARY

Additionally, the expansion of the scope of mining right (deep-zone) for the Aohan County Zhuanshanzi Gold Mine of Jilong Gold Mine was approved in November 2024. The verification report for additional resources in this area has also been filed with the relevant authority in November 2024. This is expected to enhance our production capacity and utilization rate.

Since September 30, 2024 and up to the Latest Practicable Date, we had continued to receive new purchase orders for our products.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since September 30, 2024.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 205,652,000 new H Shares are issued pursuant to the Global Offering; and (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and our Company will have 1,869,563,378 issued Shares upon completion of the Global Offering:

	Based on an Offer Price of HK\$13.72	Based on an Offer Price of HK\$15.83
Market capitalization of our Shares ^{1, 2}	HK\$38,435 million	HK\$38,869 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ³	HK\$2.03	HK\$2.26

Notes:

- 1 The estimated market value of our Company is the aggregate of (i) the estimated market capitalisation of the H Shares upon listing and (ii) the market capitalisation of our Company's A Shares listed on the Shanghai Stock Exchange. For the latest five trading days preceding the Latest Practicable Date, the average closing price of our Company's A Shares was RMB19.74 each and the market capitalisation of our Company's A Shares was HKD35,613,225,199 (approximately RMB32,838,954,956 based on the exchange rate of RMB0.9221: HKD1.0000).
- 2 The estimated market capitalisation of the H Shares upon listing is based on the assumptions that: (i) the Global Offering has been completed and 205,652,000 new H Shares are issued pursuant to the Global Offering; and (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised. Based on the offer price range from HKD13.72 to HKD15.83, the estimated market capitalisation of our Company's H Shares should be from HKD2,821,545,440 to HKD3,255,471,160, and market capitalization of our Shares should therefore be from HKD38,434,770,639 to HKD38,868,696,359.
- 3 The unaudited pro forma adjusted net tangible asset per Share as at September 30, 2024 is calculated after making the adjustments referred to in "Appendix IIA — Unaudited Pro Forma Financial Information".

SUMMARY

FUTURE PLANS AND USE OF PROCEEDS

The aggregate net proceeds from the Global Offering, after deducting underwriting fees and other estimated expenses in connection with the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and an Offer Price of HK\$14.78 per Offer Share (being the mid-point of the indicative Offer Price range of HK\$13.72 to HK\$15.83 per Offer Share) will be approximately HK\$2,887 million, which will be applied as follows:

Use of Net Proceeds from the Global Offering	Amount of Net Proceeds from the Global Offering	Percentage of Net Proceeds from the Global Offering
	HK\$ million	%
Upgrade and exploration of existing mines	1,443	50
Potential acquisition	1,155	40
General corporate purposes	289	10
Total	<u>2,887</u>	<u>100</u>

Please see “Future plans and use of proceeds” in this Prospectus for details.

DIVIDEND

We declared dividends to our Shareholders of nil, nil, RMB82.4 million and nil for the three years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively.

Subject to our constitutional documents and the Company Law, we have adopted a general annual dividend policy, according to which we may declare dividend by way of cash dividends, stock dividends, or a combination of cash and stock dividends. We prioritize cash dividends. Other than under certain special circumstances, the accumulated profit distributed in cash in any three consecutive years shall not be less than 30% of the annual distributable profit realized in the same three years. The abovementioned special circumstances include: (i) our Company’s net cash flow from operating activities in the year of the consolidated statement of accounts is negative; and (ii) the single amount of investment projects such as proposed internal investment, external investment or assets acquisition in the current year or within the next twelve months reaches or exceeds 10% of our Company’s latest audited net assets.

According to a Board resolution dated March 29, 2024 and a Shareholder resolution dated April 19, 2024, with a total share capital of 1,663,911,378 shares at the end of 2023, after deducting the 15,182,600 shares held in our dedicated securities account for repurchases, the base for profit distribution was 1,648,728,778 shares. A cash dividend of RMB0.50 per 10 shares (including tax) was paid to all shareholders, totalling RMB82,436,438.90.

SUMMARY

There is no guarantee, representation or indication that our Directors must or will recommend and that we must or will declare and pay dividends at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date, Ms. Li and Hanfeng Zhongxing directly held 190,410,595 and 51,515,151 A Shares, accounting for approximately 11.44% and 3.10% of the issued share capital of our Company, respectively. Meanwhile, Ms. Li is the sole limited partner of Hanfeng Zhongxing accounting for approximately 99.00% of the committed capital contribution of Hanfeng Zhongxing. Accordingly, pursuant to the Hong Kong Listing Rules and Chapter 1.1C of the Guide published by the Hong Kong Stock Exchange, Ms. Li and Hanfeng Zhongxing are collectively regarded as the Single Largest Shareholder Group of our Company.

Accordingly, the Single Largest Shareholder Group was entitled to exercise voting rights attached to the 241,925,746 A Shares, representing approximately 14.54% of the total issued share capital of our Company as of the Latest Practicable Date. Immediately following the completion of the Global Offering, the Single Largest Shareholder Group will be interested in approximately 12.94% of our total share capital (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) or approximately 12.50% of our total share capital (assuming the Offer Size Adjustment Option and the Over-allotment Option are exercised in full).

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the section headed “Risk Factors” in its entirety before you decide to invest in our Offer Shares. Some of the major risks that we face include:

- Changes in the market price for gold mining and other Mineral Resources, which in the past have experienced significant volatility, affect the profitability of our operations and the cash flows generated by those operations.
- Our business is subject to a number of operational risks and hazards specific to mining industry, which may result in increased costs or losses, personal injuries or casualties, damage to reputation, suspension of operation and other penalties.
- We may not be able to expand or replenish our Mineral Resources and Reserves through exploration.
- We may be subject to risks relating to operating our overseas business.

SUMMARY

- We may fail to obtain, maintain or renew the government permits, licenses and approvals required for our mining and exploration activities.
- Artisanal mining, gold theft and robbery may occur on some of our properties. These activities are difficult to control and can disrupt our business and expose us to liability.

For further information and other risks that we face, please see “Risk Factors” in this Prospectus. Past performance is no guarantee of future results.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“2022-2024 Property Lease Agreement”	the property lease agreement entered into between Beijing Eagleleap and our Company on January 1, 2022 in relation to the lease of the Leased Premises for a term of three years from January 1, 2022 to December 31, 2024, details of which are set out in the section headed “Connected Transactions — One-off Connected Transactions — Property Lease Agreements” in this Prospectus
“2025-2026 Property Lease Agreement”	the property lease agreement entered into between Beijing Eagleleap and our Company on August 20, 2024 in relation to the lease of the Leased Premises for a term of two years from January 1, 2025 to December 31, 2026, details of which are set out in the section headed “Connected Transactions — One-off Connected Transactions — Property Lease Agreements” in this Prospectus
“A Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are traded in Renminbi and listed on the SSE
“Accountants’ Report”	the accountants’ report set out in Appendix IA to this Prospectus
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of our Company, as conditionally adopted on August 23, 2024, which shall become effective upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix VI to this Prospectus

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“AUD” or “Australian dollars”	the lawful currency of Australia
“Audit Committee”	audit committee of the Board
“Beijing Eagleleap”	Beijing Eagleleap Technology Co., Ltd. (北京華鷹飛騰科技有限公司), a private limited liability company established under the PRC laws and is held as to 99% and 1% of its equity interest by Hanfeng United and Lv Xiaoming (呂曉銘), an Independent Third Party
“Benso Gold Mine”	a gold mine operated by GSWL in Ghana
“Board” or “Board of Directors”	the board of directors of our Company
“Board Diversity Policy”	the board diversity policy of our Company
“Business Day”	a day which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate
“Capital Market Intermediaries”	the capital market intermediaries participating in the Global Offering, which includes the Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering”
“Caystar Finance”	Caystar Finance Co., which is registered in the Cayman Islands and is an indirect wholly owned subsidiary of Golden Star Resources
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cedi”, “GHC” or “Ghanaian Cedi”	the lawful currency of Ghana
“Chairman Wang”	Mr. Wang Jianhua, the Chairman of the Board and an Executive Director of our Group

DEFINITIONS

“Chenzhou Xiongfeng”	Chenzhou Xiongfeng Environment Protection Technology Co., Ltd. (郴州雄風環保科技有限公司), a former wholly owned subsidiary of our Company. Our Company disposed of the entire equity interests in it in 2020
“Chijin Fengyu”	Shanghai Chijin Fengyu Industrial Co., Ltd (上海赤金豐余實業有限公司), a private limited liability company established under the PRC laws and a direct wholly owned subsidiary of our Company
“Chijin Geoexploration”	Chijin (Tianjin) Geoexploration Technology Co., Ltd (赤金(天津)地質勘查技術有限公司), a limited liability company established under the PRC laws and a direct non-wholly owned subsidiary of our Company holding 60% of its equity interest prior to the completion of its voluntary deregistration on January 3, 2025. See the section headed “History, Development and Corporate Structure — Deregistration of a Subsidiary” for details
“Chijin HK”	Chijin International (HK) Limited (赤金國際(香港)有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of our Company
“Chijin Laos”	CHIJIN Laos Holdings Limited, a company registered in the Cayman Islands with limited liability and a direct wholly owned subsidiary of our Company
“Chijin Xiawu”	Xiamen Chijin Xiawu Metal Resources Limited (廈門赤金廈鎢金屬資源有限公司), previously known as Shanghai Chijin Xiawu Metal Resources Limited (上海赤金廈鎢金屬資源有限公司), a private limited liability company established under the PRC laws and a direct non-wholly owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, and solely for the purpose of this Prospectus and by reference to region, excluding Taiwan, the Macao Special Administrative Region and Hong Kong Special Administrative Region
“Chixia Laos”	CHIXIA Laos Holdings Limited (赤廈老撾控股有限公司), a company registered in the Cayman Islands with limited liability and wholly owned by Chijin Xiawu

DEFINITIONS

“CIRE Mining”	China Investment Rare Earth Mining Co., Ltd, a company registered in Laos with limited liability, a subsidiary of China Investment Mining (Laos) Sole Co., Ltd. as of the Latest Practicable Date (see the section headed “History, Development and Corporate Structure — Post-Track Record Period Acquisition” in this Prospectus for details), and the operator of the trial mining area of the Mengkham Rare Earth Element Project
“CIREX Mining”	China Investment Rare Earth Mining Xiangkhouang Co. Ltd, a company registered in Laos with limited liability and a subsidiary of China Investment Mining (Laos) Sole Co., Ltd. as of the Latest Practicable Date (see the section headed “History, Development and Corporate Structure — Post-Track Record Period Acquisition” in this Prospectus for details), and the operator of the exploration area of the Mengkham Rare Earth Element Project
“close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Chifeng Jilong Gold Mining Co., Ltd. (赤峰吉隆黃金礦業股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on June 22, 1998
“Company Law” or “PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Competent Person” or “SRK”	has the same meaning ascribed to it under Rule 18.01 of the Hong Kong Listing Rules and, in the context of this prospectus, means SRK Consulting (China) Ltd., an independent mining and geological consultant, which is an Independent Third Party

DEFINITIONS

“Competent Person’s Reports” or “SRK Reports”	the Competent Person’s reports prepared by SRK on the PRC Gold Mines, the Sepon Gold and Copper Mine, the Wassa Gold Mine and the Sepon Rare Earth Element and Mengkham Rare Earth Element Projects, the effective date of which is September 30, 2024 and details of which are set out in Appendices IIIA to IIID to this Prospectus
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Designated Bank”	HKSCC Participant’s EIPO Designated Bank
“Director(s)”	director(s) of our Company
“Dongfeng Molybdenum Mine”	a molybdenum mine operated by Hanfeng Mining in PRC
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
“ESG”	environmental, social, and corporate governance
“ESOPs”	the Phase I ESOP, the Phase II ESOP and the Phase III ESOP, collectively

DEFINITIONS

“Exchange Participant(s)”	a person (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“Father Brown Mine”	one of the mines within GSWL’s portfolio of mines. The Father Brown Mine is independent of the Wassa Mine, as it is within the Hwini-Butre mining lease (a concession south of Wassa)
“FINI”	“Fast Interface for New Issuance,” an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new issues
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report
“Frost & Sullivan Report”	an independent market research report commissioned by our Company and prepared by Frost & Sullivan
“FVOCI”	fair value through Other Comprehensive Income (OCI) investment
“GDP”	gross domestic product
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Ghana”	the Republic of Ghana

DEFINITIONS

“Ghana Legal Advisor”	REM Law Consultancy, our legal advisor as to Ghana laws
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group,” “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“GSR” or “Golden Star Resources”	Golden Star Resources Ltd., a company registered in Canada and an indirect non-wholly owned subsidiary of our Company
“GSQL”	Golden Star (Wassa) Ltd, a company registered in Ghana and an indirect non-wholly owned subsidiary of Golden Star Resources
“Guangyuan Technology”	Anhui Guangyuan Technology Development Co., Ltd. (安徽廣源科技發展有限公司), a private limited liability company established under the PRC laws and a direct non-wholly subsidiary of our Company
“Guide”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hanfeng Mining”	Jilin Hanfeng Mining Technology Co., Ltd. (吉林瀚豐礦業科技有限公司), a private limited liability company established under the PRC laws and a direct wholly owned subsidiary of our Company
“Hanfeng Polymetallic Mine”	a polymetallic mine operated by Hanfeng Mining in PRC
“Hanfeng United”	Beijing Hanfeng United Technology Co., Ltd. (北京瀚豐聯合科技有限公司), which is directly wholly owned by Ms. Li

DEFINITIONS

“Hanfeng Zhongxing”	Yantai Hanfeng Zhongxing Management Consultancy Center (Limited Partnership) (煙台瀚豐中興管理諮詢中心(有限合夥)), a limited liability partnership established under the PRC laws, the sole limited partner of which is Ms. Li, accounting for approximately 99.00% of its committed capital contribution, and the sole general partner of which is Wu Zengxiang (武增祥), accounting for approximately 1.00% of its committed capital contribution
“High and New Technology Enterprise”	an enterprise certified by the Chinese government through the Ministry of Science and Technology (MOST) for businesses
“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars and cents, respectively, and being the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is an HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force

DEFINITIONS

“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Offer Shares”	the 20,565,200 H Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation and the Offer Size Adjustment Option as described in the section headed “Structure of the Global Offering” in this Prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this document, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriter(s)”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated February 27, 2025, relating to the Hong Kong Public Offering, entered into by, among others, the Overall Coordinators, the Hong Kong Underwriters and our Company
“Huatai Gold Mine”	a gold mine operated by Huatai Mining in PRC
“Huatai Mining”	Chifeng Huatai Mining Co., Ltd. (赤峰華泰礦業有限責任公司), which is registered in the PRC and is a wholly owned subsidiary of Jilong Mining

DEFINITIONS

“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board (IASB) and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Independent Third Party(ies)”	any entity(ies) or person(s) which, to the best of our Directors’ knowledge, information and belief having made reasonable enquiries, is not a connected person of our Company within the meaning ascribed to it under the Hong Kong Listing Rules
“International Offer Shares”	the 185,086,800 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional H Shares that may be issued pursuant to any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option (subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, in each case on and subject to the terms and conditions described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriter(s)”	the underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
“International Underwriting Agreement”	the international underwriting agreement, expected to be entered into on or about March 6, 2025, relating to the International Offering, by, among others, our Company, the Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in the section headed “Underwriting — International Offering” in this Prospectus
“Jilong Gold Mine”	a gold mine operated by Jilong Mining in PRC

DEFINITIONS

“Jintai Gold Mine”	a gold mine operated by Jintai Mining in PRC
“Jilong Mining”	Chifeng Jilong Mining Co., Ltd. (赤峰吉隆礦業有限責任公司), a private limited liability company established under the PRC laws and a direct wholly owned subsidiary of our Company
“Jintai Mining”	Eryuan Jintai Mining Development Co., Ltd. (洱源錦泰礦業開發有限責任公司), a private limited liability company established under the PRC laws and a direct non-wholly owned subsidiary of Xinhenghe Mining
“JORC Code”	the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves sets out the minimum standards, recommendations and guidelines for public reporting. The JORC Code is adopted by the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and endorsed by the Mineral Council of Australia, as detailed under the section headed “Summary of the JORC Code” of this Prospectus
“KIP” or “LAK” or “Lao Kip”	the lawful currency of Laos
“Lao”, “Lao PDR” or “Laos”	the Lao People’s Democratic Republic
“Laos Legal Advisor”	ZICOLaw (Laos) Sole Co., Ltd., our legal advisor as to Laos laws
“Latest Practicable Date”	February 20, 2025, being the latest practicable date for the purpose of ascertaining certain information in this Prospectus prior to its publication
“Leased Premises”	the office premises of our headquarters in the PRC
“Lianhuashan Gold Mine”	a gold mine operated by Huatai Mining in PRC
“Listing”	the listing of our H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange

DEFINITIONS

“Listing Date”	the date expected to be on or about Monday, March 10, 2025, on which dealings in our H Shares first commence on the Hong Kong Stock Exchange
“LXML”	Lane Xang Minerals Limited Company, a company registered in Laos, an indirect non-wholly owned subsidiary of our Company and is the operator of the Sepon Gold and Copper Mine
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange, which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
“MEE”	Ministry of Ecology and Environment of the PRC
“Mengkham Rare Earth Element Project” or “Mengkham REE Project”	a rare earth mine operated by CIRE Mining in Laos
“Minerals and Mining Act”	the Ghanaian Minerals and Mining Act, 2006 (Act 703)
“MOF” or “Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Ms. Li”	Ms. Li Jinyang (李金陽), a member of the Single Largest Shareholder Group. Ms. Li directly held approximately 11.44% of the shareholding interest in our Company as of the Latest Practicable Date
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展與改革委員會)
“NEEQ”	the National Equities Exchange and Quotations Co., Ltd.(全國中小企業股份轉讓系統有限責任公司), a PRC over-the-counter system for trading shares of public companies
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the People’s Republic of China (中華人民共和國全國人民代表大會)

DEFINITIONS

“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering — Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional H Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option
“Offer Size Adjustment Option”	the option under the Hong Kong Underwriting Agreement, exercisable by the Company prior to the execution of the International Underwriting Agreement, pursuant to which the Company may issue and allot up to an aggregate of 30,847,800 additional H Shares at the Offer Price, to cover additional market demand, if any, as described in the section headed “Structure of the Global Offering — Offer Size Adjustment Option”
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 30,847,800 additional H Shares (representing in aggregate approximately 15% of the Offer Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 35,474,800 additional H Shares (representing approximately 15% of the total number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering — Over-Allotment Option”

DEFINITIONS

“Overall Coordinators”	the overall coordinators as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering”
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“Phase I ESOP”	the Phase I Employee Stock Ownership Plan adopted by our Company on October 13, 2020 (as revised on May 26, 2021, September 30, 2022 and April 20, 2023), details of which are set out in the paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII to this Prospectus
“Phase II ESOP”	the Phase II Employee Stock Ownership Plan adopted by our Company on February 27, 2023 (as revised on March 20, 2023), details of which are set out in the paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII to this Prospectus
“Phase III ESOP”	the Phase III Employee Stock Ownership Plan adopted by our Company on January 15, 2025, details of which are set out in the paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII to this Prospectus
“PRC GAAP”	Accounting Standard for Business Enterprises — Basic Standard, and the specific accounting standards and other relevant regulations issued by the MOF on February 15, 2006 and in subsequent periods
“PRC Gold Mine(s)”	Wulong Gold Mine, Jilong Gold Mine, Jintai Gold Mine and Huatai Gold Mine, individually or collectively
“PRC Government”	the central government of the PRC and all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them

DEFINITIONS

“PRC Legal Advisor”	Tianyuan Law Firm LLP, our legal advisor as to PRC laws
“PRC Mine(s)”	PRC Gold Mine(s) and Hanfeng Polymetallic Mine, collectively
“Price Determination Date”	the date, expected to be on or before Thursday, March 6, 2025 (Hong Kong time), or such later time as the Overall Coordinators and our Company may agree, but in any event no later than 12:00 noon on Thursday, March 6, 2025 on which the Offer Price is determined for the purposes of the Global Offering
“Property Lease Agreements”	2022-2024 Property Lease Agreement and 2025-2026 Property Lease Agreement, collectively
“Property Management Services Agreement”	the property management services agreement entered into between Beijing Eagleleap and our Company on August 20, 2024 in relation to the provision of Property Management Services from Beijing Eagleleap to our Company, details of which are set out in the section headed “Connected Transactions — Fully Exempt Continuing Connected Transactions — Property Management Services Agreement” in this Prospectus
“Property Management Services”	the property management services provided by Beijing Eagleleap to our Company under the Property Management Services Agreement, details of which are set out in the section headed “Connected Transactions — Fully Exempt Continuing Connected Transactions — Property Management Services Agreement” in this Prospectus
“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Relevant Persons”	our Company, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Joint Global Coordinator, the Joint Bookrunner, the Joint Lead Manager, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering
“Remuneration and Appraisal Committee”	remuneration and appraisal committee of the Board
“Reporting Accountants”	Ernst & Young
“RMB” or “Renminbi”	the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration of Market Regulation of the PRC (國家市場監督管理總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“Securities Law” or “PRC Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Sepon Gold and Copper Mine”	a gold and copper mine operated and managed by LXML, a subsidiary of our Company, which has rare earth minerals potential
“Sepon Rare Earth Element Project”	a rare earth project in Laos operated and managed by LXML, a subsidiary of our Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, SSE, HKSCC and CSDC for mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Single Largest Shareholder Group”	Ms. Li and Hanfeng Zhongxing collectively
“Joint Bookrunners”, “Joint Global Coordinators”, “Joint Lead Managers”	the joint bookrunners, the joint global coordinators and the joint lead manager as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering”
“Sole Sponsor”	CITIC Securities (Hong Kong) Limited
“Sponsor-Overall Coordinator”	CLSA Limited
“spot price”	The gold spot price represents the current purchase price of a troy ounce of the precious metal for immediate delivery
“SSE”	the Shanghai Stock Exchange
“Stabilizing Manager”	CLSA Limited
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Strategy and Sustainability Committee”	strategy and sustainability committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee

DEFINITIONS

“Supervisory Committee”	the supervisory committee of our Company
“Tietto Minerals”	Tietto Minerals Limited, a company previously listed on the Australian Securities Exchange under the stock code TIE, which our Group acquired a total of approximately 13.05% of the then shareholding interest in by January 2023 and disposed of such shareholding interest in May 2024 through the offer from Zhaojin Mining Industry Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1818) pursuant to a bidder statement to acquire all its outstanding issues shares, details of which are set out in the section headed “History, Development and Corporate Structure — Major Acquisitions and Disposals — 3. Acquisitions and disposal of Tietto Minerals” in this Prospectus
“Track Record Period”	the three financial years ended December 31, 2023 and the nine months ended September 30, 2024
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underlying Financial Statements”	the consolidated financial statements of our Group
“Underwriter(s)”	the Hong Kong Underwriter(s) and International Underwriter(s)
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “USD” or “U.S. dollars”	the lawful currency of the United States
“Wassa Gold Mine”	a gold mine operated by GSWL in Ghana
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the White Form eIPO Service Provider at www.eipo.com.hk

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“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wulong Gold Mine”	a gold mine operated by Wulong Mining in PRC
“Wulong Mining”	Liaoning Wulong Gold Mining Co., Ltd. (遼寧五龍黃金礦業有限責任公司), a private limited liability company established under the PRC laws and a direct wholly owned subsidiary of Jilong Mining
“Xiamen Tungsten”	Xiamen Tungsten Co., Ltd. (廈門鎢業股份有限公司), a company listed on the SSE (stock code: 600549)
“Xinhenghe Mining”	Kunming Xinhenghe Mining Co., Ltd. (昆明新恒河礦業有限公司), a private limited liability company established under the PRC laws and is a direct non-wholly owned subsidiary of our Company
“%”	per cent

In addition to the terms above, this Prospectus contains a glossary of certain technical terms relating to our industry and business. See “Glossary of Technical Terms.”

The English names of the PRC entities, PRC laws and regulations, and the PRC governmental authorities referred to in this Prospectus are translations from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese original and the English translation, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“all-in sustaining costs” or “AISC”	a metric which means operating costs excluding amortisation and depreciation, plus all costs not included therein relating to sustaining current production including sustaining capital expenditure. It generally comprises of cash costs (including by-product credits), sustaining capital, exploration expenses and general and administrative expenses
“all-slime cyanidation absorption gold extraction method”	a method involves treating the entire ore slurry, including fine particles or slimes, with cyanide to dissolve gold, which is then absorbed onto activated carbon for recovery
“annual mining capacity”	the quantity of ore that a mining operation can extract from the ground within a year
“annual processing capacity”	the quantity of ore that a processing plant can handle and process each year
“annual production capacity”	the maximum annual production capacity within the permitted annual production volume that can be achieved by our Group in the usual and ordinary course of business based on our existing resources and mine design
“Au”	the chemical symbol for of gold
“beneficiation”	a process that improves or benefits the economic value of the ore by removing the gangue minerals, which results in a higher grade product (ore concentrate) and a waste stream (tailings)
“carbon-in-pulp gold extraction process method”	means the carbon-in-pulp process integrates activated carbon directly into the ore pulp, allowing dissolved gold to adhere to the carbon particles, which are subsequently separated and processed to extract the gold
“cathode”	a negative electrode
“CCD”	counter current decantation

GLOSSARY OF TECHNICAL TERMS

“concentrate” or “gold concentrate”	a powdery or wet product containing an upgraded mineral content resulting from initial processing of mined ore to remove some waste materials. A concentrate is an intermediary product, which would still be subject to further processing, such as smelting, to effect recovery of metal
“crusher”	a machine for crushing rocks to smaller grain size
“cut-and-fill”	a method of stoping in which ore is removed in slices, or lifts, with the excavation subsequently filled with rock or other waste material (backfill), before the next slice is extracted
“cut-off grade”	the grade threshold above which a mineral material is considered potentially economic and is selectively mined and processed as ore
“deposit”	natural occurrence of a useful mineral, or an ore, sufficient in extent and degree of concentration to invite exploitation
“designed mining capacity”	the production capacity planned based on the mine’s design, equipment, and technical parameters
“dilution”	the reduction of grade for mined ore due to the inclusion of waste material in the mined ore
“doré”	unrefined gold bar produced at the mine site or other gold sources before sending to a refinery where the gold is refined or processed to meet specific requirements
“drilling”	use of a machine to create holes for exploration or for loading with explosives
“exploration”	activity to prove the location, volume and quality of an orebody
“feed grade”	in respect of mineral processing, the relative content of gold compared to the full content, including gold and other substances, in the ore fed at the processing mill, with reference to the mass with gold in the total mass of the ore and expressed in g/t Au

GLOSSARY OF TECHNICAL TERMS

“flotation”	a process by which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the remaining rock or mineral material
“Flotation-Pressure Oxidation Method”	a method combined approach first concentrates ore through flotation and then subjects it to pressure oxidation, enhancing the breakdown of sulfide minerals and improving metal recovery
“flotation process method”	is a mineral separation technique that uses chemical reagents and air bubbles to selectively attach and separate valuable minerals from the ore slurry
“GFA”	gross floor area
“g”	gram(s)
“g/t”	gram(s) per metric tonne — metal concentration
“gold bullion”	refined gold in the form of bars
“gold mine production volume” or “gold production volume”	production volume of gold that is mined from gold mines and as by-products from non-ferrous metal ores
“gold production”	refers to the total amount of gold extracted and processed from mining operations over a specific period, serving as a key indicator of a mining project’s performance
“gold recovery rate”	the percentage of gold produced compared to the amount of gold contained in the feed ore in the context of a processing plant, or the percentage of gold produced compared to the amount of gold contained in the feed concentrates in the context of a smelting plant
“grade”	ratio of the content of a useful element or its compounds in an ore, for which the greater the content, the higher the grade. For gold, grade is commonly expressed in grams per tonne of milled ore (g/t Au)
“Gravity-Flow All-Slime Cyanidation Absorption Gold Extraction Method”	a method combines gravity separation to concentrate gold before applying cyanidation to the entire slurry, including slimes, ensuring efficient recovery of fine gold particles

GLOSSARY OF TECHNICAL TERMS

“Indicated Mineral Resource” or “Indicated Resource”	is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered
“Inferred Mineral Resource” or “Inferred Resource”	is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
“kg”	kilogram(s), the basic unit of mass in the international system of units
“km”	kilometer(s), a metric unit measure of distance equal to 1,000 meters
“km ² ”	square kilometer(s)
“koz”	thousand ounces, a unit of weight
“kt”	thousand metric tonnes, a metric unit of weight, being equivalent to 1.0 million kg
“ktpa”	kt per annum
“ktpd”	kt of ore per day
“kWh”	kilowatt hours

GLOSSARY OF TECHNICAL TERMS

“LBMA”	London Bullion Market Association, a wholesale over-the-counter market for the trading of gold and silver, which sets gold prices twice daily at 10:30 am and 3:00 pm London BST with the price set in U.S. dollars
“LBMA AM”	the daily gold prices set by LBMA at 10:30 am London BST with the price set in U.S. dollars
“LBMA PM”	the daily gold prices set by LBMA at 3:00 pm London BST with the price set in U.S. dollars
“leach”	dissolve minerals or metals out of ore with chemicals
“LOM”	life of mine. It refers to the shortest timeframe that the Ore Reserves of a mine are estimated to be fully utilized after considering the actual situation of the mine and strategic plan of the mining operation. Should the mine owner decide to reduce the mining and processing volume per annum and/or discover additional Ore Reserves, it would take longer time to utilize the Ore Reserves of the mine and the life of mine would be lengthened
“m ² ”	square metre(s)
“Measured Mineral Resource” or “Measured Resource”	is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered
“mineralization”	area with continuous distribution belts of mineralization, including the occurrence of deposits, mine sites and alteration of waste rock, as exploration indicators and under control of same geology conditions. It is a key zone for estimation and further planning of exploration of minerals

GLOSSARY OF TECHNICAL TERMS

“mined resources and reserves”	depleted/write-off resources and reserves
“mining loss”	that part of a mineral reserve which is not recovered during the mining process
“mining rights”	the rights to mine Mineral Resources and obtain mineral products in areas where mining activities are licensed
“Modifying Factors”	see the definition under the JORC Code as set out in the section headed “Summary of the JORC Code” in this Prospectus
“Mtpa”	million tonnes per year
“open pit mine”	a deposit from a pit open to surface and usually carried out by stripping of overburden materials
“open-pit mining”	mining of a deposit from a pit open to surface and usually carried out by stripping of overburden materials
“Open-Pit Mining Method”	a surface mining technique that extracts minerals from an open pit in the ground. Open-pit mining is the most common method used throughout the world for mineral mining and does not require extractive methods or tunnels. This surface mining technique is used when mineral or ore deposits are found relatively close to the surface of the earth
“ore”	mineral bearing rock which can be mined and treated profitably under current or immediately foreseeable economic conditions
“orebody”	natural mineral accumulations which can be extracted for use under existing economic conditions and using existing extraction techniques
“ore mined volume”	the volume of ores mined from gold mines
“ore processing” or “processing” or “ore processed”	process which in general refers to the extraction of usable portions of ores by using physical and chemical methods
“ounce(s)” or “oz”	unit of weight for precious metals, and one troy ounce equals 31.1034768 grams

GLOSSARY OF TECHNICAL TERMS

“overburden materials”	consists of non-valuable materials such as soil, rock, and vegetation that must be removed to access the underlying mineral deposit during mining operations
“permitted annual production volume”	also known as “permitted mining capacity”, the amount of ore allowed to be mined annually as stated on the mining license
“POX”	concentrate pressure oxidation
“processing/smelting recovery rate”	percentage of metal produced compared to the amount of metal contained in the feed ore in the context of a processing plant, or the percentage of metal produced compared to the amount of metal contained in the feed concentrates in the context of a smelting plant
“Probable Ore Reserve”	is the economically mineable part of an Indicated Mineral Resource and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is sufficiently reliable to demonstrate that, at the time of reporting, extraction could reasonably be justified
“Proved Ore Reserve”	is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors. A Proved Ore Reserve represents the highest confidence category of Ore Reserve estimate and implies a high degree of confidence in geological and grade continuity, and in the Modifying Factors
“refining”	final stage of the metallurgical process of refining crude metal products to a pure or very pure end-product
“rehabilitation”	in the context of mining, the process of returning the land to another productive use or the restoration of land and environmental values to a mine site after the mining has been completed

GLOSSARY OF TECHNICAL TERMS

“Reserves” or “Ore Reserves”	portion of the measured and/or indicated resources that can be economically mined, which is an estimate after a pre-feasibility study, feasibility study or equivalent technical and economic evaluation, with possible ore losses and depletion, and the reasonable use of conversion factors fully taken into account to make mining technically feasible and economically viable. This contains both probable and proved reserves
“Resources” or “Mineral Resources”	solid Mineral Resources identified by mineral resource exploration, generally reviewed, and expected to be economically minable, which quantity, grade or quality is estimated with reference to geological information, geological understanding and relevant technical requirements including Inferred Resources, Indicated Resources and Measured Mineral Resources
“ROM”	run-of-mine, of or relating to ore that is in its natural and unprocessed state produced from a mine
“smelting”	pyro metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed
“standard gold”	gold bullion which satisfies both standard content requirements (Au99.99, Au99.95, Au99.9, Au99.5) and standard weight requirements (50g, 100g, 1kg, 3kg, 12.5kg) set by the Shanghai Gold Exchange
“stope”	an underground excavation from which ore is being extracted
“stockpile”	is a temporary storage area where mined ore are accumulated before processing, allowing for operational flexibility and continuous workflow
“stoping”	removal of the ore from an underground mine leaving behind an open space known as a stope
“stripping ratio”	is the amount of waste that needs to be removed to extract a certain amount of ore, divided by the amount of ore extracted

GLOSSARY OF TECHNICAL TERMS

“Sub-Level Open Stopping Method”	ore is recovered in open stopes normally backfilled after being mined. Stopes are often large, particularly in the vertical direction. The ore body is divided into separate stopes. Between stopes, ore sections are set aside for pillars to support the hanging wall. Pillars are normally shaped as vertical beams across the ore body. Horizontal sections of ore, known as crown pillars, are also left to support mine workings above the producing stopes
“tailings”	the waste materials (residue) produced by the processing plant after extraction of valuable minerals
“tailings dam” or “TSF”	a storage facility for tailings
“tonne” or “t”	metric tonne, a metric unit of weight, being equivalent to 1,000 kg
“t/a”	tonne per annum
“t/d”	tonne per day
“underground mine”	openings in the earth accessed via shafts and adits below the land surface to extract minerals
“underground mining method”	is used to extract ore from below the surface of the earth safely, economically and with as little waste as possible. The entry from the surface to an underground mine may be through a horizontal or vertical tunnel, known as an adit, shaft or decline
“vein”	sheet-like body of minerals formed by fracture filling or replacement of host rock

SUMMARY OF THE JORC CODE

SUMMARY OF THE JORC CODE

The Mineral Resources and Ore Reserves statements in this Prospectus have been prepared in accordance with the JORC Code. The JORC Code is an internationally accepted Mineral Resources and Ore Reserves classification system established in Australia, which was first published in February 1989 and last revised in December 2012. The JORC Code is commonly used in competent person's report for reporting resources and reserves for public companies reporting to the Hong Kong Stock Exchange. The JORC Code is used by the Competent Person to report the Mineral Resources and Ore Reserves of our mines in this Prospectus.

The JORC Code defines "Mineral Resource" as a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided in order of increasing geological confidence into the following categories:

- **Inferred Mineral Resource** — is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes;
- **Indicated Mineral Resource** — is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered; and
- **Measured Mineral Resource** — is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

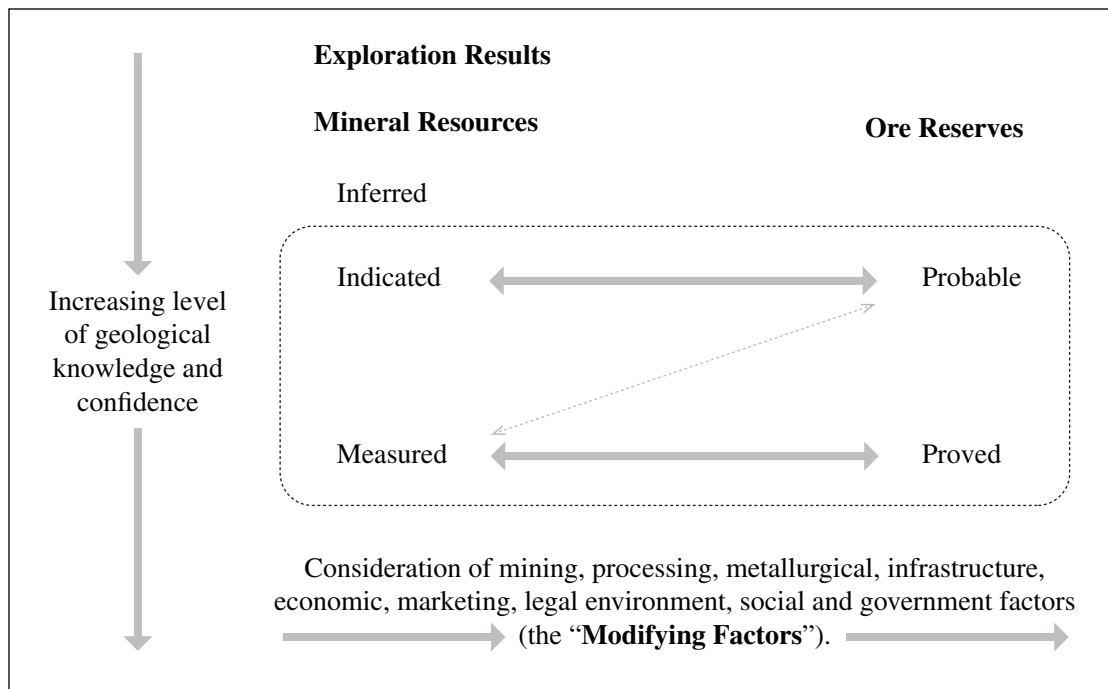
SUMMARY OF THE JORC CODE

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

Ore Reserves are sub-divided into the following categories:

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

The following diagram summarises the general relationship between Exploration Results, Mineral Resources and Ore Reserves under the JORC Code:



Source: the JORC Code, 2012

Ore Reserves are generally quoted as comprising a portion of the total Mineral Resource rather than the Mineral Resources being additional to the Ore Reserves quoted. Under the JORC Code either procedure is acceptable, provided the method adopted is clearly identified. The Competent Person's Reports in this Prospectus report all of the Ore Reserves as part of the Mineral Resources.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- changes in the price of gold and other metals;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual performance or achievement to differ materially including but not limited to those discussed in the section headed “Risk Factors” and elsewhere in this Prospectus. In some cases, we use the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed “Business” and “Financial Information” in this Prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

We caution you not to place undue reliance on these forward-looking statements which are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Past performance is no guarantee of future results, and forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect, or at all. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Prospectus. Any such intentions may change in light of future developments.

Accordingly, you should not place undue reliance on any forward-looking statements in this Prospectus. All forward-looking statements contained in this Prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Potential investors should carefully read and consider all the information set out in this Prospectus. In particular, you should evaluate the risks and uncertainties described below before making any investment in our H Shares. This includes (without limitation) the fact that we conduct a large part of our operations in China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition, or on the trading price of our H Shares (causing them to decline significantly) and could cause you to lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial could also harm our business, results of operations, financial condition, or on the trading price of our H Shares. Past performance is no guarantee of future results.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Changes in the market price for gold mining and other Mineral Resources, which in the past have experienced significant volatility, affect the profitability of our operations and the cash flows generated by those operations.

During the Track Record Period, a substantial portion of our revenue was derived from the sales of gold. Our revenue contribution derived from sales of gold mining grew significantly during the Track Record Period, increasing from 78.5% of our total revenue in 2021 to 84.6% in 2022 and to 87.6% in 2023, and 89.4% for the nine months ended September 30, 2024. We also generated revenue from sales of other Mineral Resources, including, amongst others, copper, for the same period. From 2019 to 2023, the prices of gold mining and other Mineral Resources experienced volatility. See “Industry Overview — Overview of the Gold Industry — Gold Price” for further details of fluctuations in gold price and “Industry Overview — Overview of the Copper Industry — Copper Price” for copper price. Although we hedge against the potential financial impacts due to price volatility from time to time, our hedging strategy may not be effective, and we are exposed to fluctuations in the gold price, which could lead to fluctuations in our results of operations. Gold price has been and may in the future be affected by numerous factors beyond our control, including, among others:

- the strength or weakness of the U.S. dollar (the currency in which gold price generally is quoted) and of other currencies, including the Renminbi, the Lao Kip and the Ghanaian Cedi, among others;
- the demand for gold, including the demand for gold for different uses, particularly use in jewellery, technological or industrial uses, investment (including gold bars, coins and exchange traded funds (“ETF”)), and central bank reserves;
- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;

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- international or regional political and economic events or trends;
- demand for ETFs which replicate the exact performance of gold;
- demand for gold for investment purposes;
- demand for gold investment alternatives, including the emerging demand for bitcoin, ether and other cryptoassets;
- investor confidence in gold and the gold business;
- speculative trading activities in gold;
- the overall level of forward sales by gold companies;
- the overall cost of production of gold;
- the global gold supply and demand forecasting;
- inflation; and
- interest rates.

It is not possible for us to predict the aggregate effect of these or other factors. If gold price falls near or below our costs to produce gold, we may experience losses and, should the gold price remain at such levels for any sustained period, our revenue and profit would be materially and adversely affected. As a result, we may be forced to curtail or suspend some or all of our projects or operations or reduce operational expenditures in part or completely. In addition, we might not be able to recover any losses incurred during or after such periods. Moreover, since our gold Resources and Reserves estimates are based on assumed gold prices, our estimates of gold Resources and Reserves may also be affected by significant deviations from and fluctuations in actual gold prices, resulting in material impairments of our investment in mining properties or a reduction in our Resources and Reserves estimates and corresponding restatements of our Resources and Reserves as well as increased amortization, reclamation and closure charges.

Due to the recent changes in the global geopolitical and economic environment, including, but not limited to, the persistent inflation, which resulted in the strengthening of U.S. dollars, the interest rate hikes by major central banks globally, the Russo-Ukrainian War, and the Hamas-Israel War, the gold price has experienced significant volatility. For example, according to Frost & Sullivan, for the years ended December 31, 2021, 2022 and 2023, the average spot price of gold on the Shanghai Gold Exchange was RMB374.3 per gram, RMB392.1 per gram, and RMB449.6 per gram, respectively. For the same period, the LBMA PM gold spot price was US\$1,798.9 per ounce, US\$1,801.3 per ounce, and US\$1,942.1 per ounce, respectively, according to Frost & Sullivan. The fluctuations in gold spot price were

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primarily influenced by the devaluation of Renminbi, global gold supply and demand forecasting, and political developments and uncertainties according to Frost & Sullivan. The fluctuations in gold prices have contributed to, and may continue to contribute to, fluctuations in our revenue and profitability. As a result, a sustained period of significant gold price volatility may adversely affect our ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

We primarily engage in gold mining activities and process the gold mined into gold doré and gold concentrate, and, to a lesser extent, we also produce the copper cathode as by-product of our gold mining activities as well as other Mineral Resources. During the Track Record Period, changes in current and expected supply and demand have impacted the market price of other Mineral Resources. For example, market prices for copper products experienced fluctuations from 2019 to 2023 according to Frost & Sullivan, primarily as a result of the fluctuations in market demands. Material declines in the market prevailing copper prices could adversely affect our business, results of operations, financial condition and prospects. According to Frost & Sullivan, factors that may impact prices of other Mineral Resources include, but is not limited to, global economic growth, supply and demand dynamics, changes to the cost of production including energy and raw materials costs, changes to the cost of production including labor costs, changes to freight costs, changes to exchange rates, stockpiling of commodities, technological developments, and COVID-19 impact. There is no assurance that a fall in prices of other Mineral Resources will not occur.

As a result, any of these factors may adversely affect our businesses, financial condition, and results of operations.

Our business is subject to a number of operational risks and hazards specific to mining industry, which may result in increased costs or losses, personal injuries or casualties, damage to reputation, suspension of operation and other penalties.

Our operations are subject to a number of operational risks and hazards specific to mining industry, some of which are beyond our control and cannot be completely eliminated through prevention efforts. Mining, processing and exploration activities are typically exposed to elements of significant risks and hazards, including, but not limited to, (i) mining risks; (ii) legal and regulatory risks; (iii) infrastructure and equipment risks; and (iv) environmental, social, health and safety risks.

Mining Risks. Risks and hazards commonly associated with mining operations include:

- unexpected maintenance or technical problems;
- interruptions to our mining operations due to hazardous weather conditions and natural disasters, such as, floods, including, but not limited to, surface and underground flooding, landslides and earthquakes;
- electricity or fuel supply interruptions;

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- critical equipment failures in our mining, processing and production operations;
- the handling and storage of certain dangerous substances and the use of heavy machinery;
- unusual or unexpected variation in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas;
- seismic events;
- exposure to health-related hazards, such as inhalable dust, silicosis and noise;
- surface or underground fires and explosions, including those caused by flammable gas or in connection with blasting;
- cave-ins, blockages, wall collapses or gravity induced falls of ground;
- discharges of gases and toxic substances;
- releases of radioactivity;
- electrocution;
- falling from height;
- accidents related to the presence of mobile machinery, including underground trains and shaft conveyances;
- industrial accidents, including, but not limited to, accidents and conditions resulting from drilling, blasting and removing and processing material which would also include, but is not limited to, the inhalation of dust and noise induced hearing loss;
- human errors and conduct;
- environmental degradation, including pollution of ground and surface water, air or soil;
- environmental issues, including production disruption due to weather conditions; and
- other accidents or conditions resulting from mining activities, such as blasting and the transport, storage and handling of hazardous materials.

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Thereeto, our operations involve the handling and storage of explosives and other dangerous articles. For example, we use sodium cyanide in our gold processing operations. We have implemented a set of guidelines and rules regarding the handling of dangerous articles, which comply with applicable existing laws, regulations and policies. However, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future.

The above risks and hazards may result in personal injury, damage to, or destruction of, properties or production facilities, environmental damages, business interruptions and damage to our business reputation. Further, dust emission from our production process may adversely affect the health of our on-site employees and in extreme cases, it may cause pneumoconiosis or other occupational diseases.

Legal and regulatory risks. As an integrated gold company engaged in mining, processing and exploration, we are subject to extensive laws, rules and regulations imposed by the governments in the respective jurisdictions in which we operate regarding production safety. As these governments continues to strengthen the enforcement of safety regulations in relation to the mining industry, there can be no assurance that more stringent laws and regulations regarding production safety will not be implemented or that existing laws and regulations will not be more stringently enforced. We may not be able to comply with all existing or future laws and regulations in relation to production safety economically, or at all. Should we fail to comply with any production safety laws or regulations, we may be required to suspend our operations, rectify the production safety problems within a limited period and pay fines.

Infrastructure and equipment risks. Our infrastructure and facilities may contain design defects which may not guarantee the success of commissioning and trial production for smooth operation in the future. By the same token, our operation may be faced by ageing infrastructure, unplanned breakdowns and stoppages that may result in production delays, increased costs and industrial accidents. Once shafts reach the end of their planned lifespan and begin operating under extended life of mine conditions, additional maintenance, condition monitoring and care is required. The infrastructure in some of our PRC operating regions fall into this category. Although we have comprehensive strategies in place to address these issues, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have a material adverse effect on our business, financial condition and results of operations.

Similarly, the breakdown of facilities or machinery (and the downtime required to fix or modify such facilities or machinery) may delay the production and incur significant costs. We and our third-party contractors may encounter accidents, technical difficulties, mechanical failure or breakdown in mining, processing and exploration activities, as well as possible flooding, mudslides, instability of the slopes, and subsidence of the working areas and the like due to severe weather conditions and natural disasters.

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In addition, as we increasingly conduct mining at greater depths, we may face higher operational risks associated with deep underground mining, including, but not limited to, increased stress on our mining structures, increased temperatures and ventilation difficulties, higher risk of rock bursts and seismic activities that may affect the operation and safety of our mines. Deeper mining will require us to enhance our mining infrastructure, methods and techniques, and devote more manpower and utilities to our mining activities, which will increase our costs. For example, from time to time the Wassa Gold Mine may be adversely affected by severe weather conditions as its climate, terrain and vegetation are conducive to naturally occurring fires.

Furthermore, our operations rely on the existence and maintenance of appropriate and adequate infrastructure, including, but not limited to, the continuous and stable supply of power, at our mining concessions and surrounding areas. As a result, our operations may be adversely affected where such infrastructure ceases to exist or fails to be properly maintained by the local authorities and/or third parties. This may be beyond our control, and such risks cannot be completely eliminated through prevention efforts.

Environmental, social, health and safety risks. The mining industry is inherently susceptible to work-related injuries and industrial and mining accidents. See “— Our workers are subject to risks of serious injury caused by use of machinery, production equipment and tools and other production-related risks.” Such incidents may also result in breaches of the conditions for our mining and exploration licenses or any other approvals, permits or authorizations, which may result in fines and penalties or even potential revocation of such licenses, approvals, permits and authorizations. There can be no guarantee that accidents will not occur at our operations in the future despite our efforts to comply with safety protocols and applicable laws and regulations. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur, our reputation, business, financial condition, and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities, and/or criminal liabilities. Moreover, our operations may be affected by accidents of third parties. In addition to adversely affecting our business and results of operations, safety accidents in the region may also adversely affect our reputation.

Finally, our operations are subject to health and safety legislation which imposes duties and obligations on the employer to ensure, amongst other things, a working environment which is healthy and safe, as far as is reasonably practicable. For details, see “Regulatory Overview — Laws and Regulations Relating to Safe Production.” In terms of the health and safety legislation, an employer may be subject to significant penalties and/or administrative fines for non-compliance. Depending on the particular circumstances, litigation (criminal and/or civil) may be instituted against the employer in respect of an accident, dangerous occurrence or health threatening occurrence which has resulted in the death of an employee (or contractor staff). Any changes to the health and safety laws which increase the burden of compliance on the employer and impose higher penalties for non-compliance may result in further significant costs for us.

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We may not be able to expand or replenish our Mineral Resources and Reserves through exploration.

The limited life of mines requires us to replenish our Reserves from time to time. Moreover, discovery of new Mineral Resources and Reserves is crucial to our growth. During the Track Record Period, we have continued to carry out exploration work in areas where we hold exploration permits. However, exploration of Mineral Resources and Reserves is speculative in nature, and our exploration activities may not result in the discovery of Mineral Resources. Furthermore, the future mining and development in the areas currently covered by exploration licenses is subject to further government approvals. There can be no guarantee that our future plan to expand our Mineral Resources and Reserves will succeed. Such plans may be delayed or adversely affected by various factors, including, but not limited to, failure to obtain relevant regulatory approvals, failure to secure sufficient financing to fund our expansion and production, the occurrence of geotechnical difficulties, constraints on managerial, operational, technical and/or other resources, and the incurrence of higher-than-expected operational costs. In addition, to the extent we participate in the development or operation of a project through a joint venture or any other multi-party commercial structure, there could be technical, legal or other disagreements, or divergent interests or goals among the parties, which could jeopardize the success of the project.

In addition, if a viable deposit is discovered, it could take several years and a large amount of capital expenditure from the initial phases of exploration to production commencement, during which time the presumed market price of gold may change, and the capital cost and economic feasibility of such deposit may change. There is also no assurance that we will have, or be able to raise, the required funds to engage in these activities or to meet our obligations with respect to any exploration properties in which we have or may acquire an interest. Furthermore, there can be no assurance that reported Resources will be converted into Reserves, and actual results upon production may materially differ from those anticipated at the time of discovery. Accordingly, there can be no assurance that any future exploration activities or development projects will extend the life of our existing mining operations or result in any new economic mining operations. For our future expansion plans, please refer to “Business — Development and Expansion”. In the event we fail to replace our Resources and Reserves depletion, to expand our Resources or Reserves base or our future expansion plans are delayed or fails to deliver the expected economic benefits, our business, financial condition, results of operations and future growth may be materially and adversely affected.

We may fail to obtain, maintain or renew the government permits, licenses and approvals required for our mining and exploration activities.

Our right to exploit mineral deposits is governed by the laws and regulations of the jurisdictions in which our mining properties are located. Currently, a significant portion of our deposits are located in countries where mining rights could be suspended or cancelled should we breach our obligations in respect of the acquisition and exploitation of these rights.

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In all of the countries where we operate, the formulation or implementation of governmental policies on certain issues may be unpredictable. This may include changes in laws relating to mineral rights and ownership of mining assets and the right to prospect and mine, and, in extreme cases, nationalization, expropriation or nullification of existing rights, concessions, licenses, permits, agreements and/or contracts.

Under the PRC Mineral Resources Law, all Mineral Resources in the PRC are owned by the State. Mining companies, including our Company, are required to obtain mining and exploration permits prior to undertaking any mining or exploration activities, and the mining and exploration permits are limited to a specific geographic area and a certain time period. Our mining licenses in the PRC are generally valid for several years to 30 years. Our exploration permits are generally valid for five years and renewed accordingly subject to some conditions. Under the current Laotian laws and regulations, mining concessions provide up to twenty (20) years' mining rights to the holder, with such initial term being extendable for ten (10) year periods at a time. LXML has nevertheless been granted a mining concession by the Government of the Lao PDR under its Mineral Exploration and Production Agreement (MEPA), as amended, with an operating period of thirty (30) years, or until September 29, 2033, with the right to apply for two extensions, with each extension being for a period of ten (10) years, in accordance with mining legislation at the time of the 1st MEPA Amendment, which provided for the period of mining concession of up to thirty (30) years, subject to two extensions of ten (10) year periods. Under the current Ghanaian laws and regulations, mining concessions provide up to thirty (30) years' mining rights to the holder. In addition, pursuant to relevant PRC, Laotian, and Ghanaian laws and regulations, before commencing production, we are required to pass a number of inspections and obtain permits and licenses with respect to environmental protection and production safety, among other things.

As of the Latest Practicable Date, we held a total of 12 valid mining licenses in the PRC, including (i) one mining license for Wulong Mining, (ii) two mining licenses for Jilong Mining, (iii) six mining licenses for Huatai Mining, (iv) one mining license for Jintai Mining, and (v) two mining licenses for Hanfeng Mining. In addition, as of the Latest Practicable Date, we held 5 valid exploration permits in the PRC, including (i) one exploration permit for Jilong Mining, (ii) two exploration permits for Wulong Mining, (iii) one exploration permit for Jintai Mining, and (iv) one exploration permit for Hanfeng Mining. Moreover, as of the Latest Practicable Date, we held one valid mining license and one valid exploration permit in Laos. In addition, as of the Latest Practicable Date, we held two valid mining licenses and three valid exploration permits in Ghana, with one mining license having been renewed by the Ministry of Lands and Natural Resources and in the process of being ratified by Parliament. We need to renew or obtain relevant permits for our operations from time to time, including, but not limited to, mining permits and exploration permits. As of the Latest Practicable Date, although one mining lease of GSWL has been renewed by the Ghanaian Government, it is still pending ratification by the Parliament of Ghana as required by the Ghana Constitution. It is stipulated in the subsection 44(4) of the Mining Act of Ghana that a holder of the mining lease has made an application for extension of the term, the lease shall continue in force in respect of the subject of the application until the outcome of application is determined. As advised by our Ghana Legal Advisor, this means the lessee is able to continue its ongoing mining operations under

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the old lease until the new lease is ratified by Parliament. It remains uncertain when such mining lease will be ratified. LXML applied for rare earth mining right with respect to an area of 2.96 km² located within its mining area. Chijin Laos applied for rare earth exploration right with respect to an area of 50 km² in the Kham District of Xiangkhouang Province. Chijin Laos had also submitted two applications in relation to prospecting, exploration, and a technical feasibility study on (i) rare earth minerals within a 19.88 km² area in Phouvineg and Phouluang Villages, Hiem District, Huaphan Province and (ii) gold and associated minerals within a 180 km² area in Giem District, Huaphan Province, respectively. These applications are currently put on hold by the relevant governmental authorities in Laos, as the Laos government has suspended review of all rare earth pilot project applications. For details, see “Business — Our Rare Earth Business in Laos.”

In addition, to comply with Laos environmental laws, we have submitted an updated environmental and social impact assessment and an environmental and social management and monitoring plan to the Laotian Government for the expanded project scope at our mines in Laos, which is pending review by the Laotian Government. There can be no assurance that the review will be completed in time, as per our current expectation, or at all, which may hinder the expansion of our Laos mining project. During the Track Record Period and up to the Latest Practicable Date, we failed to obtain the environmental impact assessment approvals for two production facilities in the PRC in a timely manner. For details, please refer to the section headed “Business — Licenses and Permits”. There can be no guarantee that all of our applications will be approved by the relevant government authorities. Also, there can be no assurance that we will be able to fully and economically utilize the entire Mineral Resources of all of our mines during the currently effective permit or approval periods.

We meet the substantive and procedural conditions stipulated in the relevant laws and regulations, we may not be able to obtain or renew such approvals, licenses or permits, comply with all conditions requested by governmental authorities to maintain those permits, or obtain, retain or renew other approvals, licenses and permits necessary for our business operations in the future, either in respect of our existing mines or at any mines we may operate in the future. There can be no guarantee that we will at all times maintain or act in compliance with our existing permits by the relevant governmental authorities. In addition, we may require new permit(s), license(s) and/or approval(s) from time to time. Changes in local laws, regulations and policies, including those with respect to environmental protection and mining and exploration activities, are outside of our control may affect our ability to obtain timely renewals for such permits, licenses and/or approvals, and during such time we may be compelled by law or regulators to cease mining and exploration activities in accordance with PRC, Laotian and Ghanaian laws and regulations.

Any failure to obtain, retain or renew, or any delay in obtaining or renewing, such approvals, licenses or permits could subject us to a variety of administrative penalties or other government actions and adversely impact our business, financial condition and results of operations.

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Artisanal mining, gold theft and robbery may occur on some of our properties. These activities are difficult to control and can disrupt our business and expose us to liability.

Artisanal mining activities, theft and robbery of gold bearing materials and production inputs are common in Laos and Ghana. Illegal mining is mining activity that is carried out without land rights, mining license, exploration or transportation permit, or any document that can legitimate the ongoing operations. It is generally associated with a number of negative impacts, including poor working practices, corruption, child labor and human trafficking. Effective local government administration is often lacking in the locations where illegal and artisanal miners operate because of rapid population growth and the lack of functioning structures which can create a complex and unstable social environment. Activities of the illegal miners and artisanal miners may cause pollution or other damage to our properties, including, for example, underground fires, or personal injury or death, for which we may potentially be held liable. In addition, activities of artisanal mining may cause safety concerns and a negative image of our Company. In particular, artisanally-mined gold channeled through large-scale mining operators like us may impact negatively on the reputation of our Company as well as the industry. Illegal miners are often assisted by a syndicate of employees of legal mining operations. Consequently, in the event that our employees are found to be assisting illegal miners we will be required to dismiss all implicated employees, and this may result in labor unrest. Illegal mining activities could also result in depletion of mineral deposits, potentially making the future mining of such deposits uneconomic. The presence of illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits. During the Track Record Period, several illegal surface mining incidents occurred in the exploration rights area of Wassa Gold Mine. The illegal miners caused minor damages to office facilities and disruptions to operations for one to two days.

Any theft or robbery of gold may reduce the amount of gold that we are able to recover from our operations. Rising gold prices may increase the likelihood such thefts or robbery occurring. There can be no assurance that our security measures will effectively prevent illegal activities — which may be committed by third parties, employees or former employees — from happening in the future, or, in such case, that our insurance will be adequate to recover part or all of our loss (if any). Illegal mining, gold theft and robbery could result in lost Ore Reserves, mine stoppages, and have a material and adverse effect on our business, results of operations and financial position.

We are subject to regulatory or legislative impositions of various costs, and such legislative changes to which may have a material adverse effect on our operations and profits.

In recent years, governments (local and national), communities, non-governmental organizations and trade unions in several jurisdictions, have sought and, in some cases, have implemented greater costs on the mining industry, including, for example, the imposition of additional taxes and royalties, and relevant policies.

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For example, in Ghana, the ownership of land on which there are mineral deposits is separate from the ownership of the minerals, as minerals are the property of the Ghanaian Republic and are vested in the president in trust for the people of Ghana. Under the Ghanaian Minerals and Mining Act, 2006 (Act 703) (“**Minerals and Mining Act**”), the Government of Ghana has a statutory right to a free 10% carried interest in the rights and obligations of all mineral operations in Ghana. In addition, stool/land rents of approximately GHC15.00 per acre are payable to the Government of Ghana. The annual ground rent was GHC15.00 for the years ended December 31, 2021, 2022 and 2023 and GHC40.00 for the nine months ended September 30, 2024. In 2021, 2022, 2023 and the nine months ended September 30, 2024, the amount of ground rent paid by the Group was GHC 0.42 million, GHC0.42 million, GHC0.42 million, and GHC1.14 million. Furthermore, under the Minerals and Mining Act the Ghanaian Minister of Lands and Natural Resources has the right of pre-emption over all minerals obtained in Ghana and products derived from the refining or treatment of these minerals. In February 2018, the Government of Ghana announced that it would implement an audit program targeted at mining companies in Ghana, and as such, we may be subject to additional audits that could result in the reversal of currently recorded tax losses or additional tax expenses. On July 31, 2018, the Ghanaian Minister of Lands and Natural Resources informed the Ghanaian Chamber of Mines of the Government of Ghana’s intention to exercise its right of pre-emption to acquire up to 20% of all gold mined in Ghana for the benefit of Ghanaian refineries. In November 2022, the Government of Ghana directed all gold mining companies, effective January 2023 to sell up to 20% of their products to the Bank of Ghana to be paid for at the World Market Spot Price in Ghanaian Cedis. Since then we have been selling 20% of our products to the Bank of Ghana in accordance with the legal provisions. We generally are able to utilize all Ghanaian Cedis for our operating expenses, but there is a risk that our holding of Ghanaian Cedis is subject to fluctuation and foreign exchange loss.

For the details of the taxes and royalties that we are subject to, see the section headed “Regulatory Overview” in this Prospectus. The policies adopted may impose additional restrictions, obligations, operational costs, taxes or royalty payments on gold mining companies, including us, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to risks relating to operating our overseas business.

Our overseas revenue contributed a substantial portion during the Track Record Period, accounting for 66.7%, 76.4%, 71.9% and 71.2% of our total revenue for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. An important driver of such overseas revenue growth during the Track Record Period is our global expansion.

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In November 2018, we acquired a 90% equity interest in LXML. LXML is a large local mining enterprise in Laos focusing on gold and copper mining and processing business, specifically engaged in the production and operation of the mines of Sepon Gold and Copper Mine. The remaining 10% equity interest in LXML is held by the Laotian Government. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds an 90% equity interest in GSWL. GSWL is a large local mining enterprise in Ghana focusing on gold mining and processing business, specifically engaged in the production and operation of the mines of GSWL. The remaining 10% equity interest in GSWL is held by the Ghanaian Government. In January 2023, we acquired a 51% equity interest in Xinhenghe Mining, which directly holds a 90% stake in Jintai Mining. Jintai Mining is a local mining enterprise in China focusing on gold mining and processing business, specifically engaged in the production and operation of the mines of Jintai Mining. In March 2024, an equity transfer agreement was entered into among China Investment, Chixia Laos and Chijin Xiawu, pursuant to which Chixia Laos shall acquire from China Investment 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd., which in turn holds an 86% equity interest in CIRE Mining. CIRE Mining is a large local mining enterprise in Laos focusing on rare earth mining and processing business, specifically engaged in the operation of the trial mining area of the Mengkham Rare Earth Element Project. These acquisitions have further enhanced our mining operations and gold production.

We believe our increased Mineral Resources and enlarged production scale as well as our expansion into overseas markets will present us with further growth opportunities. However, there can be no guarantee that there will not be any material disputes between local government authorities and us in connection with the performance of a party's obligation or the scope of a party's responsibilities under relevant agreements, nor can we guarantee that we will be able to resolve any such disputes through amicable negotiation. In the event a material dispute cannot be resolved, the business and operations of LXML, GSWL, Jintai Mining, and/or CIRE Mining may be adversely affected. Furthermore, any potential social unrest and changes in regimes could have an adverse impact on the business of LXML, GSWL, Jintai Mining, and/or CIRE Mining. In the event that any of the above occurs, our business, financial condition and results of operations may be adversely affected.

Our current overseas operations, namely our operations in Laos and Ghana, as well as any future overseas operations that we set up or acquire, expose us, and may further expose us, to various risks associated with conducting business in foreign countries and territories, which may include, among other risks:

- an increase in competition from local or international competitors or failure to anticipate changes to the competitive landscape in overseas markets;
- difficulties integrating overseas business and management systems with our existing operations;

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- potential risks, including civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, strained or altered foreign relations, and political instability and uncertainty, which may lead to interruptions in our business operations and/or loss of property;
- economic, financial and market instability and credit risks;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties, regulations, and rules;
- inability to obtain or maintain the requisite licenses, permits, approvals and certificates in foreign jurisdictions;
- economic sanctions, trade restrictions, trade barriers such as imposition of tariffs, discrimination, protectionism or unfavorable policies against PRC companies;
- potential loss of key employees, and difficulties with staffing and managing overseas operations after localization, including with respect to compliance with local labor laws;
- exposure to litigation or third-party claims outside of the PRC, including labor disputes;
- foreign currency exchange controls and fluctuations;
- uncertainties in the interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions;
- potential disputes with, and loss of, overseas or international customers or other parties we work with;
- cultural differences and language barriers;
- infringement of our intellectual property rights in foreign jurisdictions; and
- lack of a well-developed or independent legal system in certain foreign jurisdictions in which we conduct our business, which may create difficulties in the enforcement of our legal rights.

Any of the above factors could lead to, among other things, business disruptions and increased costs and losses, which could have a material and adverse effect on our business, results of operations and overall growth. In particular, current and future geopolitical tensions globally and political tensions in the jurisdictions we operate could have a material and adverse impact on our existing business and future strategies.

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We are subject to risks related to exchange rate fluctuations, because our gold product from overseas operation is priced in U.S. dollars and our operating costs and expenses are incurred in different currencies, including, but not limited to, Lao Kip and Ghanaian Cedi.

The revenue generated and cost incurred by our Company and PRC subsidiaries are denominated in Renminbi. The revenues of our overseas subsidiaries are denominated in U.S. dollars, while operating costs and expenses of our overseas subsidiaries are denominated in different currencies, primarily in U.S. dollars and in some cases in local currency. In addition, as our group reporting currency is Renminbi and the functional currency of our overseas subsidiaries is U.S. dollar, the financial report of overseas subsidiaries are converted to Renminbi for consolidation. Any exchange rate fluctuation between U.S. dollars, Lao Kip and Ghanaian Cedi, and Renminbi will affect our financial performance.

We operate a significant part of our business in Laos and Ghana. Revenue generated by our operations in Laos and Ghana are denominated in the U.S. dollar through sales of gold and copper where international refineries and traders purchase our products with prices set referencing to LBMA and LME market prices, respectively. In November 2022, the Government of Ghana directed all gold mining companies, effective January 2023 to sell up to 20% of their products produced in Ghana to the Bank of Ghana to be paid for in the Ghanaian Cedi at the World Market Spot Price, which is denominated in the U.S. dollar. Since then we have been selling 20% of our products produced in Ghana to the Bank of Ghana in accordance with the legal provisions. The operating and capital costs for our mines there are predominantly denominated and paid in the U.S. dollar with a minor part of costs denominated in the Lao Kip or the Ghanaian Cedi and paid in the Lao Kip or the Ghanaian Cedi, respectively. As a result, our business, financial condition and results of operations are affected by exchange rate fluctuations between the U.S. dollar and the Lao Kip as well as the Ghanaian Cedi.

As a certain amount of local currency is necessary for daily operation, there is a risk that our holding of Lao Kips and Ghanaian Cedis is subject to fluctuation and foreign exchange gain or loss. For the three years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, our net foreign exchange gains of RMB86.2 million, RMB27.2 million, RMB20.2 million and RMB27.8 million, respectively, were primarily due to exchange rate fluctuations. The Ghanaian Cedi has depreciated sharply against the U.S. dollar since the start of 2022, with a decline of more than 55% between January and October 2022, primarily due to lack of access to financial markets and significant debt servicing commitments by the Ghanaian government. The Lao Kip has also depreciated sharply against the U.S. dollar since August 2020, with a decline of approximately 50% from December 2021 to December 2022, primarily due to the economic challenges from the COVID-19 pandemic and public debt and fiscal challenges in Laos.

During the Track Record Period, the Renminbi, our Group's presentation currency, experienced significant depreciation against the U.S. dollar, the overseas subsidiaries' functional currency. We recognized other comprehensive loss on exchange differences on translation of foreign operations of RMB59.2 million and RMB79.9 million in 2021 and for the

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nine months ended September 30, 2024, respectively, and recognized other comprehensive income on exchange differences on translation of foreign operations of RMB563.0 million and RMB109.5 million in 2022 and 2023, respectively. The amount of transactions denominated in the Renminbi under our overseas subsidiaries are minimal and we normally will not arrange hedging between the Renminbi and the U.S. dollar. There can be no guarantee that future fluctuations of the exchange rate would not have a material and adverse impact on our business, financial condition and results of operations.

We also have four subsidiaries conducting gold mining business in the PRC. Since the trend in gold price in the PRC, which is denominated in the Renminbi, is generally consistent with the trend in international gold price, which is denominated in the U.S. dollar, and the gold price in the PRC takes into account Renminbi/U.S. dollar exchange rate fluctuations, our earnings may be materially affected by a material change in Renminbi/U.S. dollar exchange rate. For example, if the Renminbi depreciates against the U.S. dollar, gold price in the PRC, which is denominated in the Renminbi, may increase, thereby having a positive impact on our revenue in the PRC. As of December 31, 2021, 2022 and 2023 and September 30, 2024, Renminbi to U.S. dollar exchange rate was 6.38:1, 6.96:1, 7.08:1 and 7.00:1, respectively, according to the central parity rate of Renminbi from SAFE. Since December 31, 2022, Renminbi to U.S. dollar exchange rate has also experienced significant volatility.

The value of Lao Kip, Ghanaian Cedi and Renminbi is subject to changes in the local governmental policies and international economic and political environment. The respective local government may adopt further reforms of the local exchange rate system in the future. There can be no assurance that such exchange rate will remain stable against U.S. dollar or other foreign currencies in the market. Volatility of Lao Kip, Ghanaian Cedi and Renminbi against foreign currencies may adversely affect our local and overseas operations.

Rising inflation may have a material adverse effect on our business, financial condition and results of operations.

Our business has been, and may continue to be, directly affected by volatile commodity costs and other inflationary pressures. Inflation in the PRC, Laos and Ghana could increase our production costs and expenses, including, for example, raw materials, transportation, wages and power costs. The average annual inflation rate, indicated by the average annual percentage change in the consumer price index was 1%, 2% and 0.2% for PRC, 10.0%, 31.3% and 38.1% for Ghana, and 3.8%, 23.0% and 31.2% for Laos in 2021, 2022 and 2023, respectively, according to the World Bank Group.

Geopolitical risks and conflicts around the world could further disrupt supply chains and create additional inflationary pressures. Specifically, the Russo-Ukrainian War has led to sanctions, travel bans, and asset or financial freezes being levied by the United States, European Union and other countries against Russian entities and individuals, with additional sanctions being proposed. These sanctions and other measures have had a significant impact on commodity prices, including increased oil, gas, ammonia nitrate, copper, steel and gold prices. The oil price is a driver of a number of our input costs, including fuel and transport costs, while

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gas prices have an impact on power costs, and other commodity prices drive direct mining and processing costs. These inflationary pressures could also cause interest rates and the cost of borrowing to increase and could have a material adverse effect on global financial markets and economic conditions. The extent and duration of the war, sanctions and resulting market disruptions are impossible to predict. Any inflationary impacts or disruptions caused by the war or resulting sanctions may have a material adverse effect on our business, financial condition and results of operations, and may magnify the impact of other risks described in this document.

Our Mineral Resources and Ore Reserves estimates are based on a number of assumptions, which, if changed, may require us to lower our estimates.

Our Mineral Resources and Ore Reserves estimates are based on a number of assumptions. Neither Mineral Resource estimates, nor Ore Reserve estimates, are precise calculations. Ore Reserve estimates are based on available assumptions and considerations on extraction of Measured and Indicated Mineral Resources; and the Mineral Resources estimates are dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The accuracy of the estimates depends on the quantity and quality of available data, the assumptions made, and the judgments used in engineering and geological interpretation, which in each case may prove to be unreliable.

The Ore Reserves estimates contained in this Prospectus represent the tonnage and grade of gold and other Mineral Resources that we believe can be economically mined and processed and are estimated based on a number of economic and technical assumptions, including our costs, expenditures, commodity prices, currency exchange rates, geological and design losses, dilutions, metallurgical and mining recovery assumptions, which may prove inaccurate due to a number of factors, many of which are beyond our control. Ore Reserve estimation is a time-related behavior and activity, and the Ore Reserves presented in this Prospectus has reflected the considerations and assumptions made being valid on the date of the Competent Person's Report, and such considerations and assumptions comprise of the Modifying Factors. In the future, we may need to update the Modifying Factors and further our Ore Reserves if, for instance, our production costs increase or the prices of gold and/or other Mineral Resources decrease and as a result the extraction of a portion (or all) of the Ore Reserves at our mines becomes uneconomic. There is no assurance that our estimates will prove accurate or that the Ore Reserves can be mined or processed profitably. For details, please refer to "Appendix IIIB — Competent Person's Report for the Sepon Gold and Copper Mine — 20 Project Qualitative Risk Analysis" and "Appendix IIID — Competent Person's Report for the Sepon Rare Earth Element and Mengkham Rare Earth Element Projects in Lao People's Democratic Republic — 19 Risk Analysis".

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In addition, compared to Measured or Indicated Mineral Resources, Inferred Mineral Resources have a greater amount of uncertainty as to their existence and as to whether they can be mined economically as such Mineral Resources are inferred from geological evidence and assumed but not verified. It cannot be guaranteed that all or part of the Inferred Mineral Resources will ever be upgraded to a higher category. No Inferred Mineral Resources have been included in LOM plan presented in this Prospectus.

The inclusion of Mineral Resources estimates should not be regarded as a representation that all these amounts can be economically mined or processed, and nothing contained in this Prospectus should be interpreted as assurances of the economic viability of the mines that we hold mining licenses or exploration permits to or the profitability of our future operations. A reduction of our Mineral Resources or Reserves, including due to any of the above could have a material adverse effect on our business, financial condition and results of operations.

We amortize our mining rights based on the units-of-production method. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, our amortization expenses related to our mining rights amounted to RMB313.8 million, RMB578.3 million, RMB546.8 million and RMB223.1 million, respectively. We review the remaining useful life of our mining rights in accordance with our production plans and Reserves levels of each mine. Any material decrease in the amount of our Reserves for our mines or changes to our production plans may result in impairment of the carrying value of our mining and exploration rights, which may have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to obtain financing on favorable terms, or at all, to fund our on-going operations, existing and future capital expenditure requirements, acquisitions and investment plans and other funding requirements, and our ability to raise additional funds could be materially affected by the fluctuations in the capital markets. If we do not obtain additional financing, our business may be at risk or execution of our development plan may be delayed.

As of September 30, 2024, we had cash and cash equivalents of RMB2,094.1 million, and we incurred net profit of RMB613.4 million, RMB493.9 million, RMB871.6 million and RMB1,264.8 million for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. Our mining, production and exploration activities are highly capital intensive. During the Track Record Period, we had funded our working capital and capital expenditure primarily through cash flow from operations, bank loans and gold leasing contracts. As our capital expenditure is significantly more than the proceeds from our Global Offering, such proceeds may not be sufficient to cover our capital expenditure. To fund our ongoing operations, existing and future capital expenditure requirements, investment plans and other financing requirements, we may need access to additional financing from external sources in addition to internal sources of liquidity.

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Obtaining additional funding will be subject to various factors, including general market conditions, investor acceptance of our business plans, lenders' perception of our creditworthiness, the global and local economies, regulations that affect the availability and costs of financing, and ongoing results from our construction and commissioning efforts. Any disruptions, uncertainty or volatility in the capital and credit market resulting from any global financial crisis may also limit our ability to obtain financing to meet our funding requirements. These financings could require contractual or other restrictions on our operations or on alternatives that may be available to us. If we raise additional funds by issuing debt securities, these debt securities could impose significant restrictions on our operations. Any such required financing may not be available in amount or on terms acceptable to us, and the failure to procure such required financing could have a material and adverse effect on our development plan and continuous growth.

If we are unable to raise adequate funds, we may have to delay some of our development projects or expansion plans therefore affecting our profitability in the short and long term. If we do not have, or are not able to obtain, sufficient funds, we may be required to delay further development or commercialization of our Mineral Resources. Any of these factors could harm our operating results.

Our workers are subject to risks of serious injury caused by use of machinery, production equipment and tools and other production-related risks.

The mining industry is characterized by a higher risk of mining accidents due to the nature of the work environment, which is typically underground, confined, and subject to geological uncertainties. The risk of accidents is further exacerbated by the use of heavy machinery such as drilling machines and scrapers, which are potentially dangerous in our operations. Furthermore, there is risk associated with the use of hazardous, toxic or flammable raw materials and intermediate products. The storage of such materials near our production facilities and the handling of these materials in the mining and production process pose inherent risks.

Despite our efforts to protect our employees' health through executing safety measures, we cannot rule out such risks caused by factors beyond our control. An accident could lead to death or personal injuries and could materially disrupt our mining and manufacturing operations. During the Track Record Period, we had two safety production accidents, for which we received administrative penalties from the relevant authorities in China, and several work-related injuries in Laos. For details, please refer to "Business — Occupational health and safety". We may also be subject to business interruptions caused by equipment shutdowns for government investigation or implementation or imposition of safety measures as a result of the accident. Any such accident may also subject us to adverse publicity and damage to our brand name and reputation. Due to the growing awareness of and concern about safety and environmental protection, the risk of such accident may result in social demonstrations against the construction and operation of our plants and facilities, which may further disrupt our business operations, negatively affect our image and reputation and materially and adversely affect our business and financial condition.

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To the extent that we seek to expand through acquisitions, investment in joint ventures and associates, and strategic collaborations, we may experience problems and difficulties in executing, managing and integrating the acquisitions, joint ventures, associates and strategic collaborations.

From time to time, we evaluate the acquisition of Ore Reserves, development properties or operating mines, either as stand-alone assets or as part of existing companies. The decision to acquire these properties may be based on a variety of factors, including, for example, historical operating results, estimates and assumptions regarding the extent of the Ore Reserves, cash and other operating costs, mineral prices, projected economic returns and evaluations of existing or potential liabilities (including environment liabilities) associated with the relevant property and its operations and how these factors may change in the future. Other than historical operating results, these factors are uncertain and could have an impact on revenue, cash and other operating costs, as well as the process used to estimate the Ore Reserves. To the extent that we are unable to realize the anticipated benefits of such acquisitions, our growth strategy, along with our business, financial condition and results of operations, may be materially impacted.

Over the past few years, we have entered into negotiations relating to certain target companies in which we were interested in acquiring a stake. For example, in November 2018 we acquired a 90% equity interests in LXML. LXML is a large local mining enterprise in Laos focusing on gold and copper mining and processing business, specifically engaged in the production and operation of the Sepon Gold and Copper Mine. In January 2022, we acquired a 62% equity interests in Golden Star Resources, which in turn indirectly holds 90% an equity interest in GSWL. In January 2023, we acquired a 51% equity interest in Xinhenghe Mining, which directly holds a 90% stake in Jintai Mining. This acquisition has further enhanced our mining operations and gold production. In March 2024, an equity transfer agreement was entered into among China Investment, Chixia Laos and Chijin Xiawu, pursuant to which Chixia Laos shall acquire from China Investment 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd., which in turn holds an 86% equity interest in CIRE Mining. CIRE Mining is a large local mining enterprise in Laos focusing on rare earth mining and processing business, specifically engaged in the operation of the trial mining area of the Mengkham Rare Earth Element Project.

To further grow our businesses and increase our competitiveness and profitability, we intend to continue expanding our mining and production operations in various product segments or regions inside and outside of China. We may strategically pursue acquisitions, investment in joint ventures and associates, or strategic collaborations to maintain or expand our operations and our Mineral Resources and Reserves base. Any acquisition, joint venture, associate or strategic collaboration may change the scale of our business and operations and may expose us to new geographic, geological, political, social, strategic, operating, financial, legal, regulatory and contractual risks, including, but not limited to:

- significant changes in commodity prices after we have committed to complete a transaction and established a purchase price or share exchange ratio;

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- risks arising from historical non-compliance from acquired properties, which we may not be able to identify in spite of pre-acquisition due diligence;
- mineral ore bodies that may not meet expectations;
- difficulties integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls;
- higher costs of integration than we anticipated;
- diversion of management's attention from our day-to-day business;
- inability to manage the newly acquired entities due to new operating and regulatory requirements;
- undetected liabilities which may be significant;
- disputes or breaches by our joint venture partners or strategic business partners, or the inability of our joint venture partners or strategic business partners to fulfil contractual obligations due to their businesses or financial condition; and
- difficulties in obtaining various governmental approvals and consents.

We may incur losses in relation to our investments in joint ventures and associates. Any significant investment losses charged against our investments in associates or joint ventures could have a material adverse effect on our business, financial condition and results of operations.

In respect of future acquisitions, we may encounter difficulties in integrating acquired operations, services, corporate culture and personnel into our existing business and operations. Further, we may discover previously unidentified liabilities or other issues that we did not discover in our pre-acquisition due diligence investigations. These activities may divert significant management attention from existing business operations, which may harm our business. In addition, acquisitions may require our management to develop expertise in new areas and manage new business relationships. There can be no assurance that any acquisition, joint venture, associate or strategic collaboration will achieve the results intended. In particular, if any of the new businesses fail to perform as we expected, we may be required to recognize a significant impairment charge, which may materially and adversely affect our business, financial condition and results of operations. There may also be established competitors in these sectors and markets which enjoy significant market share, and it may be difficult for us to win market share from them. Furthermore, some of the overseas markets that we are targeting may have high barriers of entry for foreign companies. There can be no assurance that our acquisition or expansion plans will be successful.

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Furthermore, there are complex procedures for certain acquisitions of PRC companies as established by the PRC Anti-monopoly Law (中華人民共和國反壟斷法) and the Provisions of the State Council on the Threshold for the Reporting of Undertaking Concentrations (國務院關於經營者集中申報標準的規定), which require us to file anti-monopoly applications for some acquisitions based on the turnover of the acquirer and the target entity. The Provisions on the Examination of Concentrations of Undertakings (經營者集中審查規定) was promulgated SAMR on March 10, 2023 and implemented on April 15, 2023. SAMR is responsible for conducting the anti-monopoly examination of concentrations of undertakings, as well as investigating and punishing illegal concentrations of undertakings.

In addition, the PRC Anti-monopoly Law prohibits monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition. The relevant restrictions and requirements may affect our ability to expand our operations, result in adjustments to our business plans and limit the growth of our business.

We face industry competition.

We compete with a number of large PRC gold companies and international gold companies, for further details of our competitors, please refer to “Industry Overview — Competitive Landscape”. Our competitors may have certain advantages over us, including, for example, diversified sources of fundings, better financial performance, greater technical and Mineral Resources, greater economies of scale, broader name recognition and more established relationships in certain markets. As a result, these competitors may be able to devote more resources to the discovery of new Mineral Resources and reserves and acquire new Mineral Resources or other gold mining companies. Competition could also have an adverse impact on the demand for, and pricing of, our gold products, which in turn affects our business growth and financial condition. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position. If we fail to compete effectively, it will have a material adverse effect on our businesses, results of operations and financial condition.

We also face intense competition for the acquisition of attractive gold mining properties. Industry competition may lessen our opportunities to acquire new Mineral Resources or other gold mining companies and, ultimately, may have a material adverse impact on our business, financial condition, results of operations and growth prospects.

We may not be able to meet our estimated gold and other minerals production volume.

Our production estimates are based on, among other things, Ore Reserves estimates, gold recovery rates, and the assumptions regarding ground conditions and physical characteristics of Ore Reserves, our mining schedule, utilisation of production facilities, costs of production, conditions of the industry, political stability and the general economy. There are uncertainties in our ability to develop sufficient mining flexibility to achieve our mining schedule. Our Ore

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Reserves estimates are based on assumed price of gold and other minerals, and as a result, our Reserves estimates, production schedule, operation and actual production may be adversely affected if the actual price of gold and other minerals falls below these gold price assumptions.

Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed elsewhere in this Prospectus, including, but not limited to:

- actual ore mined varying from estimates in grade, tonnage, and metallurgical and other characteristics;
- encountering unusual or unexpected geological conditions;
- mining dilution;
- actual gold recovery rate in formal production lower than estimates during the testing;
- restrictions imposed by government authorities;
- industrial accidents;
- equipment failures;
- natural phenomena such as weather conditions, floods, rock slides and earthquakes;
- changes in the costs of utilities;
- decreases in price of gold and other minerals which may cause Ore Reserves that are currently economic to become uneconomic;
- labor unrest, strikes or turnover;
- interference from local communities and competitors;
- socio-economic impact; and
- shortages of supplies needed for operation.

Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to our property or the property of others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable. New mining operations frequently experience unexpected issues during the initial development phase. Delays can often occur in the commencement of production. Estimates of production from properties not yet in production or from operations that are to be expanded are based on similar factors (including,

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in some instances, feasibility studies prepared by our personnel and/or outside consultants), but it is possible that actual facilities utilisation, gold recovery rate, cash operating costs and economic returns will differ significantly from those currently estimated. There is no assurance that we will achieve our production estimates. If we are unable to achieve our production estimates, this could have a material and adverse effect on our business, financial condition and results of operations.

We may be materially and adversely affected by challenges relating to slope and stability of underground openings.

In general, as mining activities continue and expand, underground mines (including ours) are dug deeper while the waste and tailings deposits increase in size. Under these circumstances, certain geotechnical challenges may arise, including, for example, the possibility of failure of the mine's underground openings or voids. If additional actions are required to prevent such failure, additional expenses could be incurred, and stated Ore Reserves could be negatively affected. While we have undertaken industry standard tests, studies and actions to maintain the stability of our mines and associated waste infrastructure, adverse conditions may nevertheless take place, and additional actions may be required in the future.

We may not be able to effectively execute our business strategies. In addition, estimates relating to expansion projects of existing operations are uncertain and we may incur higher costs and lower economic returns than estimated.

The ability to grow our business will depend on the successful implementation of our existing and proposed strategic initiatives, such as to improve productivity, reduce cost and enhance profitability, and to obtain Resources and Reserves and increase production volume through acquisitions of high-quality gold assets for robust and sustainable growth. See "Business — Business Strategies" for further details of our business strategies. The successful implementation of our strategic initiatives depends upon many factors, including those outside our control. For example, while we have identified rare earth resources in Laos, the successful exploration of such rare earth resources will depend on, among other things, our ability to apply for licenses on trial development to the Laotian Government. We may also prove unable to deliver on production targets and strategic initiatives. Unforeseen difficulties, delays or costs may adversely affect the successful implementation of our business strategy and projects, and such strategy and projects may not result in the anticipated benefits. Any such difficulties, delays or costs could prevent us from fully implementing our business strategy, which could have a material adverse effect on our business, financial condition and results of operations.

Our future expansion may place a significant strain on our managerial, operational, technical and financial resources. In order to better allocate our resources to facilitate our growth, we must hire, recruit and manage our workforce effectively and implement adequate internal controls in a timely manner. Our risk management and internal control system may not be effective or adequate. If we fail to maintain sufficient internal sources of liquidity and secure external sources of funding for future growth, we may encounter, among other things,

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significant delays in production and operational difficulties. If we are unable to effectively manage our growth and the associated increased scale of our operations, the efficiency of our operations, our ability to attract and retain key personnel and our business and prospects could be materially and adversely affected.

Our operations are exposed to risks in relation to environmental protection and rehabilitation.

Our operations are subject to extensive environmental laws and regulations in PRC, Laos and Ghana, including, for example, those relating to waste treatment and disposal, emissions and water management. Further, we must comply with permits or standards governing, among other things, land rehabilitation, tailings and waste disposal areas, water use, air emissions, water discharges, naturally occurring radioactive material, transportation of ore or hazardous substances, power use and generation, use and storage of explosives, as well as workers' occupational health and safety. We are required to conduct our mining operations in a manner that minimizes the impact on the environment, such as through rehabilitation and revegetation of mined land. In the future, we may have rehabilitation obligations in respect of areas we have cleared for mining and production purposes. Environmental hazards may occur in connection with our operations as a result of human negligence, force majeure or otherwise. Environmental laws and regulations are continually changing and are generally becoming more stringent. Changes to our environmental compliance obligations or operating requirements could adversely affect our production cost and revenue.

Further, failure to obtain the required environmental approvals with regard to any of our operations could affect our environmental management activities including, but not limited to, tailings disposal facilities and water management projects. For example, the process of obtaining mining, environmental, and other permits and approvals from the Government of Ghana has been taking longer lead times and incurring higher costs. As of the Latest Practicable Date, our Environment Compliance Certificate for LXML issued on January 8, 2024 is valid.

In addition to the above, failure to comply with the conditions thereof, variations in laws and regulations, assumptions made to estimate liabilities, standards or operating procedures, more stringent emission or pollution thresholds or controls, or the occurrence of unanticipated conditions, may require operations to be suspended or permanently closed, and could increase our expenses and provisions.

There can be no guarantee that non-compliance incidents will not occur at our operations in the future. The occurrence of any environmental hazards may delay production, increase production costs, cause personal injuries or property damage, result in liability to us and damage our reputation. Such incidents may also result in breaches of the conditions for our mining and exploration licenses or other approvals, permits or authorizations, which may result in fines or penalties or even possible revocation of such licenses, approvals, permits and authorizations.

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We may experience increased production costs arising from compliance with environmental laws and regulations. As the PRC, Laotian and Ghanaian economies develop and the living standards of the population improve, heightened awareness of environmental protection may lead to more stringent environmental laws and regulations being implemented in the future, or the existing environmental laws and regulations may be more strictly enforced. We may not always be able to comply with future laws and regulations in relation to environmental protection and rehabilitation economically or at all. Should we fail to comply with any such laws and regulations, we may be subject to penalties and liabilities, including, but not limited to, warnings, fines, suspension of production and closure of the relevant facility that fails to comply with the relevant environmental standards.

Failure to comply with our environmental protection and rehabilitation obligations could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition to compliance with local laws and regulations, our operations are also increasingly subject to stakeholder expectations concerning the application of stringent internationally recognized environmental, health and safety and social standards and benchmarks. Such standards include the World Gold Council Conflict-Free Gold Standard, the World Gold Council's Responsible Gold Mining Principles, the International Finance Corporation Performance Standards and other World Bank guidelines. The application of such standards could impose significant compliance costs on us. Certain financial institutions from whom we borrow money may also require compliance with any of these standards the subsequent deviation from which could prevent or adversely affect our financial condition, existing financing arrangements and ability to secure future financing.

Any contraventions of environmental statutes may result in compliance and enforcement action being instituted against us by the relevant authorities, including commencement of criminal prosecution. Any related expenses and provisions could adversely affect our results of operations and financial condition.

The failure to comply with these laws and regulations may subject us to the imposition of significant fines, cessation of mining activities, criminal liability (including prosecution of our Directors, agents and/or employees in their personal capacities), and risks of litigation.

We may fail to maintain our current financial performance, particularly with respect to our AISC.

In the mining industry, operations such as enhanced exploration and the initiation of mining activities, along with fluctuations in labor and raw material costs, and the growing stringency of environmental regulations, may increase our costs, including both capital cost and operating costs. For details, please refer to "Appendix IIIB — Competent Person's Report for the Sepon Gold and Copper Mine — 20 Project Qualitative Risk Analysis" and "Appendix IIID — Competent Person's Report for the Sepon Rare Earth Element and Mengkham Rare Earth Element Projects in Lao People's Democratic Republic — 19 Risk Analysis". While our

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operational efficiency has historically exceeded the global industry average, resulting in a competitive AISC of US\$1,179.1 per ounce as of December 31, 2023, and despite our successful reduction of AISC by 12.0% in 2023, we cannot guarantee the continuation of this trend. Our historical AISC performance is not indicative of future results, and the inherent risks associated with cost management in our industry could materially affect our financial outlook. Factors beyond our control, such as fluctuations in commodity prices, changes in production costs, and unforeseen operational disruptions, may lead to an increase in our cost structure. Any such increase could adversely affect our financial results and market position, potentially diminishing our comparative advantage in the industry.

Our indebtedness and the conditions and restrictive covenants imposed on us by our financing agreements could materially and adversely affect our business, financial condition and results of operations.

As of December 31, 2023 and as of September 30, 2024, our long-term borrowings amounted to RMB1,640.3 million and RMB1,323.4 million, respectively, which represented approximately 8.8% and 6.7% of our total assets. For example, GSWL's outstanding loan facilities and hedging and guarantee facilities provide creditors with liens on substantially all of its assets, including the mining lease of GSWL, which may cause risks. Timely payment under these facilities is important as failure to do so may cause the creditors to foreclose on and sell substantially all of GSWL's assets to satisfy payment obligations, which could prevent us from accessing these assets for our business and conducting our business as planned. Our business, financial condition, prospects and results of operations could be materially adversely affected as a result of any of these events. For a detailed outline of our indebtedness, see "Financial Information — Indebtedness". This indebtedness could have consequences for our business and operations including, but not limited to:

- limiting or impairing our ability to obtain financing, refinance any of our indebtedness, obtain equity or debt financing on commercially reasonable terms or at all, which could cause us to default on our obligations and materially impair our liquidity;
- restricting or impeding our ability to access capital markets at attractive rates and increasing the cost of future borrowings;
- reducing our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow for other purposes;
- placing us at a competitive disadvantage compared to our competitors that have lower leverage, better financing terms, and/or better access to capital resources;

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- limiting our ability to dispose of assets that secure our indebtedness or utilize the proceeds of such dispositions and, upon an event of default under any such secured indebtedness, allowing the lenders thereunder to foreclose upon our assets pledged as collateral;
- increasing our vulnerability to downturns in general economic or industry conditions, or in our business; and
- restricting our subsidiaries' ability to pay dividend to us.

In addition, our bank loan agreements include various conditions and covenants that require us to obtain the lending bank's prior consent for certain transactions. We may be required to comply with similar restrictive covenants or other terms under any new loan and other financing arrangements in the future. In addition, we are required to comply with various financial covenants, and new financial covenants may be imposed under any new loan and other financing arrangements.

Should market conditions deteriorate, or if our operating results were to be depressed, we may need to request amendments or waivers to the covenants and restrictions under our debt agreements. There can be no assurance that we will be able to obtain such relief should it be needed. A breach of any of these covenants or restrictions could result in a default that would permit our lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest, trigger cross-default provisions under other debt agreements and, as applicable, cause the termination of commitments of relevant lenders to make further extensions of credit under our financing agreements or credit facilities. If we were unable to repay our indebtedness to our lenders in such an event, the lenders could, among other things, proceed against collateral, which could include substantially all of our assets. Our future ability to comply with financial covenants and other conditions, to make scheduled payments of principal and interest, or to refinance existing borrowings depends on our business performance, which is subject to economic, financial, competitive and other factors, including, but not limited to, the other risks described in this Prospectus. Any failure to comply with the covenants of our financing agreements or to obtain financing for our business could have a material and adverse effect on our business, financial condition, results of operations and prospects. Any failure to make required debt payments could, among other things, adversely affect our ability to conduct operations or raise capital, which could have a material adverse effect on our business, financial condition and results of operations.

We may suffer material adverse consequences as a result of our reliance on contractors to conduct a portion of our business activities.

During the Track Record Period, we outsourced a portion of our exploration, mining and processing activities to contractors at our PRC, Laos and Ghana operations. For instance, we outsourced a substantial portion of our engineering work in the PRC, mining and processing work in our projects in Laos and exploration and drilling services to our operation in Ghana to qualified contractors, see "Business — Contractors". As a result, our operations have been

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affected by the performance of these contractors. Our operations at sites utilizing contractors or contract mining are subject to a number of risks, some that are outside our control, including, but not limited to, contract risk, execution risk, dispute and litigation risk, regulatory risk and labor risk, which could result in additional costs and liabilities.

We may not be able to control the quality, safety and environmental standards of the works conducted by contractors to the same extent as the works conducted by our own employees. There can be no guarantee that the contractors are in full compliance with all relevant laws and regulations, which may subject them to suspension of relevant licenses, approvals, permits and/or authorizations that would adversely and materially impact our operation. Should this happen, we may not be able to engage replacement contractors on similar terms or at all in a timely manner. We may become engaged in disputes with our contractors, which could lead to additional expenses, distractions and potential loss of production time and additional costs, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, we may be legally obligated, as an owner of the exploration permit or mining license, to ensure operational safety. In the event of any safety-related accident involving a contractor, we may be held directly liable or liable for compensation to the extent of our faults regardless of any contractual provisions to the contrary. Any failure by contractors to meet any of our quality, safety and environmental standards may result in liabilities to us and could also affect our compliance with government rules and regulations relating to exploration, mining and workers' safety.

The occurrence of one or more of these risks could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to maintain adequate, uninterrupted, timely and specification-compliant supplies of utilities, materials, equipment and service at commercially acceptable prices, or at all.

Electricity and water are the main utilities used in our operations. Electricity is used for most of our business and safety-critical operations, including cooling, hoisting and dewatering. We obtained electricity from various sources, including, without limitation, local state grid, licensed state-owned electricity enterprises, local gas-fired power plants and local state electricity power grid. Any power outage, disruption or shortage in power supply available to our operations could therefore have a material adverse impact on our production and employee safety. For instance, since the Wassa Gold Mine in Ghana is subject to extremely high temperature, an increased electrical power demand may lead to power outages. There may be incidents of power cuts in certain areas of the PRC, Laos, and Ghana. There can be no assurance that our production will not be reduced as a result of the power outages. As of the Latest Practicable Date, all our PRC Mines were underground mines except Jintai Gold Mine adopting open-pit mining, the Sepon Gold and Copper Mine in Laos uses the combination of underground mining and open-pit mining, with open-pit mining playing a key role, and the Wassa Gold Mine in Ghana uses a combination of underground mining and open-pit mining, where underground mining plays a key role. As such, an interruption of electricity supply will materially and adversely affect our production and safety by disrupting operations, including

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water pumping and ventilation. In addition, we may be subject to penalties if our consumption of electricity exceeds the permissible maximum demand pursuant to electricity supply agreements. Our water supplies are sourced from underground water sources and local water companies. As of the Latest Practicable Date, all the water permits for our mines were valid. There can be no assurance that we will be granted extension to our water permits should they expire, and if not, we will not be able to continue to access the relevant water resources. Moreover, for certain of our mines that are situated in more remote areas, there can be no assurance that there will be no interruption in electricity or water.

In addition, we need to compete with other natural resource companies for our overseas mining operations, and shortage of critical parts and equipment may adversely affect our operations and development projects. In the event that our existing suppliers cease to supply us with electricity, water, materials or equipment at commercially acceptable prices or at all, our operations will be interrupted, and our business, financial condition and results of operations will be materially and adversely affected.

In addition to utilities, in the PRC, during the Track Record Period we also procured most of the principal materials used in our production from local suppliers, including, for example, explosive materials, diesel, sodium cyanide, and cement. In Laos, we procured diesel fuel and certain low-value consumables from local suppliers, while we procured industrial chemicals and reagents, explosive materials, equipment maintenance spare parts and other consumables from overseas suppliers (mainly from PRC suppliers). In Ghana, we procured drilling service and various materials, such as diesel oil, electricity, certain low-value consumables, bulk industrial chemicals and reagents, explosive materials, equipment maintenance spare parts and other major consumables from domestic and overseas suppliers. For more information, see “Business — Procurement and Suppliers — Suppliers.”

We regularly monitor the fluctuations in market prices for the materials used in our operations. However, there can be no assurance that such supplies will not be interrupted or that their prices will not increase in the future. Additionally, if the materials, equipment and services provided by our suppliers do not meet our requirements or specifications, it may lead to production disruptions, safety incidents, legal disputes and financial losses. Furthermore, we may face the risk delay in international procurement. We cannot assure that our suppliers will not encounter delays during the customs clearance process. Such unforeseen hold-ups can disrupt our supply chain, potentially leading to production setbacks and increased costs. The complexity of international logistics, regulatory compliance, and geopolitical factors all contribute to the inherent uncertainty in the timely delivery of critical components and materials necessary for our operations. Consequently, any disruption in the flow of goods across borders could adversely affect our ability to meet market demands and maintain our competitive edge, which could impact existing profit margins and have a material adverse effect on our business, financial condition and results of operations.

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We received government grants and enjoyed preferential tax treatment during the Track Record Period, and any significant reduction in such grants or any adverse change of tax treatment offered to us may materially and adversely affect our financial condition and results of operations.

Two of our subsidiaries, namely Wulong Mining and Jilong Mining, were accredited as High and New Technology Enterprises during the Track Record Period and, therefore, enjoyed the preferential EIT rate of 15.0%. In support of our R&D projects and mining activities, we have also recognized income from government grants of RMB1.4 million, RMB4.0 million, RMB17.0 million and RMB0.8 million for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. We are required to renew our respective accreditations as a High and New Technology Enterprise upon its expiration. While we do not expect any difficulties in such renewal so long as we meet the applicable requirements and conditions and adhere to the procedures set forth in the relevant laws and regulations, there can be no guarantee that we will be granted such extension, and if not, we will not be able to continue to enjoy the preferential tax treatment for High and New Technology Enterprises in the future. In addition, there can be no guarantee that the government grants and preferential tax treatments will continue to be available to us. The discontinuation of any preferential tax treatment currently available to us will cause our effective tax rate to increase, which could have an adverse effect on our results of operations. In addition, the PRC Government from time to time adjusts or changes its policies on business tax and other taxes. Such adjustments or changes, together with any uncertainties resulting therefrom, could have an adverse effect on our financial condition and results of operations. Moreover, as we have substantial overseas operations, we may be subject to the imposition of additional taxes and royalties due to the complexity of tax laws in different jurisdictions.

We are subject to regulatory risks with respect to our tax compliance.

In the ordinary course of business we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. We may be subject to additional tax or duty liabilities, or increased statutory royalties in relation to our mining and mineral production operations, as a result of any unfavorable decisions made by such relevant tax or revenue authorities, which may materially and adversely affect our business, financial position and results of operations. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. For example, we carried out certain intra-group transactions during the Track Record Period, and our profit allocation and income tax positions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in relevant jurisdictions. There is no assurance that the respective tax authorities would not challenge the appropriateness of our historical transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant

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subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest and/or fines.

Our insurance coverage may be inadequate to satisfy potential claims and fluctuations in insurance cost and availability could adversely affect our business, financial condition and results of operations.

Mining, exploration and production activities involve numerous risks, including, for example, unexpected or unusual geological conditions, fire, floods, earthquakes, severe weather conditions, other environmental occurrences and political and social instability. These risks can result in, among other things, damage to and destruction of mining assets or production facilities, personal injury, environmental harm, financial losses and legal liability.

We maintain insurance for our operations in line with law, regulation and industry practice in the PRC, Laos and Ghana, including, but not limited to, social insurance for our PRC employees, directors' and officers' liability insurance, medical and accidental injury insurance of expatriate employees, property insurance, liability insurance (including tailings insurance), cargo transportation insurance, aircraft operation liability insurance, and production safety liability insurance. However, in line with industry practice in the PRC, Laos and Ghana, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. In addition, insurance may not continue to be available at economically acceptable premiums. The costs of maintaining adequate insurance coverage, most notably property damage insurance and environmental liability insurance, have increased significantly recently and may continue to do so in the future, thereby adversely affecting our results of operations. If such costs continue to increase, we may be forced to accept lower coverage and higher deductibles, which, in the event of a claim, could require significant, unplanned expenditures of cash and inhibit our ability to maintain our profitability.

In addition, we may become subject to liability against potential claims which we have not insured, cannot insure or have insufficiently insured, or are unable to insure the amount needed due to lack of capacity by insurers in the market, including those in respect of past mining activities. Our insurance may not cover a particular event at all or be sufficient to fully cover any losses we may incur, including, without limitation, as a result of natural disasters, public health emergencies and other events that could disrupt our operations, such as pandemics alike COVID-19. Our existing liability insurance contains exclusions and limitations on coverage. For example, should we be subject to any regulatory or criminal fines or penalties, such amounts would not be covered under our insurance program, either due to exclusions or limitations, or because it is prohibited by legislation in some jurisdictions. As a result, in the future, our insurance coverage may not cover the extent of claims against it, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses or pollution or any cross-claims made.

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We rely on the continued service of our senior management and technically skilled employees, and we may experience labor shortages, disputes, unrest or strikes.

Our ability to operate or expand effectively depends largely on the experience, skills and performance of our senior management team and technically skilled employees, particularly Mr. Wang Jianhua, our Chairman of the Board and Ms. Yang Yi-fang, our Chief Executive Officer. We rely on the expertise, experience and leadership of our directors and senior management. Their extensive knowledge and experience in mining industry, extensive managerial experience, as well as their established relationships with our customers and their experience dealing with local government authorities, have played a major role in our attainments. Additionally, the market for employees with industry experience and technical skills can be highly competitive. There can be no guarantee that the services of our senior management and a sufficient number of technically skilled employees in the PRC, Laos and Ghana will continue to be available to us. If one or more of our senior management and other key personnel are unable or unwilling to continue to serve in their present positions, we may not be able to replace them with qualified personnel in a timely manner. Any senior management departures or unavailability (due to death, injury, illness or other reasons) or technically skilled worker shortages could adversely affect our operational efficiency and production levels. We may be unable to hire or retain appropriate management personnel or technically skilled employees or may have to pay higher levels of remuneration than we currently project and intend. In particular, qualified personnel may be scarce in some or all of the regions where our mines are located. If we are unable to hire and retain appropriate management and technically skilled personnel, or if there are inadequate succession plans in place, our business may be materially and adversely affected.

In addition, we may be involved in labor disputes and experience labor unrest or strikes in the ordinary course of our business. During the Track Record Period, we had been involved in certain labor disputes, including termination of employment agreements, work-related injury compensation, etc. There can be no guarantee that labor disputes, unrest or strikes will not occur in the future. In the event that we experience such incidents, our mining activities and production levels may be disrupted, which may have a material and adverse effect on our business, financial condition, results of operations, reputation and future prospects.

Any negative publicity regarding our Company, Directors, employees or products, regardless of its nature or veracity, could adversely affect our business.

As an established brand, our image is sensitive to the public's perception of us as a business in entirety, which includes not only the quality of our products, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or incidentally, disseminate information about us, including the quality of our products, our internal management matters and negative information for management, that may result in negative perception of us by the public. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, we cannot assure you that such measures will always be effective in the future. In addition, as a listed company, our Company and member of our management or employees are under the supervision of securities

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regulatory bodies and in the past, we were subject to certain regulatory inquiries and penalties. Any negative publicity about our Company, Directors, employees, spokespersons or products, regardless of nature or veracity, could lead to potential loss of customers or investors' confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. For example, our operations may be under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power, water or fuel shortages, critical equipment failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to epidemics, potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets, reduction in our productivity and/or disruption of our business and operations. Severe communicable disease outbreaks (such as COVID-19) could result in a widespread health crisis that could materially and adversely affect the economy and financial markets. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and/or destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

The physical impacts of climate change and relevant regulations may adversely affect our mining operations, workforce and supply chain.

Our operations, workforce and supply chain may be exposed to a number of physical risks posed by climate change, such as changes in rainfall rates or patterns, rising sea levels, reduced water availability, higher temperatures and more frequent extreme weather events. For example, from time to time our operations in Ghana may be adversely affected by severe weather conditions as its climate, terrain and vegetation are conducive to naturally occurring fires. Such potential physical impacts of climate change on our operations are highly uncertain and would vary by operation based on particular geographic circumstances. As a result, we may face increased operational costs associated with, for example, power and supply chain disruption, delays and increased pricing. In addition, the potential for overall decreases in precipitation could affect the availability of water needed for our operations, leading to increased operating costs, or in extreme cases, disruptions to mining operations. In addition, our operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates or patterns, reduced water availability, higher temperatures and extreme weather events. Such events or conditions, including, for example, flooding or

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inadequate water supplies, could disrupt mining and transport operations, mineral processing and rehabilitation efforts, create resource or energy shortages or damage our property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our mines, such as an increased risk of food insecurity, water scarcity and prevalence of disease, all of which could have a material adverse effect on our results of operations and financial condition. Each of these potential physical impacts of climate change could disrupt our operations and have a materially adverse effect on our business, financial condition and results of operations.

Our operations may also be affected by climate change regulations. Greenhouse gases are emitted by our operations as a result of fuel and energy consumption. While our operations are not presently subject to specific regulatory measures to address or limit greenhouse gas emissions, the relevant governments in the jurisdictions we operate may be bound by international or local climate change treaties, for example, the Ghanaian Government ratified the 2015 UN Framework Convention on Climate Change (also known as the Paris Agreement). As regulatory requirements in respect of climate change evolve, compliance may require additional costs and involve other unexpected effects, which could have a material adverse effect on our operations, financial condition and results of operations. As producing gold is an energy-intensive business, transitioning to a lower-carbon economy will require significant investment and may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

Maintaining and increasing compliance of industry standards and keeping sufficient ESG disclosure to maintain our reputation and care for local communities could increase our operation costs.

The continued success of our existing operations and future projects are in part dependent upon broad support of and a healthy relationship with the local communities in which our operations are located, in addition to conducting operations in a manner that is not detrimental to the environment. While formal permission to operate is ultimately controlled by host governments, many mining activities require social permission from host communities and influential stakeholders to carry out operations effectively, sustainably and profitably.

The consequences of negative community reaction could therefore give rise to material reputational damage which can pose obstacles to our ability to develop our projects and maintain our operations, and have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. If our operations are delayed or shut down as a result of political and community instability, our earnings may be constrained and the long-term value of our business could be adversely impacted. Even in cases where no action adverse to us is actually taken, the uncertainty associated with such political or community instability could negatively impact the perceived value of our assets and mining investments and, consequently, have a material adverse effect on our financial condition. In order to maintain our social license to operate, we may need to design or redesign parts of our affected

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mining operations to minimize their impact on the relevant communities and the environment, either by changing mining plans to avoid such impact, by modifying operations, by changing planned capital expenditures, or by relocating the affected people to an agreed location.

Specifically, some of our current and potential mining activities are or may be located in or near communities that may regard such operations as having a detrimental effect on their safety or environmental, economic or social circumstances. It has become common in Laos and Ghana for communities surrounding mines to look to the mines to improve standards of living in the area. Such communities may engage in protest action, which may affect access to the mine and production.

For example, the local regulations and MEPA between mining right holders and government stakeholders in Laos stipulate that every mining right holder is required to promote local employment, advance social and economic welfare, contribute to transforming the mining industry and ensure that mining companies contribute to the development of the areas where they operate. In Ghana, the Minerals and Mining (Local Content and Local Participation) Regulations, 2020 (L.I. 2431) was passed to promote, prioritize, and facilitate local content and local participation in the entire mining sector value chain. The regulations came into force on December 22, 2020 and seek to achieve this by stipulating requirements for registration and approval by the Minerals Commission of Ghana of localization program of holders of mineral rights and service providers in the mining industry. The regulations also seek to promote the utilisation of local goods and services by reserving certain specified services to only Ghanaian citizens or Ghanaian owned companies which are registered with the Minerals Commission of Ghana. Failure to comply with the social obligations could have a material and adverse impact upon our operations and may result in the suspension and/or cancellation of the environmental certificate and the corresponding suspension or stoppage of project implementation and activities.

Also, action is increasingly taken by members of the general financial and investment communities, such as asset managers, sovereign wealth funds, public pension funds, universities and other groups, to promote improvements in ESG performance by mining companies, which may impact our ability to raise funds if are perceived to have ESG deficiencies. Voluntary compliance with gold industry standards and reporting against multiple sustainability and ESG indices could result in significant costs. Stringent standards relating to responsible gold, including but not limited to the World Gold Council Conflict-Free Gold Standard and the World Gold Council Responsible Gold Mining Principles have been introduced. Additionally, the increasing demand for disclosure on performance with regard to ESG and the plethora of disclosure formats and indices being demanded, may result in significant costs to ensure and demonstrate compliance (particularly where standards change rapidly or duplication in reporting is required).

The cost of measures and other issues relating to the sustainable development of mining operations has placed significant demands on our resources and could increase capital and operating costs and have a material and adverse impact on our reputation, business, financial condition and results of operations.

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The failure of a tailings storage facility could negatively impact our business, reputation and results of operations.

Mining companies face inherent risks in their operation of tailings storage facilities. Tailings storage facilities are structures designed and managed to contain fine mining waste, known as “tailings”. Tailings are a by-product of mining, consisting of the processed rock or soil left over from separating the commodities of value from the rock or soil within which they occur. However, the use of tailings storage facilities exposes us to certain risks that could be detrimental to operations, the environment, and/or public health and safety that may arise from some present process or future event. Tailings storage facilities designed as upstream raised facilities may present greater risk, particularly where the facility is located in a high seasonal rainfall area or an area of high seismic activity. When tailings storage facilities fail, the consequences can be catastrophic for communities, local economies and the surrounding environment. The occurrence of a dam failure at one of our tailings storage facilities could also lead to the loss of human life and/or extensive property and permanent environmental damage, leading to the need for a large expenditure on contingencies and on recovering the regions and people affected, and the payment of penalties, fines or other monetary damages.

Tailings facilities are in a near-constant state of change, from initial construction, during operations and until closure. This presents a significant challenge in reviewing and assessing their safety, requiring a multi-faceted program with multiple levels of safety assessment in order to be effective. We maintain measures to manage our dams’ safety, including compliance with the International Council on Mining and Metals’ Tailings Governance Position Statement, adoption of new safety measures, and undertaking routine reviews by independent international consulting companies. However, there can be no guarantee of the effectiveness of our designs, the construction quality of the tailings storage facilities, or that any monitoring throughout of the operations of the tailings storage facilities will identify any safety concerns. Nor can there be any guarantee that any of the measures that have been put in place to safeguard our tailings storage facilities will prevent the failure of one or more of them, or that such potential failure will be detected in advance. We also cannot guarantee that our operating partners maintain similar safety precautions or monitoring systems on their tailings storage facilities.

The failure of a dam at a tailings storage facility could lead to multiple legal proceedings and investigations, which could include class action lawsuits, criminal proceedings and public civil actions (against our Company, any of its subsidiaries and/or individuals) for significant amounts of damages.

As a result of any dam failures, additional environmental, health and safety laws and regulations may be forthcoming globally, including in jurisdictions where we operate, which may ban or curtail any storage of wet tailings or the construction or use of upstream tailings storage facilities. In addition, changes in industry standards, laws and regulations may impose more stringent conditions in connection with the licensing process of projects and operations and increased criminal and civil liability for companies, officers and contractors. For example,

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on August 5, 2020, the International Council on Mining and Metals (ICMM), the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI) established an international tailings standard, the Global Industry Standard on Tailing Management (GISTM).

The occurrence of any of the above mentioned such risks could have a material and adverse effect on our business, financial condition and results of operations.

Our existing mining operations have a finite life and eventual closure of our operations will entail costs and risks regarding on-going monitoring, rehabilitation and compliance with environmental standards, which may exceed the provisions we have made.

Despite our efforts in identifying and acquiring additional resources in the areas surrounding our existing mines and other regions in the PRC and abroad, our existing mining operations have a finite life and will eventually close. The key costs and risks for mine closures relate to (i) long-term management of permanent engineered structures, (ii) achievement of environmental remediation, rehabilitation and closure standards (including the assessment, funding and implementation of post-closure polluted and extraneous water pumping treatment), (iii) orderly retrenchment of employees, and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. Please also see “Appendix IIIB — Competent Person’s Report for the Sepon Gold and Copper Mine — 20 Project Qualitative Risk Analysis”. The successful completion of these tasks is dependent on our ability to successfully implement of closure plan agreed with the relevant government authorities, community and employees. Any issues relating to the closure of mines in accordance with their closure plans may increase closure costs and result in handover delays, damage to our reputation if a desired outcome cannot be achieved, as well as give rise to potential liabilities if the relevant mines fail to meet the relevant closure standard or if a post-closure accident or environmental incident occurs, all of which could materially and adversely affect our business and results of operations.

We cannot guarantee that we will not be involved in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, health and safety accidents, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigations and legal proceedings in the PRC, Laos and Ghana that may materially affect our business and results of operations. If we are found liable on any of the claims, we would have to incur a charge against our current earnings to the extent that a reserve had not been established for the matter in our accounts, or to the extent the claims were not sufficiently covered by our insurance coverage. Claims brought by us against our customers may include claims for additional costs incurred in excess of current contract provisions arising out of delays and changes in the initial scope of work. Both claims brought against us and by us, if not resolved through negotiation, are often subject to lengthy and expensive litigation or

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arbitration proceedings. Amounts ultimately realized from our customers or other claims by us could differ materially from the balances included in our financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project or other contract. Charges associated with claims brought against us and write-downs associated with claims brought by us could have a material adverse impact on our businesses, financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and damage our prospects to secure contracts in the future.

We may not be able to detect and prevent fraud, bribery, other unfair business practices or other misconducts committed by our employees or third parties, and any actual or alleged misconduct may lead to censure, penalties, fines, sanctions, loss of licenses or permits and may negatively impact our reputation.

We operate globally in multiple jurisdictions and with numerous and complex legal frameworks, applicable rules, codes and standards, and our governance and compliance framework and implemented processes may not always prevent potential breaches of law or accounting or other governance practices. Some of the jurisdictions where we operate may be considered high-risk from an anti-bribery and anti-corruption perspective, and strict compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. We may be exposed to fraud, bribery, other unfair business practices or other misconducts committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, we cannot assure you that our internal controls, policies and procedures are all the times adequate to protect us from improper conducts by our officers, directors, employees, representatives, third-party intermediaries, business partners or agents. In the event that we believe or have reason to believe that any such party has or may have violated such laws, we may investigate (or have outside counsel investigate) the relevant facts and circumstances. Detecting, investigating and resolving actual or alleged violations can be expensive and require a significant diversion of time, resources and attention from senior management. Furthermore, it is not always possible to detect and prevent fraud, bribery, unfair business practices and other misconducts, and the precautions we take to detect and prevent such activities may not be effective. There can be no assurance that fraud, bribery, or other misconduct will not occur in the future. If such fraud, bribery, unfair business practices or other misconducts does occur, it may cause negative publicity and damage our reputation as a result.

The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

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We are exposed to credit risk in relation to defaults of our trade counterparties.

During the Track Record Period, we had trade receivables primarily relating to our sale of gold, copper cathode and the concentrate mineral powder of copper, lead and zinc. As of December 31, 2021, 2022 and 2023 and nine months ended September 30, 2024, our trade receivables from comprehensive recycling of resources business amounted to RMB311.4 million, RMB339.2 million, RMB397.5 million and RMB347.2 million, respectively, and our trade receivables from other sales amounted to RMB25.3 million and RMB29.6 million, RMB115.7 million and RMB240.0 million, respectively. Our trade receivables turnover days 31 days, 21 days, 22 days and 25 days for the periods ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. We have implemented a customer credit assessment system to evaluate the creditworthiness and financial condition of our customers. There can be no assurance that all of our counterparties are creditworthy and reputable and will not default on us in the future, despite our efforts to conduct credit assessments on them. In addition, our sales contracts with customers allow them to terminate the contracts upon the occurrence of certain events. There is limited financial or public information on many of our counterparties, and as a result, we are exposed to risks that our counterparties may fail to fulfil their obligations to us under our contracts.

We face high concentration of customers during the Track Record Period and the loss of one or more of these customers could adversely affect our business, financial condition, and results of operations.

Due to the nature of our business and industry norm, we have a limited customer base and face high concentration of a small number of customers for a significant portion of revenues. During the Track Record Period, our top five customers were refiners of precious metals and other non-ferrous metals as well as trading companies. For each year/period of the Track Record Period, revenue contributed by our top five customers amounted to RMB2,946.2 million, RMB5,345.8 million, RMB5,565.6 million and RMB4,904.6 million, respectively, accounting for 77.9%, 85.4%, 77.1% and 78.8% of our total revenue for the same periods, respectively. For each year/period of the Track Record Period, revenue contributed by our largest customer, which is a global large-scale precious metal assayer, refiner and mint, amounted to RMB2,126.6 million, RMB2,602.2 million, RMB2,672.1 million and RMB2,140.3 million, respectively, accounting for 56.2%, 41.5%, 37.0% and 34.4% of our total revenue for the same periods, respectively. Although there are readily available customer and a diversified customer portfolio to mitigate potential customer attrition, we cannot assure that our business will be unaffected by changes in our customer composition. Shifts in our customer base may significantly impact our revenue and profitability, particularly in the event of a reduction or termination of business with key customers.

RISK FACTORS

We are subject to risks related to our various financing activities, such as hedging activities. We also face exposure to fair value change. Fluctuations in fair value of our financial assets at FVOCI and derivative financial instruments would adversely affect our financial results.

During the Track Record Period, we entered into gold leasing contracts, in which we leased gold from commercial banks to supplement our working capital. We usually enter into forward contracts under which we agree to purchase the same amount of gold, at the same price and on the maturity date of the gold leasing contracts to repay the leased gold (as well as payment of the leasing fees) to effectively hedge our position under gold leasing contracts. Hedging instruments, such as gold forward sales contracts, were utilized during the Track Record Period to lock up part of our future gold sales revenue in view of the volatility in gold price. There can be no assurance that the use of hedging techniques will always benefit us. Gold hedging instruments may prevent us from realizing the full benefit of potential subsequent increases in the gold price, which would cause us to record a mark-to-market loss in the consolidated income statements.

The fair value of these transactions is recorded as financial liabilities at fair value through profit or loss in our consolidated statement of financial position. We recorded the gains or losses from, and fair value changes of, these transactions as other gains or as finance costs in our consolidated statement of profit or loss. We recorded fair value loss on gold leasing contracts at RMB3.1 million, RMB30.4 million, RMB63.4 million and RMB83.3 million in 2021, 2022, 2023 and for the nine months ended September 30, 2024, respectively.

Changes in gold price may affect the effectiveness of our hedging and gold leasing contracts. Gold price has been fluctuating in the global market and we will continue to assess whether to enter into further hedging or gold leasing activities. In addition, our business, financial condition and results of operations could be materially and adversely affected if for any reason our gold production is unexpectedly interrupted and, as a result, we are unable to produce sufficient gold to cover any hedging or gold leasing contracts that we have entered into. There is also a risk that the counterparty to any hedging transaction could default on its obligations. Without hedging transactions, we may not be able to lock in our selling price when the gold price decreases, which may reduce the revenue that we may receive. Moreover, we may experience cash flow problems if we do not continue to, or are unable to, engage in gold leasing.

Any of the above could have a negative impact on our business, financial condition and results of operations.

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We may incur impairment losses related to our mining rights and related assets, which may adversely affect our results of operations.

Based on our accounting policy, our subsurface use rights are amortized using the production method, based on proven and probable reserves, from the time of the beginning of ore mining. The process of Reserve estimate is inherently uncertain and complex and requires significant judgments and decisions based on available geological, engineering and economic data. If the value of our mining rights is over-estimated, the over-estimated amounts will be recognized as impairment losses, which in turn may have a material adverse effect on our result of operations. The carrying amount of the property, plant and equipment, including exploration and evaluation assets, is tested by us for impairment whenever facts and circumstances indicate assets' impairment in accordance with our accounting policy. Any material decrease of our Reserve may result in impairment on the carrying value of our mining rights and related assets, and this may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to the risk of obsolescence and impairment of our inventory.

Our inventories primarily consist of raw materials, work-in-progress, finished goods and consumable materials. While our work-in-progress and finished goods are not exposed to the risk of obsolescence since they do not deteriorate easily, we made provision for write-down of inventories for certain low-value consumption goods. When the carrying amount of inventories is greater than their net realizable value at the end of a period, we will write down our inventory to net realizable value and record a provision of write-down of inventories. Our provision for write-down of inventories decreased from RMB298.7 million as of December 31, 2021 to RMB250.1 million as of December 31, 2022 and decreased to RMB190.9 million as of December 31, 2023, and increased to RMB196.1 million as of September 30, 2024. Assumptions regarding gold price and recovery rate will have impact on the assessment of the value of our inventories.

We have been actively managing our inventory to effectively plan our production to avoid stocking out and to minimize the risk of obsolescence of our inventory. Maintaining inventory at a proper level due to various factors, including but not limited to delivery delay, product quality not meeting standard, may result in interruptions in our production, failure to achieve anticipated production expansions, excessive purchases, etc. Excessive inventory on hand may increase the risk of inventory obsolescence, we may need to either sell off such inventory at a lower price to third parties or write off such inventory, in the event of which our financial condition and results of operations may be adversely affected.

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We rely on information technology and communications systems, the failure of which may significantly and adversely impact our operations and business.

We rely on our information technology and communications systems, such as our transportation monitoring and GPS system, toxic gas monitoring system, underground personnel locating system, and office approval and financial reporting system. These systems are vital to our operations. Our information technology and communications systems could be exposed to, among other things, damage or interruption from telecommunications failure, unauthorized entry and malicious computer code, fire, natural disaster, power loss, industrial action and human error. While we have backup systems in place, the occurrence of any of the above may also disrupt our information technology and communications systems and may lead to important data (including, for example, geophysical and geological data) being irretrievably lost or damaged.

Such damage or interruption may adversely affect our business, financial condition and/or results of operations.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdoms, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries. Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the lists of sanctioned persons. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of the United States or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us.

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We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and export control regulations and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act 2010, and other anti-corruption laws and regulations. If we fail to comply with anti-corruption, anti-bribery, anti-money laundering, financial and export control regulations and similar laws and regulations, we could be subject to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. Any violation or even an alleged or suspected violation could harm our reputation and cause our suppliers, customers, financial institutions or other counterparties to refuse to do business with us, which may negatively affect our business, our results of operations, or the trading price of our Shares.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and internal control procedures to manage our risk exposures, primarily our operational risk, legal risk and liquidity risk. However, during the Track Record Period, there were deficiencies in our internal control and corporate governance measures in relation to anti-fraud management, procurement management, transfer pricing management, HR management, and payment control. We need to continuously improve our internal control systems and fix such deficiencies, failure of which may cause losses from both a financial perspective and regulatory perspective. Moreover, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance such systems from time to time, there can be no assurance that our risk management and internal control systems are adequate or effective notwithstanding our efforts, and any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on their implementation by our employees, there can be no assurance that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

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Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We have adopted a share incentive plan for the benefit of our directors, senior management and key employees as remuneration for their outstanding services provided to us to incentivize and reward eligible persons who have contributed to our success. To further incentivize our directors, senior management and key employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and, therefore, have a material and adverse effect on our financial performance.

RISKS RELATING TO DOING BUSINESS IN LAOS AND GHANA

Economic, political or social instability and security risks as well as shifts in political and social attitudes affecting Laos and Ghana may have a material adverse effect on our operations and profits.

We generate a substantial amount of gold and copper production from Laos and Ghana, representing 42.3% and 29.6% of our revenue in 2023, respectively. As a result, changes or instability affecting the economic, political or social environment in Laos and Ghana or in neighboring countries could materially and adversely affect our operations and profitability. The Laotian and Ghanaian environments are subject to changes in a manner that may be materially adverse to us, including changes to government policies and regulations governing mining production, foreign investment, price controls, import and export control, tariffs, subsidies, income and other forms of taxation (including policies relating to the granting of advance rulings on taxation matters), nationalization or expropriation of property, repatriation of income, royalties, the environment and health and safety.

In Laos and Ghana, we are exposed to a greater than average risk of overt or effective expropriation or nationalization. For example, under the Minerals and Mining Act, the Ghanaian Minister of Lands and Natural Resources has the right of pre-emption over all minerals obtained in Ghana and products derived from the refining or treatment of these minerals. On July 31, 2018, the Minister of Lands and Natural Resources informed the Ghanaian Chamber of Mines of their intention to exercise their right of pre-emption to acquire up to 20% of all gold mined in Ghana for the benefit of Ghanaian refineries. In November 2022, the Ghanaian Government directed all gold mining companies, effective January 2023, to sell up to 20% of their produce to the Bank of Ghana at the World Market Spot Price in Ghanaian Cedis.

In recent years, major rating agencies have lowered or maintained a relatively low sovereign credit rating of Laos and Ghana. Downgrading, or the expected downgrading, of Laos and Ghana's sovereign credit ratings to non-investment grade status by major credit rating agencies have caused a loss of investor confidence and resulted in widening credit spreads, increased credit losses and tighter credit conditions, which have generally adversely affected the overall Laotian and Ghanaian economies, as well as their respective gold mining industries.

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Given that we operate in these jurisdictions, our business, financial condition and results of operations may be adversely affected, as it may be more difficult for us to secure external financing and, where such external financing is secured, may be at greater borrowing costs and on more restrictive terms.

In addition, there are difficult security environments in both Laos and Ghana as a result of high levels of unemployment, inflation and poverty in the countries. Significant security challenges remain in areas where we have operations, and we may experience instances of injury to security personnel, including members of our internal security and third-party security providers we engage, from time to time. Any such instances could disrupt our operations and adversely affect our reputation, results of operations and financial condition.

There is also a skills deficiency across many sectors in Laos and Ghana, including the mining industry, and we face intense competition from other mining companies. As a result, we may have difficulty attracting and retaining key employees at all levels with the appropriate technical skills and operating and managerial experience necessary to operate and supervise the different parts of our business. There has also been regional political and economic instability and civil unrest in certain of the countries surrounding Laos and Ghana. Any similar political or economic instability or other uncertainty in Laos and/or Ghana could have a negative impact on our business operations and our financial performance.

Financial and securities markets in Laos and Ghana are influenced by global economic and market conditions. Laos and Ghana's economies remain vulnerable to external shocks, including those relating to, or similar to, the global financial crisis of 2007-2008 and the uncertainties surrounding the Asia-Pacific and the Sub-Saharan Africa regions. Although economic conditions vary from country to country, investors' perceptions of events occurring in one country may substantially affect capital flows into and investments in securities in other countries. In particular, each of Laos and Ghana's economy is also vulnerable to adverse developments affecting its principal trading partners. Deterioration of the economies of their major trading partners, such as the PRC or the United States, could have a material adverse impact on Laos' and Ghana's balance of trade and adversely affect Laos' and/or Ghana's economic growth and may consequently adversely affect the financial condition and results of operations of LXML and GSWL. Consequently, there can be no assurance that the Laotian and Ghanaian financial system and securities markets will not continue to be adversely affected by events in other regional economies or markets, which could, in turn, adversely affect the Laotian and/or the Ghanaian economy and, as a consequence, the financial condition and results of operations of LXML and GSWL.

In addition, economic and political instability in regions outside of the jurisdictions where we operate and geopolitical events, such as the political instability in Myanmar which is a neighboring country to Laos, the war and war refugees emerging in the area north of the boundary of Ghana, the Russo-Ukrainian War and Israeli-Palestinian conflict, may result in unavoidable uncertainties and events. These uncertainties and events could negatively affect costs of business, cause volatility in commodity prices, currency exchange rates, interest rates and worldwide political, regulatory, economic or market conditions. They could also cause instability in political institutions, regulatory agencies and financial markets.

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Occurrence of any of the above-mentioned developments could result in our operations experiencing opposition or disruptions. Such opposition or disruption to any of our operations, in particular if it has an adverse impact or cost or causes any stoppages (including, for example, as a result of any protests aimed at government and other mining operations that affect operations), could have a material and adverse effect on our business, financial condition and results of operations.

It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in Laos where circumstances necessitate in the course of overseeing us as a listed company by the regulations in Hong Kong.

Our Directors and us, which will be regulated by the SFO and other applicable laws and regulations in Hong Kong upon the Listing, shall be required to provide the SFC with all information relating to our business in Laos that is necessary for its investigation of our affairs as may be required under Hong Kong laws or regulations. However, as the Laos has not signed any regulatory cooperation agreement or memorandum of understanding with the SFC or the Hong Kong Stock Exchange, nor is it a member of the International Organization of Securities Commissions (the “IOSCO”) or a signatory to the IOSCO Multi-lateral Memorandum of Understanding (the “IOSCO MMOU”), it may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in Laos where circumstances necessitate in the course of overseeing us as a listed company by the regulations in Hong Kong.

Although we continue to grow our operations in our core markets and expand our presence into further global jurisdictions, we will continuously monitor our local business operations and business expansion rate in Laos on an ongoing basis. Our management will also report periodic information of the revenue generated by our operating entities in Laos to our Board of Directors. We will take necessary steps with respect to access to our Laotian operating entities’ books and records and fully cooperate with regulatory requests in order to facilitate the Hong Kong Stock Exchange and the SFC’s access to information of these operating entities based abroad.

Our business and operations may be adversely affected by union activity and new and existing labor laws.

Our employees in Ghana are highly unionized, and unions hence have a significant impact on the general labor relations environment. Trade unions are active in Ghana and advocate for improved conditions of employment and change to labor regulations, and to promote various political and social goals by using their collective power and ability to withhold labor. The broader labor relations climate also remains fragile in Ghana.

In Laos, while employees are not highly unionized, unions are maintained within large organizations and recognized at the organization, provincial and district level, and are organized under the Lao Federation of Trade Unions.

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Therefore, union involvement in wage negotiations and collective bargaining increases the risk of strike action and rising labor costs. Wage negotiations in other industries and other mining sectors may influence the stance unions take toward the industry in which we operate.

Our employees might exercise their right to strike within the ambit of the legislations, such as the Labor Law of the Lao People's Democratic Republic and Ghanaian Labor Act, 2003 (Act 651), and in which case, it could have a material and adverse effect on both our business and reputation, and the operation of our mines could be disrupted. Our employees might exercise their right to strike per the relevant local laws and regulations, and, in such case, it could have a material and adverse effect on both our business and reputation, and the operation of our mines could be disrupted.

We may be exposed to various diseases or public health emergency that result in loss of productivity and increased costs.

In Ghana and Laos, we face the potential risk of various contagious diseases, including tuberculosis, yellow fever, malaria, and dengue fever. An outbreak of such diseases or a public health emergency could have a substantial impact on our operations in terms of reduced productivity and increased medical and other costs. These health threats can impair the health of workers and negatively affect our operations and financial position as a result of workers' diminished focus or skill, absenteeism, treatment costs and allocated resources. Furthermore, our financial position may be jeopardized by the cumulative effects of these factors. Any current or future medical program may not be successful in preventing or reducing the infection rate amongst our employees or in affecting consequent illness or mortality rates. We may incur significant costs in addressing these issues in the future, which could also adversely impact our results of operations and financial condition.

RISKS RELATING TO OUR DOING BUSINESS IN THE PRC

The economic landscape of PRC is subject to change and the future performance of China's economy is uncertain.

We conduct our business and generate a portion of our revenue in the PRC. As a result, economic developments in the PRC have a significant effect on our business, financial condition, results of operations and prospects. In recent years, the PRC has been one of the world's fastest growing economies in terms of GDP growth. However, the COVID-19 outbreaks have caused disruption to the global economy, which may in the future continue to have an impact on the PRC's economy. Any significant slowdown in the PRC's economy could have a material adverse effect on our business and operations. In particular:

- during a period of economic slowdown, there is a greater likelihood that more of our customers or contractual parties could become delinquent in respect of their obligations to us;

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- we may not be able to raise additional capital on terms that are commercially favorable to us, or at all; or
- trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the PRC's mining industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreaks of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in the PRC, Asia and elsewhere in the world.

As such, if the PRC's economy experiences significant adverse developments or a significant downturn, our business, financial condition and results of operations would be materially and adversely affected.

Changes in the economic, political and social conditions in the PRC may have a material adverse effect on our business, financial condition and results of operations.

A portion of our assets are located in the PRC and a portion of our revenue is derived from our business in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate and resources allocation.

In recent years, the PRC Government has implemented measures emphasizing the utilisation of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified, or applied inconsistently, from industry to industry or across different regions of the country. If the business environment in the PRC changes, our business in the PRC may also be materially and adversely affected.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors, Supervisors and our senior management.

Most of our Directors and executive officers reside within the PRC, and some of our company's assets and the assets of those persons are located within the PRC. It may be difficult, complicated and time-consuming for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

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A judgment of a court of another jurisdiction may only be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if the judgment complies with the principle of reciprocity and do not violate the basic principles of the PRC laws, national sovereignty, security, social interests and public interests, subject to the satisfaction of other requirements. On January 25, 2024, the Supreme People's Court issued the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**Arrangement**”), which was implemented on January 29, 2024. Under the Arrangement, any relevant party may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of a final court judgment in civil and commercial cases subject to the conditions set forth in the Arrangement. Although the Arrangement has come into effect, uncertainties remain as to the outcome and effectiveness of any action brought under the Arrangement. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in mainland China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law on basis of either on (i) the treaties between mainland China and the country where the judgment is made or (ii) on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the courts in mainland China will not enforce a foreign judgment against us or our Directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, in case of violation of the above principles, there is no assurance that a judgment rendered by a court outside the PRC would be recognized and enforced in a court in mainland China.

Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares (“**non-resident individual holders**”), and gains realized through the sale or transfer by other means of H shares by such Shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by non-PRC resident enterprise holders of H shares (“**non-resident enterprise holders**”), are both subject to EIT at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds, directly, at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends declared and paid by us at a tax rate of 5% if the Hong Kong non-resident enterprise is the beneficial owner of the equity and certain other conditions are met.

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For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Taxation Administration on Issues Concerning Individual Income Tax Policies (財政部、國家稅務總局關於個人所得稅若干政策問題的通知) effective as of May 13, 1994, income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC Government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Taxation Administration should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Taxation Administration.

Considering these uncertainties, non-resident holders of our Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers of the H shares.

Policies regarding foreign currency conversion may affect our foreign exchange transactions and our ability to pay dividends and meet other obligations.

During the Track Record Period, we received our revenue both in Renminbi and U.S. dollars. Currently, the conversion of RMB into foreign currency has to comply with the relevant laws and regulations and remittance of foreign currencies are subject to the PRC foreign exchange regulations. We may have to convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our H Shares, if any, and settlement of foreign investment. Shortage in the availability of foreign currency may restrict the ability of our Group to remit sufficient foreign currency out of the PRC, or otherwise satisfy our foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses under the capital account such as the repayment of loans denominated in foreign currencies.

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The policies regarding foreign exchange transactions under the current account and the capital account may not necessarily continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an adverse effect on our foreign exchange transactions and the fulfilment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations and related inquiries in relation to our production processes. For example, our construction projects are subject to Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), and its environmental impact assessment documents shall be approved by the relevant environmental protection department. Our production plants and the facilities we use are subject to regular inspections by the regulatory authorities for compliance with the Safe Production Law of the PRC (中華人民共和國安全生產法) and Regulation on Work Safety Permits (安全生產許可證條例). Furthermore, under the PRC Labor Law (中華人民共和國勞動法) and Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法), we must ensure that our facilities comply with the PRC standards and requirements on occupational health and safety conditions for employees.

As of the Latest Practicable Date, we were in the process of obtaining one environmental impact assessment approval for project under construction from the relevant environmental protection department. As advised by our PRC Legal Advisor, the risk of material administrative penalty for such non-compliant incident is remote and does not have a material and adverse effect on our business.

As of the Latest Practicable Date, two of our safety production permits had expired. There are no provisions for administrative penalties against a company for failing to complete the renewal application before the expiration of the certificate if a company is not producing and we had not been imposed administrative actions, nor received any notice from the competent authorities. As advised by our PRC Legal Advisor, it does not have a material and adverse effect on our business operation.

However, there can be no assurance that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall retroactively or any administrative penalties. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions, thereby adversely affecting our financial condition and results of operations.

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Implementation and enforcement of the labor laws and regulations in China may adversely affect our business and results of operations. Failure to fully comply with PRC labor-related laws may expose us to potential liabilities and penalties.

Pursuant to the PRC Labor Contract Law (中華人民共和國勞動合同法) that took effect in January 2008, with its amendment that took effect in July 2013, and its implementation rules that took effect in September 2008, (the “**Labor Contract Law**”) employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and broad discretion of the local competent authorities, it is uncertain as to how the Labor Contract Law and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the Labor Contract Law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the Labor Contract Law and its implementation rules may increase our operating expenses, in particular our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may also limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

On October 28, 2010, the Standing Committee of the NPC promulgated the PRC Social Insurance Law (中華人民共和國社會保險法), which became effective on July 1, 2011 and was amended on December 29, 2018 and took effect on the same date (the “**Social Insurance Law**”). According to the Social Insurance Law, employers should make the social insurance registration and employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. Recently, the PRC Government enhanced its measures relating to social insurance collection, which may lead to stricter enforcement.

Pursuant to the Regulations on Management of Housing Provident Fund (住房公積金管理條例) promulgated by the State Council on April 3, 1999 and took effect on the same date, which was amended, supplemented or otherwise modified from time to time and was lately amended on March 24, 2019 to take effective on the same date, employers must open housing provident fund account and pay housing provident fund for its employees. However, our social insurance and/or housing provident fund policies and practices may in the future be found to have violated the relevant laws regulations, and we may therefore be subject to related administrative measures, penalties, fines or legal fees. Compliance with the relevant laws and regulations may increase our operating expenses, in particular our personnel expenses.

As the interpretation and implementation of labor laws and regulations are still evolving, there can be no assurance that our employment practice policy and will at all times be deemed to be in full compliance with labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

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As of the Latest Practicable Date, we had not paid the social insurance and/or housing provident funds for some of our employees, and the total unpaid amount calculated based on the minimum contribution base of social insurance is RMB689,989, RMB774,966, RMB810,724 and RMB465,332 for the three years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. We had not been imposed administrative actions, nor received any notice from the competent authorities ordering rectification or specifying deadline for payment of outstanding fees or administrative penalties in respect of social insurance and housing provident fund. As advised by our PRC Legal Advisor, the enforcement risk for such non-compliant incidents is remote and does not have a material and adverse effect on our business operation. However, there can be no assurance that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall retroactively or any administrative penalties, thereby materially and adversely affecting our financial condition and results of operations.

We have not obtained title certificates for some of our properties and have not completed registration procedures for some of our leased properties, which could materially and adversely affect our right to use such properties.

We have certain title defects relating to the lands or properties that we own or use. For example, we have not obtained construction approval documents and failed to apply for changes in the type of land use rights for some of our properties. Under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, three of our leased properties had not been registered or filed. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As advised by our PRC Legal Advisor, the risk of material administrative penalty for such non-compliant incident is remote and does not have a material and adverse effect on our business operation, or materially jeopardize the proposed Listing. Nevertheless, there can be no assurance that we will not be subject to challenges, lawsuits or other actions taken against us with respect to the lands or properties owned, used or leased by us for which we or the relevant lessors do not hold perfected title certificates or fail to complete relevant registration procedures. Furthermore, we may be subject to fines and penalties imposed by government authorities with respect to certain title defects.

The PRC legal system is evolving and may have uncertainties that could limit the legal protection available to us and investors.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

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In late 1970s, the PRC Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in China. However, recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties.

In addition, administrative proceedings and judicial procedures in China may be protracted, which could result in higher costs and diversion of resources and management attention. Since PRC administrative and court authorities have discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims.

RISKS RELATING TO THE GLOBAL OFFERING

Our A Shares were listed in China in 2004, and the characteristics of the A Share and H share market may differ.

Our A Shares were listed and traded on the Shanghai Stock Exchange in 2004. Following the Global Offering, our A Shares will continue to be traded on the SSE, and our H Shares will be traded on the Hong Kong Stock Exchange. Without regulatory approval, our A Shares and H Shares are neither convertible into nor fungible with each other. The A share and H share markets have different characteristics, including different trading volumes and liquidity and different investor bases. As a result of these differences, the trading price of our A Shares and H Shares may not be the same. Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and the H share markets, the historical prices of our A shares may not be indicative of the performance of our H Shares. You should not rely on the prior trading history of our A Shares when evaluating an investment in our H Shares. Past performance is no guarantee of future results.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the Global Offering, there was no public market for our H Shares. There can be no assurance that the Global Offering will result in the development of an active, liquid public trading market for our H Shares. The initial Offer Price for our H Shares to the public will be the result of negotiations between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the H Shares following completion of the Global Offering.

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We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). However, there can be no guarantee that (i) an active and liquid trading market for the H Shares will develop; (ii) or, if it does develop, that it will be sustained following the Global Offering; or (iii) that the market price of the H Shares will not decline below the Offer Price. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected. You may not be able to resell your Shares at a price that is attractive to you, or at all.

The trading price of our H Shares may be volatile, which could result in substantial losses to you.

The trading price and volume of our H Shares may be volatile. The market price of our Shares may fluctuate significant and rapidly in response to factors beyond our control, including, but not limited to:

- actual or anticipated variations of our results of operations;
- loss of key suppliers and/or contractors;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, depositions, strategic alliances or joint ventures;
- addition or departure of key senior management or other key personnel;
- fluctuations in the stock market price and volume;
- regulatory or legal developments, including involvement in litigations;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world.

Furthermore, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public

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offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards mainland China-based companies listed in Hong Kong and, consequently, may materially and adversely impact the trading performance of our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

Since the listing of our A Shares on the SSE, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to us on the SSE or other media outlets designated by the SSE. However, the information we announce in connection with our A Shares listing is based on regulatory requirements and market practices in the PRC, which differ from those applicable to the Global Offering. Such information does not and will not form a part of this Prospectus. As a result, prospective investors in our H Shares are reminded that in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Prospectus. Past performance is no guarantee of future results. By applying to purchase H Shares in the Global Offering you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus, and any formal announcements made by us in Hong Kong related to the Global Offering.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution if the Offer Price of the Offer Shares is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional Shares in the future. If additional funds are raised through the issuance of new equity or equity-linked

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securities of our Company, other than on a pro rata basis to existing Shareholders, then: (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share; (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders; and/or (iii) subscribers and purchasers of our Shares may experience dilution in the net tangible assets value per Share if we issue additional Shares in the future at a price which is lower than our net tangible assets value per Share.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return. See “Future Plans and Use of Proceeds” for details of our intended use of proceeds. However, our management will have discretion as to the actual application of our net proceeds. We may not be able to use the funds in strict accordance with each planned use of proceeds, and there is a possibility that we may deviate from the planned implementation timeframe or fail to allocate the proceeds according to our original plan. This potential divergence could be driven by a range of factors, including but not limited to, fluctuations in market conditions, alterations in the regulatory landscape, challenges in executing our business strategies, and unforeseen external occurrences. Additionally, our use of proceeds may not achieve the expected operational and financial impact on our Group. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net proceeds from this Global Offering.

A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

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The interests of our Single Largest Shareholder Group may not necessarily be aligned with the interests of our other Shareholders.

The interests of our Single Largest Shareholder Group may differ from the interests of our other Shareholders. They could through their shareholding interest in our Company exert influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets, election of Directors, and other significant corporate actions. This as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale of our Company or may reduce the market price of our H Shares. In addition, to the extent the interests of our Single Largest Shareholder Group conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged or harmed.

Our historical dividends may not be indicative of our future dividend policy, and we may not be able to pay any dividends on our H Shares.

We declared dividends to our Shareholders of nil, nil, RMB82.4 million and nil respectively, for the three years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, in light of our cumulative business growth. All of such dividends declared during the Track Record Period had been fully settled by bank transfer to our Shareholders as of the Latest Practicable Date. See also Note 16 to the Accountants' Report in Appendix IA to this Prospectus. However, our historical dividends may not be indicative of our future dividend policy. There can be no guarantee: (i) when, if at all, will be paid on our H Shares following the Global Offering; or (ii) if dividends are paid, what form they will take. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, macroeconomic factors, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See the section headed "Financial Information — Dividend" in this Prospectus for more details. Past performance is no guarantee of future results.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price and/or trading volume of our H Shares to decline.

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RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “can”, “could”, “continue”, “estimate”, “going forward”, “intend”, “plan”, “project”, “potential”, “predict”, “seek”, “expect”, “may”, “might”, “ought to”, “should”, “would” or “will” and similar expressions. These statements are, by their nature, subject to significant risks and uncertainties. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the disclosure of forward-looking statements in this document should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Past performance is no guarantee of future results. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. For details of these forward-looking statements including the associated risks, see “Forward-looking Statements.”

The industry data and forecasts in this Prospectus obtained from various official government publications have not been independently verified.

This Prospectus includes industry data and forecasts that we obtained from various government publications. However, there can be no assurance of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. Also, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Underwriters, any of their respective directors, officers, affiliates, advisors and representatives, or any other parties involved in the Global Offering make no representation as to the accuracy or completeness of aforementioned facts, forecasts and other statistics in this Prospectus. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this Prospectus may not be accurate and should not be given undue reliance as a basis for making your investment in our H Shares.

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You should read the entire Prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this Prospectus, there has been press and media coverage regarding us, our business, our industry, and the Global Offering. There may be additional media coverage regarding us, our business, our industry, and the Global Offering after the date of this Prospectus but prior to the completion of the Global Offering. Such press and media coverage may include references to certain information that does not appear in this Prospectus, including certain operating and financial information and projections, valuations and other information. Neither our Company nor any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media, and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to, and do not accept any responsibility for, the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Prospectus, we disclaim responsibility for it, and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Hong Kong Listing Rules, a new applicant for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules further provides that the requirement in Rule 8.12 of the Hong Kong Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. Our Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or our Shareholders as a whole. As such, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. We will ensure that there is a regular and effective communication between us and the Hong Kong Stock Exchange by way of, among others, the following arrangements, which are in line with the guidance in Chapter 3.10 of the Guide:

- (i) pursuant to Rule 3.05 of the Hong Kong Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Hong Kong Stock Exchange and ensure that our Company complies with the Hong Kong Listing Rules at all times. The two authorized representatives appointed are Ms. Yang Yi-fang (楊宜方) (“**Ms. Yang**”), our executive Director and Chief Executive Officer, and Mr. Wong Hok Bun Mario (黃學斌) (“**Mr. Wong**”), our Vice President, Chief Financial Officer and company secretary. Ms. Yang and Mr. Wong are situated and based in Hong Kong, and will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Hong Kong Stock Exchange. Both of our authorized representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company has provided contact details of the two authorized representatives to the Hong Kong Stock Exchange and will inform the Hong Kong Stock Exchange promptly in respect of any change in the authorized representatives;

- (ii) both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact our Directors for any matters. Our Company has implemented a policy whereby: (a) each Director has provided their respective valid phone numbers or other means of communication to the authorized representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavour to provide his/her phone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile phone; and (c) each Director has provided his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Hong Kong Stock Exchange and will inform the Hong Kong Stock Exchange promptly if there are any changes to the contact details of the Directors;
- (iii) pursuant to Rule 3.20 of the Hong Kong Listing Rules, each Director has provided his or her contact information to the Hong Kong Stock Exchange and to the authorized representatives. This will ensure that the Hong Kong Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Hong Kong Stock Exchange in Hong Kong upon reasonable notice, when required;
- (v) pursuant to Rule 3A.19 of the Hong Kong Listing Rules, we have retained the services of Goldlink Capital (Corporate Finance) Limited as our compliance advisor (the “**Compliance Advisor**”) upon Listing for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, which will act as an additional channel of communication with the Hong Kong Stock Exchange and will be available to respond to enquiries from the Hong Kong Stock Exchange; our Company has provided the Hong Kong Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of the Compliance Advisor’s officers who will act as the Compliance Advisor’s contact persons between the Hong Kong Stock Exchange and our Company;

- (vi) our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Hong Kong Listing Rules. There will be adequate and efficient means of communication between our Company, authorized representatives, Directors and other officers of our Company and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Hong Kong Stock Exchange and us; meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of authorized representatives and/or the Compliance Advisor;
- (vii) we will appoint other professional advisors (including legal advisor in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Hong Kong Stock Exchange and to ensure that there will be prompt and effective communication with the Hong Kong Stock Exchange; and
- (viii) our Company has designated one of our staff members as the communication officer at our headquarters after the Listing who will be responsible for maintaining day-to-day communication with Ms. Yang and Mr. Wong and our Company's professional advisors in Hong Kong, including our legal advisor in Hong Kong and the Compliance Advisor, to keep abreast of any correspondences and/or enquiries from the Hong Kong Stock Exchange and report to our executive Directors to further facilitate communication between the Hong Kong Stock Exchange and our Company.

ALLOCATION OF OUR H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES UNDER RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX F1 TO THE HONG KONG LISTING RULES

Rule 10.04 of the Hong Kong Listing Rules requires that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are fulfilled. It is provided in Rule 10.03(1) of the Hong Kong Listing Rules that no securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities and in Rule 10.03(2) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) must be achieved. Paragraph 5(2) of Appendix F1 to the Hong Kong Listing Rules provides, among other things, that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to existing shareholders or their close associates, whether in their

own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled. Chapter 4.15 (Placing-related Matters) of the Guide provides guidance as to the conditions subject to which the Hong Kong Stock Exchange will consider giving consent and granting waiver from strict compliance with the requirements under Rule 10.04 of the Hong Kong Listing Rules to an applicant's existing shareholders or their close associates to participate in a global offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company is a listed company, and its A shares have been listed on the Shanghai Stock Exchange since April 14, 2004 (stock code: 600988). We have a large and widely dispersed public A Shares shareholder base.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent pursuant to Paragraph 5(2) of Appendix F1 to the Hong Kong Listing Rules and Chapter 4.15 of the Guide to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the total number of A Shares of our Company in issue prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected persons (collectively, the **"Existing Minority A Shareholders"**), subject to the following conditions:

- (a) each of the Existing Minority A Shareholders to whom our Company may allocate H Shares in the International Offering is interested in less than 5% of the total number of A Shares of our Company in issue prior to the completion of the Global Offering;
- (b) each of the Existing Minority A Shareholders is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (c) none of the Existing Minority A Shareholders has the right to appoint any Director and/or has any other special rights in our Company;
- (d) allocation to such Existing Minority A Shareholders will not affect our ability to satisfy the public float requirement as prescribed by the Hong Kong Stock Exchange under the waiver from strict compliance with the requirements of Rule 8.08 of the Hong Kong Listing Rules;

- (e) we will confirm to the Hong Kong Stock Exchange in writing that in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders, nor is the Existing Minority A Shareholders in a position to exert influence on our Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche.
- (f) in the case of participation as placees, the Overall Coordinators will confirm to the Hong Kong Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders by virtue of their relationship with our Company in any allocation in the placing tranche; and
- (g) the Sole Sponsor will confirm to the Hong Kong Stock Exchange that based on (i) its discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Hong Kong Stock Exchange by our Company and the Overall Coordinators (confirmations (e) and (f) above), and to the best of their knowledge and belief, they have no reason to believe that any of the Existing Minority A Shareholders received any preferential treatment, or is in a position to exert influence on our Company to obtain actual or perceived preferential treatment in the allocation as placees by virtue of their relationship with our Company other than the preferential treatment of assured entitlement following the principles set out in Chapter 4.15 of the Guide, and details of the allocation to the Existing Minority A Shareholders holding more than 1% of the issued share capital of our Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be.

THE POST-TRACK RECORD PERIOD ACQUISITION

Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules require that the new applicant include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to note (4) of Rule 4.04(4) of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;

- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c) (i) where a new applicant's principal activities involve the acquisition of equity securities (the Hong Kong Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Hong Kong Listing Rules on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules).

On March 4, 2024, our subsidiaries, Chixia Laos and Chijin Xiawu entered into an equity transfer agreement with China Investment (Property) Limited (中國投資(置業)有限公司) ("**China Investment**") and China Investment Mining (Laos) Sole Co., Ltd (the "**Target Company**"), pursuant to which Chixia Laos shall acquire from China Investment 90% of the equity interest in the Target Company, which was wholly owned by China Investment, at a consideration of US\$18,963,000.

The Target Company operates the Mengkham Rare Earth Element Project and has two subsidiaries which held a rare earth mineral processing permit (experimental), a mineral extraction permit (experimental) and a rare earth exploration permit. The project is still at the construction stage covering the mining area of 50 km², whereby the genetic type of the mineral deposit belongs to the weathering crust ion-adsorbed rare earth deposit. To the best of our knowledge, we confirmed that, as of the Latest Practicable Date, (a) there were no outstanding permit or license which were pending approval from the Laos regulatory authorities in connection with this project; and (b) based on the disclosure from the Target Company to us and the due diligence conducted by us during the acquisition process, the Target Company held necessary licenses and/or permits to conduct rare earth exploration and operation in all material aspects.

Based on the accounts provided by the Target Company, the consolidated total assets of the Target Company amounted to approximately KIP228,001,488,000 as of December 31, 2023. Its consolidated net loss before (and after) tax for the years ended December 31, 2022 and 2023 was approximately KIP86,757,701,000 and KIP94,724,614,000, respectively.

As of the Latest Practicable Date, our Company had obtained the approval from the Xiamen Development and Reform Commission, and the parties to the transactions were proceeding with the fulfillment of the other conditions of the transaction including changes of the authorized representative of the Target Group. Accordingly, the above proposed acquisition was yet to be completed. For details, see the section headed “History, Development and Corporate Structure — The Post-Track Record Period Acquisition” in this Prospectus. To the best estimate of the Directors, the proposed acquisition is expected to be completed by the first half of 2025.

The proposed acquisition is in the ordinary and usual course of business of our Company. Our Directors are of the view that: (i) the acquisition represents an opportunity for our Group to tap into the potential for quality rare earth resources with a relatively higher economic value to be realised through the medium-heavy rare earth ore held by the project; and (ii) the terms of the proposed acquisition are on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The consideration for the proposed acquisition is to be satisfied by the internal resources of our Group and will not use any proceeds from the Global Offering.

Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules in respect of the above proposed acquisition on the following grounds:

(i) Immateriality of the acquisition

The scale of the business operated by the Target Company and its subsidiaries (collectively the “**Target Group**”) as compared to that of our Group is not material. The applicable percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for the Acquisition are all less than 5% by reference to the most recent financial year or period in the Track Record Period.

In addition, notwithstanding that the proposed acquisition represents a suitable strategic acquisition target of our Group, it will not result in any significant change to our financial position since September 30, 2024, and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or our financial position has been included in this Prospectus. As such, a waiver from compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules would not prejudice the interests of the investing public.

(ii) Impracticality and undue burden

As of the Latest Practicable Date, the proposed acquisition was yet to have been completed. Prior to the completion of the proposed acquisition, given that (i) China Investment and its ultimate beneficial owners are Independent Third Parties; and (ii) our Company has no representation or control over the board of directors of the Target Company, our Group is not in a position to be able to compel the disclosure of financial information to our Group and/or our Reporting Accountants for inclusion in this Prospectus to the standards required under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules. Further, as our Group is not involved in the day-to-day management of the Target Group, and particularly when there is no statutory audit requirement under the laws of Laos, our Company and our Reporting Accountants will unlikely gain full access to the financial information of the Target Group in a readily available manner. In addition, given that there is no local statutory audit requirement, the accounts of the Target Group were prepared for internal management purposes and not for audit purposes. It would require considerable time and resources to become fully familiarized with the accounting system and accounting policies and to gather, compile and audit the necessary financial information and supporting documents for disclosure in this Prospectus. As a result, preparing the financial information of the Target Group in accordance with the IFRS and within a short period of time in order for such audited financial information to be included in the Accountants’ Report in this Prospectus would

present an onerous challenge. Therefore, it would be impracticable and burdensome for our Company to prepare and include the full historical financial information of the Target Group in this Prospectus.

(iii) Alternative disclosure

With a view of allowing our potential investors to understand in greater details, we have provided information in this Prospectus the following information regarding the proposed acquisition, which is comparable to the information required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules, including, among others: (a) a general description of the principal business activities of the Target Group and the consolidated financial information of the Target Company that are available to us; (b) confirmation that China Investment and its ultimate beneficial owners are Independent Third Parties; (c) the consideration of the proposed acquisition; (d) the basis on which the consideration is determined; (e) how the consideration is expected to be satisfied; and (f) the reasons for and benefits of the proposed acquisition.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Rule 4.04(1) of the Hong Kong Listing Rules requires our Company to include in the prospectus an accountant's report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Hong Kong Stock Exchange.

Pursuant to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a prospectus shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to include in the prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of the prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires us to include in the prospectus a report by auditors of our Company with respect to the financial results of our Group for each of the three financial years immediately preceding the issue of the prospectus.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Appendix IIA to Chapter 1.1A of the Guide has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules as follows:

- (i) the applicant must list on the Hong Kong Stock Exchange within three months after the latest financial year end;
- (ii) the applicant must obtain a certificate of exemption from the SFC on compliance with section 342(1) of and paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements;
- (iii) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Hong Kong Listing Rules) must be included in the prospectus or the applicant must provide justification why a profit estimate cannot be included in the prospectus; and
- (iv) there must be a directors' statement in the prospectus that there is no material adverse change to its financial and trading position or prospects with specific reference to the trading results from the end of the stub period to the latest financial year end.

The Accountant's Report for each of the three years ended December 31, 2023 and nine months ended September 30, 2024 has been prepared and set out in Appendix IA to this Prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to the relevant requirements set forth above, our Company is required to include three full years of audited accounts for the three years ended December 31, 2024. As such, an application has been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules, and such waiver has been granted by the Hong Kong Stock Exchange on the conditions that:

- (i) this Prospectus will be issued on or before February 28, 2025 and the H Shares will be listed on or before March 31, 2025, that is, three months after the latest financial year end;
- (ii) inclusion in this Prospectus a profit estimate for the year ended December 31, 2024 in compliance with Rules 11.17 to 11.19 of the Hong Kong Listing Rules and a Directors' statement that there is no material and adverse change to the financial and trading positions or prospects of our Company, with specific reference to the trading results from October 1, 2024 to December 31, 2024; and
- (iii) our Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (i) the particulars of the exemption are disclosed in this Prospectus;
- (ii) this Prospectus will be issued on or before February 28, 2025; and
- (iii) our Company shall be listed on the Hong Kong Stock Exchange on or before March 31, 2025.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules and the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that the waiver and exemption from the above requirements will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome given the following:

- (i) there will not be sufficient time for our Company and the Reporting Accountants to finalize the audited consolidated financial statements for the year ended December 31, 2024 for inclusion in this Prospectus. If the financial information for the year ended December 31, 2024 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial volume of work to prepare, update and finalize the Accountants' Report and this Prospectus, and the relevant sections of this Prospectus will need to be updated to cover such additional period. This would involve additional time and costs since substantial work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2024 to be finalized in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective shareholders of our Company may not justify the additional work and expenses involved and the delay of the Listing timetable;
- (ii) our Directors and the Sole Sponsor confirm that after performing all reasonable due diligence work which they consider appropriate, up to the date of this Prospectus, except to the extent disclosed in the section headed "Summary — Recent Development and No Material Adverse Change" in this Prospectus, there has been no material adverse change to the financial and trading positions or prospects of our Group since October 1, 2024 (immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix IA to this Prospectus) up to the date of this Prospectus and there has been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix IA to this Prospectus, the financial information section, the profit estimate as set out in Appendix IIB to this Prospectus and information regarding our Company's recent development subsequent to the Track Record Period and the date of this Prospectus, since October 1, 2024;
- (iii) our Company is of the view that the Accountants' Report covering the three years ended December 31, 2023 and the nine months ended September 30, 2024, together with the profit estimate for the year ended December 31, 2024 (in compliance with Rules 11.17 to 11.19 of the Hong Kong Listing Rules) included in this Prospectus have already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors and the Sole Sponsor confirm that

all information which is necessary for the investing public to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects included in this Prospectus. Therefore, the waiver and exemption would not prejudice the interests of the investing public; and

- (iv) our Company will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Hong Kong Listing Rules in respect of the publication of our annual results and annual report. Our Company currently expects to issue our annual results and annual report for the financial year ended December 31, 2024 on or before March 31, 2025 and April 30, 2025, respectively. In this regard, our Directors consider that the Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the year ended December 31, 2024.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) (as amended by Rule 19A.13A) of the Hong Kong Listing Rules states that there must be an open market in the securities for which listing is sought. This will normally mean that: (a) at least 25% of the issuer's total number of issued shares must at all times be held by the public; (b) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares, having an expected market capitalisation at the time of listing of not less than HK\$125,000,000. Rule 19A.13A further provides that Rule 8.08 of the Hong Kong Listing Rules is amended by adding the following provision to sub-paragraph (1)(b): Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK\$125,000,000.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

We have made an application to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1)(b) (as amended by Rule 19A.13A) of the Hong Kong Listing Rules that the minimum percentage of the H Shares of our Company to be held by the public from time to time shall be the higher of (a) 11% (assuming no exercise of the Offer Size Adjustment Option and the Over-allotment Option) and (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon any exercise of the Offer Size Adjustment Option and the Over-allotment Option, of the total enlarged issued share capital of the Company, subject to the following:

- (a) our Company will comply with the public float requirement under Rule 8.08 (as amended by Rule 19A.13A) of the Hong Kong Listing Rules where at least 25% of our Company's total number of issued shares (A Shares and H Shares in aggregate) must be held by the public from time to time;
- (b) our Company will announce the percentage of H Shares held by the public immediately after the completion of the Global Offering (before any exercise of the Offer Size Adjustment Option and/or after any exercise of the Over-allotment Option);
- (c) our Company will confirm the sufficiency of public float in successive annual reports after Listing; and
- (d) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum public float of H Shares of the higher of (a) 11% (assuming no exercise of the Offer Size Adjustment Option and the Over-allotment Option) and (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon any exercise of the Offer Size Adjustment Option and the Over-allotment Option, of the total enlarged issued share capital of the Company.

Furthermore, it is expected that after the Listing, our Company may consider implementing H Shares incentive scheme or other share incentive initiatives involving issuance of new H Shares, which may increase the total number of and size of our H Shares and enhance the public float and liquidity of our H Shares after the Listing.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Hong Kong Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

FILING PROCEDURES WITH THE CSRC

Our filing procedures with the CSRC for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering were completed on December 19, 2024. In completing such filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this Prospectus. No other filings in the PRC are required to be completed for the listing of the H Shares on the Hong Kong Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 20,565,200 H Shares and the International Offering of initially 185,086,800 H Shares (subject, in each case, to reallocation on the basis described in the section headed “Structure of the Global Offering” in this Prospectus and any exercise of the Offer Size Adjustment Option and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Overall Coordinators and us. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between our Company and the Overall Coordinators. If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators and our Company, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in the section headed “Underwriting” in this Prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information contained in this Prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Joint Global Coordinator, the Joint Bookrunner, the Joint Lead Manager, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus set out the terms and conditions of the Hong Kong Public Offering.

RESTRICTIONS ON OFFERS AND SALES OF THE H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this Prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

No action has been taken to permit a public offering of the H Shares or the general distribution of this Prospectus in any jurisdiction other than in Hong Kong. Accordingly, this Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option). No part of the H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Hong Kong Stock Exchange.

COMPLIANCE WITH HONG KONG LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Hong Kong Listing Rules or such other undertakings which may have been given by us in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Hong Kong Listing Rules.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option) on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this Prospectus.

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our Company’s H Share register of members to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. We will maintain our Company’s principal register of members at our current registered office in the PRC.

Dealings in our H Shares registered in the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. See the section headed “Taxation and Foreign Exchange” in Appendix IV to this Prospectus for further details.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the H Shares will be paid to the Shareholders as recorded on the H Share register of members of our Company in Hong Kong and sent by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder.

According to the Guide to the Program for “Full Circulation” of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share “full circulation” shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as such term is defined in the Hong Kong Listing Rules) of any of our Directors or any existing Shareholders or a nominee of any of the foregoing.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of our Company, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Joint Global Coordinator, the Joint Bookrunner, the Underwriter, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attaching to the H Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this Prospectus contains certain translations solely for your convenience at the following rates:

US\$1.0000	:	HK\$7.7770
RMB0.9221	:	HK\$1.0000
US\$1.0000	:	RMB7.1712

No estimation or representation is made that any amounts in HK\$, RMB and US\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus shall prevail unless otherwise stated. However, the English names of the PRC national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this Prospectus are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the names in their original languages shall prevail.

COMMENCEMENT OF DEALING IN THE H SHARES

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Monday, March 10, 2025. The H Shares will be traded in board lots of 200 H Shares each and all Offer Shares will be registered on the H Share Registrar in order to enable them to be traded on the Hong Kong Stock Exchange.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Jianhua (王建华)	Room 1009, Building 2 A7 Xiaojing Wanfeng Road Fengtai District Beijing PRC	Chinese
Ms. Yang Yi-fang (楊宜方) (also known as Lydia Yang)	Flat 19C 147-151 King's Road North Point Hong Kong	Canadian
Mr. Lyu Xiaozhao (呂曉兆) (former name: Lu Xiaozhao)	102, Unit 1 1/F, Building 6 Court No. 8, Linqun Street Chaoyang District Beijing PRC	Chinese
Mr. Gao Bo (高波)	901, Unit 1 9/F, Building 3 Fourth Court, Dexiu North Street Fengtai District Beijing PRC	Chinese
Non-executive Director		
Mr. Zhang Xudong (張旭東)	Room 601, No. 47 Mingshen Garden Alley No. 633, Wuzhong Road Shanghai PRC	Chinese (Hong Kong)

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Independent Non-executive Directors

Dr. Mao Jingwen (毛景文)	No. 35, Zhonglangxia Hutong Xicheng District Beijing PRC	Chinese
Dr. Shen Zhengchang (沈政昌)	No. 18, 1st Door Building No. 5 Zhenwu Temple 5th Lane Xicheng District Beijing PRC	Chinese
Mr. Hu Nailian (胡乃連) (former name: 胡乃聯)	Room 1102 5th Door, 1/F Bairuyuan 11 Linbei Road Haidian District Beijing PRC	Chinese
Dr. Wong Yet Ping Ambrose (黃一平)	Unit D, 8/F Merrill Court 42 Broadcast Drive Kowloon Tong Hong Kong	Chinese (Hong Kong)

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

SUPERVISORS

Name	Address	Nationality
Mr. Cheng Zhenlong (成振龍)	601, Unit 5 Zhonglian Apartment Yulong Main Street Songshan District Chifeng Inner Mongolia Autonomous Region PRC	Chinese
Mr. Ji Hongyong (季紅勇)	1101, Unit 3 Building D2 Binhe International Precinct Binshui Road Huadian Jilin Province PRC	Chinese
Mr. Liu Fengwu (劉鳳伍)	No. 2, Unit 2 Block 31 Family Building Pingju Zhonglou Precinct Yuanbaoshan District Chifeng Inner Mongolia Autonomous Region PRC	Chinese

For further details regarding our Directors and Supervisors, see the section headed “Directors, Supervisors and Senior Management” in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

CITIC Securities (Hong Kong) Limited

(a licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities)

18/F, One Pacific Place

88 Queensway

Hong Kong

**Sponsor-Overall Coordinator,
Joint Global Coordinator,
Joint Bookrunner and
Joint Lead Manager**

CLSA Limited

(a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 7 (providing automated trading services) regulated activities)

18/F, One Pacific Place

88 Queensway

Hong Kong

**Overall Coordinator, Joint Global
Coordinator, Joint Bookrunner
and Joint Lead Manager**

Macquarie Capital Limited

Level 22

One International Finance Centre

1 Harbour View Street

Central

HONG KONG

**Joint Global Coordinator, Joint
Bookrunner and Joint Lead
Manager**

**China International Capital Corporation Hong
Kong Securities Limited**

29/F One International Finance Centre

1 Harbour View Street

Central

Hong Kong

**Joint Bookrunners and Joint Lead
Managers**

ABCI Capital Limited

(acting as Joint Bookrunner only)

11/F, Agricultural Bank of China Tower,

50 Connaught Road

Central, Hong Kong

ABCI Securities Company Limited

(acting as Joint Lead Manager only)

10/F, Agricultural Bank of China Tower,

50 Connaught Road Central,

Hong Kong

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

ICBC International Securities Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

62/F, The Center
99 Queen's Road Central
Hong Kong

CCB International Capital Limited

12/F CCB Tower
3 Connaught Road Central
Central, Hong Kong

First Shanghai Securities Limited

19/F., Wing On House
71 Des Voeux Road Central
Hong Kong

Joint Lead Managers**Futu Securities International (Hong Kong) Limited**

34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

Livermore Holdings Limited

Unit 1214A 12/F Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

The Standard Bank of South Africa Limited

(in relation to the International Offering only)

5 Simmonds Street Johannesburg 2001
South Africa

Victory Securities Company Limited

11th Floor, Yardley Commercial Building
3 Connaught Road West
Sheung Wan, Hong Kong

Star River Securities Limited

Room 2402, Wing On Centre
111 Connaught Road
Central, Hong Kong

Tiger Brokers (HK) Global Limited

1/F, No. 308 Des Voeux Road Central
Sheung Wan, Hong Kong

Legal Advisors to our Company

as to Hong Kong and United States laws:

DLA Piper Hong Kong

25th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

as to PRC laws:

Beijing Tian Yuan Law Firm

Suite 509
Tower A, Corporate Square
35 Financial Street
Xicheng District
Beijing 100033
PRC

as to Ghana laws:

REM Law Consultancy

P. O. Box CT 4600
Cantonments-Accra
No. 15 Kofi Annan Avenue
North Legon, Residential Area
Accra
Republic of Ghana

as to Laos laws:

ZICOLaw (Laos) Sole Co., Ltd.

6th Floor Vieng Vang Tower
Bourichane Road, Unit 15
Dongpalane Thong Village
Sisattanak District
Vientiane Capital
Lao People's Democratic Republic

**Legal Advisors to the Sole Sponsor
and the Underwriters**

as to Hong Kong and United States laws:

Linklaters

11/F, Alexandra House
Chater Road
Central
Hong Kong

as to PRC laws:

JunHe LLP

20/F, China Resources Building
8 Jianguomenbei Avenue
Beijing 100005
PRC

Competent Person

SRK Consulting (China) Ltd.

B1301 COFCO Plaza
No. 8 Jianguomennei Avenue
Dongcheng District
Beijing 100005
PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Auditor and Reporting Accountants Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**

2504, Wheelock Square

1717 Nanjing West Road

Shanghai 200040

PRC

Receiving Banks

Standard Chartered Bank (Hong Kong) Limited

18/F, Standard Chartered Tower

388 Kwun Tong Road

Hong Kong

**Industrial and Commercial Bank of China (Asia)
Limited**

33/F.

ICBC Tower

3 Garden Road

Central Hong Kong

CORPORATE INFORMATION

Registered Office	Fumin Village Sidaowanzi Town Aohan County, Chifeng Inner Mongolia Autonomous Region PRC
Headquarters and Principal Place of Business in the PRC	A7 Xiaojing Wanfeng Road Fengtai District Beijing PRC
Principal Place of Business in Hong Kong	Room 1905, 19th Floor China Resources Building 26 Harbour Road Wanchai Hong Kong
Company's Website	<u>cfgold.com</u> <i>(the information contained on the website does not form part of this Prospectus)</i>
Company Secretary	Mr. Wong Hok Bun Mario Room 1905, 19th Floor China Resources Building 26 Harbour Road Wanchai Hong Kong
Authorized Representatives	Ms. Yang Yi-fang Room 1905, 19th Floor China Resources Building 26 Harbour Road Wanchai Hong Kong Mr. Wong Hok Bun Mario Room 1905, 19th Floor China Resources Building 26 Harbour Road Wanchai Hong Kong

CORPORATE INFORMATION

Strategy and Sustainability Committee	Mr. Wang Jianhua (<i>chairman</i>) Ms. Yang Yi-fang Mr. Lyu Xiaozhao Mr. Zhang Xudong Dr. Wong Yet Ping Ambrose
Audit Committee	Dr. Wong Yet Ping Ambrose (<i>chairman</i>) Mr. Zhang Xudong Mr. Hu Nailian
Nomination Committee	Mr. Hu Nailian (<i>chairman</i>) Mr. Lyu Xiaozhao Dr. Shen Zhengchang Dr. Wong Yet Ping Ambrose
Remuneration and Appraisal Committee	Mr. Hu Nailian (<i>chairman</i>) Ms. Yang Yi-fang Dr. Mao Jingwen Dr. Shen Zhengchang
Compliance Advisor	Goldlink Capital (Corporate Finance) Limited 28/F, Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
H Share Registrar	Computershare Hong Kong Investor Services Limited Shop 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	China CITIC Bank Chifeng Branch Jiutian Jianhua Linhuang Street Songsan District Chifeng Inner Mongolia Autonomous Region PRC

CORPORATE INFORMATION

**Industrial and Commercial Bank of China
Chifeng Branch**

No. 1, Third South Section
Hada Street
Hongshan District
Chifeng
Inner Mongolia Autonomous Region
PRC

**China Construction Bank Corporation
Chifeng Ninglan Road Sub-branch**

Steel West Street
Hongshan District
Chifeng
Inner Mongolia Autonomous Region
PRC

**Agricultural Bank of China Limited
Beijing Chaoyang Road North Sub-branch**

No. 4, North Lane
West End
Liulitun
Chaoyang District
Beijing
China

**China Everbright Bank Co., Ltd.
Hohhot Branch**

Chilechuan Street
Saihan District
Hohhot
Inner Mongolia Autonomous Region
PRC

Industrial Bank Co., Ltd. Hohhot Branch

Block F, Wanda Plaza
No. 4 University East Street
Saihan District
Hohhot
Inner Mongolia Autonomous Region
PRC

China Merchants Bank Hohhot Branch

China Merchants Bank Building
No. 9 Chilechuan Street
Hohhot
Inner Mongolia Autonomous Region
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Prospectus were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor Overall Coordinators, the Overall Coordinators, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, any of our or their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, an Independent Third Party, to conduct a study of global and China's gold and other non-ferrous metals industry. We agreed to pay Frost & Sullivan a fee of RMB900,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates and are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Founded in 1961, Frost & Sullivan has over 45 offices globally with more than 3,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

During the preparation of the Frost & Sullivan Report, Frost & Sullivan conducted primary research that involved discussing the status of the industry with industry participants and industry experts, as well as secondary research that involved reviewing company reports, independent research reports and Frost & Sullivan's own database. Our Directors have confirmed that there has been no adverse change in the market situation since the date of Frost & Sullivan Report which may qualify, contradict, or have impact on the information of this section.

BASIS AND ASSUMPTION

The Frost & Sullivan Report was compiled based on the following assumptions: (i) government policies on gold and gold mining industries in China and major overseas countries discussed will remain consistent during the forecast period; (ii) government policies on copper and other industries discussed in China and major overseas countries discussed will remain consistent during the forecast period; (iii) the global and Chinese gold and gold mining market will be driven by the factors which are stated in Frost & Sullivan Report; and (iv) the global and Chinese copper and other industries discussed will be driven by the factors which are stated in Frost & Sullivan Report.

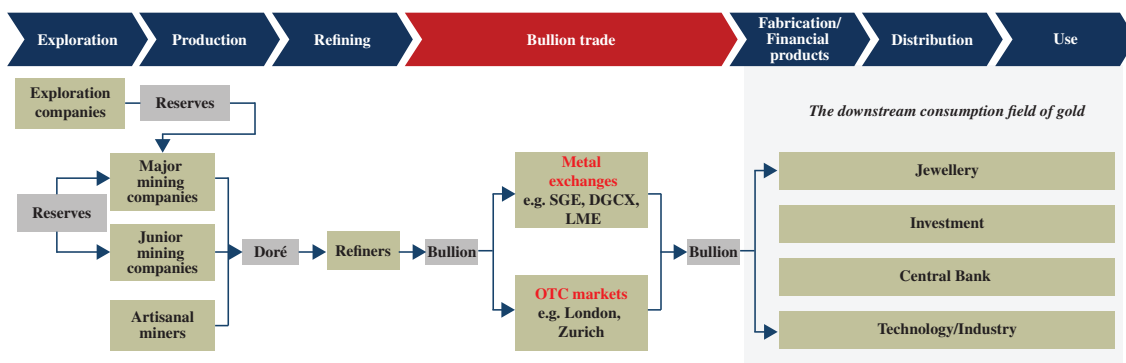
INDUSTRY OVERVIEW

OVERVIEW OF THE GOLD INDUSTRY

Introduction of Gold

Gold is a precious metal that has been used for coinage, jewellery, and arts throughout recorded history. It is also widely used in high-tech manufacturing, such as electronics, telecommunication, and aerospace. Gold products include physical gold such as gold bullion, gold doré, and gold coins, gold concentrate produced during the smelting of gold products, and gold derivatives. Gold doré, as a semi-pure alloy of gold and silver, is typically refined and further purified with the end product being gold bullion, which refers to high purity physical gold with no less than 99.5% gold content (such as gold bars, coins and medals). Gold concentrate powder refers to the processing of gold ore into mineral powder through crushing, grinding, and beneficiation, with its main components being gold, silicon dioxide, and so on. The semi-finished gold produced in the last step of the gold smelting process is called gold-loaded carbon.

Gold Global Trading Activities

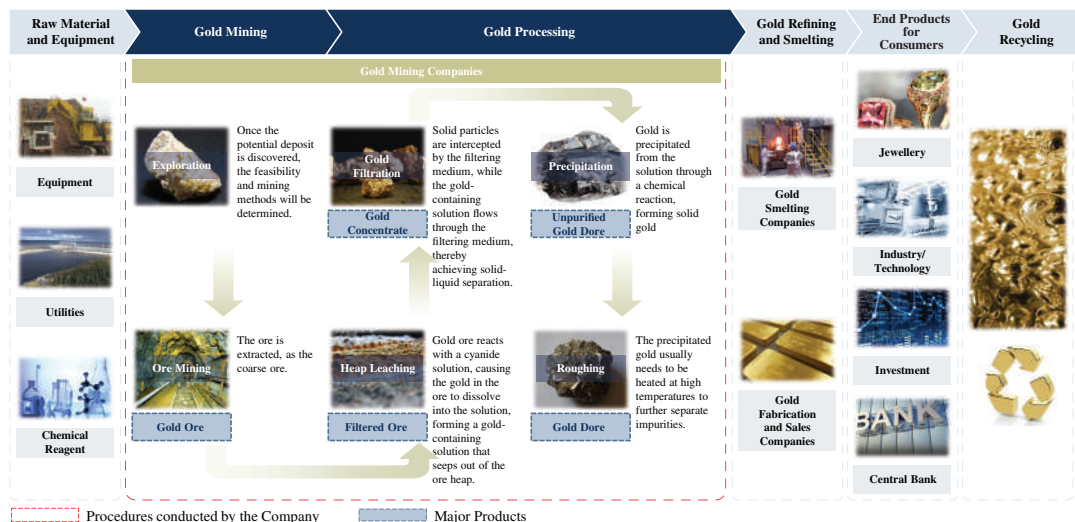


Source: World Gold Council, Frost & Sullivan

INDUSTRY OVERVIEW

The following diagram sets forth the gold industry's value chain:

Value Chain of the Global Gold Industry



Source: Frost & Sullivan

Relevant information about China's, Lao's, and Ghana's gold industry

China is the world's largest gold producing country with resources in Shandong, Tibet, and Gansu and other regions. In 2023, the gold resources in Shandong Province amounted to 1.4 million oz, accounting for 27.6% of the total national resources. China is also one of the world's largest gold consuming countries. China has introduced a series of plans such as the Opinions on Further Strengthening the Work of Mine Safety Production (關於進一步加強礦山安全生產工作的意見) and Notice on the Guarantee of Mining Land (關於做好採礦用地保障的通知) to ensure the production safety of mines. Laos is one of the main gold producing countries in Southeast Asia, and its Mineral Resources are mainly distributed in the southern and central regions of the country. The Laotian Government actively encourages gold mining and investment and has introduced relevant industrial policies to promote gold mining. As one of the important gold producing countries in Africa, gold is one of Ghana's important export products. The Ghanaian Government has issued a series of policies to strengthen mining regulation.

INDUSTRY OVERVIEW

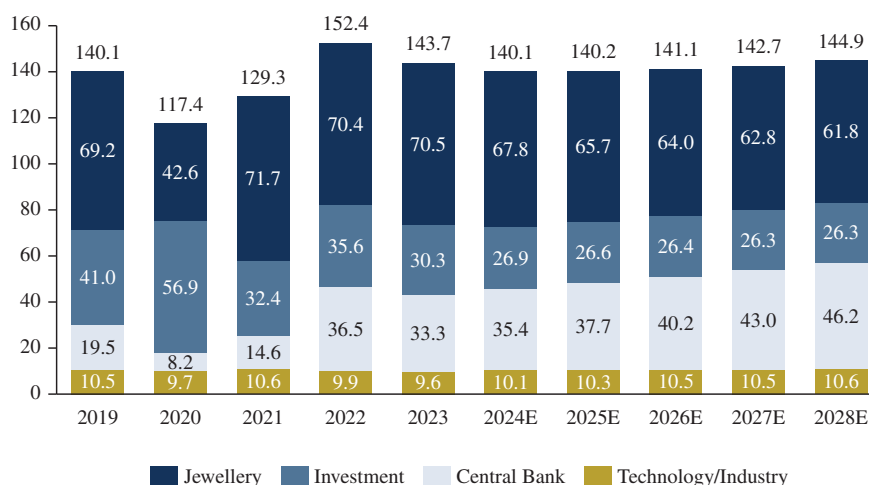
Gold Demand

Global demand for gold is generally divided into the following categories: (i) jewellery, (ii) investment (including gold bars, coins and exchange traded funds (“**ETF**”)), (iii) central bank reserves, and (iv) technological or industrial use. The following chart sets forth the volume and breakdown of global gold demand for the periods indicated.

Gold Demand (by End Use), Global, 2019-2028E

	Jewellery	Investment	Central Bank	Technology/ Industry	Total
CAGR 19-23	0.5%	-7.3%	14.4%	-2.2%	0.6%
CAGR 24E-28E	-2.3%	-0.5%	6.9%	1.2%	0.8%

Million ounces



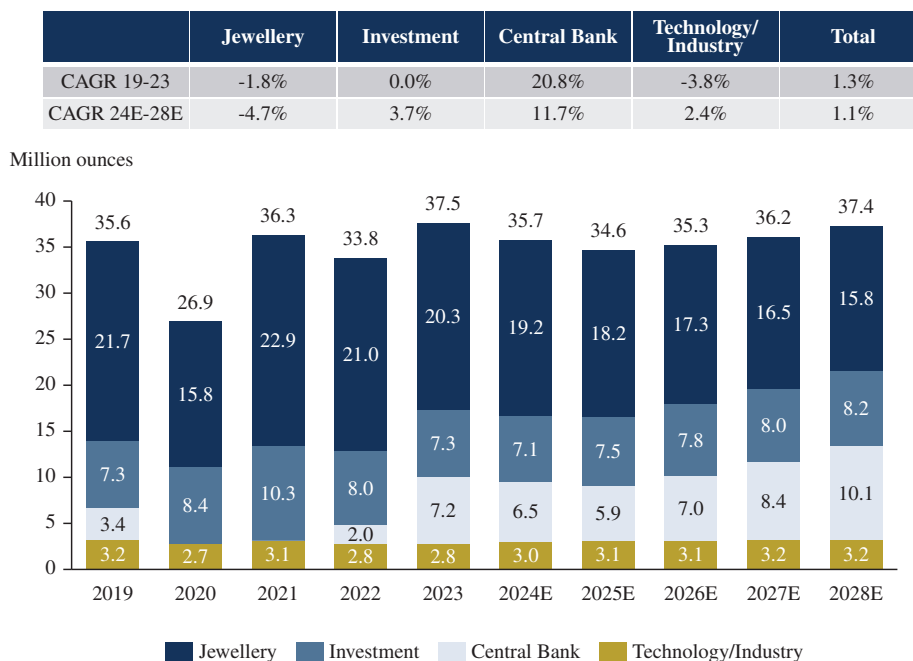
Source: World Gold Council, Frost & Sullivan

Global gold demand increased at a CAGR of 0.6% from 2019 to 2023, reaching 143.7 million oz in 2023. The decrease in gold demand as compared with 2022 is mainly attributed to decrease in gold reserve demand by investment and central banks. A significant drop in gold jewellery in 2020 followed by a rebound is noted, which was due to the outbreak of the pandemic, rising gold price and economic recession in 2020. In 2021, driven by gradual control of the pandemic, improved consumer sentiment and economic recovery, jewellery demand achieved a rebound in 2021. From 2024 to 2028, global gold demand is expected to grow steadily at a CAGR of 0.8% due to: (i) increase in gold demand by central banks for value preservation and risk diversification, in the context of current geopolitical uncertainties such as the tensions arising from events like the Israel-Palestine conflict and the Russia-Ukraine conflict; and (ii) increase in gold demand for technology and industry.

INDUSTRY OVERVIEW

The following chart sets forth the volume and breakdown of China gold demand for the periods indicated:

Gold Demand (by End Use), China, 2019-2028E



Source: China Gold Association, Frost & Sullivan

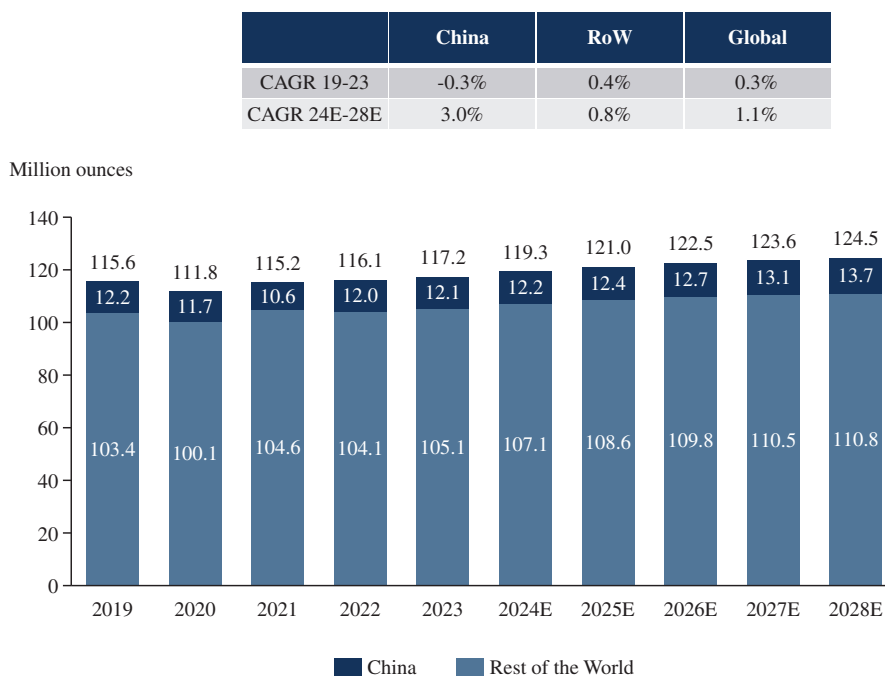
Gold demand in China increased from 2019 to 2023 at a CAGR of 1.3%. During this period, China's gold demand experienced fluctuations, mainly influenced by the changes in the demand for jewellery consumption. The decline in gold demand in 2020 was mainly due to the lasting impact of COVID-19 on the consumer economy, which caused a significant decrease in gold jewellery demand. China's gold consumption saw a strong recovery in 2021, as gold jewellery demand grew significantly, driven by economic recovery and a pullback in gold prices from 2020. In 2023 due to the significant increase in the gold reserves of China's central bank, China's gold demand achieved a year-on-year growth rate of 10.9%, with a total volume of 37.5 million ounces. During the forecast period, China's gold demand is expected to maintain a stable level. Concerns about future economic uncertainties may suppress consumers' demand for jewellery, and also stimulate the central bank's reserve growth and investment demand. In the future, there will decrease in gold jewellery demand and increase in gold demand for investment and central bank, resulting a stable level of gold demand in China.

INDUSTRY OVERVIEW

Gold Supply

Generally, global and China's gold supply has consistently maintained relatively stable. The supply of gold is influenced by various factors, mainly including the grade, resources and mining difficulty of gold mines, the market demand for gold, fluctuations in gold prices and governments' policies of gold mining industry. The following chart sets forth the global and China's gold mine production volume for the periods indicated:

Gold Supply*, Global and China, 2019-2028E

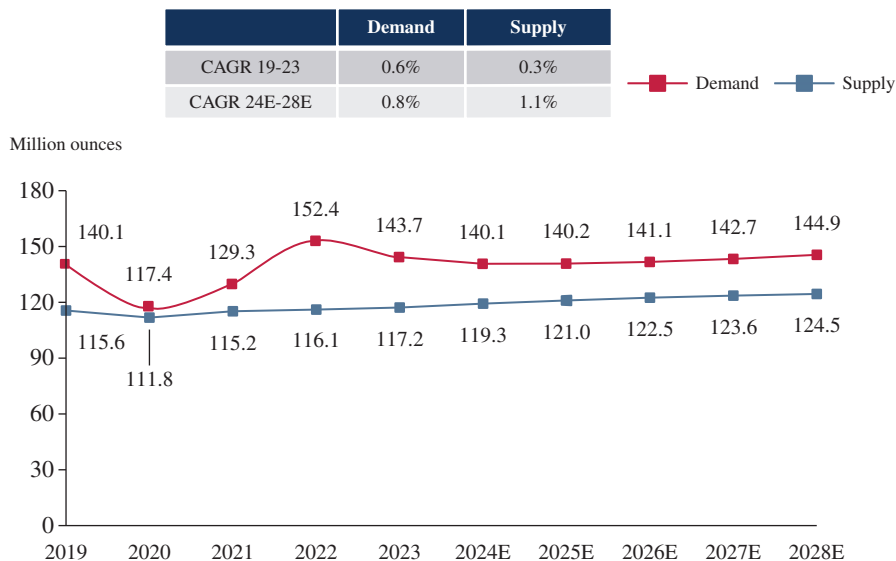


* Global and China's gold supplies include gold produced from gold mines and gold produced as by-product from NFM ores.

Source: World Gold Council, China Gold Association, Frost & Sullivan

INDUSTRY OVERVIEW

Gold Supply and Demand, Global, 2019-2028E



Source: World Gold Council, Frost & Sullivan

In 2023, global mined gold production volume amounted to 117.2 million oz. The major mined gold production countries include China, Russia, Australia, Canada, and the U.S. In 2023, China was the largest mined gold producer with 12.1 million oz production, accounting for approximately 10.3% of global gold supply. Assuming there is ongoing global economic recovery, global gold supply is expected to grow at a CAGR of 1.1% from 2024 to 2028, driven by robust gold demand, rising in gold price, and advancements in mining and exploration technologies.

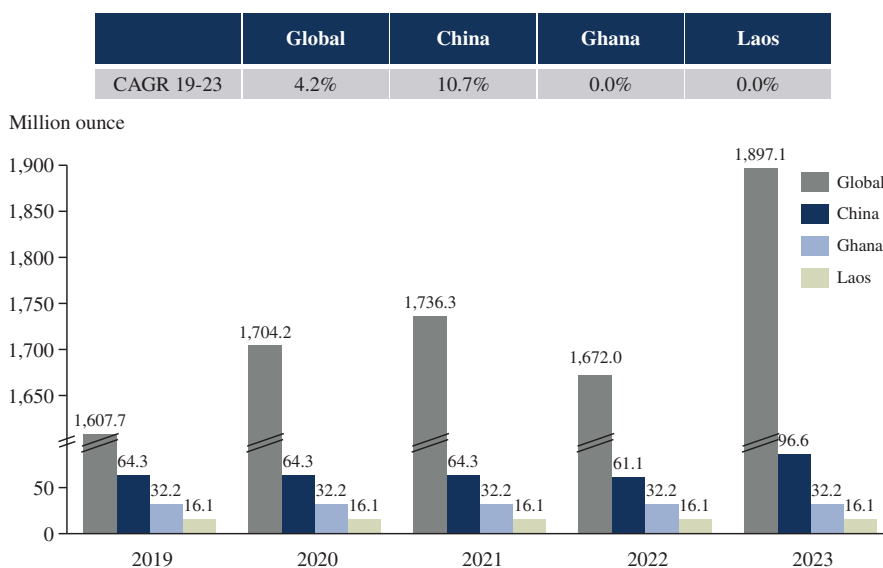
The major areas in China which produced gold include Shandong, Henan, Inner Mongolia, Gansu, Yunnan and Xinjiang. In 2023, Shandong ranked the first with 1,417.0 koz of gold produced from gold mines. Regarding China's gold supply, while production dropped by approximately 10% in 2021, by 2022 production had recovered as companies resumed operations post safety inspections in Shandong from the beginning of February 2021 to the end of March 2021 which resulted in the temporary shutdown of multiple gold mines. It is anticipated that China's mined gold output will increase by 12.3% from 2024 to 2028, which will be supported by advancements in technology and equipment and a steady rise in demand from various sectors.

Gold Resources and Reserves

From 2019 to 2023, global and Chinese gold Reserves increased with the discovery of newly identified gold mines each year. During the same period, the gold Reserves in Laos and Ghana remained stable. According to the disclosure of the United States Geological Survey (USGS), Ghana's gold reserves have not changed from 2019 to 2023. According to the Ministry of Industry and Commerce of the Lao PDR, Laos had a gold reserve of 500 tons in 2019. Since then, there have been no new changes in the public disclosure of Laos' gold reserves data.

INDUSTRY OVERVIEW

Gold Reserves*, Global, Ghana, Laos and China, 2019-2023

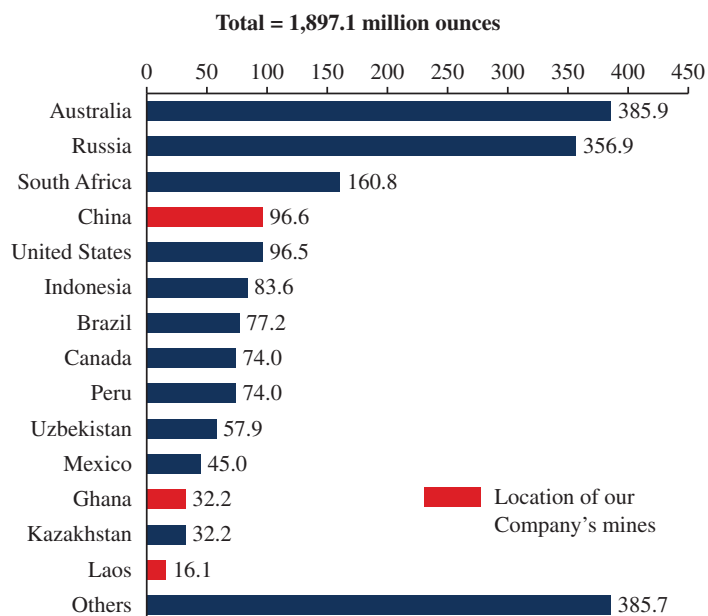


* “Reserve” refers to part of the reserve base that could be economically extracted or produced at the time of determination and include only recoverable materials.

Source: The U.S. Geological Survey, Frost & Sullivan

As of the end of 2023, there was approximately a total of 1,897.1 million oz of gold Reserves identified across the globe. The following two charts set forth the global gold Reserves by country as of 2023 year end and the gold Resources by provinces in China as of the same date, respectively.

Gold Reserves* by Countries, Global, 2023



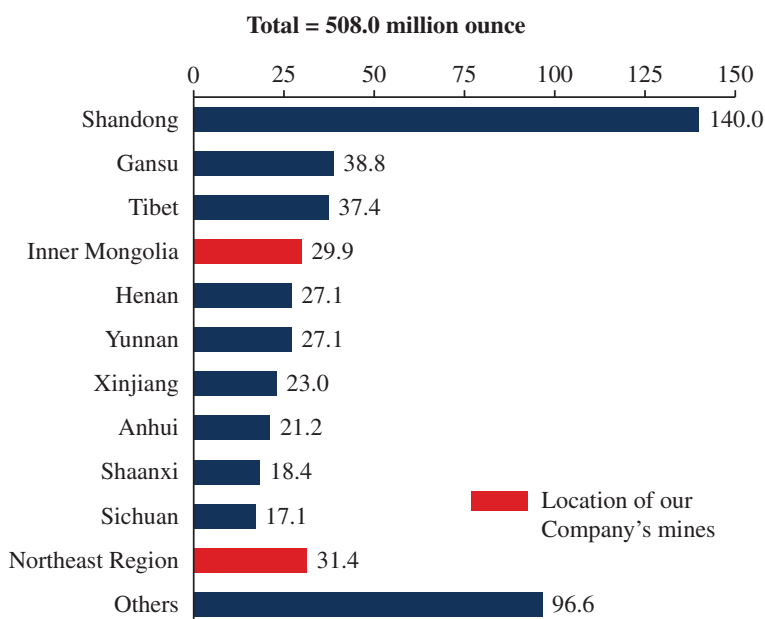
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* “Reserve” refers to part of the reserve base that could be economically extracted or produced at the time of determination and include only recoverable materials. Due to data availability, Reserves are usually used to demonstrate the gold resources of different countries.

Source: The U.S. Geological Survey, Frost & Sullivan

In terms of identified gold Resources as of 2023-year end in China, Shandong was the largest with approximately 140 million oz of identified gold Resources as of 2023 year end, followed by Gansu and Tibet. Inner Mongolia ranked fourth with approximately 29.9 million oz of identified gold Resources as of 2023 year end.

Identified Gold Resources* by Provinces, China, 2023



* China identified gold Resources in or prior 2019 refers to identified gold Resources as defined in GB/T 17766-1999, after 2019 refers to gold Resources as defined in GB/T 17766-2020. Northeast region contains Heilongjiang, Jilin and Liaoning.

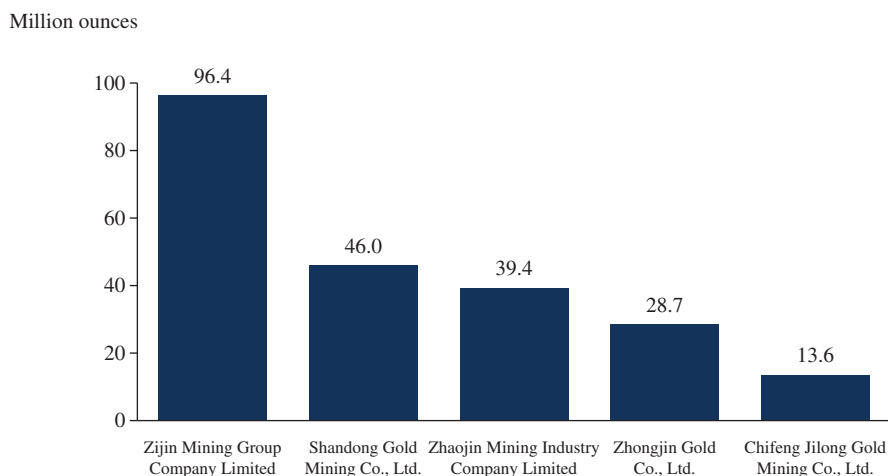
Source: China Gold Association, Frost & Sullivan

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PRC Gold Mining Market

We ranked fifth in terms of gold production and gold resources in China as of December 31, 2023. Moreover, we have a more diversified mineral product profile and larger overseas business coverage than most of the major players in the market.

Top 5 Gold Producers (by Resources), China, 2023

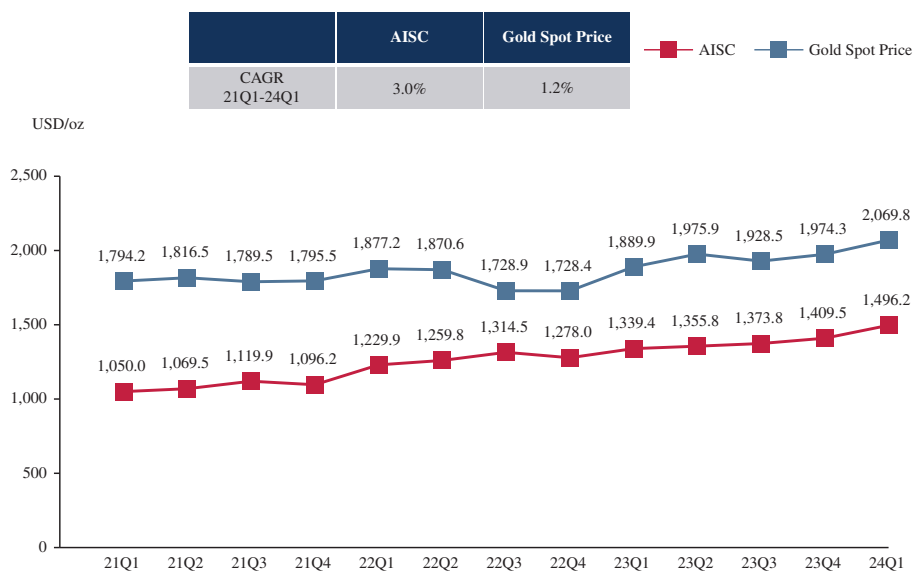


Source: Annual Report, China Gold Association, Frost & Sullivan

Cost of Supply

The following chart sets forth the global average AISC (quarterly) from 2021Q1 to 2024Q1.

Average AISC (Quarterly), Global, 2021Q1-2024Q1

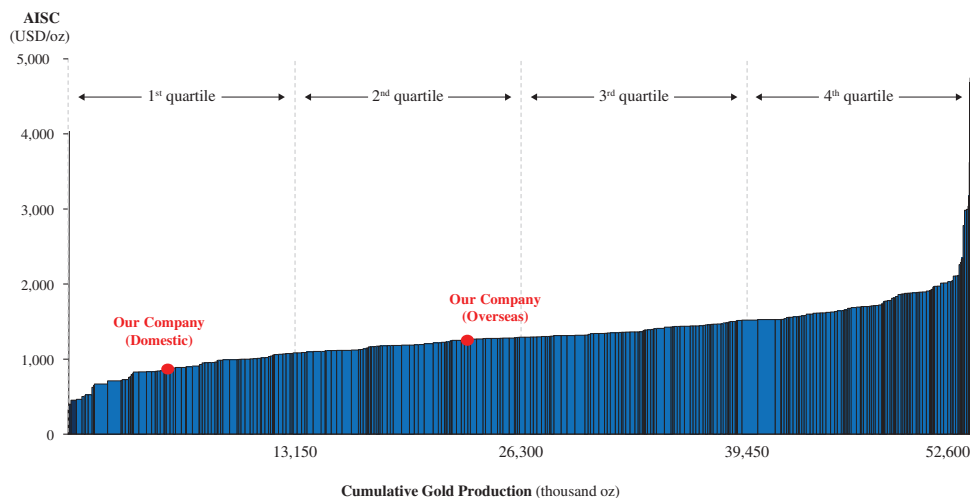


Source: Frost & Sullivan

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The following chart sets forth the global cost curve in 2023:

Cost Curve*, Global, 2023



* Excluding the extreme mining situation, i.e. the Matilda mine. Unforeseen events, such as production accidents or natural disasters, can cause significant output reductions and abnormal increases in AISC for certain sampled gold mines. Excluding these outliers allows for a more accurate representation of the cost curve.

Source: Frost & Sullivan

Gold Price

Global Gold Pricing Trend

In 2019 and 2020, the U.S. Federal Reserve and other central banks of major economies introduced financial and monetary stimuli to inject liquidity into the market, causing the U.S. dollar to depreciate, and major asset classes experienced bearish trends. The global market sought gold for value preservation and risk hedging, which raised the gold price in 2020. In 2021, as the economy started to recover and interest in gold investments decreased, the growth of the global gold spot price slowed down. In 2022, the Russia-Ukraine conflict led to a significant increase in the global gold price. Concurrently, the U.S. Federal Reserve began to raise interest rates to address the high inflation issue in the U.S., which led to an increase in gold investment in coins and bars globally. Additionally, central banks increased their gold reserves as a precaution against a potential economic recession. In 2023, global gold spot price continued to increase from USD1,801.3 per ounces in 2022 to USD1,942.1 per ounces in 2023.

Worries of economic downturn under the context of high inflation and high fuel cost is to last in the forecast time period, plus the existing geopolitical uncertainties (e.g. Russia-Ukraine tensions). With the continuous decline in inflation and the employment pressure brought about by the economic slowdown, the U.S. Federal Reserve has initiated a cycle of interest rate cuts. Although lower interest rates are beneficial for the market, concerns about economic slowdown still outweigh the advantages brought by the rate cuts. Therefore, gold is

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needed for investment portfolio diversification to hedge risks and value preservation. Looking ahead, considering the strong demand for gold, global gold spot price is expected to go up steadily during 2024 to 2028 at CAGR of 7.1%, from USD2,357.1 per ounces in 2024 to USD3,097.7 per ounces in 2028.

No single industry player or factor can significantly impact gold prices on its own. Generally, gold mining companies adjust their production plans in response to gold price forecasts. They tend to ramp up production if prices are expected to rise. However, production increases are constrained by various challenges, such as increasing mining cost, license, climate change, etc.

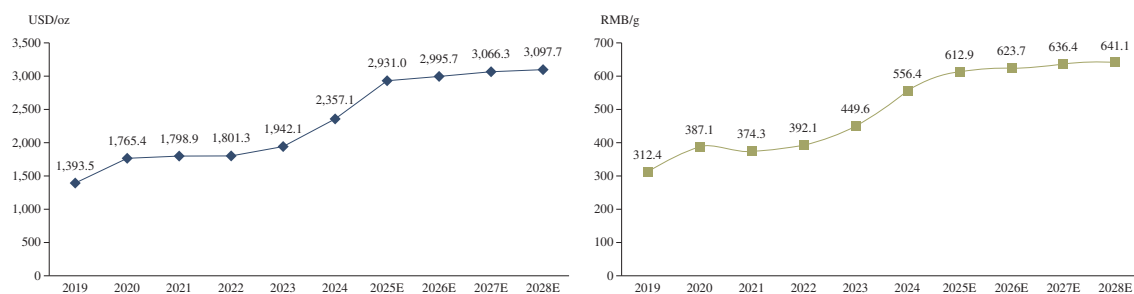
Latest development in gold ETFs and their demand

Investments include purchase of gold bars and coins as well as exchange traded funds (“ETF”). From 2018 to 2020, there was a growing trend towards gold investments, which was attributed to the increase in the gold price and consumers’ purchase of bars and coins for value preservation. In 2021, investments in gold decreased by more than 40% compared with the 2020 level. This was mainly caused by a decrease in gold investments through ETFs. In 2022, investments in gold increased, especially for investments in gold coins and bars, which was largely due to geopolitical concerns and hedging against inflation. In 2023, investments in gold decreased by 15% compared with the 2022 level. This was mainly caused by the rising gold price. As of the second quarter 2024, global gold ETFs have shown an outflow trend, with total global gold ETF holdings decreasing by 7.2 tonnes to 3,105.5 tonnes.

Global Average Gold Spot Price

The following chart sets forth the annual average gold spot price of the London Bullion Market and the Shanghai Gold Exchange for the period indicated.

Annual Average Gold Spot Price*, Global & China, 2019-2028E



* Global gold price is set as quarterly averaged gold spot price of the London Bullion Market. The price is set in USD per fine troy oz, which is a troy oz (equals approximately 31.1 grams) of 99.5% pure gold. “China gold spot price” refers to the closing price of Au99.95 traded on the Shanghai Gold Exchange.

Source: London Bullion Market Association, Shanghai Gold Exchange, Frost & Sullivan

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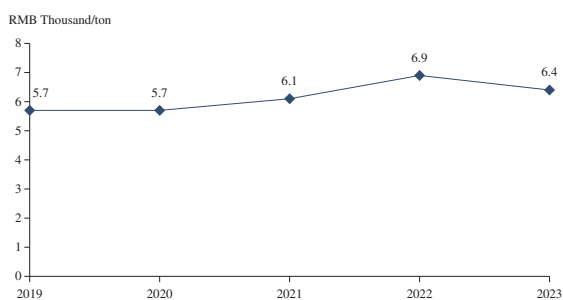
The gold price is predominantly impacted by factors such as the real interest rate, the value of U.S. dollar, global geographical uncertainties, and inflation expectations. Typically, when there exist instabilities in the political or economic environment or turbulence in the stock market, gold is treated as a risk-hedging tool, and its price will typically exhibit an upward trend. Moreover, monetary policies by central banks (e.g. fluctuations in the currency exchange rate) and macroeconomic factors (e.g. interest rate and inflation expectations) are also important factor that influence the gold price. Upon a long-term observation of gold price trends, it can be observed that there is an overall upward trend of volatility. Even during periods of cyclical adjustments, the bottom of the price is gradually rising, demonstrating the stability and growth potential of gold as a store of value.

From 2019 to 2023, the gold spot price in China grew at a CAGR of 9.5% from RMB312.4 per gram in 2019 to RMB449.6 per gram in 2023. It is expected to climb steadily at a CAGR of 3.6% from 2024 to 2028, from RMB556.4 per gram in 2024 to RMB641.1 per gram in 2028. China's gold spot price in 2023 increased by approximately 14.7% as compared with 2022, which was greater than the 7.8% increase in the global gold spot price across the same periods. This was mainly due to the depreciation of Renminbi against U.S. dollar.

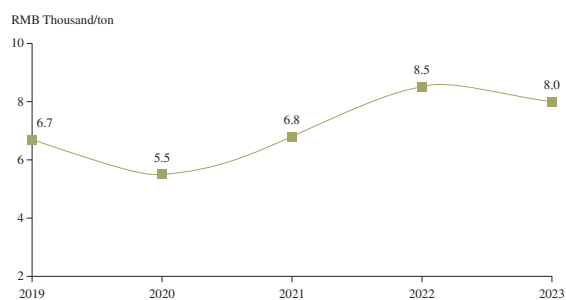
Raw Materials

Industrial explosives and diesel are key raw materials in gold mining, and their prices can significantly represent the major raw material costs in the industry. Industrial explosives are mainly used in gold mining to break rocks and ores. Diesel, on the other hand, is the energy source for many mining equipment, such as excavators, trucks, drilling rigs, and generators. Overall, the prices of major raw materials for gold mining companies have experienced a slight upward trend in recent years. For instance, the average price of industrial explosives in China rose from RMB5.7 thousand per ton in 2019 to RMB6.4 thousand per ton in 2023, reflecting a CAGR of 3.1%. Similarly, the average price of diesel in China increased from RMB5.7 thousand per ton in 2019 to RMB6.4 thousand per ton in 2023, with a CAGR of 4.3%. The slight upward trend in the price of industrial explosives in the past has mainly been due to the increase in upstream raw material costs. The price of diesel in China is mainly regulated by the National Development and Reform Commission, based on changes in international oil prices.

**Average Price of Industrial Explosives,
China, 2019-2023**



**Average Price of Diesel,
China, 2019-2023**



Source: National Development and Reform Commission, Frost & Sullivan

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Competitive Landscape

Overview

The gold industry has become more concentrated due to mergers and resource integration of gold companies. Large gold companies with advantages, such as efficient operations, global presence, financial strength and other advantages, are leading the industry. At the same time, regulatory controls, including safety and environmental protection requirements, have further tightened. Less competitive gold production companies with aging facilities and insufficient resources have been forced to shut down or undergo significant changes. Furthermore, the total production cost of gold mining has increased due to several factors, and smaller gold companies have gradually exited the market.

Global Gold Mining Market

The top 10 global gold producers contributed approximately 25.6% of the global gold mining production in 2023. Among them are various big names such as Newmont Mining, Barrick Gold, Agnico Eagle and PJSC Polyus, etc. Most of the top gold producers are headquartered in U.S., Australia, Canada, South Africa, and Russia, with their footprints spanning across several continents. The global gold mining industry is relatively fragmented; although, a consolidation trend has emerged in the past years. According to Frost & Sullivan, our Company is estimated to be ranked 20th to 30th among global gold producers in terms of gold production volume in 2023.

Gold Production of Top 10 Gold Producers, Global, 2023

Rank	Company	Gold Production (Million oz)	Market share
1	Newmont Mining	5.5	4.7%
2	Barrick Gold	4.1	3.4%
3	Agnico Eagle	3.4	2.9%
4	PJSC Polyus	2.9	2.5%
5	Navoi MMC	2.9	2.5%
6	Gold Fields	2.6	2.2%
7	AngloGold Ashanti	2.3	2.0%
8	Zijin Mining Group Co., Ltd.	2.2	1.8%
9	Kinross Gold	2.2	1.8%
10	Freeport-McMoRan	2.0	1.7%
	Our Company	0.5	0.4%

PRC Gold Mining Market

We ranked fifth in China in terms of gold production in 2023, and we have achieved the fastest growth rate in gold production volume from 2021 to 2023 among the top 5 gold producers in China. Moreover, we have a more diversified mineral product profile and larger overseas business coverage than most of the major players in the market.

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Gold Production of Top 5 Gold Producers in China, 2023

Rank	Company	Gold Production (Million oz)	Market Share
1	Zijin Mining Group Co. Ltd.	2.2	18.9%
2	Shandong Gold Group Co., Ltd.	1.6	13.6%
3	China National Gold Group Co., Ltd.	0.9	8.1%
4	Shandong Zhaojin Group Co., Ltd.	0.6	5.2%
5	Our Company	0.5	4.0%

In comparison with other leading players in the gold mining market in China, we have comparative advantages in multiple aspects. For example, we offer a more extensive range of mineral products and larger overseas business coverage than most of the major players in the market. In terms of the gold production growth in the past three years, we were the highest among major gold producers in China, representing a gold production growth of 33.1% from 2019 to 2023. Regarding the proportion of overseas business, we maintain the status as the leading player in the market.

Entry Barriers

The principal entry barriers to the gold industry include the following:

- **Policy Barrier.** Globally, majority of governments implement an admittance system for the exploitation of gold resources. The application for gold mining and smelting shall comply with the requirements of the national gold industry planning, industrial policies and the state regulations on the approval of investment projects, environmental protection and land administration, etc. Gold mining companies shall be qualified for the exploitation of gold resources in order to obtain the mining license issued by the governments of where the gold mines are located . In addition, gold mining enterprises can only conduct mining within the area stipulated by the state, and comply with increasingly strict safety production and environmental protection regulations. It is difficult for new market entrants to obtain relevant qualifications in a short period of time.
- **Capital Barrier.** The gold industry is a capital-intensive industry, which requires a significant investment in infrastructure and production equipment in the early stage. The costs of exploration, mining, and refining are extremely high, while significant initial investment is required for the purchase of equipment. Notably, gold manufacturing needs a large amount of initial capital for the procurement of gold ore, the construction of manufacturing facilities as well as the purchase or installation of machines in order to produce gold products.

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- **Technology Barrier.** As the grade of gold ore decreases and mining depths increase, the difficulty and complexity of gold mining procedures rise accordingly, creating a high technical barrier for new entrants. Additionally, it takes a significant amount of time and effort for gold mining companies to acquire qualified professionals capable of applying new mining technologies. Furthermore, only companies with advanced technology and sufficient experience can meet the increasingly strict government requirements for safe production and environmental protection, further increasing the challenges for new entrants.
- **Human Capital Barrier.** As the mining industry shifting towards intelligent mining and green mining as global popular trends, the mining industry will become more technology-intensive in the future. The industry will become more human-capital-intensive as industry demand for talent with experiences in IT, ESG and mining is booming. Professionals with such rich experiences are extremely popular in recruiting market, and new market entrants often struggle to find experienced professionals.

Market Drivers

- **Increasing Gold Reserve by Central Banks.** Internationalization of Renminbi is the result of national economic development. Since being included in the IMF's Special Drawing Right (SDR) in 2016, Renminbi has become a big part of international reserve currency. As an important means of reserve and settlement, gold reserves are used to hedge the risk of international financial markets. There is a trend by China to increase its central bank gold reserves to meet the demand following Renminbi's internationalization.
- **Sustained Consumer Demand.** The ongoing and long-term consumer demand for gold jewellery and gold as an investment asset plays an essential role in the global gold market. As a traditional pillar of the gold market, the demand for gold jewellery remains relatively stable. Moreover, facing economic fluctuations or uncertainties, individual investors are increasing their investment in gold.
- **Rising Gold Price.** The gold price drives both the supply and demand of gold. On the supply side, the increasing gold price has expanded the profit margins for gold mining operations, encouraging companies to increase gold mining. On the demand side, some individual investors are attracted by the rising gold prices, expecting to purchase gold before prices peak, with the aim of realizing profits. In recent years, under the combined effect of the increasing downward pressure on major economies and pessimism in the global financial, the safe-haven function of gold has been fully highlighted, and the price of gold has begun to trend upward.

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- ***Increasing Demand for Safe Haven Assets.*** Global socio-economic fluctuations and uncertainties, coupled with geopolitical risks such as the Russia-Ukraine conflict and conflicts in Israel, have collectively fueled market demand for safe-haven assets. Against this backdrop, gold, as a traditional choice for risk aversion, is likely to attract some investors, and countries may increase their gold reserves to protect their economies from exchange rate fluctuations, thereby driving the growth of the global gold market. For Laos and Ghana, gold exports play a crucial role in their economic structures, serving as a significant source of foreign exchange earnings. Given the promising growth of the global gold market, the gold sectors in Laos and Ghana are expected to provide strong impetus for economic development.

Development Trend

The following are some of the trends of the global and PRC gold mining industry:

- ***Green Mining.*** Governments around the world have successively issued a series of policies calling for the development of environmentally friendly gold mining technologies. Therefore, gold mining companies are bound to renew their technologies to promote environmental-friendly mining.
- ***Deep Mining.*** With the consumption of shallow gold resources, global gold mining industry gradually turns to deep mining. With the gradual depletion of surface resources, many mining companies have begun to turn to deep mining. Deep gold mines may range from several hundred meters to several thousand meters deep, and some specific gold mines may even reach 4,000 meters or deeper. In China, the NDRC issued Guide Catalogue for Industrial Restructuring (2019 edition) encourages the development of deep gold mining. Enterprises with gold mining capabilities in challenging terrain, such as Our Company, are more competitive in the gold industry.
- ***Intelligent Mining.*** With the decrease in the cost of digital technologies and the successful trial and testing of digital solutions, it is becoming increasingly feasible to apply intelligent mining. Intelligent mining will enable the management of resources such as energy, labor, equipment, and infrastructure as variable costs. It integrates with smart automation based on equipment capacity, availability, and utilisation. Optimizing these variable resources across the value chain will improve sustainability, reduce utility consumption, and significantly enhance mining efficiency.
- ***Enterprise Mergers and Acquisitions.*** Gold mining players are facing increasingly higher production cost and lower profit margin due to the large proportion of low-grade ore and refractory gold resources globally. Gold mining companies may turn to seek overseas gold resources, capital, and technology. Global mergers and large-scale acquisitions have become a major trend in the development of the gold industry.

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Key Success Factors for Gold Mining Companies

- ***Increasing and Diversified Gold Mine Resources.*** It is crucial for gold mining companies maintaining competitiveness to increase and diversify their gold mine resources. The scale and quality of gold mine resources are foundations for gold mining companies to establish scale economy, maintain long-term growth and attract investments. The geographical diversity of gold mine resources will significantly increase the risk resistance capacity of gold mining companies.
- ***Technological Innovation.*** Chinese gold producers should continue to develop new technologies and strive to achieve low-cost operations and effective resource utilisation through technological innovation and application. Advanced production management systems and technologies help enterprises achieve highly mechanized, digital, and intelligent control and optimization in the gold production process.
- ***ESG Governance.*** The gold industry should continue to adhere to the concept of green development. Chinese gold producers will continue to attach importance to the environment and safety, humanistic care, and social responsibility as one of the important goals of enterprise development.
- ***Supply Chain Management.*** In the process of gold mining and processing, gold mining companies need to procure various types of equipment and raw materials, such as rock drilling machines, drilling jumbos, scrapers, explosives, diesel, sodium cyanide, etc. Additionally, gold mining companies may employ different third-party subcontractors for tasks like refining and logistics. A well-established supply chain management capability is crucial for gold mining companies to maintain efficient production and expand their asset portfolios globally.
- ***Gold Price Fluctuations.*** Gold price is the critical factor affecting a company's revenue and profits. Gold producers must closely monitor gold price trends, flexibly adjust production plans and sales strategies to cope with market opportunities and challenges.

OVERVIEW OF THE COPPER INDUSTRY

Introduction of Copper

Copper is one of the most used and reused of all metals. The demand for copper is due to its good strength, excellent electrical and thermal conductivity, outstanding resistance to corrosion, and ease of fabrication. Copper is often found in areas along the western continental edges of North and South America as well as southwestern part of the U.S. Currently, copper is used in building construction, power generation and transmission, electronic product manufacturing, and production of industrial machinery and transportation vehicles. It is also used in alloys such as brass and bronze, alloy castings, and electroplated protective coating in undercoats of nickel, chromium, and zinc. In 2023, our Company's production of electrolytic copper and copper concentrate powder was approximately 7,900 tons, which is significantly lower than the annual production of copper products from leading copper smelting companies.

INDUSTRY OVERVIEW

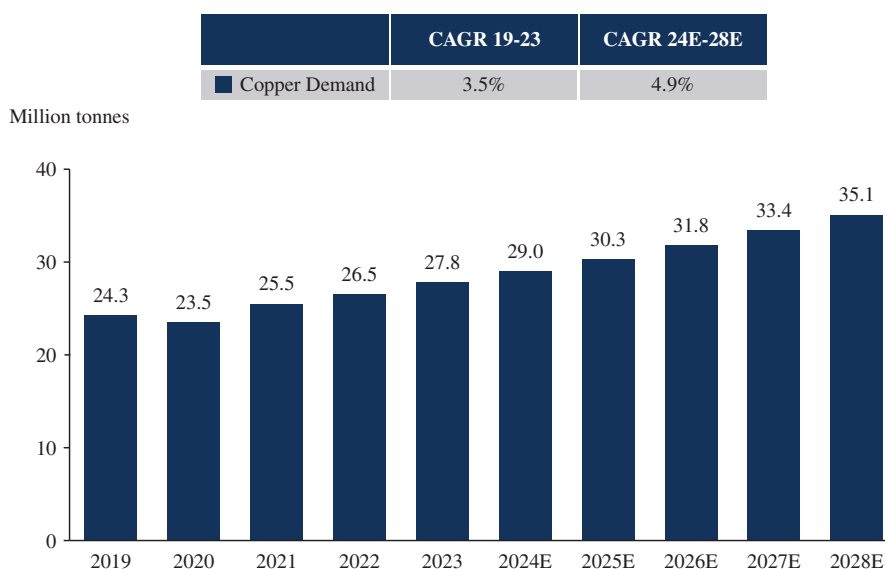
Copper Reserves

The global copper Reserves reached 1,000.6 million tonnes as of December 31, 2023, and the top three countries in terms of copper Reserves were Chile, Peru, and Australia, with their copper Reserves estimated at 190.0 million tonnes, 120.0 million tonnes, 100.0 million tonnes as of December 31, 2023, respectively. In addition, the copper Reserves in Laos were estimated at 1.7 million tonnes as of December 31, 2023. China's copper Reserves, which were largely concentrated in areas such as Tibet, Jiangxi and Yunnan, were estimated at 41.0 million tonnes and accounted for 4.1% of the global copper Reserves as of December 31, 2023.

Copper Demand

The following table sets forth the volume of global copper demand by end uses for the periods indicated.

Copper Demand, Global, 2019-2028E



Source: Frost & Sullivan

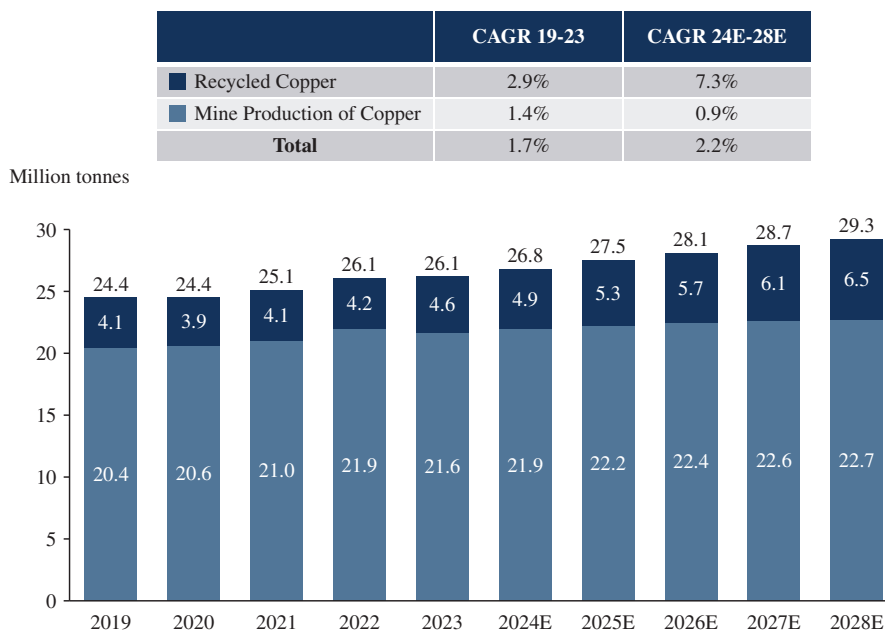
From 2019 to 2023, global copper demand increased at a CAGR of 3.5% from 24.3 million tonnes to 27.8 million tonnes. The significant increases in downstream industries, such as mechanical equipment, construction and power supply, have strongly supported the steady growth in global copper demand. In the future, the wide application of electric vehicles is expected to stimulate copper demand from transportation in global market, which will further drive the steady growth of global copper demand. Over the forecast periods, it is expected that global copper demand will further rise at a CAGR of 4.9% from 29.0 million tonnes in 2024 to 35.1 million tonnes in 2028.

INDUSTRY OVERVIEW

Copper Supply

The following chart sets forth the volume of global copper supply for the periods indicated:

Copper Supply, Global, 2019-2028E

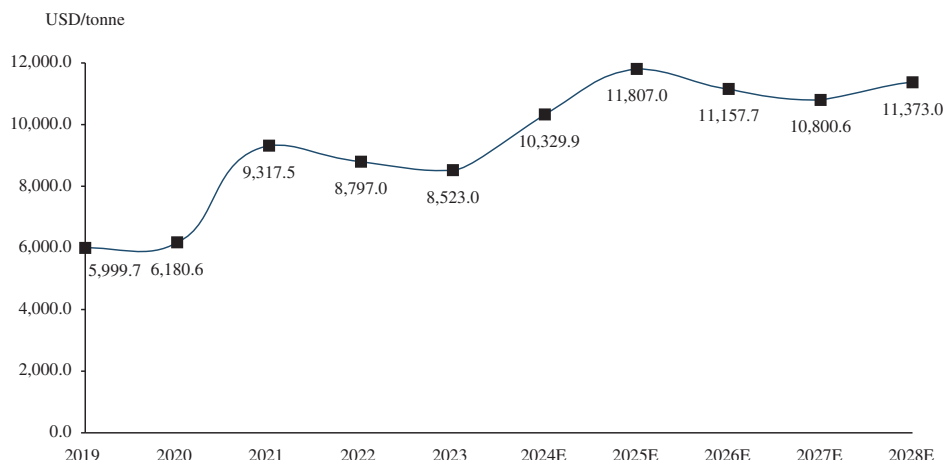


Source: Frost & Sullivan

Copper mining increased slightly from 20.4 million tonnes in 2019 to 21.6 million tonnes in 2023. Although mined copper outputs in multiple countries were affected by temporary smelter shutdowns for maintenance and upgrades, the post-pandemic economic recovery and the increased demand from downstream industries have stimulated steady growth of global mine production of copper. In the future, the global long-term transition towards renewable energy is expected to further boost copper demand. Over the forecast period from 2024 to 2028, mine production of copper is expected to grow at a CAGR of 0.9%, with production reaching 22.7 million tonnes by 2028. In addition, with the continuous improvement of recycled copper utilisation technology, recycled copper will play a more important role in global copper supply. Over the forecast period during 2023 to 2028, global copper supply is expected to grow at a CAGR of 2.2%, with production reaching 29.3 million tonnes by 2028. In particular, it is estimated that global recycled copper production will increase at a CAGR of 7.3% and reach 6.5 million tonnes by 2028.

Copper Price

Copper Price, Global, 2019-2028E



Source: Frost & Sullivan

Due to the economic recovery after the COVID-19 pandemic and insufficient supply of copper mines, the global copper price rose sharply from USD5,999.7/tonne in 2019 to USD8,523.0/tonne in 2023. In the future, it is estimated that the global copper price will increase at a CAGR of 2.4% from 2024 to 2028 and reach USD11,373.0/tonne in 2028. The high demand for copper is expected to increase significantly in 2024, and this positive trend is expected to continue in 2025. To meet increasing copper demand, it is anticipated that the copper supply will undergo expansion in the coming years, which may cause a slight fluctuation after 2025. However, the expectation is that the increased scale of copper supply will be less than that of demand, indicating that the copper price will continue to increase during the subsequent years. Moreover, under the global accelerated transformation to the green economy, global demand for copper is expected to rise steadily and lead to a long-term structural gap between demand and supply, which will stimulate the recovery of the global copper price.

OVERVIEW OF INDUSTRIES RELATED TO OTHER MINERAL RESOURCES AND RESOURCES AND RECYCLING BUSINESSES

Rare Earth

Rare earth metals are usually soft, ductile, and malleable, and are particularly reactive in powder form at high temperatures. Rare earths are relatively abundant in the Earth's crust, but minable concentrations are less common than for most other mineral commodities. In 2023, the global Reserves of rare earths amounted to 3,537.0 billion oz, and was mainly distributed in countries such as China, Vietnam, and Brazil. Among them, China has the highest proportion of rare earths Reserves in the world, totaling 1,414.8 million oz. China adheres to a principle of demand-driven allocation for rare earths and strictly controls the supply side of rare earths. The ongoing deepening of supply-side reforms is aimed at accelerating the integration of rare earth resources, promoting relative stability of product prices, and ensuring the safety and continuity of the supply chain.

Other Non-ferrous Metals

- ***Zinc***

Zinc has good corrosion resistance, ductility, and flowability. Zinc mainly exists in the form of sulphides, and the main zinc containing mineral is sphalerite. In 2023, the global Reserves of zinc amounted to 7,074.0 million oz, and was mainly distributed in countries such as Australia, China, and Russia. Among them, Australia has the highest proportion of zinc Reserves in the world, totaling 2,057.9 million oz.

- ***Lead***

Lead has good ductility and corrosion resistance, making it easy to make excellent alloys with other metals. Lead is mainly hidden in galena, a sulphide in the crust. In 2023, the global Reserves of lead amounted to 3,054.7 million oz, and was mainly distributed in countries such as Australia, China, and Russia. Among them, Australia has the highest proportion of lead Reserves in the world, totaling 1,125.4 million oz.

- ***Molybdenum***

Molybdenum occurs as the principal metal sulphide in large low-grade porphyry molybdenum deposits and as an associated metal sulphide in low-grade porphyry copper deposits. It is a silver-white metal, with a hard texture, high melting point, and relatively high thermal conductivity. In 2023, the global Reserves of molybdenum amounted to 482,315.1 million oz, mainly distributed in countries such as China, the United States, and Peru. China has the highest proportion of molybdenum Reserves in the world, totaling 186,495.2 million oz.

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Resources Recycling Business

Our Company's resource recycling business can be classified under urban mining. Urban mining refers to the process of recycling various waste materials from end-of-life products and converting them into new raw materials or usable components for further manufacturing processes. This typically includes the recycling and utilisation of scrap vehicles, electronic waste, waste power batteries, and more.

The development and promotion of urban mining allow for the efficient use of raw materials and components derived from recycled waste, reducing the demand for the production of new materials, which often leads to large volumes of greenhouse gas emissions. Urban mining contributes to achieving carbon reduction goals and improving the ecological environment in the long term. The market size of the urban mining industry in China exceeded RMB80 billion in 2023.

REGULATORY OVERVIEW

The following sets out a summary of the significant laws and regulations that affect our businesses in the PRC, Laos and Ghana. Information contained below shall not be construed as a comprehensive summary of all the laws and regulations applicable to us.

LAWS AND REGULATIONS RELATED TO OUR PRC OPERATIONS

Overview

Our business operations are subject to supervision and regulation by the PRC government. This section sets out a summary of the major laws, regulations and policies which we are subject to.

Principal Laws and Regulations Related to our Businesses in the PRC

Industry Classification

According to the Industry Classification of the National Economy (GB/T4754-2017) jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of the People's Republic of China on June 30, 2017, the industry in which Chifeng Gold is engaged falls within "B0911 copper mining and processing" and "B0921 gold mining and processing" under "B09 non-ferrous metal mining and processing industry".

Laws and Regulations relating to Mineral Resources

According to the Mineral Resources Law of the People's Republic of China (中華人民共和國礦產資源法) which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on March 19, 1986 and revised on August 27, 2009, all Mineral Resources of the PRC are owned by the State. Anyone who wishes to explore or mine Mineral Resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with the law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. In parallel with the exploitation of the main minerals, the minerals with industrial value that occur in association or as by-products of the ordinary mineral production should be subject to unified planning, comprehensive mining, and integrated utilization to prevent waste.

Administrative Measures for the Block Registration of Mineral Resource Prospecting (礦產資源勘查區塊登記管理辦法) was promulgated by the State Council on February 12, 1998 and latest revised on July 29, 2014. The State implements a unified registration management system for Mineral Resources exploration. Exploration of Mineral Resources listed in the Measures can only be launched with the approval and registration by the competent department of geology and Mineral Resources with the exploration licenses issued.

REGULATORY OVERVIEW

Rights and Obligations of Holders of Exploration Permits

When the prospecting right owner conducts an exploration during the validity period of the exploration permit and finds a complex type of deposit that meets the State's requirements about the mineral that can be mined while being explored, it may apply for mining and go through the mining registration formalities after approval by the registration management authority.

Administrative Measures for the Registration of Mineral Resources Exploitation (礦產資源開採登記管理辦法) was promulgated by the State Council on February 12, 1998 and latest revised on July 29, 2014. Mining Mineral Resources listed in the Measures must be examined and registered by the competent department of geology and Mineral Resources, and a mining right license must be issued. The valid period of the exploitation licenses shall be determined according to the construction scale of the mines. The maximum validity period of a mining permit for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively.

Interim Measures on the Supervision and Control of Mineral Resources (礦產資源監督管理暫行辦法) was promulgated by the State Council on April 29, 1987 and came into effect on the same day. To develop and utilize Mineral Resources, mining enterprises shall strengthen mining management, select reasonable mining and processing methods, promote advanced technologies and improve the utilisation of Mineral Resources.

Circular on the Issuance of Measures and Technical Guidelines for Determining the Value of Mineral Products Extracted by Illegal Mining and the Value of Damage to Mineral Resources Caused by Illegal Mining or Destructive Mining (關於印發非法採礦採出礦產品價值、非法採礦或破壞性採礦造成礦產資源破壞價值認定辦法及技術指南的通知) was promulgated by the Ministry of Natural Resources on December 9, 2024 and became effective on the same day. The value of mineral products extracted by illegal mining and the value of Mineral Resources destroyed by illegal or destructive mining shall be accounted for in accordance with specific procedural norms and criminal acts of destruction of Mineral Resources shall be punished in accordance with the law.

Measures for the Administration of Bidding, Auction and Listing Concerning Exploration Rights and Mining Right (for Trial Implementation) (探礦權採礦權招標拍賣掛牌管理辦法(試行)) was promulgated by the former Ministry of Land and Resources on June 11, 2003 and came into effect on August 1, 2003. The types of exploration rights and mining rights specified in this Measures shall be granted by the government at or above the county level through bidding, auction and listing. The Ministry of Land and Resources shall be responsible for the supervision and administration of the bidding, auction and listing activities of exploration rights and mining rights nationwide.

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According to the Administrative Measures for the Transfer of Exploration Rights and Mining Rights (探礦權採礦權轉讓管理辦法) which was promulgated by the State Council on February 12, 1998 and latest revised on July 29, 2014, and the Provisions on Issues Concerning the Examination and Approval of the Transfer of Exploration Rights and Mining Rights (探礦權採礦權轉讓審批有關問題的規定) which was promulgated by the former State Land Administration on December 14, 1998 and became effective on the same day, the transfer of exploration rights and mining rights shall meet the conditions stipulated in these Measures. The transferee of exploration rights or mining rights shall meet the conditions for applicants of exploration rights or mining rights stipulated in the Administrative Measures for the Block Registration of Mineral Resource Prospecting (礦產資源勘查區塊登記管理辦法) or Administrative Measures for the Registration of Mineral Resources Exploitation (礦產資源開採登記管理辦法). The transfer of exploration rights and mining rights based on state-funded exploration must be assessed. The cost of exploration right and mining right based on state-funded exploration, shall be assessed by the agencies with mining right assessment qualification. The assessment report shall be filed with the registration and administration authority of exploration right and mining right. If a mining enterprise or individual transfers part of the exploration area under an exploration right or part of the mining area under a mining right, they must complete the alteration and division registration in respect of such exploration right or mining right after obtaining the prior approval of the original registration authority, and submit the application for transfer to the transfer approval authority.

Laws and Regulations relating to Production Safety

The PRC government has formulated a relatively comprehensive set of laws and regulations on productions safety, including the Law on Work Safety of the PRC (中華人民共和國安全生產法) (coming into effect on November 1, 2002 and revised on September 1, 2021), the Interim Measures for the Supervision and Administration of ‘Three Simultaneities’ for Safety Facilities of Construction Projects (建設項目安全設施“三同時”監督管理辦法) (coming into effect on February 1, 2011 and revised on May 1, 2015), the Law on Mine Safety of the PRC (中華人民共和國礦山安全法) (coming into effect on May 1, 1993 and revised on August 27, 2009) as well as the Implementation Rules for the Mine Safety Law of the People’s Republic of China (中華人民共和國礦山安全法實施條例) (coming into effect on October 30, 1996) promulgated by the State Council, covering Mineral Resources exploration, mining and mine construction. The State Administration of Work Safety (國家安全生產監督總局) is responsible for the overall supervision and management of the safety production nationwide, while the departments in charge of safety production at the county level or above are responsible for the overall supervision and management of the safety production within their own jurisdictions.

Regulations on Work Safety Licenses (安全生產許可證條例) was promulgated by the State Council on January 13, 2004 and latest revised on July 29, 2014. The State applies the work safety licensing system to enterprises engaged in mining, construction, and the production of dangerous chemicals, fireworks and crackers, and civil use explosive material. No enterprise may engage in production activities without a work safety license.

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The PRC government implements a licensing system for production safety of mining enterprises under the Regulations on Work Safety Permits (coming into effect on January 13, 2004 and revised on July 29, 2014). No mining enterprise may engage in production activities without holding a valid production safety license. Enterprises which fail to fulfill the production safety conditions may not carry out any production activity. Mining enterprises which have obtained the production safety licenses shall not lower their production safety standards, and shall be subject to the supervision and inspection by the licensing authorities from time to time. If the licensing authorities are of the opinion that the mining enterprises do not fulfill the production safety requirements, the production safety licenses may be withheld or revoked.

Pursuant to the relevant requirements of the Law on Mine Safety of the PRC (中華人民共和國礦山安全法), the Regulations on Reporting, Investigation and Treatment of Work Safety Accidents (生產安全事故報告和調查處理條例) (State Council Order No. 493), the Notice on Regulating the Inspection for Acceptance upon Completion of Safety Facilities in Metal and Non-metal Mine Construction Projects (關於規範金屬非金屬礦山建設項目安全設施竣工驗收工作的通知) issued by the State Administration of Work Safety (SAWS — [2016] No. 14), the authorities in charge of mining enterprises under the people's governments at or above the county level shall exercise the following functions and responsibilities with respect to the control of safety work in mines: (i) to inspect the implementation of laws and regulations on safety in mines by mining enterprises; (ii) to examine and approve designs of safety facilities in mine construction projects; (iii) to supervise the inspection for acceptance upon completion of safety facilities in mine construction projects; (iv) to manage the training of managers of mines and personnel in charge of safety work in mining enterprises; (v) to investigate and handle work safety accidents at mines; and (vi) other controlling functions and responsibilities provided for in laws and administrative rules and regulations.

Upon occurrence of accidents, mining enterprises shall immediately take measures to rescue their workers and report any casualty to the relevant authority. In the event of a general mine accident, the mining enterprise shall be responsible for investigating and handling the case. In the event of a fatal accident, the government, the relevant authority, the labor union and the mining enterprise shall conduct investigation and handle the case together. In addition, mining enterprise shall pay compensation to any staff who was injured or died in the accident in accordance with the national requirements. Such mining enterprise may only resume production after the relevant danger at the scene has been eliminated.

Pursuant to Measures on the Implementation of Work Safety Permit for Non-Coal Mining Enterprises (非煤礦礦山企業安全生產許可證實施辦法) (coming into effect on May 17, 2004 and revised on July 1, 2015), non-coal mining enterprises must obtain the production safety permit and are prohibited from engaging in any production activities without obtaining the permit.

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Pursuant to the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法), which was promulgated on October 27, 2001 and latest amended on December 29, 2018, and Measures for the Declaration of Projects with Occupational Hazards (職業病危害項目申報辦法), which was promulgated on April 27, 2012 and became effective on June 1, 2012, the facilities for the prevention and control of occupational diseases of a construction project must be designed, constructed and put into production and be used with the principal project at the same time. Besides, where there are occupational disease hazard factors listed in the catalogue of occupational diseases in the work site, production entities shall truthfully declare the hazardous project to the local health administrative department in a timely manner and be subject to their supervision.

Laws and Regulations relating to Environmental Protection

The PRC laws and regulations relating to environmental protection mainly include: Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) (revised on April 24, 2014 and implemented on January 1, 2015), Water Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國水污染防治法) (promulgated on June 27, 2017 and implemented on January 1, 2018), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國大氣污染防治法) (revised on October 26, 2018 and became effective on the same day), Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (中華人民共和國固體廢物污染環境防治法) (revised on April 29, 2020 and implemented on September 1, 2020) and Implementation Regulation on the Environmental Protection Tax Law of the People's Republic of China (中華人民共和國環境保護稅法實施條例) (promulgated on December 25, 2017 and implemented on January 1, 2018).

Pursuant to the aforesaid laws and regulations, enterprises that discharge and dispose of toxic and dangerous substances such as waste water, waste gas and solid waste must comply with the national and local standards of use, and shall declare to and register with the relevant environmental protection administration authorities and pay pollution discharge fees as required depending on the circumstances.

Law of the People's Republic of China on Environmental Impact Assessment (中華人民共和國環境影響評價法) was promulgated by the SCNPC on October 28, 2002 and latest revised on December 29, 2018. The State implements a classification-based management on environmental impact assessment of construction projects according to the impact of the construction projects on the environment. Construction entity shall prepare the environmental impact report or environmental impact statement or fill out the environmental impact registration form.

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Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例) was promulgated by the State Council on November 29, 1998 and latest revised on July 16, 2017. State standards and local standards for the discharge of pollutants must be complied with in building construction projects that generate pollution; requirements for aggregate control of discharge of major pollutants must be met in areas under aggregate control of discharge of major pollutants.

Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) was promulgated by the SCNPC on September 5, 1987 and latest revised on October 26, 2018. Enterprises, public institutions and other producers and operators that build projects having impacts on the atmospheric environment shall conduct environmental impact assessment and disclose the environmental impact assessment documents to the public in accordance with the law; where pollutants are discharged to the atmosphere, the discharging units must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution caused by Solid Waste (中華人民共和國固體廢物污染環境防治法) was promulgated by the SCNPC on October 30, 1995, and was latest revised on April 29, 2020 and implemented on September 1, 2020. The construction of projects that produce, store, use, and treat solid wastes shall be performed with environmental impact assessment conducted as legally required and in compliance with the relevant provisions issued by the state concerning the management of environmental protection in respect of construction projects. The facilities for the prevention and control of environmental pollution by solid wastes required to be built as ancillaries determined in the environmental impact assessment document of a construction project shall be designed, built and put into operation at the same time as the main part of the project. A mining enterprise shall adopt scientific mining methods and techniques for mineral separation so as to reduce the production and storage of tailings, coal gangue, waste rock and other mining solid wastes.

The Law of the People's Republic of China on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) was promulgated by the SCNPC on May 11, 1984 and was latest revised on June 27, 2017. EIA must be carried out according to law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. The water pollution prevention and control facilities shall meet the requirements of environmental impact assessment documents approved or filed for the record. Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to waters and enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. When constructing underground facilities or conducting underground exploitation or mining activities, preventive measures must be taken to prevent groundwater pollution.

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The Law of the People's Republic of China on the Prevention and Control of Noise Pollution (中華人民共和國噪聲污染防治法) was promulgated by the SCNPC on December 24, 2021 and will take effect on June 5, 2022. New construction, reconstruction or expansion projects that may cause noise pollution shall be subject to the environmental impact assessment in accordance with the law.

The Regulation on Land Reclamation (土地復墾條例) was promulgated by the State Council and became effective on March 5, 2011, and the Measures for the Implementation of the Regulation on Land Reclamation (土地復墾條例實施辦法) was promulgated on December 27, 2012 and amended on July 24, 2019. A production or construction entity or individual (the “**Land User**”) must undertake measures to restore a mining site to its original state within a prescribed time frame if its mining activities result in damage to arable land, grassland or forestry land. The land user is also required to formulate and implement a land rehabilitation plan and to restore the land to a state appropriate for use by rehabilitation if its mining activities result in damage to the land. The land rehabilitation plan shall be approved by the relevant land resources authority. The land user is also required to set aside funds to be used in land rehabilitation. The rehabilitated land is legally required to meet rehabilitation standards and may only be subsequently used upon examination and approval by the land authorities. Any failure to comply with this requirement or failure to restore the mining site to its original state will result in the imposition of fines, rehabilitation fees, rejection of applications for land use rights or rejection of application for new mining permits or renewal, alteration or cancellation of mining permits by the local bureau of natural resources.

Laws, Regulations and Normative Documents relating to Foreign Investment and Foreign Exchange

The Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法) were promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. To make outbound investment, any investor shall go through the formalities to have a proposed overseas investment project approved or filed on the record, report relevant information, and cooperate with supervision and inspection. An investor shall, in overseas investment, neither violate the laws and regulations of China nor threaten or damage the national interests and national security of China.

The Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) was promulgated by the SAFE on December 26, 2014 and became effective on the same day. SAFE and its branches with foreign exchange authorities supervise, manage and inspect, among other things, the business registration, account opening and use, cross-border payments and capital exchange involved in the overseas listing of domestic companies. A domestic company shall conduct overseas listing registration with Foreign Exchange Bureaus at the place of its incorporation with the relevant materials within 15 working days after the completion of the offering of its overseas listing shares.

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The Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) was promulgated by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day. The foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. That the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations has been clearly implemented in relevant policies. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to balance of payments. While being eligible for discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the fund settled in the previous transaction (including discretionary settlement and payment-based settlement) of such institution. The receipts under the capital account shall not be directly or indirectly used for expenditures beyond the business scope of the enterprise or prohibited by the laws and regulations. Except as otherwise provided by laws and regulations, they shall not be directly or indirectly used for securities investment or other investment and wealth management products except for principal-guaranteed products launched by banks; they shall not be used for granting loans to non-affiliated companies (except explicitly approved within business scope); and they shall not be used for building or purchasing real estate not for their own use (except for real estate enterprises).

The Notice by the State Administration of Foreign Exchange to Facilitating Promoting Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) was promulgated by the State Administration of Foreign Exchange on October 23, 2019 and came into effect on the same day. Foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law under the condition that the Negative List is not violated and the relevant domestic investment projects are true and compliant.

The Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知) was promulgated by the State Administration of Foreign Exchange on April 10, 2020 and became effective on the same day. Eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

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Laws, Regulations and Normative Documents relating to Labor Relations, Social Insurance and Housing Provident Fund

The Labor Law of the People's Republic of China (中華人民共和國勞動法) was promulgated by the SCNPC on July 5, 1994 and was latest revised on December 29, 2018. An employer shall establish a sound system of employment rules so as to ensure that its workers enjoy the labor rights and perform the employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (promulgated by the SCNPC on June 29, 2007 and latest revised on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) (promulgated by the State Council on September 18, 2008 and came into effect on the same day) stipulate the rights and obligations of the parties to the labor contract, including the conclusion, performance, modification, rescission and termination of the labor contract, etc. Employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and pay economic compensation to workers according to law.

The Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) was promulgated by the SCNPC on October 28, 2010 and latest revised on December 29, 2018. Employers shall register for social insurance at a local social insurance agency and pay social insurance premiums for workers, including basic endowment insurance premiums, basic medical insurance premiums, work-related injury insurance premiums, unemployment insurance premiums and maternity insurance premiums, etc.

The Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) was promulgated by the State Council on April 3, 1999 and was latest revised on March 24, 2019. The employer shall undertake housing provident fund payment and deposit registrations at the housing provident fund administration center, and open housing provident fund accounts on behalf of its workers. The employer shall pay and deposit housing provident fund for its employees with a rate of not less than 5% of the average monthly salary of the employees concerned in the previous year.

Laws, Regulations and Normative Documents relating to Enterprise Tax

The Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) (promulgated by the SCNPC on March 16, 2007 and latest revised on December 29, 2018) and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法實施條例) (promulgated by the State Council on December 6, 2007 and latest revised on April 23, 2019), a resident enterprise

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is subject to enterprise income tax for the income derived from both inside and outside the territory of the PRC. The enterprise income tax rate is 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

The Notice on Issues Concerning the Foreign Income Tax Credit of Enterprises (關於企業境外所得稅收抵免有關問題的通知) was promulgated by the Ministry of Finance and the State Administration of Taxation of the People's Republic of China on December 25, 2009 and became effective on the same day. A resident enterprise may deduct from the taxable amount of incomes of the current period its taxable incomes derived outside China. Where the income received by a resident enterprise from a country (region) that has entered into a tax treaty (or arrangement) with the Chinese government has enjoyed tax exemption or reduction treatment in accordance with the tax laws of the country (region), and the amount of tax exempted or reduced should be deemed that the tax paid is credited against the tax payable in China in accordance with the provisions of the tax treaty, the amount of tax exempted or reduced may be used as the amount of overseas income tax actually paid by the enterprise for tax credit purpose.

LAWS AND REGULATIONS IN RELATION TO OUR OPERATIONS IN LAOS

Legislation on Foreign Investments

The Investment Promotion Law (amended) No. 62/NA dated June 28, 2024 and published in the Lao Official Gazette on December 16, 2024 (the “**Investment Promotion Law**”) is the main legislation on investment in Laos. It defines the forms of investments and procedure for investors to engage in general investment and concession businesses in Laos. This law provides for the incentives, support, and process for investments in the country.

Under the Investment Promotion Law, business activities are classified as:

1. general investments not in the controlled business list;
2. general investments under the controlled business list, defined as businesses that have an impact to the stability of national security, public order, and social and natural environment; or
3. concession investments, which are investments for which an investor is authorized by the Laotian Government in accordance with relevant laws and regulations to develop and operate a business notably involving mining, concession of land, development of special economic zones, exclusive economic zones, electric energy development, airport services, road construction, and technology and communication services. The term of investment in a concession investment depends on the type, size, investment value, conditions, and feasibility study of the

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business in compliance with relevant laws, but shall not exceed fifty years. This investment term may be extended with the approval of the Laotian Government or the Laotian National Assembly or a provincial level assembly, as set out in the relevant law.

The Investment Promotion Law requires an investor in concession business to submit an application for investment license to the Ministry of Planning and Investment (“**MPI**”). The form of incorporation of the project company and the issuance of investment license will also be considered by the MPI for a project in a concession business. The project owner may request for the change of the form of investment. Such request will be subject to the consideration of the MPI.

The Prime Minister’s Decree on the Approval of Controlled Business List and Concession Activity in Lao PDR No. 03/PM dated 10 January 2019 (“**Decree No. 03**”) enumerates the controlled business list and concession list. Mining activities are included in the list as a concession investment.

Under the Investment Promotion Law, a concession investment with total capital of more than one hundred million to five hundred million U.S. dollars must have a registered capital of not less than 5% of the total capital but not less than 20 million U.S. dollars. Registered capital for concession investment shall be clearly expressed in assets, and throughout the investment operation period the asset value shall not be less than the registered capital.

For a project company incorporated for a concession investment, the following minimum paid up registered capital for concession investment must be made within 90 days from the effective date of the concession agreement:

1. three percent (3%) of registered capital for projects with investment value of less than fifty million U.S. dollars;
2. two percent (2%) of registered capital for projects with investment value from fifty million to one hundred million U.S. dollars;
3. one and a half percent (1.5%) of registered capital for projects with investment value from one hundred million to five hundred million U.S. dollars;
4. one percent (1%) of registered capital for projects with investment value of more than five hundred million U.S. dollars.

The remaining amount shall be imported within two years from the date of the concession agreement.

Mineral Law

The Law on Minerals No. 31/NA dated November 3, 2017 (the “**Mineral Law**”) is the main legislation governing mining development in Laos PDR. It provides for the principles, rules, and regulations relating to managing, monitoring, and inspecting protection, trading, mineral resource and minerals utilization, and the campaign of minerals to make it transparent, efficient, and in order in detection, survey, excavation, and mineral processing, ensuring the protection of health, life, and safety of affected community, workers, and social and environment protection; aiming to develop mineral area under economical plan, green and sustainability, friendly to environment, create opportunities for economic growth, transform to advanced industrialization gradually, contribute to national socio-economic development, improve the livelihoods of Lao people.

The Ministry of Energy and Mines (“**MEM**”) is the primary ministry responsible for the management and monitoring of mineral business activities in Laos.

Mineral Activities

Activities concerning minerals are as follows:

a. Prospecting

Mineral prospecting refers to the study of data and information and field work to determine geological conditions of the area and occurrences of mineralization, including evaluation of mineral data aiming to identify feasible areas for exploration. Mineral prospecting shall use advanced equipment to ensure efficient results. Individuals, entities, and organizations are not allowed to operate mineral prospecting without legal approvals.

Prospecting license is issued to certify the right of investors to conduct prospecting activities under an approved plan of the MEM. The application of the prospecting license shall include following documents:

1. Investment license;
2. The report on results of the field data collection;
3. Location defined map of prospecting application;
4. Prospecting fund sources, minimum expenditure and prospecting plans; and
5. Academic and experience qualifications on minerals of officers.

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Prospecting license is valid up to two years extendable once but not more than one year. Conditions on Prospecting license renewal are as follows:

1. Application shall be submitted ninety days before the expiry date of existing license, otherwise, the application is not taken into consideration;
2. Financial obligations, obligations under local administrative authorities, and other obligations under the law shall be implemented;
3. Submit reports on prospecting results and completing least sixty percent of operations under the prospecting plan have been undertaken;
4. Propose plan to continue the prospecting;
5. Rehabilitate areas that have been excavated, drilled such as unnecessary trenches and pits; and
6. Return at least twenty five percent of implemented area with non-economic benefit minerals along with the reports on prospecting operations which include prospecting information, relevant maps, sample inventory location, and analyzed results.

A legal entity can operate one area of mineral prospection which covers maximum of two hundred square kilometers. The applied area must be consistent with concession area management system of the MEM.

b. Exploring

Mineral exploration refers to the study and evaluation of geological structures and mineral sources, within the identified areas, that may include geological work, geophysics, drilling, tunneling, trenching, pitting, sampling, analysis and assay and other activities to learn about quantity and grade of any mineral reserves and to assess the Technical-Economic Feasibility Studies for mining. Individuals, entities, and organizations are not allowed to operate mineral exploration and mineral mining without legal approvals.

After completion of prospecting and determining the feasibilities in exploration, the investor shall apply to the MEM for an exploration license within ninety days prior to expiry date of the prospecting license. The application shall include the following documents:

1. Prospecting license and reports on prospection;
2. Fund sources for exploration, minimum expenditure and exploration plans,

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3. Socio-natural environment monitoring, inspecting, and management plans; and
4. Certificates of implementation of financial obligations and other obligations under the law.

For areas that have been prospected and have geologic information, a legal entity can directly apply for exploration.

The MEM considers the application within thirty workdays from the date of receiving the prospecting reports and exploration application.

c. Technical-Economic Feasibility Studies

Technical-Economic Feasibility Studies review and evaluate the results from mineral exploration in order to determine the best option for mineral development by comparison in technics, technologies, marketing, investments, and the impacts on social and natural environment.

After the acceptance of the summary report on mineral exploration, the investors shall apply for certificate of Technical-Economic Feasibility Study implementation with the MEM within fifteen workdays from the date of the application.

The term of a Technical-Economic Feasibility Study is up to two years extendable once but not more than one year. After completion of the Technical-Economic Feasibility Study, the licensed investors are able to implement mining under the negotiations and contracts with the Laotian Government.

d. Mining

Mining is the extraction of minerals from the surface and underground by any process of excavating, mining, digging, drilling, pumping, blasting, concentrating, removing, and storing of minerals. Individuals, entities, and organizations are not allowed to operate mining without legal approvals.

The investment in mineral mining shall have a mineral development concession contract, mineral license approvals, and mine closure. After receiving the investment certificate and signing the mineral development concession contract, the investor must apply for mining license before the MEM. Under the current Mineral Law, the term of mining license is not over twenty years extendable for ten years each time. The term of the mining license includes inspecting period after mine closure.

In the previous Mining Law No. 04-97/NA dated April 12, 1997, the period of mineral exploitation concession shall not exceed 30 years from the grant of the concession, which may be extended twice, each time for no more than 10 years, as approved by the Laotian Government on a case-to-case basis.

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Conditions for renewal of the mining license are as follows:

1. The application must be submitted twelve months before the expiry date of the mining license;
2. Completed implementation of financial obligations and other obligations under the laws;
3. Compliance with approved mining plans;
4. Plan for the continuation of the implementation of the mining project;
5. Negotiation on conditions of contract, if necessary.

e. Mineral processing

Mineral processing is the procedure of extraction of products with economic value from raw minerals by crushing, grinding, separating, washing, refining, separation by machine, grinding, polishing, leaching, flotation, filtering, electrical separation, smelting, storing, and managing the waste products. The investor with mineral processing license has the right to buy and sell, import and export mineral products.

f. Selling and buying minerals and mineral products

Selling and buying minerals and mineral products is an agreement between the mining investors with individuals or legal entities, both domestic and foreign, to trade mined minerals and process into products or commodities to supply to domestic and international markets.

Individuals or legal entities with processing license has the right to buy, sell, and import raw materials and semi-finished products to process into products or commodities to supply to domestic and international markets.

g. Transporting minerals and mineral products

Transportation of minerals and mineral products refers to the moving of minerals and mineral products from one location to another location domestically or to overseas or from overseas into the domestic market, which must be done in accordance with the Mineral Law and other relevant laws and regulations.

h. Mine closure

Mine closure refers to the process of restoration and rehabilitation of the land after the completion of mining activities to hand over the concession area to the Laotian Government.

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After completion of each mining area, the investor must proceed with mine closure according to the mine closure procedures, timetables and evaluations of the expenditures on area rehabilitation, mine closure, and the inspection after mine closure in accordance with the approved mine closure and mining area rehabilitation plans.

The mining and mine closure plans must be continually implemented from the beginning of mining operation and be reviewed and improved every three years. The investors must periodically report the progress of mining area rehabilitation and mine closure to the MEM.

Two years before end of mine closure, the MEM coordinates with the Ministry of Natural Resources and Environment, relevant local administrative authorities and communities in project areas to consult on the utilisation of land, infrastructure, building and others.

After completion of mining area rehabilitation and mine closure, the investors must return the concession area along with infrastructure and other relevant rights to the State. If investors correctly complete all the conditions, the MEM will issue a certificate for mine closure and return of the concession area.

Investors must guaranty the costs of environment rehabilitation and mine closure including the inspecting activities after mine closure by providing a cash guaranty, bonds or other financial instrument from a bank in Laos according to the value stated in the approved mine closure and mining area rehabilitation plans, which is implemented by providing an initial guaranty and annual installments depending on the term of the project.

i. Transfer of the mining area

Transfer the mining area is the handing over of the rights on the licensed mining area to the government.

Measures for Violation

Under the Mineral Law, individuals, legal entities or organizations violating the Mineral Law shall be subject to measures from re-education, warning, disciplinary measures, fines, civil measures, or penal prosecution, depending on the seriousness of the violation.

The Decree Fines and Other Measures against Violators of Laws and Regulations on Minerals No. 373/GOV dated December 1, 2023 enumerates the fines and application of other measures for administrative violations of the mineral legislation that shall be imposed to individuals, legal entities, and organizations involved in mineral activities.

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Labor Matters

Labor Standards

The Labor Law (amended) No. 43/NA dated December 24, 2013 (the “**Labor Law**”) sets the labor standards, labor relations, health, safety and welfare conditions for workers in Laos.

This Law sets the hours of work to six days per week and eight hours per day. The hours of work is reduced to not exceeding six hours per day for hazardous occupations, such as work in pits, underground tunnels, underwater or in high elevations, work directly with constantly vibrating equipment, or direct exposure to dangerous materials or chemicals such as explosives. Normal hours of work may also be reduced in cases where danger cannot be prevented or controlled. The limited hours may apply to workers in the infrastructure markets, depending on the work location and conditions. Overtime is also limited to forty-five hours per month or three hours per day, and in no case be for more than four consecutive days, except in case of emergency work such as to combat natural disasters or accident that would cause great damage to the labor unit.

A company may hire needed foreign workers when granted authorization for importation of foreign labor according to the allowed quota from the Ministry of Labor and Social Welfare (“**MLSW**”). Foreign workers need to secure a work permit, work visa, and stay permit. Foreign workers are allowed to remain for a period of twelve months, which can be extended for the same period for up to five years. Management level workers and specialists may be considered specifically for extensions.

The Labor Law provides for instances where employment contracts may be cancelled by mutual agreement or unilaterally by either the employer or employee (without fault) by giving notice for at least thirty (30) days in advance for unskilled or manual labor and forty-five (45) days for skilled or academic employees. The same thirty or forty-five day notice requirements apply in case of a sale or transfer of business, or a change in employer. Contracts may also be cancelled in case of fault of an employee or employer, and in the latter case, the employee may be reinstated or be paid compensation.

The internal regulations of a labor unit, or Rules of Work, are considered as legislation that the employer must devise to implement the Labor Law. The Rules of Work is registered for approval of the Labor Administration Agency and must be written in the Lao language and in case where the labor unit includes foreign labor, translated into the language of the foreign employee.

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Social Security

The Law on Social Security No. 54/NA dated June 27, 2018 (the “**Social Security Law**”) sets out the benefits provided under the National Social Security Fund for health care, maternity, employment injury, occupational disease, invalidity, sickness, pension, death, survivor’s benefit and unemployment. Under this Law, employers are required to contribute 6% and employees contribute 5.5% of employee’s monthly insurable earnings to the social security fund for the payment of social security benefits. Employers are required to register with the Social Security Organization in order to pay the contributions required under this Law.

Labor Health and Safety

The Decree on Labor Safety and Health No. 22/GOV dated February 5, 2019 defines the regulations and measures related to labor safety and health to prevent labor accidents and occupational diseases. The Decree provides the requirement for appropriate personal protective equipment, installation of danger signs and warnings, and safety culture. Employers are required to report labor accidents and occupational diseases to the Labor Management Department. The employer and Social Security Organization bears the cost of treatment, allowance and compensation of workers who suffered from labor accidents and occupational disease.

Larger labor units with 101 to 1,000 employees are required to have a part-time or full-time specialist such as doctor, nurse, sanitation officer and engineer under the Decree on Labor Safety and Health. Under the Labor Law, for labor units in remote areas with 50 or more employees, a medical practitioner must be assigned to the labor unit.

Employees responsible for labor health and safety must have knowledge and undergone training or have a degree or certification from an institute or organization on labor health and safety that is recognized by the Labor Administration Agency of the MLSW.

Environment

Laws and Policies on Environment

The Environmental Protection Law (amended) No. 53/NA dated June 28, 2024 (the “**Environmental Law**”) is the main legislation that provides the regulations and measures related to environmental management, aiming to provide balance between social and natural environment, efficient and effective use of natural resources, improve the quality of life and health of people, animals, and plants, reduce global warming, and contribute to the national socio-economic development according to a green a sustainable direction.

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The project owner is responsible for the implementation of measures to prevent, minimize, and correct environmental impacts in the implementation of investment projects and activities as well as for reasonable compensation for relocation, restoration, or damages, as may be applicable for the project, as well as the control, correction, and reporting in the event of environmental emergencies.

Environmental Impact Assessment

The Decree on Environmental Impact Assessment No. 389/PMO dated October 20, 2022 (“**EIA Decree**”) details the process for the submission and approval of the Environmental Impact Assessment (“**EIA**”) and Environmental Social Management and Monitoring Plans (“**ESMMP**”). An EIA is defined in the EIA Decree as “a process of studying, surveying, analyzing and evaluating positive and negative impacts on social and natural environment caused by investment projects and activities both in the short and long terms, including setting appropriate methods and measures to protect, avoid, and mitigate those impacts”.

There are two types of EIAs:

- a. Initial Environmental Assessment (“**IEE**”), which is conducted for projects expected to generate low or insignificant environmental social impacts; and
- b. Environmental and Social Impact Assessment (“**ESIA**”) is for activities that are expected to generate significant or adverse environmental and social impacts.

An ESIA report is the result of the studies on the environmental impacts generated by investment projects and activities which will include direct and indirect impacts on living organisms, ecology, and the environment so that measures to prevent, mitigate and remedy the potential environmental impacts can be determined. The ESIA report has to provide clear information and be easy to understand including the methodology and data collection technique that have been applied in the ESIA process.

While contents may differ depending on the type of project, an ESIA must include project descriptions, alternatives, baseline information on the existing environment such as physical, biological, socio-economic, environmental information in the project area and its proximity, cumulative impacts, compensation, resettlement and occupations and restoration of people’s livelihood, health impacts, gender, ethnicity as well as the appropriate methodology and measures to prevent, reduce, and mitigate properly the potential environmental impacts and disasters.

The ESIA Report must be prepared in Lao language, while for a complex project has to be prepared in both Lao and English. For a health risk associated project, the project owner has to prepare a separate health impact assessment report in parallel with the preparation of the ESIA Report.

All mineral operations involving metallic minerals require an ESIA report.

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Environmental Certificate

The Environmental Certificate (“EC”) is the document certifying the environmental acceptance of the ESIA and ESMMP for the investment project and activities. The EC that endorses the ESIA has validity for the lifetime of the project but may be subject to either suspension or withdrawal, while the approval of the ESMMP is valid for two to five years depending on the investment project, and subject to renewal. An EC may be suspended if it is found that the investment project violated environmental laws and regulations but with no serious environmental impact, failed to comply with conditions of the EC, failed to comply with financial, environmental or other obligations under laws and regulations, non-implementation of the ESMMP, hidden or concealed or unreliable and non-existing environmental impact information, non-implementation of mitigation measures after receiving notification from natural resources and environment authorities, or project is with significant impacts on people’s health, livelihood, assets, and environment. If the EC is suspended, the project owner has to stop the operations of the investment project. The owner is provided with a timeframe to improve and mitigate the problem causing the suspension.

An EC is withdrawn if the suspension conditions are not implemented, the project owner has made no action on the project 2 years after obtaining the EC, or if there is violation of environmental laws and regulations that cause significant environmental impacts.

Environmental Protection Fund

The project company is required to contribute to the Environmental Protection Fund (“EPF”) and the funding obligations under the ESMMP. The EPF is allocated for use in research for environmental protection and green development, mitigation of climate change impacts, etc., pollution prevention and control, development of environmental laws and regulations, environmental studies, capacity building and awareness, environmental management and problem solving, and for the EPF’s administration and investment.

Water Law

The Law on Water and Water Resources No. 23/NA dated May 11, 2017 (the “**Water Law**”) grants rights to individuals, legal entities and incorporated bodies to use water for any objectives provided that such usage is economical, reasonable, and efficient, and does not have major impact on environment, society or nature. The Law on Water and Water Resources classes the use of water into three categories, namely small, medium, and large water usage, and requires that medium and large usage of water shall be subject to the approval of the natural resource and environment sector. The entity involved in activities that uses medium and large amounts of water shall also pay natural resource royalties for the water usage according to the relevant regulation.

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Under this Law, the use of water is considered medium size usage for use of water in mineral manufacturing at 15 to 1,000 cubic meters per day. Water-related activities that are considered large size water usage activities include the use of water in mineral manufacturing exceeding 1,000 cubic meters per day.

Taxation

Income Tax

The Law on Income Tax No. 67/NA dated June 18, 2019 (the “**Income Tax Law**”) as amended by the Law on the Amendment of Certain Articles of the Laws on Taxation No. 01 dated August 7, 2021 (the “**Tax Amendments Law**”) enumerates the obligations and measures in relation to income taxation.

(1) Corporate Profit Tax Rate

Corporate Profit Tax rate is 20%, for general businesses and 35% for mineral mining concessions unless otherwise specified in the concession agreement entered into between the Laotian Government and the concessionaire.

(2) Personal Income Tax Rates

For personal income tax, the progressive tax rate is from 0% to 25% of salaries, wages, overtime payments, allowances, bonuses, and other benefits, in cash or in kind.

(3) Other Relevant Income Tax Rates

(1) Income tax at the rate of 2% for:

- Share purchase and transfer
- Construction and maintenance services

(2) Income tax at the rate of 5% for:

- Gift either in kind or in cash
- Intellectual property
- Consultancy fee

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(3) Income tax at the rate of 10% for:

- Dividend or other benefit paid to shareholders
- Leases, such as lease of land, house constructed items, vehicles, machinery, or other assets

Companies doing business in Laos are generally subject to tax based on the Lao tax legislation as enacted at the time.

Value Added Tax

Valued added tax (“**VAT**”) is imposed on various goods and services under the amended Value Added Tax Law No. 48 dated June 20, 2018 (the “**VAT Law**”), as amended by the Tax Amendments Law and the Decree on the Revision of the Value Added Tax Rate No. 003/PO dated March 19, 2024. Under these legislation, VAT at the standard rate of 10% shall be collected from the following activities:

1. Importation of goods;
2. Supply of goods and services in Lao PDR that are subject to VAT collection;
3. import of minerals and supply of minerals within the country;
4. use of electricity for general electricity consumers, producers, distributors.

Export of goods is imposed VAT at zero (0%) rate. On the other hand, VAT exemption is granted for mineral export and electric power export to a foreign country or to a special economic zone.

VAT exemption is also granted for certain imported goods such as raw materials used in the production of fertilizers and pesticides; materials and machinery for agricultural purposes; raw materials for production and parts for manufacturing for export; materials for production that may not be procured or manufactured in Laos and machineries for use as fixed assets and use directly in manufacturing activities; aircraft and materials for use in air transportation domestically and internationally; fuel oil and other oil for use in the provision of air transportation services; vehicles for specialized operations that is used in the operations for public interests, fire extinguisher truck, maintenance car, television and radio signal car, and other cars of public sector or social organizations.

Provision of certain goods and services within the country are also exempt, such as raw materials, materials for assembling, and parts for manufacturing for export; international transportation; products sold on aircraft providing air transportation services; deposit interest, loan interest, income from money transfers, profit margin from exchange rate and other financial transactions from the operations of a commercial bank or other financial institution

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as authorized Bank of the Lao PDR; return on investment in securities listed in the stock market, provision of securities market services, securities depository services, intermediary services for securities that provide services in the securities sector, and other services in the securities sector; and health, life, and plantation insurance business.

Customs Duties

The Law on Customs No. 04/NA dated December 20, 2011 and Law on Customs (revised on certain articles) No. 57/NA December 24, 2014 (collectively, the “**Customs Law**”) require all types of exported and imported goods to be subjected to customs declaration according to the code of each type of good as prescribed in the International Harmonized System. The Law nevertheless acknowledges that to promote investment and motivate production, certain goods and articles are eligible for reduction or exemption of customs duty and other obligations as provided in the Investment Promotion Law.

The Presidential Decree on the List of Goods and Export Tax Rates No. 001/PO dated August 28, 2023 lists the goods and applicable export tax rates, including for copper (10%) and gold (5%). Nevertheless, Instruction No. 09899/TD dated October 4, 2023 issued by the Tax Department notified that for large-scale mining projects that have a mineral exploration and production agreement with the Laotian Government, the same will be implemented according to such agreement, subject to the negotiation of amendments to implement the Decree No. 001/PO.

LAWS AND REGULATIONS IN RELATION TO OUR OPERATIONS IN GHANA

Regulations relating to Minerals and Mining Activities (Constitution, Minerals and Mining Act 2006 (Act 703), Minerals and Mining (Licensing) Regulations 2012 (L.I 2176) and Minerals and Mining-Health, Safety and Technical Regulations, 2012 (L.I 2182), the Minerals and Mining (Explosives) Regulations 2012 (LI 2177) and Minerals and Mining (Local Content and Local Participation Regulations, 2020 (L.I 2431)

The Government of Ghana through the Ministry of Lands and Natural Resources in conjunction with the regulatory body; the Minerals Commission act on behalf of the Republic of Ghana in all transactions related to minerals. The current legislative, regulatory and contractual framework for mining in Ghana is contained in provisions relating to mining in the 1992 Constitution of Ghana (the “**1992 Constitution**”) and more specifically in the Minerals and Mining Act 2006 (Act 703) as amended, (the “**Mining Act**”) as well as the mining regulations promulgated as subsidiary legislation under the Mining Act (the “**Mining Regulations**”).

The Constitution and the Mining Act establish a domain system of mineral ownership which vests the State with legal ownership of all minerals occurring in their natural state within Ghana’s land and sea territory, regardless of who owns the land upon which the minerals are situated.

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Minerals are defined in the Mining Act to include “any substance in solid or liquid form which occurs naturally in or on the earth or under the seabed formed by or subject to geological process, including building and industrial minerals and “mineral rights” under the Act include reconnaissance license, prospecting licence and mining lease.

The Mining Act and the Mining Regulations set out in great detail the various types of mineral rights that could be granted at each stage of the mining sequence in the form of reconnaissance, license exploration or exploitation license/mining lease, the eligibility criteria for the grant of a specific license and the rights and obligations attached to each license that is granted under the Mining Act.

In broad terms, no qualify for the grant of a mineral right under the Mining Act and the Mining Regulations an applicant must be a Ghanaian registered body corporate established in Ghana under a law in force. Foreign registered companies are therefore not allowed to hold reconnaissance, exploration or mining licences directly within the mining industry, without first being incorporated locally. Prior to making an application, the prospective applicant must conduct an official search on the Cadastral search on the Mineral Title Register kept by the Minerals Commission to ascertain whether the targeted area is unencumbered. Standard application forms would then be obtained from the Minerals Commission, duly completed by the applicant with the requisite supporting documents and submitted to the Minerals Commission for review and processing. The application is evaluated on the basis of the financial and technical capability of the applicant to carry out the mineral activity applied for and applications are treated on a first come first served basis. Successful applications are then recommended to the Minister for Lands and Natural Resources (the “**Sector Minister**”) who would actually issue a licence on behalf of the Government of Ghana.

All agreements granting mineral rights are required to be stamped under the Stamp Duty Act 2005 (Act 689) and registered at the Land Registry in the Region where the land is situated in accordance with the Land Act 2020 (Act 1036) Additionally, unless specifically exempted by parliament, contracts involving the grant of rights to exploit minerals (i.e. mining leases) must be ratified by parliament. Similarly, an assignment, transfer, mortgage or similar dealings in mineral rights also require the prior approval of the sector Minister.

Regulations relating to Production of Gold and other Minerals

Only duly licensed persons under the Mining Act and the Mining Regulations may engage in the production, export, sale or disposal of a mineral including gold. The Mining Regulations set out in detail the application procedures to obtain a licence for the production, export, sale or disposal of minerals.

The holder of a mining lease may apply to the sector Minister to export, refine and sell its mineral produce. Such application must be accompanied with a refining contract with a credible refinery and a sales and marketing agreement with the company that would sell the refined gold. A lessee who is granted a licence to export and sell its gold produce is also required by the terms and conditions of the gold export licence prior to each shipment to

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furnish the Minerals Commission with particulars of the quantity and grade of the minerals to be shipped before making any shipment and provide access for a government approved assay laboratory to assay each consignment of gold shipment.

Bank of Ghana (“**BoG**”) Authorisation is also required for export of unprocessed minerals under the Export and Import Act (Act 503). This authorization is compiled with by the completion of BoG Form A2 that must be endorsed by an authorized bank in Ghana.

Regulations relating to Labour Matters pursuant to the Constitution, the Labour Act and the 2012 Health, Safety and Technical Regulations

The Constitution, Labour Act 2003 (Act 651) and subsidiary regulations made since 2007 under the Act regulate all legal issues pertaining to labour matters in Ghana and must be complied with.

Additionally, mining industry specific regulations are set out in the 2012 Health, Safety and Technical Regulations. The regulations provide for the safety of workmen and conditions of employment, maximum working hours for employees as well as the minimum age for employment in a mine. A person shall not be employed in a mine unless that person is at least eighteen years old, and a person shall not work in an underground mine unless that person is at least 21 years old. The regulations provide detailed requirements on the mine environment such as safety of mine workers, mine- risks and how to eliminate or minimize such risks. The regulations also require every mine must employ a duly qualified and competent mine manager who must be certified by the Chief Inspector of Mines. A mine manager must employ a supervisor who is able to communicate effectively with the employees who work under that supervisor.

The manager of a mine is required to ensure that an employee does not undertake any work in the mine unless the fitness and health of that employee has been assessed as sufficient to enable that employee to carry out that work. The health and fitness of employees must also be assessed regularly to determine that each employee is capable of performing his duties assigned to him at all times.

Regulations relating to Protection of the Environment

The Environmental Protection Agency (“**EPA**”) established by the Environmental Protection Agency Act 1994 (Act 490) is responsible for ensuring conservation and protection of the environment. The EPA performs this function through its subsidiary legislation the Environmental Assessment Regulations, 1999 (LI 1652).

Environmental issues relating to mining are regulated by the EPA in accordance with the EPA Act and the regulations made thereunder.

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As far as environmental issues are concerned, the holder of a mineral right must obtain necessary approvals and permits from the EPA before commencing any mining activity or operation. Holders of mineral rights are also required to comply with other applicable regulations made under the Mining Act or other enactments in force such as obtaining a permit from the Forestry Commission where the proposed mining activity falls within a Forest Reserve. With regard to utilisation of water from natural sources for mining purposes or the disturbance of the natural flow of a water body, the holder of a mineral right is required to obtain a water right in the form of license or permit from the Water Resources Commission. Such water rights would permit the mining company to extract the water for mining operations or divert it in furtherance of the mining or ancillary operations.

Some of the tools employed by EPA for protecting the environment and ensuring environmental compliance by the mining companies include the requirement for the performance of an environmental impact assessment (“**EIA**”) in respect of mining operations; an environmental management plan in respect of active mining operations; and the posting of an environmental bond to meet the cost of reclamation after the mining operation. The EPA requires a full blown EIA to be undertaken as part of any major mining undertakings. The EIA report is presented in a format specified in the regulations. This is published in the media and subjected to a public hearing also to the local community of the propose mining project. By law, at least a third of the panellists to preside over the public hearing must be appointed from within the community within which the mining activity is to be undertaken.

Under the Forestry Regulations, a permit is required from the Forestry Commission where a mining licence or activity falls within a forest reserve.

Regulations relating to Foreign Investment

New entrants into the mining sector who are foreigners are required to register with the Ghana Investment Centre (“**GIPC**”) established as a body corporate under the Ghana Investment Promotion Centre Act, 2013 (Act 865) (the “**GIPC Act**”) and satisfy a minimum capital investment requirement of US\$200,000 in cash or kind. Registration with the GIPC provides certain investment guarantees and incentives under the GIPC Act, such as approved immigration quota to employ foreign nationals, free transferability of foreign currency through an authorized dealer bank for payment of dividends to foreign shareholders, foreign debt servicing and remittance of net proceeds from the sale of the registered enterprise.

Regulations relating to Foreign Currency

Under the Mining Act, a lessee or a licensee who earns foreign currency from its mining operations may be permitted by the Bank of Ghana to retain, in a designated account, a portion of the foreign currency earned from the mining operations for use in acquiring spare parts machinery and other inputs required for the mining operations. The Mining Act provides further that the Minister of Finance may permit the holder of a mining lease, where the net earnings from the holder’s mining operations are in foreign currency, to open and retain in an account not less than 25% of the foreign currency earned from the mining operations for the

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acquisition of spare parts, raw materials, and machinery and equipment, debt servicing and dividend payments, remittance in respect of quotas for expatriate personnel, and the transfer of capital in the event of a sale or liquidation of the mining operations. Such retention account must be opened and held in trust by a trustee bank appointed by the lessee or licensee with approval by the Bank of Ghana. A lessee or licensee is further guaranteed free transferability of convertible currency through the Bank of Ghana or, in the case of a net foreign exchange holder, through the trust account.

Regulations relating to Taxation of Mining Companies

Royalties

Under the section 25 of the Mining Act as amended a licensee holding mining lease restricted mining lease or small scale mining lease is required to pay royalties to the state at the rate and the manner that may be prescribed by regulations made under the Act. The current applicable rate of royalty is 5% of the total revenue derived in respect of all minerals won from the mining operations. The royalty is payable quarterly to the Ghana Revenue Authority.

Other Taxes

Corporate income tax

Under the Income Tax Act 2015, as amended, the current corporate income tax rate for a mining company is 35 per cent of net profits. The net profit is determined after deductions of operating costs, allowable capital expenses and investment allowances.

Thin capitalisation restrictions by limitations on debt-to-equity ratio

Section 71 of the Internal Revenue Act 2000 (Act 592) provides for a maximum 2:1 debt to equity ratio for the purposes of allowing interest expense on inter-company debt to be deductible from taxable income.

Where the inter-company debt to equity ratio exceeds 2:1 such interest expense is not permitted to be deducted from taxable income of a resident company. This 2:1 debt to equity ratio would be applicable to every producing company, unless a higher ratio is negotiated with the government and included in the Stability Agreement or Development Agreement, both of which must be approved by parliament.

Carry-over of tax losses

Under the Internal Revenue Act, the period for which losses may be carried forward and set off against future corporate profits is up to a maximum period of five years only in the case of a mining business venture.

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For mining companies that had negotiated longer, or unlimited loss carry forward periods in their project investment agreements, as is the case of the thin capitalization ratio, the government has in recent times taken the position that all mining companies must have a level playing field, hence the five-year period contained in the Internal Revenue Act should apply to all mining companies.

Consequently, the government through bilateral negotiations re-negotiated the relevant provisions with the companies that had been granted longer loss carry forward periods.

Withholding taxes

Under the Internal Revenue Act all mining companies unless exempted by specific agreements with the government are required to withhold tax on payments made to third parties, both resident and non-resident in respect of payments for services rendered by such third parties, including management, contractors, sub-contractors and technical service fees, payable to affiliates and non-residents.

The applicable rate of withholding tax varies depending on the nature of the service and when it is payable. The current applicable withholding tax rates are:

- 15% withholding tax on management consulting, technical service and endorsement fees;
- 8% withholding tax on interest payments on foreign debt, including inter-company loans; and
- 8% withholding tax on dividends paid to shareholders.

Value added tax (“VAT”), national health insurance levy (“NHIL”), Ghana education trust (GET) fund levy (“GET FUND”) and COVID-19 Levy

Mining companies and their affiliates, or contractors, and subcontractors are not exempted by law from the payment of VAT, NHIL, GET FUND, COVID-19 Levy on goods and services whether procured locally or imported.

However, the existing legal arrangements permit the mining companies and their contractors or subcontractors to pay the VAT as the normal output tax and claim a refund from the VAT Service as input tax. The rates currently applicable are VAT at 15%, NHIL at 2.5%, Get Fund at 2.5% and COVID-19 Levy at 1%. In practice the refund arrangements may not have not been implemented effectively resulting in a significant back-log of various sums due to certain mining companies.

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Mining companies may have been granted specific exemption from payment of VAT and NHIL in their specific mining project development agreements with the Government which were duly approved/ratified by Parliament in accordance with Articles 174 and 268 of the Constitution.

Import duties and excise taxes

The Mining Act currently permits exemption from payment of customs import duties and excise taxes on mining equipment, plant and machinery which are imported for use exclusively for mining operations.

The list of exempted items is contained in the Official Mining List which is settled between the Government agencies (Ghana Revenue Authority, Minerals Commission) on the one hand and the Ghana Chamber of Mines representing the Mining Companies.

Capital gains tax

Under the Internal Revenue Act the capital gains tax rate is 10% payable by any person on gains accruing from the realization of a chargeable asset. Chargeable assets are defined to include buildings, business assets, land, rights, or interest in shares and stocks.

Other charges and fees

Ground rent is payable annually to the owner of the land in respect of which a mineral right is granted. Annual ground rent payable is GH¢15 per square acre. If the land in question is stool land, this rent is paid to the Office of the Administrator of Stool Lands who acts as a public trustee for incomes and revenues due from stool lands.

The Minerals Commission charges annual mineral right fees based on the size of the land holding and various consideration fees for its services relating to its mandate of regulation and management of Ghana's Mineral Resources. These service and the related consideration fees are set out in the 2012 Licensing Regulations LI 2176. The fee rates applicable differ for Ghanaian and foreign controlled companies.

Regulations on Hazardous Chemicals: Minerals and Mining (Explosives) Regulations, 2012) (L.I. 2177)

These Regulations govern the conveyance, storage, possession, manufacture and use of explosives for mining as well as substances used for the manufacture of explosives. The regulations require a permit/license granted by the inspectorate Division of the Minerals Commission to undertake any of such activities relating to manufacturing, purchase, conveyance, storage and use of explosives. The Regulations put the onus of safety of explosives on the manager of a mine. The mine manager is required to submit detailed plans with proposed activities relating to explosives to the Chief Inspector of Mines for approval. The Regulations also set out monitoring and environmental limits for pollution.

Regulations on Land and Immovable Property

There are three main categories of land ownership in Ghana;

- (i) Stool/Skin Land which is land owned by various traditional communities bound by kingship ties and which is held in trust for the communities by the communal leaders such as stools or skins. Such land represents the highest proprietary interest known to customary schemes of interest in land and is therefore often referred to as the allodial or absolute title.
- (ii) Family land which is land owned collectively by various traditional family groupings and held in trust for them by the Head of Family.
- (iii) Private/individual land which is land vested in individuals or private entities. This ownership arises mostly because of dispositions of customary land interests through common-law type conveyances under various statutes.

Much of the land upon which minerals are situated in Ghana is not public land which is owned by the State. However, since the State owns and grants mineral rights, the grant of such rights necessarily raises an issue of how to give legal access to the land upon which the mineral is situated.

The Mining Act deals with the issue by providing that a mineral right granted by the sector Minister under the Mining Act is sufficient authority for the holder over the land and entitles the holder to enter the land in respect of which the mineral right is granted, subject to the payment of compensation to the land owner or any occupier of the land who is impacted by the mineral operations.

Consequently, the Minerals and Mining (Compensation and Resettlement) Regulations 2012 (LI 2175) set out clearly the rules for making claims of assessment of compensation or resettlements of persons impacted by mineral operations where necessary.

Thus, the grantee of a mineral right has an automatic legal access and right of entry into the land over which the mineral right has been granted. This dispenses with the necessity of the grantee obtaining the express permission of the landowner even where it is not public land that is involved.

The current legal regime for mining therefore makes no legal provision for the express permission of the landowner to be sought in order to gain access to the land for purposes of mineral operations.

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However, the procedure for accessing applications for the grant of mineral rights requires that notice of an application for a mineral right must be published in the locality to be affected by the grant for a period of 21 days and also in the National Gazette. This is expected to afford landowners and the local community the opportunity to raise any objections they may have to the application.

The automatic access to land over which a mineral right is granted is expressly made subject to the payment of appropriate compensation to the land owner or occupiers of the land for any disturbance or damage caused to their surface rights by the mining activity.

Exploration – Rehabilitation and Restoration of Vegetation

Surface mining

The manager of a mine is tasked with preparing and implementing a mine design that is based on sound geotechnical engineering practices and which takes into account: the geology of the mine, assesses the ground stability of the active and proposed workings of the mine, previous occurrences of ground instability and considers as far as is reasonably practicable, the health and safety of workers, and is prepared under the direction of a qualified person.

Dredging: The holder of a mining lease is prohibited from using a dredge in a mining operation unless approved in writing by the Chief Inspector of Mines. A manager is required to ensure that a dredge used at the mine is equipped with adequate and suitable fire-fighting equipment, adequate guard rails to prevent any worker from falling over the edge into the water, among others.

A manager has a duty to ensure that a dredge is equipped with lifesaving equipment that is necessary to preserve the lives and enable the rescue of persons who may fall overboard the dredge.

Underground mining

A manager of a mine is required to ensure that where the natural strata is not safe, each working or pumping shaft, and travelling way, airway or working place is securely supported, filled, walled up or otherwise made secure and kept in a safe condition as long as that shaft is in actual use.

REGULATORY OVERVIEW

Quality of underground mine air: ventilation and dust prevention

A mine manager is required to ensure that adequate ventilation is supplied to places where persons are travelling or working underground.

Adequate ventilation means that the amount of oxygen in the general body of air should not be less than 19% by volume and the amount of carbon dioxide, carbon monoxide, nitrous fumes, sulphur dioxide and hydrogen sulphide in the general body does not exceed the required percentages, among others.

Rehabilitation and Mine Closure

During the environmental permit application process, where the EPA determines that a mining project requires a reclamation plan, the mining company will be required to post a reclamation bond based on approved work plan for reclamation.

Regulations relating to Local Content Requirements for the Mining Industry

In 2020, new regulations were promulgated under the Minerals and Mining (Local Content and Local Participation) Regulations. The main purpose of the regulations is to expand and deepen Ghanaian participation in the local mining industry. This is to be achieved legally through the use of local expertise, local purchase of specified mining related products and the complete reservation of certain services to Ghanaian citizens or businesses owned by Ghanaian and a monitoring and reporting system to monitor compliance with the regulations.

Under the regulations a holder of a reconnaissance license or prospecting licensee is required to submit the Minerals Commission for approval a localization programme for recruitment and training of Ghanaians. The regulations require that services such as insurance risks, accounting and legal services shall only be performed by firms licensed to practice in Ghana. Administrative penalties are prescribed by the regulations for breaches committed by persons or entities to which the regulations apply.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a fast-growing international gold producer principally engaged in mining, processing and sales of gold. The history of our Group operating our current business dates back to December 2012 upon completion of the major asset restructuring of our Company when Jilong Mining became our first subsidiary carrying out mining and ore processing activities in the Jilong Gold Mine in Chifeng, Inner Mongolia Autonomous Region, the PRC.

Over the years, committing to our management concept of “Mutual Prosperity and Development”, we have grown into the largest non-state owned gold producer in the PRC and developed our global presence through acquisition of quality Mineral Resources in Laos and Ghana. As of the Latest Practicable Date, we owned and operated seven gold and polymetallic mines across the world. Our A Shares are listed on the Shanghai Stock Exchange under stock code 600988.

OUR BUSINESS MILESTONES

The following table sets forth the business milestones of our Group:

Year	Milestone
2012	Our Company acquired Jilong Mining, which operates the Zhuanshanzi Gold Mine, the first mine of our Company, and renamed as “Chifeng Jilong Gold Mining Co., Ltd.”. This represents the formal listing of our current business on the Shanghai Stock Exchange.
2013	Our Group commenced the first expansion of our gold production business through acquisition of Wulong Mining, which operates the Wulong Gold Mine.
2018	Our Company acquired the entire equity interest in Chijin Laos which held a 90% equity interest in LXML, the owner and operator of the Sepon Gold and Copper Mine in Laos. It marked our first success in overseas expansion.
2019	Our Company acquired the entire equity interest in Hanfeng Mining, which operates the Hanfeng Polymetallic Mine. This represents our further expansion into a diversity of Mineral Resources production.
2021	Our Group achieved an exponential growth in respect of its production capacity, doubling the total tonnage of gold resources for three consecutive years from approximately 1.52 tonnes in 2018 to 2.07 tonnes in 2019, to 4.59 tonnes in 2020, and further to 8.10 tonnes in 2021.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2022	Our Group acquired a majority stake in Golden Star Resources, which held our operations in the Wassa Gold Mine in Ghana. This marked a scalable overseas expansion into operations in Ghana.
2024	LXML celebrated its 20th anniversary of operations, and its celebratory ceremony was attended by the Prime Minister of the Lao People's Democratic Republic.

MAJOR CHANGES IN SHAREHOLDING AND SHARE CAPITAL OF OUR COMPANY

1. Promoting for Establishment and Initial Capital Increases

Our Company was initially established on June 22, 1998 by the Initial Shareholders (see below). Our Company had not commenced substantive operations since its establishment and up to April 1999 upon when it acquired from its then controlling shareholder, Jin'an Automobile (as defined below) the assets and facilities required for production of specialized vehicles. Since then, our Company became principally engaged in the research, development, production and sales of special vehicles and automotive parts, and in particular, armored cash-in-transit vehicles. On July 17, 2000 and August 23, 2000, respectively upon approval from the Guangzhou City Commission for Restructuring the Economic System (廣州市經濟體制改革委員會) and the Guangzhou City Administration for Industry and Commerce (廣州市工商行政管理局), our Company was converted into a joint stock company with a registered share capital of RMB45,860,000, whereby the audited net assets of approximately RMB45,860,000 of our Company were converted at a rate of 1:1 into 45,860,000 Shares of a par value of RMB1.00 each. The shareholding structure of our Company immediately upon completion of the conversion was as follows:

Names of the Initial Shareholders	Committed capital contribution	Percentage of shareholding
	<i>RMB</i>	
Guangdong Jin'an Automobile Industrial Engineering Company Limited (廣東省金安汽車 工業製造有限公司) ("Jin'an Automobile") ⁽¹⁾ . .	27,516,000	60.00%
Huang Yizhen (黃乙珍) ⁽¹⁾	17,380,940	37.90%
Yang Wenjiang (楊文江) ⁽¹⁾	458,600	1.00%
Yang Wenying (楊文英) ⁽¹⁾	458,600	1.00%
Yang Jinpeng (楊金朋) ⁽¹⁾	45,860	0.10%
Total	45,860,000	100.00%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Note:

- (1) To the best knowledge of our Directors having made all reasonable enquiries, they were all Independent Third Parties as of the Latest Practicable Date. These shareholders are collectively referred to as the “Initial Shareholders”.

Upon resolutions at the general meetings of our Company on March 31, 2001 and March 8, 2002, our Company increased its registered share capital to RMB50,446,000 and then to RMB65,579,800 pursuant to bonus issues on the basis of one and three new Shares for every ten existing Shares held by the above Shareholders by way of conversion of capital reserve, respectively. Upon completion of the bonus issues on April 29, 2002 and May 28, 2002 respectively, the shareholding percentage of the above Shareholders remain unchanged.

2. A Shares Offering and Listing on Shanghai Stock Exchange in April 2004

As approved by the CSRC, our Company completed the initial public offering of the A Shares, which were issued at an offer price of RMB9.08 per A Share, upon which our A Shares became listed on the Shanghai Stock Exchange under stock code 600988 on April 14, 2004. Upon completion of the A Shares offering, the registered share capital of our Company was increased to RMB90,579,800. Upon listing on the Shanghai Stock Exchange, our Company’s principal business remained the production and sales of armored cash-in-transit vehicles and other specialized vehicles.

The shareholding structure of our Company immediately after the A Shares offering was as follows:

<u>Names of the Shareholders</u>	<u>Number of A Shares Held</u>	<u>Percentage of Shareholding</u>
Jinan Automobile	39,347,880	43.44%
Huang Yizhen	24,854,744	27.44%
Yang Wenjiang	655,798	0.72%
Yang Wenying	655,798	0.72%
Yang Jinpeng	65,580	0.07%
Public A Shareholders	<u>25,000,000</u>	<u>27.60%</u>
Total	<u>90,579,800</u>	<u>100.00%</u>

Note: The shareholding percentage figures above does not add up to 100.00% due to rounding of decimal places.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, our Company had not received any notice from the Shanghai Stock Exchange alleging any material non-compliance incidents on the part of our Company. As advised by our PRC Legal Advisor, our Directors confirm that our Group had been in compliance with the applicable listing rules of the SSE and the applicable securities laws and regulations in all material respects since our A Share restructuring and listing on the SSE to the Latest Practicable Date and to the best knowledge of our Directors after having made all reasonable inquiries, there is no matter that should be brought to the attention of the investors and the Hong Kong Stock Exchange in relation to our compliance record on the Shanghai Stock Exchange. Based on the due diligence conducted by the Sole Sponsor including but not limited to the review of the legal opinion issued by our PRC Legal Advisor and confirmations from our Company, nothing has come to the attention of the Sole Sponsor that would cause the Sole Sponsor to reasonably doubt the aforementioned view of our PRC Legal Advisor.

3. Reform of Non-tradeable Shares in April 2007

Pursuant to the Administrative Measures on the Reform of Non-tradeable Shares of Listed Companies Companies (上市公司股權分置改革管理辦法) promulgated by the CSRC on September 4, 2005, companies listed on a domestic stock exchange in the PRC are required to eliminate the trading restrictions on their non-tradeable shares through an arrangement that seeks to balance the interests of holders of non-tradeable shares with those of holders of tradeable shares. In accordance with such measures, holders of more than two-thirds of a listed company's non-tradeable shares shall have the power to propose and then negotiate a conversion scheme with holders of tradeable shares. The conversion scheme is then subject to the approval of two-thirds majority of the tradeable shares participating in the vote and two-thirds majority of all the shares participating in the vote.

On March 30, 2007, our Company resolved at a general meeting to carry out a share reform pursuant to which our Company issued to each shareholder 3.6232 new Shares for every 10 Shares held by the holders of tradeable Shares (meaning the public A Shareholders referred to above), and the shares held by the non-tradeable Shareholders (meaning the Initial Shareholders) became tradeable. Immediately before the reform, the share capital of our Company comprised 65,579,800 non-tradeable Shares held by the Initial Shareholders and 25,000,000 tradeable Shares held by the public A Shareholders.

Immediately after the completion of the reform upon the approval from the Shanghai Stock Exchange on April 18, 2007, the share capital of our Company comprised a total of 99,637,800 A Shares, of which 65,579,800 A Shares held by the Initial Shareholders were subject to certain trading restrictions, namely that the Initial Shareholders agreed not to sell or transfer any of their shares in our Company within 12 months from the completion of the reform (the “**Lock-up Period**”), and each of Jin'an Automobile and Huang Yizhen further agreed that the proportion of A shares sold by them would not exceed 5% and 10% of the total share capital of our Company for the 12 and 24 months from the expiry of the Lock-up Period, respectively. The remaining 34,058,000 A Shares were freely tradeable A Shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholding structure of our Company immediately after the non-tradeable share reform was as follows:

Names of the Shareholders	Number of A Shares Held	Percentage of Shareholding
Jinan Automobile	39,347,880	39.49%
Huang Yizhen	24,854,744	24.95%
Yang Wenjiang	655,798	0.66%
Yang Wenying	655,798	0.66%
Yang Jinpeng	65,580	0.07%
Public A Shareholders	34,058,000	34.18%
Total	99,637,800	100.00%

Note: The shareholding percentage figures above does not add up to 100.00% due to rounding of decimal places.

4. Change of controlling shareholder in April 2010 and Major Assets Restructuring in December 2012

Owing to the default of bank loans owed by the then controlling shareholder of Jin'an Automobile and the related court petitions, judgements were issued by the Intermediate People's Court of Dongguan City of Guangdong Province, pursuant to which, among others, 28,884,100 Shares held by Jin'an Automobile, accounting for approximately 28.99% of the registered share capital of our Company, were directed to be transferred to Mr. Wu Peiqing (吳培青) ("**Mr. Wu**"), an Independent Third Party. Accordingly, the controlling shareholder of our Company was changed to Mr. Wu by April 2010. Since then and up to the completion of the Major Asset Restructuring (as defined below), our Company was principally engaged in production and sales of special vehicles (including armored cash-in-transit vehicles), property leasing and commodities trading (the "**Original Business**").

In light of the poor business and financial performance of our Group whereby our Group had been in net loss position throughout the years from 2008 to 2011, in addition to which our Company had defaulted in various judgment debts leading to court enforcement actions against various assets comprising, among others, vehicles and real properties of our Group. Since April 2010 and up to the completion of the Major Asset Restructuring, our Company was then imposed with a delisting risk warning by the SSE in accordance with its listing rules.

In an attempt to rescue our Group from its then difficult operating conditions, resume its going concern capabilities and provide new growth opportunities to enhance the shareholders' return, on February 23, 2012, upon resolutions by the Board, our Company entered into, among others, a restructuring framework agreement with Mr. Wu and the then equity interest holders of Jilong Mining, namely (i) the late Mr. Zhao Meiguang (趙美光, the late husband of Ms. Li, the "**late Mr. Zhao**"), whereby Ms. Li inherited the Shares from the late Mr. Zhao upon his

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passing away in December 2021 pursuant to his will, and the aforesaid transfer of Shares was completed by April 30, 2022); (ii) Ms. Zhao Guixiang (趙桂香); (iii) Ms. Zhao Guiyuan (趙桂媛) (both being the sisters of the late Mr. Zhao); and (iv) five Independent Third Party individuals, pursuant to which our Company agreed to dispose of all its assets comprising the Original Business on a debt-free basis to Dongguan Weiyuan Industrial Group Company Limited (東莞市威遠實業集團有限公司, a company controlled by Mr. Wu who was its legal representative), whereas the then equity interest holders of Jilong Mining agreed to sell their entire equity interest in Jilong Mining to our Company in consideration of our Company issuing an aggregate of 183,664,501 Shares to them at the issue price of RMB8.68 per Share, which was determined on the basis of the average price of A Shares of our Company for 20 trading days preceding the announcement date of the Board resolution, calculated by reference to the aggregate transaction amount for the trading of our A Shares divided by the aggregate trading volume of our A Shares during the above period, and accounted for approximately 50.40% of the enlarged share capital of our Company immediately upon completion of the share issuance (the “**Major Asset Restructuring**”).

Following the resolutions at the general meeting of our Company on April 5, 2012 and the approvals from the CSRC issued on November 23, 2012, the Major Asset Restructuring was completed on November 28, 2012. Immediately upon completion of the Major Asset Restructuring, the registered share capital of our Company increased to RMB283,302,301 divided in to 283,302,301 A Shares and the late Mr. Zhao became the then controlling Shareholder with approximately a 37.44% shareholding interest in our Company. Our Company was renamed as “Chifeng Jilong Gold Mining Co., Ltd.” on December 24, 2012.

5. Capital increase in April 2014 and acquisition of Chenzhou Xiongfeng by way of non-public issuance of A Shares in January 2015

Upon approval at the general meeting of our Company on April 28, 2014, our Company increased our registered share capital to RMB566,604,602 divided into 566,604,602 A Shares by way of a bonus issue on the basis of 10 new A Shares for every ten existing A Shares held by the Shareholders whose name appear on the register of members of our Company on December 31, 2013 by way of conversion of capital reserve.

On August 8, 2014, upon resolutions by the Board, our Company entered into, among others, a framework agreement dated August 8, 2014 and an acquisition agreement dated September 29, 2014 with 30 then Independent Third Party shareholders of Chenzhou Xiongfeng, pursuant to which our Company agreed to acquire the entire equity interest in Chenzhou Xiongfeng from those shareholders at a consideration of RMB905.8 million, which was determined with reference to the appraised value by an independent valuer of the entire equity interest of Chenzhou Xiongfeng as of March 31, 2014 by way of the income approach. 90% of the consideration was satisfied by way of issuance of an aggregate of 114,016,786 A Shares to those 30 sellers of the equity interest of Chenzhou Xiongfeng at the issue price of RMB7.15 per Share, which was determined on the basis of the average price of A Shares of our Company for 20 trading days preceding the announcement date of the Board resolution, calculated by reference to the aggregate transaction amount for the trading of our A Shares

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divided by the aggregate trading volume of our A Shares during the above period, as adjusted by our Company's capital increase in April 2014 as mentioned above (the “**Adjusted 20 Trading Day Average Price**”), and the remaining 10% of the consideration was satisfied by way of cash payment. Alongside with the above our Company would conduct a non-public issuance to no more than 10 specified investors for fund raising of no more than 25% of the total consideration of the acquisition transaction, representing an issuance of no more than 46,883,500 A Shares at an issue price of RMB6.44 per Share, which was determined at not less than 90% of the Adjusted 20 Trading Day Average Price in compliance with the requirements under the Administrative Measures for the Issuance of Securities by Listed Companies and the Implementation Rules for the Non-public Issuance of Stocks by Listed Companies (collectively the “**Issuance Regulations**”).

Upon resolutions at the general meeting of our Company on October 23, 2014 and the approval from the CSRC issued on January 28, 2015, the acquisition was completed on February 5, 2015, upon which the registered share capital of our Company increased to RMB680,621,388 divided into 680,621,388 A Shares. In respect of the non-public issuance, the subscription applications from two institutional investors, being Independent Third Parties, were accepted for an aggregate of 32,569,360 A Shares. Upon completion of the non-public issuance on March 12, 2015, the registered share capital of our Company further increased to RMB713,190,748 divided into 713,190,748 A Shares.

Subsequently, the Board resolved on June 30, 2020 to dispose of the entire equity interest of Chenzhou Xiongfeng by way of public listing-for-sale on the Beijing Stock Exchange at the reserve price of RMB1,598,567,800. Upon expiry of the public listing-for-sale on July 29, 2020, Hanfeng United then held by the late Mr. Zhao, Ms. Li and an Independent Third Party individual as to 71%, 19% and 10% equity interest respectively at the material times, was the sole transferee expressed intention to purchase such equity interest. Our Company, Hanfeng United and the late Mr. Zhao entered into a disposal agreement on July 30, 2020 to effect the above transfer at a consideration of RMB1,598,567,800, which was determined with reference to the appraised value by an independent value of the entire equity interest of Chenzhou Xiongfeng as of April 30, 2020 by way of the income approach. The disposal was completed on December 25, 2020. Based on the publicly available information, 70% and 30% of the equity interest in Chenzhou Xiongfeng was subsequently sold to Dongjiang Environmental Company Limited (a company dually listed on the Main Board of the Hong Kong Stock Exchange (stock code: 895) and the Shenzhen Stock Exchange (stock code: 2672)) and an individual, both being Independent Third Parties, respectively, on September 16, 2021.

6. Capital increase in October 2017 and acquisition of Hanfeng Mining by way of non-public issuance of A Shares in January 2020

Upon approval at the general meeting of our Company on October 11, 2017, our Company increased our registered share capital to RMB1,426,381,496 divided into 1,426,381,496 A Shares by way of a bonus issue on the basis of 10 new A Shares for every ten existing A Shares held by the Shareholders whose name appear on the register of members of our Company on June 30, 2017 by way of conversion of capital reserve.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On April 19, 2019, upon resolutions by the Board, our Company entered into an acquisition agreement with the late Mr. Zhao, Hanfeng Zhongxing and Meng Qingguo (孟慶國), an Independent Third Party individual, which were the then shareholders of Hanfeng Mining, pursuant to which our Company agreed to acquire the entire equity interest in Hanfeng Mining from those shareholders at a consideration of RMB510 million, which was determined with reference to the appraised value by an independent valuer of the entire equity interest of Hanfeng Mining as of December 31, 2018 by way of the asset approach and the income approach. The consideration was satisfied by way of issuance of an aggregate of 128,787,900 A Shares to those sellers of the equity interest in Hanfeng Mining at the issue price of RMB3.96 per Share, which was determined on the basis of not less than 90% of the average price of A Shares for 120 trading days preceding the announcement date of the Board resolution (the “**120 Trading Day Average Price**”), alongside with a non-public issuance of A Shares to no more than 10 specified investors for fund raising of no more than 100% of the total consideration of the acquisition transaction at an issue price of RMB4.69 per Share, which was determined at not less than 90% of the average price of A Shares for 20 trading days preceding the announcement date of the Board resolution in compliance with the requirements under the Issuance Regulations.

Upon resolutions at the general meeting of our Company on May 31, 2019 and the approval from the CSRC issued on October 28, 2019, the acquisition was completed on November 7, 2019, upon which the registered share capital of our Company increased to RMB1,555,169,374 divided into 1,555,169,374 A Shares. In respect of the non-public issuance, the subscription applications from three institutional investors, being Independent Third Parties, were accepted for an aggregate of 108,742,004 A Shares. Upon completion of the non-public issuance on January 19, 2020, the registered share capital of our Company further increased to RMB1,663,911,378 divided into 1,663,911,378 A Shares.

MAJOR ACQUISITIONS AND DISPOSALS

1. Acquisition of LXML through Chijin Laos

Leveraging on the growing demand for gold as both a financial instrument and strategic commodity resources, the scarcity of quality gold resources in the PRC and national policy support for overseas expansion of domestic companies, on June 21, 2018, upon resolutions by the Board, our Company (as purchaser) entered into a share purchase agreement with Album Investment Private Limited (“**Album Investment**”) (as seller) and MMG Limited (a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1208)) (as seller guarantor) (both being Independent Third Parties), pursuant to which our Company agreed to purchase from Album Investment all the issued shares of Chijin Laos (which directly held 90% of the equity interest in LXML, with the remaining 10% equity interest held directly by the Government of Lao PDR (represented by the Ministry of Finance)) at a consideration of US\$275 million, which was determined after arm’s length negotiation among the parties taking into account of, among others, the reserves and resources of the Sepon Gold and Copper Mine, the future extraction and development plan and the appraised value by an independent valuer of the entire equity interest of Chijin Laos as of December 31, 2017 by way of the asset

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approach and the income approach. Pursuant to the share purchase agreement, 90% of the consideration shall be paid as of the completion date of the transaction, and the remaining 10% of the consideration shall be paid on the earlier of (i) December 31, 2021; and (ii) 14 days after (x) LXML has ceased producing copper at the Sepon Gold and Copper Mine pursuant to the method of production in place as of the date of the agreement; and (y) LXML has, since the date of the agreement, poured gold from the Sepon Gold and Copper Mine totally in aggregate not less than 1 kg of gold. The transaction was completed on November 30, 2018 with 90% of the consideration paid on the same date, and the remaining 10% of the consideration was settled on July 21, 2022.

Upon completion of the acquisition, LXML became an indirect subsidiary of our Company principally engaged in the operation of our Sepon Gold and Copper Mine. For details, see the section headed “Business — Our Gold Production Business in Laos” in this Prospectus.

2. Acquisition of Golden Star Resources by way of a Plan of Arrangement

Pursuant to an arrangement agreement dated October 31, 2021 (the “**Arrangement Agreement**”) entered into between our Company and Golden Star Resources as amended by an amending agreement dated November 24, 2021 and an assignment and assumption agreement dated December 21, 2021 and entered into by the parties below (collectively, the “**Amendment Agreements**”), our Company through Chijin HK and its assignee Kefei Investment (BVI) Limited (the “**Assignee**”), which is wholly owned by China-Africa Fund for Industrial Cooperation Co., Ltd. (中非產能合作基金有限責任公司), agreed to acquire approximately 62% and 38% of the issued and outstanding common shares of Golden Star Resources, a Canadian federally-incorporated company which was then listed on the NYSE American (symbol: GSS), the Toronto Stock Exchange (symbol: GSC) and the Ghana Stock Exchange (symbol: GSR), by way of a statutory plan of arrangement (the “**Plan of Arrangement**”) under section 192 of the Canada Business Corporations Act for US\$3.91 per share in cash, representing a total transaction value of approximately US\$470 million (meaning the total consideration to be paid by our Company and the Assignee collectively) on a fully-diluted, in-the-money basis. In view of the growth potential of the Wassa Gold Mine, the Assignee expressed interest to acquire a minority interest in Golden Star Resources through the Plan of Arrangement after our Company had entered into the Arrangement Agreement for all the issued shares of Golden Star Resources and accordingly, the aforesaid parties entered into the Amendment Agreements pursuant to which our Company assigned to the Assignee the obligation to acquire 38% of such shares under the Plan of Arrangement. The consideration to be paid by our Company (through Chijin HK) under the Plan of Arrangement amounted to US\$291 million, representing the consideration corresponding to the percentage of shareholding interest acquired by our Company.

The consideration was determined after taking into account of, among others, the reserves and resources of the Wassa Gold Mine operated by GSWL, a non-wholly owned subsidiary of Golden Star Resources, the future extraction and development plan, the operating performance of Golden Star Resources and the appraised value by an independent valuer of the entire equity

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interest of Golden Star Resources as of June 30, 2021 by way of the income approach. Accordingly, the consideration per share of Golden Star Resources represents a 24.13% premium over the closing price of the shares on the NYSE American as of October 29, 2021.

On November 22, 2021, the Ghanaian Ministry of Lands and Natural Resources issued a no objection letter in relation to our Company becoming the controller of GSWL, via Chijin HK and/or the Assignee. On November 25, 2021, the Ontario Superior Court of Justice (Commercial List) (“**Ontario Court**”) granted an interim order to direct, among others, a special meeting of shareholders of Golden Star Resources to be held on December 30, 2021 to consider the Plan of Arrangement, upon which a special resolution in relation to the Plan of Arrangement was duly passed at the shareholders’ meeting. The Ontario Court issued a final order approving the Plan of Arrangement on January 7, 2022. The acquisition was completed on January 30, 2022 upon receipt of the necessary PRC approvals and alongside with the delisting approvals from the NYSE American, the Toronto Stock Exchange and the Ghana Stock Exchange by January 29, 2022, the shares of Golden Star Resources had been delisted from the NYSE American and the Toronto Stock Exchange on February 7, 2022 and from the Ghana Stock Exchange on February 9, 2022.

The reasons for the delisting of Golden Star Resources include, among others, (i) to permit our Company to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations of Golden Star Resources as a publicly listed company; and (ii) whilst Golden Star Resources (including its subsidiaries) holds a single mine asset, the administrative burden and costs and management resources associated with maintaining the multiple listing status and compliance with the regulatory requirements does not outweigh the benefits of such. The delisting allows greater flexibility for our Company to manage Golden Star Resources’ business. Our Directors confirm that, to the best of their knowledge having made all reasonable enquiries, during the period when the shares of Golden Star Resources were listed on the NYSE American, the Toronto Stock Exchange and the Ghana Stock Exchange, (i) Golden Star Resources and its directors (a) had been compliant with the applicable laws and regulations in all material respects, and (b) had not been subject to any investigations or disciplinary actions by any regulatory authority nor breached the relevant rules governing the listing of Golden Star Resources in any material respect; and (ii) there is no matter that needs to be brought to the attention of the investors and the Hong Kong Stock Exchange.

Upon completion of the acquisition, GSWL became an indirect subsidiary of our Company principally engaged in the operation of our Wassa Gold Mine. The acquisition is line with our Company’s strategic positioning for quality overseas Mineral Resources and integration into our Group’s operations. For further details of our Wassa Gold Mine and our Ghana operations, see the section headed “Business — Our Gold Production Business in Ghana” in this Prospectus.

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According to Rule 4.05A of the Hong Kong Listing Rules, the acquisition of Golden Star Resources would have been classified at the date of application for our Listing as a major transaction under Chapter 14 of the Hong Kong Listing Rules. For further details of the financial performance of Golden Star Resources, please refer to the history financial information of Golden Star Resources set out in Appendix IB to this Prospectus.

3. Acquisitions and disposal of Tietto Minerals

In line with our Company's strategic positioning on investing in quality overseas Mineral Resources operations, on September 9, 2022, Chijin HK entered into a share subscription agreement with Tietto Minerals, a company then listed on the Australian Securities Exchange ("ASX") under the stock code TIE, pursuant to which Chijin HK subscribed for 85,000,000 shares of Tietto Minerals at the issue price of AUD0.58 per share, representing a total consideration of AUD49.3 million. The per share issue price was determined based on the 20-day volume weighted average price of the shares of Tietto Minerals quoted on the ASX. The consideration was settled and the acquisition was completed on September 21, 2022.

Further, on September 13, 2022, Chijin HK obtained a confirmation from the Inner Mongolia Property Rights Exchange Center to purchase 25,190,076 shares of Tietto Minerals through the listing-for sale process for a consideration of RMB50.7 million. The consideration was settled and the acquisition was completed on January 7, 2023. Following the completion of the above acquisitions, together with the 30,665,788 shares already held by Chijin HK, our Group held 140,855,864 shares, accounting for 13.05% of the then shareholding interest in Tietto Minerals.

Tietto Minerals is an Australian-headquartered gold miner operating the Abujar Gold Mine in Côte d'Ivoire which commenced its commercial production on July 6, 2023. The Abujar Gold Mine includes three contiguous exploration tenements, namely Middle, South, and North. In October 2020, the Target received environmental approval and in December 2020 a gold exploitation (mining) licence within the Abujar Middle tenement covering an area of 120.36 km².

The above acquisitions constituted an acquisition of business by our Group pursuant to Rule 4.02A(1) of the Hong Kong Listing Rules as Tietto Minerals was, upon completion of the above acquisitions and prior to being disposed of by our Group, accounted for as an associate of our Group in accordance with the applicable accounting standards. Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Hong Kong Listing Rules in respect of the above acquisitions, on an aggregated basis, exceeds 25%. Accordingly, the pre-acquisition financial information of Tietto Minerals is not required to be disclosed in the Prospectus under Rule 4.05A of the Hong Kong Listing Rules.

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On October 30, 2023 (the “**Offer Announcement Date**”), Zhaojin Capital, which is an indirect wholly owned subsidiary of Zhaojin Mining Industry Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1818)) (“**Zhaojin Mining**”, an Independent Third Party), lodged a bidder statement to Tietto Minerals, pursuant to which it made a conditional offer to acquire all the outstanding issued shares of Tietto Minerals at an offer price of AUD0.58 per share (and subsequently increased to AUD0.68 per share on April 15, 2024), representing a premium of approximately 36% and 60% to Tietto Minerals’ last closing price on ASX prior to the Offer Announcement Date respectively, which, based on the public disclosure of Zhaojin Mining, was determined with reference to (i) the operating performance of Tietto Minerals; (ii) Tietto Minerals’ historical trading price and the premia to trading price in recent comparable public takeover transactions; and (iii) Tietto Minerals’ market capitalization of approximately AUD479 million as of October 27, 2023. Our Group accepted Zhaojin Mining’s offer mainly taking into account of the circumstances whereby our Group was holding a minority interest in Tietto Minerals, the offer represented an opportunity for our Group to realize a favorable investment return for cash. This also accords with our Group’s focus on the development and operation of majority-owned Mineral Resources.

Upon resolution by the Board, Chijin HK accepted the above offer and transferred all the 140,855,864 shares of Tietto Minerals to Zhaojin Capital during the offer period at a total consideration of AUD95.782 million by April 29, 2024. Upon completion of the transfer, our Group no longer held any interest in Tietto Minerals. For the year ended December 31, 2022, the investment loss to our Group attributable from Tietto Minerals amounted to RMB3.84 million. For the year ended December 31, 2023 and the nine months ended September 30, 2024, the investment income contributed from Tietto Minerals to our Group amounted to approximately RMB10.13 million and RMB7.35 million, respectively. The gain from disposal of the investment in Tietto Minerals amounted to approximately RMB71.09 million.

The offer was completed on May 14, 2024 upon which Zhaojin Capital obtained 90.72% of the voting rights in Tietto Minerals. Upon the commencement of exercise of the compulsory acquisition rights against the remaining shares of Tietto Minerals on May 24, 2024, the shares of Tietto Minerals ceased trading on the ASX on June 3, 2024 and Tietto Minerals was delisted on June 6, 2024.

4. Acquisition of Xinhenghe Mining

As an expansion of our mineral gold reserves and domestic mining operations, on December 30, 2022, our Company entered into an equity transfer agreement with Liu Xin (劉信), Li Yuanyuan (李媛媛), Wang Zhonghua (王忠華) (an Independent Third Party), Yunnan Yuanhao Mining Co., Ltd. (雲南源浩礦業有限公司) (“**Yuanhao Mining**”, and together with the above sellers, the “**Sellers**”) and Xinhenghe Mining, pursuant to which our Company acquired an aggregate of 51% equity interest in Xinhenghe Mining from the Sellers at a total consideration of RMB61.20 million, which was determined after arm’s length negotiation by the parties taking into account of, among others, the estimate of the resources and the nature and qualities of the minerals in the Jintai Gold Mine held by Jintai Mining, a direct non-wholly

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owned subsidiary of Xinhenghe Mining, the future extraction and development plan of the mine and the estimated capital input in relation to the construction project and equipment required for such. For details, please see the paragraph headed “— Our Principal Subsidiaries — Jintai Mining” in this section and the section headed “Business — Our Gold Production Business in China — Overview — Jintai Mining” in this Prospectus.

Immediately upon completion of the acquisition on January 4, 2023, Xinhenghe Mining is held as to 51% equity interest by our Company, with the remaining 30%, 12% and 7% equity interest held Liu Xin, Li Yuanyuan and Yuanhao Mining. Yuanhao Mining disposed of its 7% equity interest in Xinhenghe Mining to Zhu Jiande (朱建德), a director of our subsidiary Jintai Mining, on July 1, 2024.

The financial information of Xinhenghe Mining since the completion of the acquisition has been reflected in our consolidated financial statements for the Track Record Period. Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Hong Kong Listing Rules in respect of the acquisition of Xinhenghe Mining exceeds 25%. Accordingly, the pre-acquisition financial information of Xinhenghe Mining is not required to be disclosed in this Prospectus under Rule 4.05A of the Hong Kong Listing Rules.

POST-TRACK RECORD PERIOD ACQUISITION

In light of our overseas expansion and to facilitate our planning of rare earth exploration in Laos, on March 4, 2024, China Investment (Property) Limited (中國投資(置業)有限公司) (“**China Investment**”) (as seller, and an Independent Third Party), China Investment Mining (Laos) Sole Co., Ltd (“**Target Company**”), Chixia Laos (as purchaser) and Chijin Xiawu (as guarantor) entered into an equity transfer agreement, pursuant to which Chixia Laos shall acquire from China Investment 90% of the equity interest in the Target Company, which was wholly owned by China Investment, at a total consideration of US\$18,963,000.

The Target Company holds 86% equity interest in each of its two subsidiaries, namely CIRE Mining and CIREX Mining, and the remaining 14% equity interest in each of CIRE Mining and CIREX Mining is held by DDC Mining Sole Co., Ltd., an Independent Third Party. The Target Company operates the Mengkham Rare Earth Element Project which is still at the construction stage covering the mining area of 50 km², whereby the genetic type of the mineral deposit belongs to the weathering crust ion-adsorbed rare earth deposit. CIRE Mining holds a rare earth mineral processing permit (experimental) and a mineral extraction permit (experimental). CIREX Mining holds a rare earth exploration permit.

Based on the accounts provided by the Target Company, the consolidated total assets of the Target Company amounted to approximately KIP228,001,488,000 as of December 31, 2023 (being the most recent financial year of the Track Record Period of the Target Company). Its consolidated net loss before (or after) tax for the two years ended December 31, 2023 was approximately KIP86,757,701,000 and KIP94,724,614,000, respectively.

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The consideration for the proposed acquisition was determined after arm's length negotiations among the parties after taking into consideration, among others, the aforementioned status of the rare earth project, the licences obtained by CIRE Mining and CIREX Mining for the project, the future extraction and development plan of the project and the appraised value by an independent valuer of the entire equity interest of the Target Company as of December 31, 2023 by way of asset approach. The consideration shall be satisfied by the internal resources of our Group. The Target Company will be accounted for as a subsidiary of our Company upon completion of the proposed acquisition.

The rare earth project represents an opportunity for our Group to tap into the potential for quality rare earth resources with a relatively higher economic value to be realised through the medium-heavy rare earth ore held by the project. Our Directors are of the view that the proposed acquisition is in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. As of the Latest Practicable Date, our Company has obtained the approval from the Xiamen Development and Reform Commission, and the parties to the transactions were proceeding with the fulfillment of the other conditions of the transaction including changes of the authorized representative of the Target Group. Accordingly, the proposed acquisition was yet to have been completed.

We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in relation to the above proposed acquisition. For more details, see the section headed "Waivers from Strict Compliance with the Hong Kong Listing Rules — The Post-Track Record Period Acquisition" in this Prospectus.

Save as disclosed above in this section, throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had a total of 10 principal subsidiaries. The following table sets forth the detailed information of these principal subsidiaries as of the Latest Practicable Date:

<u>Names of major subsidiaries</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Effective equity interest attributable to our Company</u>	<u>Issued share capital/ registered capital/ committed capital</u>	<u>Principal activities</u>
Jilong Mining.	PRC	October 24, 2005	100%	RMB175,000,000	Gold mining and processing
Huatai Mining	PRC	January 8, 2005	100%	RMB20,000,000	Gold mining and processing

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Names of major subsidiaries	Place of incorporation/ establishment	Date of incorporation/ establishment	Effective equity interest attributable to our Company	Issued share capital/ registered capital/ committed capital	Principal activities
Wulong Mining	PRC	April 8, 2008	100%	RMB40,000,000	Gold mining and processing
Guangyuan Technology	PRC	August 6, 2003	55%	RMB44,776,000	Disassembly of waste electronic products and electrical appliances
Jintai Mining	PRC	February 20, 2008	46%	RMB41,710,000	Gold mining
LXML	Laos	September 30, 1993	90%	USD169,001,980	Gold and non-ferrous metal mining and processing
Hanfeng Mining	PRC	September 24, 2004	100%	RMB429,200,000	Non-ferrous metal mining and processing
Chijin Fengyu	PRC	March 25, 2021	100%	RMB100,000,000	Import and export of trade, goods or technology
GSWL	Ghana	November 22, 2001	56%	USD1,000,000	Gold mining and sales
Chijin Xiawu	PRC	October 18, 2022	51%	RMB400,000,000	Non-ferrous metal sales

For further information of our Company's subsidiaries, please refer to the paragraph headed "— Corporate Structure" in this section below and Note 1 to the Accountants' Report set out in Appendix IA to this Prospectus.

Jilong Mining

Jilong Mining was established under the laws of the PRC with limited liability on October 24, 2005 with an initial registered capital of RMB20 million, for which the late Mr. Zhao and two Independent Third Party individuals held 51%, 29% and 20% of the equity interest in Jilong Mining, respectively.

Following various rounds of equity interest transfer and capital increase, as of April 25, 2011, the registered capital of Jilong Mining was increased to RMB75 million with (i) the late Mr. Zhao held 57.75% equity interest; (ii) each of Zhao Guixiang and Zhao Guiyuan holding 10.00% equity interest; (iii) each of Liu Yongfeng (劉永峰), Ren Yiguo (任義國), Ma Li (馬力) and Li Xiaohui (李曉輝) holding 5.00% equity interest; and (iv) Meng Qingguo holding 2.25%

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equity interest. To the best knowledge of our Directors having been all reasonable enquiries, save for the late Mr. Zhao, Zhao Guixiang and Zhao Guiyuan, all other equity interest holders of Jilong Mining were Independent Third Parties.

On February 23, 2012, our Company entered into a restructuring framework agreement with Mr. Wu and the above equity interest holders of Jilong Mining, pursuant to which, among others, the latter agreed to sell their entire equity interest in Jilong Mining to our Company in consideration of our Company issuing an aggregate of 183,664,500 Shares to them at the issue price of RMB8.68 per Share. See the paragraph headed “— Major Changes in Shareholding and Share Capital of our Company — 4. Change of controlling shareholder in April 2010 and Major Assets Restructuring in November 2012” in this section for details. Jilong Mining became our wholly owned subsidiary upon completion of the Major Assets Restructuring on November 28, 2012.

Upon resolutions at the general meeting of Jilong Mining on August 14, 2017, the registered capital of Jilong Mining was increased to RMB175 million on August 30, 2017. Subsequently, upon resolutions at the general meeting of Jilong Mining on January 29, 2019, our Company entered into an equity transfer agreement with Inner Mongolia Financial Assets Management Company Limited (內蒙古金融資產管理有限公司) (“**IM Financial Asset Management**”) on January 30, 2019, pursuant to which our Company transferred 45% equity interest in Jilong Mining to IM Financial Asset Management at a consideration of RMB300 million, which was determined after arm’s length negotiation between the parties taking into account of the corresponding interest of the net asset value of Jilong Mining. Upon completion of the equity transfer on the same date, Jilong Mining is held as to 55% and 45% of the equity interests by our Company and IM Financial Asset Management, respectively.

Our Company entered into two equity transfer agreements with IM Financial Asset Management on April 23, 2020 and September 21, 2020, pursuant to which our Company repurchased 30% and 15% equity interest from IM Financial Asset Management at a consideration of RMB200 million and RMB100 million, respectively. Upon resolutions at the general meetings of Jilong Mining on April 24, 2020 and September 21, 2020, the equity transfers were completed on April 27, 2020 and September 9, 2020, respectively, and up to the Latest Practicable Date, Jilong Mining was a wholly owned subsidiary of our Company. For details of our operations in Jilong Mining, see the section headed “Business — Our Gold Production Business in China — Jilong Mining” in this Prospectus.

Huatai Mining

Huatai Mining was established under the laws of the PRC with limited liability on January 8, 2005 with an initial registered capital of RMB20 million by way of asset injection with the late Mr. Zhao and Zhao Guixiang holding approximately 90% and 10% of the equity interest in Huatai Mining, respectively.

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Upon resolution at the general meeting of Huatai Mining on December 2, 2010, the late Mr. Zhao and Zhao Guixiang entered into an equity transfer agreement with Jilong Mining on December 8, 2010, pursuant to which Jilong Mining acquired from the late Mr. Zhao and Zhao Guixiang 90% and 10% of the equity interest in Huatai Mining at a total consideration of RMB50 million, with reference to, among others, the resources of the Huatai Gold Mine, the historical operating performance and the future extraction and development plan of Huatai Mining. Upon completion of the said transfers on December 10, 2010 and up to the Latest Practicable Date, Huatai Mining was a wholly owned subsidiary of our Company. For details of our operations in Huatai Mining, see the section headed “Business — Our Gold Production Business in China — Huatai Mining” in this Prospectus.

Wulong Mining

Wulong Mining was established under the laws of the PRC with limited liability on April 8, 2008 with a registered capital of RMB40 million. Zhongjin Gold Corp., Ltd. (中金黃金股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600489), and an Independent Third Party) (“**Zhongjin Gold**”) was the sole equity interest holder of Wulong Mining upon establishment.

On January 22, 2010, Zhongjin Gold entered into a property right transfer agreement (產權交易合同) with Tangshan Zhonghe Industrial Group Company Limited (唐山中和實業集團有限公司) (“**Tangshan Zhonghe**”), an Independent Third Party, pursuant to which Zhongjin Gold transferred the entire equity interest in Wulong Mining to Tangshan Zhonghe at a consideration of RMB352,691,800. Upon completion of the transfer on March 2, 2010, Tangshan Zhonghe was the sole owner of the equity interest in Wulong Mining.

On April 25, 2013, Jilong Mining entered into an equity transfer agreement with Tangshan Zhonghe, pursuant to which Jilong Mining acquired the entire equity interest in Wulong Mining from Tangshan Zhonghe at a consideration of RMB625,959,200, which was determined after arm’s length negotiation between the parties taking into account of, among others, the historical performance, the resource potential and the future development plan of Wulong Mining and the appraised value by an independent valuer of the entire equity interest of Wulong Mining as of March 31, 2013 by way of asset approach. Upon completion of the transfer on November 11, 2013 and up to the Latest Practicable Date, Wulong Mining was a wholly owned subsidiary of our Company. For details of our operations in Wulong Mining, see the section headed “Business — Our Gold Production Business in China — Wulong Gold Mine” in this Prospectus.

Guangyuan Technology

Guangyuan Technology was established under the laws of the PRC with limited liability on August 6, 2003 with an initial registered capital of RMB1.38 million. Upon establishment, Guangyuan Technology was owned as to 71.00%, 14.50% and 14.50% equity interest by Lu Hong (魯弘), Cheng Xi (程曦) and Zhao Xiaoyan (趙小燕), all being Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon various equity interest transfers and capital increase, the registered capital of Guangyuan Technology increased to RMB30 million on June 5, 2014 with Liang Xiaoyan (梁曉燕) and Lu Hong holding 95% and 5% equity interest in Guangyuan Technology, respectively.

On July 1, 2015, our Company entered into an equity transfer and capital increase agreement with Liang Xiaoyan and Lu Hong, pursuant to which our Company paid RMB38 million and RMB2 million to Liang Xiaoyan and Lu Hong, respectively, and injected RMB60 million into the registered capital of Guangyuan Technology within which approximately RMB14.776 million was paid as the paid-up capital, and the remaining RMB45.224 million was converted into capital reserve. The consideration was determined upon arm's length negotiations among the parties after taking into account, among others, the historical performance, expected capital needs and future prospect of Guangyuan Technology and the appraised value by an independent valuer of the entire equity interest of Guangyuan Technology as of April 30, 2015 by way of income approach. Upon completion of the said transfer and capital increase on July 23, 2015, the registered capital of Guangyuan Technology was increased to RMB44,776,000 with our Company, Liang Xiaoyan and Lu Hong holding 55.00%, 42.75% and 2.25% equity interest in Guangyuan Technology, respectively. Since then and up to the Latest Practicable Date, Guangyuan Technology was a non-wholly owned subsidiary of our Company. For details of our operations in Guangyuan Technology, see the section headed “Business — Our Other Business — Operations of Resource Recycling Business” in this Prospectus.

Jintai Mining

Jintai Mining was established under the laws of the PRC with limited liability on February 20, 2008 with a registered share capital of RMB5 million. Upon establishment, Jintai Mining was held as to 70% and 30% of the equity interest by Shanghai Fuduo Mining Exploration Technology Company Limited (上海復多礦業勘探科技有限公司, and currently known as Yunnan Fudo Mining Exploration Technology Company Limited (雲南復多礦業勘探科技有限公司)) (“**Fuduo Exploration**”) and Dali Geology and Mining Drawing and Printing Company Limited (大理地礦繪圖印刷有限責任公司) (“**Dali Geology**”), respectively, both being Independent Third Parties.

Upon resolution at the general meeting of Jintai Mining on January 25, 2011, Dali Geology and Yunnan Shengyuan Mining Development Company Limited (雲南生原礦業開發有限公司) (“**Yunnan Shengyuan**”), an Independent Third Party, entered into an equity transfer agreement on March 31, 2011, pursuant to which Dadi Geology transferred 30% equity interest in Jintai Mining to Yunnan Shengyuan at a consideration of RMB1.5 million. Upon completion of the transfer on May 17, 2011, Jintai Mining was held as to 70% and 30% of the equity interest by Foduo Exploration and Yunnan Shengyuan.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon resolution at the general meeting of Jintai Mining on September 26, 2018, the registered capital was increased to RMB41.71 million pursuant to which certain debts in the amount of RMB36.71 million owed by Yunnan Shengyuan to Jintai Mining was converted into equity and recognised as the capital contribution by Yunnan Shengyuan into Jintai Gold Mine. Upon completion of the debt-to-equity conversion on the same date, the registered capital of Jintai Mining was increased to RMB41.71 million with Yunnan Shengyuan and Fuduo Exploration holding as to approximately 91.61% and 8.39% equity interest, respectively.

Further, upon resolution at the general meeting of Jintai Mining on February 1, 2021, Xinhenghe Mining entered into an equity transfer agreement with Yunnan Shengyuan on the same date, pursuant to which Xinhenghe Mining acquired 90% of the equity interest in Jintai Mining at a consideration of RMB38.28 million which was determined after arm's length negotiation between the parties taking into account of, among others, the proportion of the registered capital of Jintai Mining. Upon completion of the acquisition on the same date, Jintai Mining was held as to approximately 90%, 8.39% and 1.61% equity interest by Xinhenghe Mining, Fuduo Exploration and Yunnan Shengyuan, respectively. Accordingly, Xinhenghe Mining and Jintai Mining became our Company's subsidiaries. For details of our operations in Jintai Mining, see the section headed "Business — Our Gold Production Business in China — Jintai Gold Mine" in this Prospectus.

LXML

LXML was established under the laws of Lao PDR as a limited company on September 30, 1993 with an initial registered capital of USD5 million pursuant to the Mineral Exploration and Production Agreement (the "MEPA") entered into between the Government of Lao PDR and CRA Exploration (Laos) Limited, an Independent Third Party, on June 15, 1993. Following various capital increases and equity interests, and upon the exercise its option under MEPA (as amended), the Government of Lao PDR (represented by the Ministry of Finance) held 10% equity interest in LXML, with the remaining 90% equity interest held by Chijin Laos (which was then held by an Independent Third Party), by June 30, 2007. Subsequently, the registered capital of LXML increased to USD169,001,980 as certified by the Ministry of Planning and Investment of Lao PDR and reflected in the amended Investment License (3rd Amendment) No. 025-2021/MPI.IV4 dated 21 July 2021.

LXML became a subsidiary of our Company since completion of the acquisition of Chijin Laos on November 30, 2018 and up to the Latest Practicable Date. For details, see the paragraph headed "Major Acquisitions and Disposals — 1. Acquisition of LXML through Chijin Laos" in this section. For details of our operations in LXML, see the section headed "Business — Our Gold Production Business in Laos" in this Prospectus.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hanfeng Mining

Hanfeng Mining was established under the laws of the PRC with limited liability on September 24, 2004 with an initial registered capital of RMB10 million. Upon establishment, Hanfeng Mining was held as to 90%, 5% and 5% of the equity interest by the late Mr. Zhao, Zhao Guixiang and Zhao Guiyuan, respectively.

Upon resolutions at the general meeting of Hanfeng Mining on December 1, 2010, the late Mr. Zhao entered into an equity transfer agreement with Jilong Mining on December 2, 2010, pursuant to which the late Mr. Zhao (for himself and on behalf of the other shareholders) disposed of the entire equity interest to Jilong Mining at a consideration of RMB25 million. Upon completion of the transfer on December 6, 2010, Jilong Mining held the entire equity interest in Hanfeng Mining.

The general meeting of Hanfeng Mining resolved on December 26, 2011 to transfer the entire equity interest in Hanfeng Mining to the equity interest holder of Jilong Mining in proportion to their equity interest in Jilong Mining. On the same date, the late Mr. Zhao (for himself and on behalf of the other shareholders of Jilong Mining) entered into an equity transfer agreement to effect the above transfer at a total consideration of RMB25 million, which was determined with reference to the acquisition price paid by Jilong Mining in December 2010. Upon completion of the aforesaid transfer as of December 30, 2011, Hanfeng Mining was held as to (i) 57.75% equity interest by the late Mr. Zhao; (ii) 10.00% equity interest by each of Zhao Guixiang and Zhao Guiyuan; (iii) 5.00% equity interest by each of Liu Yongfeng, Ren Yiguo, Ma Li and Li Xiaohui; and (iv) 2.25% equity interest by Meng Qingguo.

In preparation for the quotation on the NEEQ, Hanfeng Mining was converted from a company with limited liability to a joint stock company on December 26, 2014. Upon conversion, Hanfeng Mining had a registered capital of RMB10,000,000 comprising 10,000,000 shares with a nominal value of RMB1 each, which were subscribed by all the then shareholders in proportion to their respective equity interests in Hanfeng Mining immediately prior to such conversion. Hanfeng Mining became quoted on the NEEQ on August 4, 2015 under the stock code: 833180.

Upon resolution at the general meeting of Hanfeng Mining on November 17, 2015, Hanfeng Mining increased its registered share capital to RMB100 million pursuant to bonus issue on the basis of nine new shares for every existing share held by the above shareholders by way of conversion of capital reserve, which was completed on December 3, 2015. Further, the general meeting of Hanfeng Mining resolved to issue 39,200,000 shares at an issue price of RMB1.02 per share, amounting to a total consideration of RMB39,984,000 on a *pro rata* basis to existing shareholders. Upon completion of the share issuance on March 8, 2016, the share capital of Hanfeng Mining was increased to RMB139.20 million.

On February 25, 2019, having considered that the trading activity, equity liquidity, the future business strategy and costs of maintaining the listing status on the NEEQ, Hanfeng Mining voluntarily ceased to be quoted on the NEEQ. Upon resolutions at the general meeting

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

on March 12, 2019, Hanfeng Mining was converted into a private limited liability company. Further, the general meeting of Hanfeng Mining resolved on March 14, 2019 resolved to approve the transfer of the equity interest held by Zhao Guixiang, Zhao Guiyuan, Ren Yiguo, Liu Yongfeng, Ma Li and Li Xiaohui in Hanfeng Mining to Hanfeng Zhongxing at total consideration of RMB204 million, which was determined with reference to the appraised value by an independent valuer of the entire equity interest of Hanfeng Mining as of December 31, 2018 by way of the asset approach and the income approach. Upon completion of the transfer, Hanfeng Mining was held as to 57.75%, 40.00% and 2.25% equity interest by the late Mr. Zhao, Hanfeng Zhongxing and Meng Qingguo, respectively.

Our Directors confirm that during the period when the shares of Hanfeng Mining were quoted on the NEEQ, (i) Hanfeng Mining had been in compliance with all applicable laws and regulations as well as rules and regulations of the NEEQ in all material respects; (ii) Hanfeng Mining had not been subject to any disciplinary action by the relevant regulators or any material litigation in this respect; (iii) the directors and supervisors of Hanfeng Mining had not been subject to any administrative penalty by the NEEQ or the CSRC; and (iv) there are no other issues that need to be brought to the attention of our Shareholders, potential investors or the Hong Kong Stock Exchange.

Our Company entered into an acquisition agreement with the then shareholders of Hanfeng Mining on November 5, 2019, pursuant to which, among others, our Company agreed to acquire the entire equity interest in Hanfeng Mining at a consideration of RMB510 million. See the paragraph headed “— Major Changes in Shareholding and Share Capital of our Company — 6. Capital increase in October 2017 and acquisition of Hanfeng Mining by way of non-public issuance of A Shares in January 2020” in this section for details. Upon the completion of the acquisition on November 7, 2019 and up to the Latest Practicable Date, Hanfeng Mining was a wholly owned subsidiary of our Company.

Pursuant to the resolutions at the general meeting of Hanfeng Mining on February 21, 2020, the registered capital was further increased to RMB429.20 million on the same date. For details of our operations in Hanfeng Mining, see the section headed “Business — Our Other Mineral Resources Production Business — Our Other Mineral Resources Production Business in China” in this Prospectus.

Chijin Fengyu

Chijin Fengyu was established under the laws of the PRC with limited liability on March 25, 2021 with an initial registered capital of RMB100,000,000. Since the date of its establishment and up to the Latest Practicable Date, Chijin Fengyu was wholly owned by our Company. Chijin Fengyu is principally engaged in the procurement of supplies in the PRC for our overseas operations.

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GSWL

GSWL was established under the laws of Ghana as a private limited liability company with an authorized share capital of 10,000,000 equity shares with a par value of 0.305 pesewas on November 22, 2001. Upon establishment, 90% and 10% of the equity interest in GSWL were held by Satellite Goldfields Limited, an Independent Third Party and the Ghana Government, respectively. In 2002, Satellite Goldfields transferred its entire equity interest in GSWL to Wasford Holdings, which, together with GSWL, became our non-wholly owned subsidiaries upon completion of the acquisition of Golden Star Resources. For details, see the paragraph headed “— Major Acquisitions and Disposals — 2. Acquisition of Golden Star Resources by way of a Plan of Arrangement” in this section.

Upon shareholders’ resolutions passed on December 21, 2023, the issued share capital of GSWL increased from US\$756 to US\$1,000,000 and the authorised shares of GSWL increased from 10,000,000 shares to 500,000,000 shares. For details of our operations in GSWL, see the section headed “Business — Our Gold Production Business in Ghana” in this Prospectus.

Chijin Xiawu

Chijin Xiawu was established under the laws of PRC with limited liability on October 18, 2022 with a registered capital of RMB60,000,000, of which RMB30,600,000 was contributed by our Company and the remaining RMB29,400,000 was contributed by Xiamen Tungsten. Upon establishment, Chijin Xiawu was held as to 51% and 49% of the equity interest by our Company and Xiamen Tungsten, respectively.

At the general meeting of Chijin Xiawu on January 8, 2024, our Company and Xiamen Tungsten resolved to increase the registered capital of Chijin Xiawu to RMB400 million by way of a *pro rata* capital injection. The percentage of equity interest held by our Company and Xiamen Tungsten remained unchanged.

Since its establishment and up to the Latest Practicable Date, Chijin Xiawu was a non-wholly owned subsidiary of our Company. For details of our operations in Chijin Xiawu, see the section headed “Business — Our Rare Earth Business in Laos” in this Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

All of the above capital increases, equity transfers, acquisitions and disposals of our Company and our subsidiaries are effective, legally completed, duly settled and in compliance with the applicable PRC, Laos and Ghana laws and regulations, and all permits, authorizations, approvals and consents necessary for the above transactions have been obtained from the relevant government and regulatory authorities of the PRC, Laos and Ghana.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

DEREGISTRATION OF A SUBSIDIARY

To optimize our management and other resources and to focus on our core business, we commenced voluntary deregistration of Chijin Geoexploration by way of a resolution at the general meeting. Chijin Geoexploration is principally engaged in the technology consultation for exploration of Mineral Resources in the PRC. The voluntary deregistration was carried out in light of the lower level of business activities taken up and the net loss suffered by Chijin Geoexploration in previous years. The total assets of Chijin Geoexploration amounted to approximately RMB0.65 million, RMB0.34 million, RMB0.30 million and RMB0.30 million as of December 31, 2021, 2022 and 2023 and September 30, 2024, respectively. The revenue of Chijin Geoexploration amounted to approximately RMB0.62 million, RMB0.10 million, nil and nil for the three years ended December 31, 2023 and the nine months ended September 30, 2024, respectively. Chijin Geoexploration recorded net loss before/after tax of approximately RMB0.39 million and RMB0.33 million for the two years ended December 31, 2022 and net profit before/after tax of approximately RMB0.33 million for the year ended December 31, 2023. Nil net profit or loss before/after tax was recorded for the nine months ended September 30, 2024.

On April 1, 2024, Chijin Geoexploration established the liquidation committee to liquidate the remaining assets of Chijin Geoexploration, and such was filed with the PRC (Tianjin) Pilot Free Trade Zone Market Supervision Administration (中國(天津)自由貿易試驗區市場監督管理局). Accordingly, the deregistration was completed on January 3, 2025 and ceased to be a subsidiary of our Company.

As confirmed by our Directors, Chijin Geoexploration had not been involved in any material claims, litigations or non-compliant incidents since its establishment and up to the Latest Practicable Date. Chijin Geoexploration was solvent prior to the commencement of the voluntary deregistration. In addition, in light of the relatively insignificant business operations of Chijin Geoexploration, our Directors consider that its deregistration did not have a material impact on our Group's business and financial performance.

PREVIOUS LISTING ATTEMPT

On October 29, 2022 and November 14, 2022, resolutions were passed by our Board and the general meeting of our Company, respectively, to prepare for our Company's potential application for listing of global depositary receipts ("**GDR Listing**") representing our A Shares on the SIX Swiss Exchange Ltd. ("**SIX**") (the "**GDR Listing Application**").

During the process of preparing for the GDR Listing Application, taking into account of the changes in the domestic and foreign stock market conditions and the regulatory requirements, as well as a holistic review of the capital needs and long-term development needs of our Group, we determined that an application for listing on the Hong Kong Stock Exchange, considering, among others, its international recognition and reputation and diversified fund-raising channels provided by the Hong Kong capital market, may better suit our needs. Our Board resolved to cease the GDR Listing Application on August 19, 2023.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Directors confirm that as of the Latest Practicable Date, no application had been filed with SIX in relation to the GDR Listing. To the best of our Directors' knowledge, our Directors are not aware of (i) any enquiries from the CSRC or SIX in relation to GDR Listing Application; (ii) any other matters relating to the GDR Listing Application which may have implications on our Company's suitability for listing on the Hong Kong Stock Exchange; or (iii) any other matters which need to be brought to the attention of the Hong Kong Stock Exchange and the investors in relation to the GDR Listing Application.

REASONS FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Our Company is seeking a listing on the Hong Kong Stock Exchange in order to raise further capital for the development and expansion of our Company's business, and to further raise our profile as a business with a global presence and thus, enhance our ability to attract new customers, business partners, strategic investors and key management personnel. See also the section headed "Future Plans and Use of Proceeds" in this Prospectus for further details.

PUBLIC FLOAT

The aggregate of 241,925,746 A Shares collectively held by Ms. Li and Hanfeng Zhongxing will not be considered as part of our public float as (i) Hanfeng Zhongxing's acquisition of securities has been financed by Ms. Li, the sole limited partner of Hanfeng Zhongxing; and (ii) they comprise the Single Largest Shareholder Group constituting a core connected person of our Company.

Further, as of the Latest Practicable Date, our Directors and senior management members held an aggregate of 74,729,571 A Shares, among which (i) our executive Directors, namely Mr. Wang Jianhua, Ms. Yang Yi-fang, Mr. Lyu Xiaozhao and Mr. Gao Bo held 74,200,071, 113,000, 111,700 and 153,500 A Shares, respectively; and (ii) our senior management members, namely Mr. Zhou Xinbin, who is our Vice President and a director of Chijin HK and LXML, and Mr. Dong Shubao, who is our Board Secretary and a director of Chijin Xiawu, held 112,800 and 38,500 A Shares, respectively. Meanwhile, Mr. Zhao Qiang (趙強), a director of Chijin Xiawu, held 204,000 A Shares. As the aforesaid comprise directors of our Company and our subsidiaries, they constitute core connected persons of our Company. Those A Shares held by the above Directors and senior management members as well as Mr. Zhao will not be considered as part of our public float.

In respect of the A Shares held under the ESOPs, as the Phase I ESOP was managed by the Phase I ESOP management committee (which exercises the shareholder rights with respect to the A Shares held under the Phase I ESOP) comprising Mr. Zhou Xinbin, Mr. Dong Shubao and Mr. Zhao Qiang, who are the directors of various subsidiaries of our Group, the 10,000 A Shares held under the Phase I ESOP were regarded as being controlled by the core connected persons of our Company, and therefore they will not be considered as part of our public float. Nevertheless, as further described in the paragraph headed "C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans" in Appendix VII to this Prospectus, the majority members of the Phase III ESOP management

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

committee (which exercises the shareholder rights with respect to the A Shares to be held under the Phase III ESOP) are not core connected persons of our Company. The 15,182,600 A Shares to be held under the Phase III ESOP are thus not regarded as being held, managed or controlled by our Company's core connected persons. Meanwhile, the significant majority of the participants under the Phase III ESOP are not core connected persons, and the proportion of Shares attributable to the subscription monies of these participants also remains in large majority. Accordingly, those A Shares held under the Phase III ESOP will be regarded as part of the public float of our Company.

Therefore, save for an aggregate of 316,869,317 A Shares held by the Single Largest Shareholder Group, our executive Directors, certain of our senior management members who are also directors of our Group's various subsidiaries, Mr. Zhao and those held under the Phase I ESOP as mentioned above, to the best of our Directors' knowledge having made reasonable enquiries, the remaining 1,347,042,061 A Shares, as well as the H Shares to be issued pursuant to the Global Offering, will be counted towards the public float as such Shareholders are not core connected persons of our Company upon the Listing nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

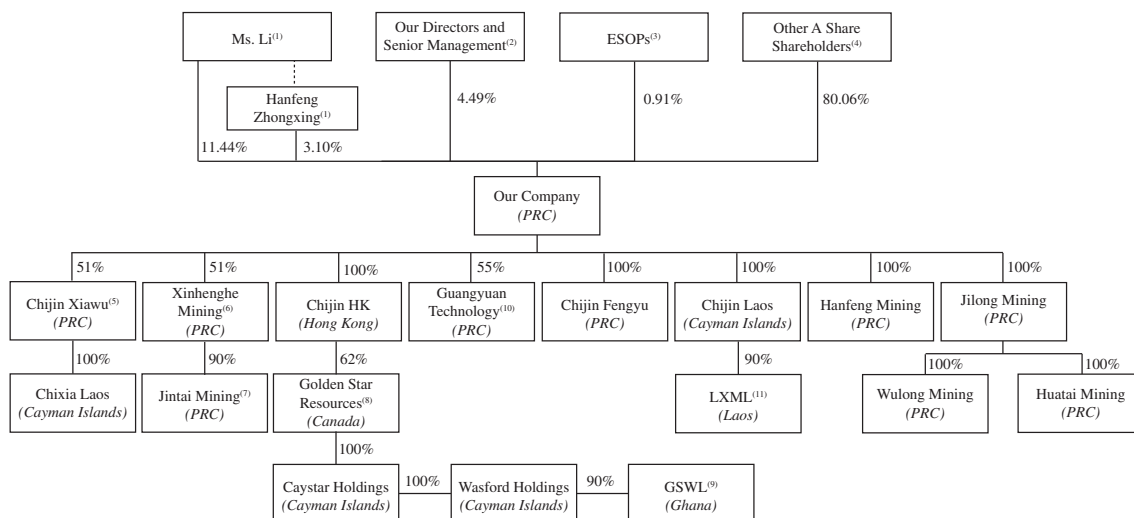
Immediately following completion of the Global Offering, assuming that (i) 205,652,000 H Shares are allotted and issued in the Global Offering; and (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, our Company will have 1,869,563,378 issued Shares upon completion of the Global Offering, and based on the minimum Offer Price of HK\$13.72 per H Share, the total number of Shares held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) represents approximately 72.05% of our total issued Shares upon Listing, whilst the H Shares to be issued upon the Global Offering accounts for 11.00% of our Company's total number of issued Shares, having an expected minimum market capitalization of approximately HK\$2.82 billion.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.08(1)(b) (as amended by Rule 19A.13A) of the Hong Kong Listing Rules that the minimum percentage of the H Shares of our Company to be held by the public from time to time shall be the higher of (a) 11% (assuming no exercise of the Offer Size Adjustment Option and the Over-allotment Option) and (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon any exercise of the Offer Size Adjustment Option and the Over-allotment Option, of the total enlarged issued share capital of the Company. For details of the relevant waiver, please refer to the section headed "Waivers from Strict Compliance with the Hong Kong Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in Respect of Public Float Requirements" in this Prospectus.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth a simplified corporate structure of our Group immediately prior to the completion of the Global Offering.



Notes:

- (1) As of the Latest Practicable Date, Ms. Li and Hanfeng Zhongxing directly held 190,410,595 and 51,515,151 A Shares, respectively. Meanwhile, Ms. Li and Mr. Wu Zengxiang are the sole limited partner and general partner of Hanfeng Zhongxing accounting for approximately 99.00% and 1.00% of the committed capital contribution of Hanfeng Zhongxing, respectively. The role of Mr. Wu is to represent Hanfeng Zhongxing in external business and operational matters upon the authorization of Ms. Li in accordance with the limited partnership agreement of Hanfeng Zhongxing. Mr. Wu does not, and cannot exercise control over Hanfeng Zhongxing; and taking in account of the above, the majority interest held by Ms. Li enables her to exercise *de facto* control of Hanfeng Zhongxing. Therefore, Mr. Wu has no control over the voting rights in share capital of our Company held by Hanfeng Zhongxing, nor the control of Hanfeng Zhongxing in the exercise of such voting rights. Those are rested solely with Ms. Li. Accordingly, Ms. Li and Hanfeng Zhongxing are regarded as the Single Largest Shareholder Group of our Company. Please refer to the section headed “Relationship with our Single Largest Shareholder Group — Our Single Largest Shareholder Group” in this Prospectus for details.
- (2) These shares comprised of (i) Mr. Wang Jianhua, our Chairman of the Board and executive Director, holding 74,200,071 A Shares; (ii) Ms. Yang Yi-fang, our executive Director and Chief Executive Officer, holding 113,000 A Shares; (iii) Mr. Lyu Xiaozhao, our executive Director, Vice President and Chief Engineer, holding 111,700 A Shares; (iv) Mr. Gao Bo, our executive Director and Vice President, holding 153,500 A Shares; (v) Mr. Zhou Xinbing, our Vice President, holding 112,800 A Shares; and (vi) Mr. Dong Shubao, our Board Secretary, holding 38,500 A Shares, accounting for an aggregate of 74,729,571 A Shares.
- (3) As of the Latest Practicable Date, (i) 10,000 A Shares were held by the Phase I ESOP; (ii) the Phase II ESOP had disposed of all the A Shares held by it; and (iii) 15,182,600 A Shares had been repurchased by the Company for the purpose of the Phase III ESOP, accounting for an aggregate of 15,192,600 A Shares under the ESOPs. Please refer to the paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII to this Prospectus for details. The A Shares held under the Phase I ESOP are not counted towards our public float as the exercise of the shareholder rights pertaining to those A Shares is controlled by its own management committee comprising members who are all core connected persons of our Company. Meanwhile, the A Shares held under the Phase III ESOP are counted towards our public float as the exercise of the shareholder rights pertaining to those A Shares is controlled by its own management committee comprising a majority of members who are not core connected persons of our Company. For further details, see the paragraph headed “Public Float” in this section above.

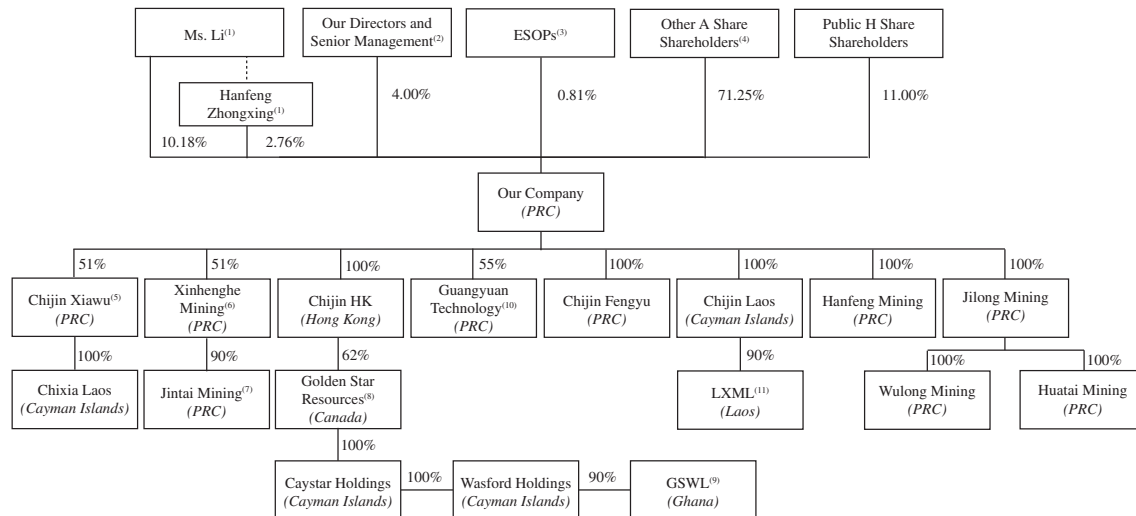
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (4) Save for Mr. Zhao Qiang, a director of Chijin Xiawu, who held 204,000 A Shares as of the Latest Practicable Date, to the best of our Directors' knowledge having made reasonable enquiries, these A Share Shareholders were not core connected persons of our Company.
- (5) The remaining 49% of the equity interest in Chijin Xiawu was held by Xiamen Tungsten, a company listed on the Shanghai Stock Exchange (stock code: 600549).
- (6) The remaining 30%, 12% and 7% of the equity interest in Xinhenghe Mining was held by Liu Xin, Li Yuanyuan and Zhu Jiande, respectively. See the paragraph headed “— Major Acquisitions and Disposals — 4. Acquisition of Xinhenghe Mining” in this section for details.
- (7) The remaining 8.39% and 1.61% of the equity interest in Jintai Mining was held by Fuduo Exploration and Yunnan Shengyuan, respectively. Fuduo Exploration was held as to 88%, 7% and 5% equity interest by Chen Hua (陳華), Yang Chunbin (楊春彬) and Bao Youdi (包幼娣), respectively, who are all Independent Third Parties. Yunnan Shengyuan was wholly owned by Chen Hua. See the paragraph headed “— Our Principal Subsidiaries — Jintai Mining” in this section for details.
- (8) The remaining 38% of the equity interest in Golden Star Resources was held by Kefei Investment (BVI) Limited, which was wholly owned by China-Africa Fund for Industrial Cooperation Co., Ltd. (“CAFIC”). CAFIC was held as to (i) 80% of the equity interest by Wutongshu Investment Platform Company Limited (梧桐樹投資平台有限責任公司) (“**Wutongshu Investment**”), which was wholly owned by the State Administration of Foreign Exchange Central Foreign Exchange Business Center (國家外匯管理局中央外匯業務中心), an Independent Third Party; and (ii) 20% of the equity interest by the Export-Import Bank of China (中國進出口銀行), which in turn was owned as to 89.26% and 10.74% equity interest by Wutongshu Investment and MOF, an Independent Third Party.
- (9) The remaining 10% of the equity interest in GSWL is held by the Ghana Government.
- (10) The remaining 42.75% and 2.25% of the equity interest in Guangyuan Technology were held by Liang Xiaoyan and Lu Hong, respectively. See the paragraph headed “Our Principal Subsidiaries — Guangyuan Technology” in this section for details.
- (11) The remaining 10% of the equity interest in LXML was held by the Government of Lao PDF (represented by the Ministry of Finance). See the paragraph headed “Our Principal Subsidiaries — LXML” in this section for details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following chart sets forth a simplified corporate structure of our Group immediately after the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).



Notes:

(1) — (11) Please refer to the corresponding notes to the chart in “— Our Structure Immediately Prior to the Global Offering” in this section.

OVERVIEW**Who We Are**

We are principally engaged in the mining, processing and sales of gold. Our operations are centered in gold, and we work towards greater international development and expansion through continuous technological advancements, maintaining cost-effective operations, optimizing resource utilisation, and the acquisition of high-quality overseas resources.

As of the Latest Practicable Date, we owned and operated seven gold and polymetallic mines across the world, including China, Southeast Asia, and West Africa. According to Frost & Sullivan:

- we experienced the fastest growth among major gold producers in China. From 2021 to 2023, our gold production achieved a CAGR of 33.1%, which by far outpaced the 16.4% average growth rate of major gold producers in China;
- we ranked fifth among gold producers in China in terms of gold Resources, with gold Resources of 12.5 million oz as of September 30, 2024, and we ranked fifth among gold producers in China in terms of gold production, with gold production of 461.5 koz in 2023;
- our operational efficiency enhancement surpassed the worldwide industry average by a notable margin and we positioned lower in terms of AISC than that of the global average. For the year ended December 31, 2023, our gold AISC stood at only US\$1,179.1 per ounce, placing us in the first quartile in the worldwide gold mining industry, while the global average for the same period was approximately US\$1,348.5, which is 14.4% higher than ours. In 2023, we beat the global trend of increased costs, as we reduced our gold AISC by 12.0%, whereas the average AISC for international gold producers increased by 7.2% during the same period; and
- among gold producers in China, we had the greatest overseas presence in terms of both total assets and revenue contribution derived from business activities outside of the PRC as of December 31, 2023 and in 2023, respectively. In 2023, approximately 76.9% of our total gold production and 71.9% of our total revenue was generated from our overseas business. As of September 30, 2024, our overseas assets accounted for approximately 65.2% of our total assets.

Business Overview

We are principally engaged in the mining, processing, and sales of gold. We operate multiple gold mines across the world and continuously aim to expand production and exploration. Additionally, we are engaged both (i) in the mining, processing, and sales of other Mineral Resources; and (ii) in the business of recycling waste electronic products and electrical appliances, promoting comprehensive resource utilisation and circular economy.

BUSINESS

As of the Latest Practicable Date, we conducted our gold production business primarily through six gold mines: (i) four mines in the PRC, namely the Jilong Gold Mine, Wulong Gold Mine, Jintai Gold Mine and Huatai Gold Mine; (ii) one mine in Laos, namely the Sepon Gold and Copper Mine, and (iii) one mine in Ghana, namely the Wassa Gold Mine. Furthermore, we operate one polymetallic mine in Jilin Province, China, namely the Hanfeng Polymetallic Mine, the principal products of which are zinc, lead, copper and molybdenum concentrate powder. Also, we are planning to develop rare earth Resources in Laos. In addition to our mining business, we have a resource recycling business, where we recycle waste electronic products and electrical appliances.

In terms of our development strategies, our focus is on the gold mining business, gradually divesting non-core assets and achieving significant growth. For example, in July 2020, we sold Chenzhou Xiongfeng for approximately RMB1.6 billion. Chenzhou Xiongfeng was a non-core subsidiary which principally engaged in recycling of low-grade complex materials, and rare and precious metals. The proceeds from that sale allowed us to continue implementing our strategic focus on our gold business and improved our capital structure.

We actively seek to and have acquired suitable, high-quality domestic and overseas gold assets to maintain our sustainable growth. Through acquisitions we have continuously strengthened our Resources, Reserves and production capacity and expanded our global presence:

- In November 2018, we acquired a 90% equity interest in LXML in Laos. According to Frost & Sullivan, LXML held the largest copper-gold mine in Laos in terms of gold Reserves by 2023. As of September 30, 2024, the Ore Reserves for Sepon Gold and Copper Mine are about 7,896 thousand tonnes with an average Au grade of 3.11 g/t, of which 268 thousand tonnes are Proved Ore Reserves with an average Au grade of 4.70 g/t, and 7,628 thousand tonnes are Probable Ore Reserves with an average Au grade of 3.05 g/t.
- We have been collaborating with third parties to jointly conduct exploration projects for multiple types of Mineral Resources in Laos. For example, (i) we entered into a cooperative exploration agreement with Lao Mining Development State Enterprise in July 2022. Lao Mining Development State Enterprise is a state-owned company in Laos, affiliated with the Ministry of Energy and Mines. It owns multiple rights to gold, copper, and rare earth mines, and it is primarily responsible for the exploration, reservation, and cooperative development of Mineral Resources in Laos; (ii) we formed a joint venture with Xiamen Tungsten Co., Ltd. (“**Xiamen Tungsten**”) in September 2022 to obtain synergies and strengthen our respective positions in rare earth Resource development in Laos.

BUSINESS

- In January 2022, we acquired a 62% equity interest in Golden Star Resources, which holds a 90% equity interest in GSWL. As of September 30, 2024, the Ore Reserves for Wassa Gold Mine are about 8,842 thousand tonnes with an average Au grade of 2.12 g/t, of which 3,521 thousand tonnes are Proved Ore Reserves with an average Au grade of 2.14 g/t, 5,291 thousand tonnes are Probable Ore Reserves with an average Au grade of 2.12 g/t, and 30 thousand tonnes are Stockpile Ore Reserves with an average Au grade of 1.33 g/t.
- In January 2023, we acquired a 51% equity interest in Xinhenghe Mining, which holds a 90% stake in Jintai Mining. As of September 30, 2024, the total gold Resources of Jintai Gold Mine is 444 koz and its total gold Reserves were approximately 33 koz in contained metals. The Mineral Resources for Jintai Gold Mine are estimated to be about 10,666 thousand tonnes with an average Au grade of 1.30 g/t, including approximately 3,363 thousand tonnes of Measured Mineral Resources with an average Au grade of 1.68 g/t, 4,604 thousand tonnes of Indicated Mineral Resources with an average Au grade of 1.02 g/t, 2,699 thousand tonnes of Inferred Mineral Resources with an average Au grade of 1.29 g/t. This acquisition has further enhanced our mining operations and gold production.

Cost Control

We continue to research and develop applications of new technologies and have implemented a series of cost reduction and efficiency enhancement measures such as centralized procurement and optimization of the organizational and staff structures, with the aim to continuously reduce production costs.

Through centralized procurement, we have realized substantial cost reduction benefits for our domestic and overseas mines. We meticulously analyze procurement paths and implement trial orders in increments. By selecting suppliers across the globe, including China, Thailand, Vietnam, and other regions, we collaborate with cost-efficient suppliers, which refer to those suppliers who we believe could achieve a balance between cost and benefit after thoroughly considering factors such as tariffs in the region, delivery speed of the suppliers, quality assurance period of the goods, repair costs, and stability of the supply source. Collaboration with cost-efficient suppliers has introduced healthy competition among our suppliers, which has encouraged other suppliers or potential suppliers to enhance their credentials and service standards, hence have enhanced our bargaining position during procurement negotiations, which has allowed us to mitigate against unfavorable terms in procurement contracts. In addition, we have also broadened our supplier options and increased procurement activities in low-cost regions, where the prices of the industrial products are relatively lower, such as PRC and Vietnam, ultimately contributing to cost savings.

BUSINESS

We have utilized the specific circumstances of various mines to achieve targeted cost reduction and efficiency enhancement. The Sepon Gold and Copper Mine continuously seeks to improve its ore processing by adopting re-grinding techniques to enhance efficiency, improve gold ore recovery rates, and decrease costs. As a result, its gold recovery rates increased significantly from 54.6% in 2021 to 64.4% in the nine months ended September 30, 2024. The Wassa Gold Mine has improved its efficiency in excavation projects by involving external contractors, leading to substantially lower unit costs and relatively high gold recovery rates of 95.6%, 95.5% and 95.4% in 2022 and 2023 and in the nine months ended September 30, 2024, respectively.

Meanwhile, we have rigorously controlled capital expenditures, yielding significant cost reductions. According to Frost & Sullivan, our operational efficiency enhancement surpassed the worldwide industry average by a notable margin, and we placed significantly lower in terms of gold AISC than that of the global average. As of December 31, 2023, our gold AISC stood at only US\$1,179.1 per ounce, placing us in the first quartile in the worldwide industry, while the global average for the same period was approximately US\$1,348.5, which is 14.4% higher than ours. In 2023, we decreased our gold AISC by 12.0%, whereas the average AISC for international gold producers increased by 7.2% during the same period. Set forth below is our gold AISC and the global average for the periods indicated:

	Year Ended December 31,		Changes from Year Ended December 31, 2022 to Year Ended December 31, 2023	Nine Months Ended September 30, 2024
	2022	2023		
	US\$/ounce		%	US\$/ounce
PRC Gold Mines	1,205.7	877.4	(27.2)	1,008.5
Sepon Gold and Copper Mine	1,476.9	1,330.0	(9.9)	1,408.3
Wassa Gold Mine	1,371.2	1,197.1	(12.7)	1,240.8
Our Group	1,340.0	1,179.1	(12)	1,249.2
Global Average	1,258.1	1,348.5	7.2	1,498.8

Note:

1. Company started to make voluntary disclosure of AISC since the year of 2022, in align with the global industrial reporting practice.

The global average AISC has increased from US\$1,348.5/ounce for the year ended December 31, 2023 to US\$1,498.8/ounce for the nine months ended September 30, 2024. This was primarily due to the ongoing rise in labor costs globally. In addition, driven by the rising gold price, gold mining companies started to process lower-grade ores which led to higher mining costs.

The AISC of our Group increased from US\$1,179.1/ounce for the year ended December 31, 2023 to US\$1,249.2/ounce for the nine months ended September 30, 2024. This was mainly because (i) the production volume of LXML for the third quarter of 2024 fell short of our expectations due to the impact of typhoons and floods, resulting in an inability to spread labor and depreciation costs; and (ii) labor costs and raw materials costs increased driven by global inflation.

Capacity Enhancement

We are committed to upgrading the mining and processing capacity of our existing mines in order to achieve the growth of overall asset.

In terms of our overseas gold assets, we are accelerating the construction of the open-pit and underground mining projects of the Sepon Gold and Copper Mine, which is expected to increase the annual underground mining capacity to 806,000 tonnes by 2025 from the current capacity of 536,000 tonnes. As of September 30, 2024, the Mineral Resources for Khanong are estimated to be about 2,445 thousand tonnes with an average Au grade of 1.90 g/t, including approximately 2,445 kt of Indicated Mineral Resources with an average Au grade of 1.9 g/t, and 595 thousand tonnes of Inferred Mineral Resources with an average Au grade of 1.58 g/t. Meanwhile, we are accelerating modelling and study work of exploration prospects of Discovery West Deeps and Phavat North with open-pit and underground mining potentials, the annual underground mining capacity is expected to be increased further after 2026 and 2027. As of September 30, 2024, the Inferred Mineral Resources for Discovery West Deeps are estimated to be about 1,165 thousand tonnes with an average Au grade of 5.68 g/t. This effort also includes the re-evaluation of historical open pits at higher gold prices.

We expect to build the Wassa Gold Mine of into a large-scale gold mine with (i) an annual processing capacity of approximately 3.3 million tonnes and (ii) an annual production of 200-250 koz gold leading up to 2028. Furthermore, the focus and effort will extend to increase annual gold production in the future of between 250-350 koz. In order to realize this goal, we will adopt various measures, including carrying out more exploration activities at different exploration targets, upgrading our mining and processing infrastructure, driving improvements in operations efficiency and at lower cost whilst maintaining the average gold processing recovery rate at between 95%-96%.

In terms of our domestic gold assets, we have been undergoing several rounds of technological transformation and we are still working on several technological improvement projects, including continuous improvement of technique, upgrade of machinery, enhancement of equipment, at the Wulong Gold Mine. These are expected to enable us to increase the Wulong Gold Mine's annual processing capacity from 578,000 tonnes to approximately 700,000 tonnes by the end of 2024 to maintain the sustainable development of our Company to ensure the competitive edge. We have also initiated an expansion project at the Jilong Gold Mine to increase its annual mining capacity to approximately 300,000 tonnes by the end of 2025.

ESG Practice and Mining Safety

Adhering to our core value of benefitting more people through the development of Chifeng Gold, we attach great importance to the environment and corporate governance, honor our social responsibilities, emphasize mining safety, and care for our staff and the people and communities in which we operate. We pursue high-quality and sustainable development with high ESG standards and are committed to following the high standards and sound practices of our industry.

- We continuously enhance our environmental management system, optimize water resources, energy, and logistics management strategies, judiciously use natural resources, practice the principles of the circular economy, strictly control and manage tailings, waste, wastewater and pollutants, and minimize the negative impact on the natural environment. In addition, we actively address climate change and consider potential climate risks and impacts following the framework recommendations of the Task Force on Climate-Related Financial Disclosures (the “TCFD”). As alternative energy and electricity continues to develop, we plan to continuously increase our proportion of renewable energy use to reduce our carbon emission. For example, the Wulong Gold Mine, Sepon Gold and Copper Mine and Wassa Gold Mine are all actively planning to build their own clean energy power generation projects, which will further enhance our capability to source and utilize renewable energy. In particular, the Jilong Gold Mine is planning to build a 10-megawatt solar power plant, with the full capacity expected to be installed and ready for commercial operation by the end of 2025.
- We prioritize the construction of green mines, actively seek a balance between mining development and ecological impacts, and adhere to the development concept of “Mutual Prosperity and Development” with the community. “Green mining” refers to a plan where we intend to achieve scientific and orderly mining through scientific mining methods, efficient resource utilisation, digital information management, and harmonious community collaboration, in order to minimize disruptions to mining areas and surrounding environments. It is a comprehensive plan that includes our detailed management measures and criteria covering the aspects of environmental management systems, natural resource utilisation systems, efficiency improvement, emission reduction, tailings management, waste management, emission gas management, noise management, biodiversity maintenance, and sustainability. In 2023, our total investment in green mine construction reached approximately RMB26.2 million, with a total land restoration of approximately 62.3 hectares. To ensure workplace safety, we also conducted 2,375 workplace safety inspections and provided safety training for 33,495 participants in 2023. As a result, no significant safety or environmental accidents occurred in 2023. Furthermore, in 2023 we invested approximately RMB212.8 million in compliance with the applicable environmental protection rules and regulations in PRC, and we reduced approximately 1,057.4 tonnes of carbon dioxide and its equivalent during the same period.

- We seek to actively aim to explore solutions that bring positive impacts to the local community. Amongst other things, we take actions in promoting employment, rural revitalization, improving people's livelihoods, and public welfare education. For example, LXML has long supported construction of infrastructure in its surrounding communities; the Golden Star Oil Palm Plantation Project (the "**Golden Star Oil Palm Project**") initiated by GSWL is a not-for-profit, multi-award winning social enterprise that continues to empower small farmers and workers in Ghana by providing them with support, management and agricultural extension expertise to maintain and develop smallholder palm plantations and obtain steady income streams; Hanfeng Mining assists the local community in resettlement work; and Wulong Mining drives local economic development through high-quality development. We leverage our own resource advantages, take action to shoulder corporate social responsibility, and share our achievements with the society.
- Our ESG practices have been recognized through numerous honors and ratings, reflecting widespread recognition from various sectors of society. For example, Our Company was awarded the 17th Crystal Ball Award as the "2023 Most Socially Responsible (ESG) Listed Company" in January 2024; the mines of Jilong Mining and Hanfeng Mining were designated as National Green Mines in January 2020; LXML received (i) the Certificate of Excellent (A) from the Laos government in recognition of its exceptional implementation of its environmental management and monitoring plan in January 2024, and (ii) the Third-Class Labor Medal from the Lao government in December 2023 in recognition of its exceptional practice in work safety, health care, and social welfare support to Laos employees; and GSWL was honored with the Ghana 2023 Best Safe Mine First Prize from the Ghana Chamber of Mines in November 2023.
- We adopt high safety standards and seek to continuously update and improve our internal control measures to enhance production safety in our operations. Our production management systems and technologies enable us to achieve automation, digitization, and intelligence control in the gold production process. During the Track Record Period, we did not have any material safety incidents involving our workforce.

For more details, please see "— Environmental, Social and Governance".

Management

Since 2019, we have transformed ourselves from a diversified mining company covering various sectors into a mature, sophisticated, and specialized mining company with a global outlook that is primarily focused on gold under the leadership of our management team. We established our corporate culture of "Mutual Prosperity and Development" by unifying the interests and goals of our shareholders, management, and employees, and adopted a long-term internal incentive mechanism, which effectively motivates the management team and our key

employees. Furthermore, by incentivizing our international management and key employees, we have enhanced our decision-making processes and response mechanisms for international management, which enables us to efficiently manage our operations across the globe and assess strategic acquisition prospects.

Our management team consists of seasoned professionals with extensive expertise in various fields, including, amongst other things, corporate administration, mining, mineral processing, geology, finance, and law. Chairman Wang Jianhua, renowned for his exceptional leadership skills within major corporate entities, brings a wealth of experience in management and corporate governance which is characterized by an emphasis on employee safety and welfare. The key members of our senior management team have previously been entrusted with significant roles in reputable global mining companies, showcasing remarkable operational and managerial track records. Moreover, our Company has enlisted experts such as scholars professors from renowned universities and institutes, infusing the Board with robust professional knowledge.

We are implementing worldwide talent integration using an open and transparent strategy, engaging in sincere collaboration with both international and local management staff and employees. Each mine is overseen and operated by a management team composed of local specialists. We apply our previous experiences to our mines globally, while local experts implement localized innovation and practices. We aim to maintain the representation of Ghanaian, Laotian, and talents with international experience within our management. Our executives directors boast an average of more than 20 years of pertinent expertise in the mining industry, and we have introduced cutting-edge global management strategies to our mining operations. Additionally, we actively promote talent growth and consistently screen and cultivate high-quality talents through our international mining talent program.

We have established a long-term incentive mechanism for our employees through employee stock ownership plans, aligning the interests of employees and our Company. These incentives have boosted employees' commitment and contributed to our continued high-quality, sustainable growth. Shareholders' interests are prioritized within our Company. The robust support from our controlling shareholders and the proactive shareholding by members of the management team and key employees further exemplify our corporate culture of "Mutual Prosperity and Development".

Financial Overview

During the Track Record Period, our total revenue was approximately RMB3,782.6 million, RMB6,266.8 million, RMB7,221.0 million and RMB6,222.8 million, respectively. The revenue from the gold mining business for the Track Record Period was approximately RMB2,968.7 million, RMB5,304.7 million, RMB6,322.3 million and RMB5,561.3 million, representing 78.5%, 84.7%, 87.6% and 89.4% of the total revenue, respectively.

During the Track Record Period, the gross profit from the gold mining business was RMB868.7 million, RMB1,465.8 million, RMB2,256.7 million and RMB2,508.2 million, respectively.

Recent Development

On March 4, 2024, an equity transfer agreement was entered into among China Investment, Chixia Laos and Chijin Xiwu, pursuant to which Chixia Laos shall acquire from China Investment 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd. at a total consideration of US\$18,963,000. As of the Latest Practicable Date, we have obtained the approval from the Xiamen Development and Reform Commission, and the parties to the transactions were proceeding with the fulfillment of the other conditions of the transaction including changes of the authorized representatives of the Target Group. This acquisition is expected to strengthen our position in rare earth Resource development in Laos while upholding our strategic focus on gold. See “History, Development and Corporate Structure — Post-Track Record Period Acquisition.”

The Phase I Construction Project of the lower mining zone of the Hanfeng Polymetallic Mine was completed in December 2024. It has passed production safety assessment and obtained a production safety permit. The project officially commenced operation on December 30, 2024. It is expected to increase our production volume of copper, lead, and zinc by 435,000 tonnes.

Additionally, the expansion of the scope of mining right (deep-zone) for the Aohan County Zhuanshanzi Gold Mine of Jilong Gold Mine was approved in November 2024. The verification report for additional resources in this area has also been filed with the relevant authority in November 2024. This is expected to enhance our production capacity and utilization rate.

Since September 30, 2024 and up to the Latest Practicable Date, we had continued to receive new purchase orders for our products.

COMPETITIVE STRENGTHS

We believe our leading market position is underpinned by the following competitive strengths:

The largest non-state owned gold producer with leading growth in gold production and revenue in China, possessing robust market prospects

We achieved rapid growth in gold production from 2021 to 2023. From 2021 to 2023, our total gold production volume was 260.2 koz, 436.2 koz and 461.5 koz, respectively. Our gold production grew at a CAGR of 33.1% from 2021 to 2023, outpacing the major gold producers in China and making us the leading gold producer in China in terms of gold production growth rate during the same period according to Frost & Sullivan.

Our domestic gold mines have relatively high ore grades, making them one of the top-tier deposits in China. According to Frost & Sullivan, as of December 31, 2023, our major domestic gold mines at the Jilong Gold Mine, Wulong Gold Mine and Huatai Gold Mine had the highest gold grades among the top five gold producers in China.

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We have high visibility and certainties in our production expansion plans for our gold mines and aim to achieve Resources and Reserves enhancement through exploration activities as set out below:

- in terms of our overseas gold assets, we are accelerating the construction of the open-pit and underground mining projects of the Sepon Gold and Copper Mine, which is expected to increase the annual underground mining capacity to 806,000 tonnes by 2025 from the current capacity of 536,000 tonnes. Meanwhile, we are accelerating modelling and study of exploration prospects of Discovery West Deeps and Phavat North with open-pit and underground mining potentials. The annual underground mining capacity is expected to be further increased after 2026 and 2027. As of September 30, 2024, the Inferred Mineral Resources for Discovery West Deeps are estimated to be about 1,165 thousand tonnes with an average Au grade of 5.68 g/t; and
- in terms of our domestic gold assets, we have been undergoing several rounds of technological transformation and we are still working on several technological improvement projects, including continuous improvement of technique, upgrade of machinery, enhancement of equipment, at the Wulong Gold Mine. These are expected to enable us to increase the Wulong Gold Mine's annual processing capacity from 578,000 tonnes to approximately 700,000 tonnes by the end of 2024 to maintain the sustainable development of our Company to ensure the competitive edge. We have also initiated an expansion project at the Jilong Gold Mine to increase its annual mining capacity to approximately 300,000 tonnes by the end of 2025.

Apart from our core gold business, our planned exploration and development of rare earth resources in Laos also create new growth opportunities. Anomalies in rare earth elements were discovered at the Sepon Gold and Copper Mine during exploration in early 2021. Following further studies, according to SRK report, as of September 30, 2024, the Mineral Resources for rare earth oxides are estimated to be about 26.78 million tonnes of Indicated Mineral Resource with an average grade of 383.75 g/t TREO, equivalent to 10.28 thousand tonnes of total rare earth oxides within the Project area, and 63.79 million tonnes of Inferred Mineral Resource with an average grade of 339.22 g/t TREO, equivalent to 21.64 thousand tonnes of total rare earth oxides within the Project area. In October 2022, together with Xiamen Tungsten we established a joint venture, Chijin Xiawu, where we hold a 51% equity interest. Chijin Xiawu focuses on the development of rare earth resources in Laos. The collaboration with Xiamen Tungsten is expected to improve our competitiveness in the development of rare earth and generate new growth opportunities for our business. We have commenced the general infrastructure construction and commence production.

Overseas experience and global recognition with proven track record in identifying synergetic acquisition targets, executing transactions and integrating global operation

We believe that a core competitiveness metric of gold companies is the ability to continuously obtain high-quality Mineral Resources. Newly discovered gold deposits in China have been limited in recent years and the grade of gold is generally at a relatively low level. As a result, we have strategically focused our expansion plan on identifying and acquiring suitable and high-quality overseas assets to maintain a sustainable growth.

We acquired LXML and GSWL in 2018 and 2022, respectively. As of September 30, 2024, our overseas assets accounted for approximately 65.2% of our total assets, and our overseas revenue accounted for approximately 71.2% of our total revenue. According to Frost & Sullivan, we are the gold company in China with the greatest overseas presence both in terms of overseas assets contribution as of December 31, 2023 and in terms of overseas revenue contribution in 2023.

Our management team has profound experience in overseas acquisitions. We have established well-rounded decision-making and execution procedures in the identification of acquisition targets, transaction execution and post-acquisition operation integration. For example, our technical team accurately identified the Sepon Gold and Copper Mine's development potential once it is transformed from a copper-focused open-pit mine into a gold-focused underground mine and decisively seized the acquisition opportunity. We had extensive communication with local government authorities in the preliminary stage of the acquisition. With regard to the Wassa Gold Mine, we carried out in-depth inspections and research on areas with abundant gold Reserves in West Africa and properly assessed local policies and the economic environment before deciding to acquire the Wassa Gold Mine. Based upon a sensible understanding of the conditions presented and perceived, our management team efficiently seized the opportunity. The speed and effectiveness of our decision-making and execution procedures is evident from the fact that — an investment decision was made and announced within eight months after we identified that opportunity.

The fact that we have a management team which is highly competent in integration and operation of acquired overseas assets makes all the difference. Since the acquisition of LXML in November 2018, we have promoted an inclusive culture during the integration process. We advantageously fuse Chinese and international management models, ignite the passion for work, and encourage creativity among our employees. We enhanced communications with local government authorities and communities and supported them with job opportunities, skill training, pandemic preventative measures and charity donations and enjoyed reciprocal treatments. We transformed the processing plant at the mine and recommenced gold production within 18 months — well ahead of schedule. Previous operators paused gold development at the Sepon Gold and Copper Mine because of challenges in relation to processing refractory ores. With continuous technological upgrades and a series of capital investments and operational improvements, the mine's gold recovery rate has increased significantly. In 2023, the Sepon Gold and Copper Mine recorded a gold AISC of approximately \$1,330.0 per ounce, showing a decrease of 9.9% year-on-year.

Since the completion of our acquisition of the GSWL in January 2022, we have actively promoted localized management and operation concepts, built up a sound relationship with local government authorities, served local communities, and taken initiatives to contribute to regional development. We were one of the first large-scale Chinese mining companies operating in Ghana and have earned accolades for boosting the local economy. Since the acquisition in 2022, we have been investing in improving efficiency and expanding the production of underground mines, developing the 242 Ramp and B-shoot South Ramp to pave the way for underground mining operations in 2024 and the next 5 years. In 2023, the Wassa Gold Mine recorded a gold AISC of approximately US\$1,197.1 per ounce, showing a decrease of 12.7% year-on-year.

We believe our overall overseas capabilities in both acquisition and operational levels are well proved by the track records of our successfully completed and integrated acquisitions. We aim to further leverage our strengths in overseas expansions to achieve sustainable and efficient growth.

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Continuously improving on the cost curve to enhance efficiency through technological upgrade and to drive profitability

Under the leadership of our management team, we have implemented a series of cost reduction and efficiency improvement measures. These initiatives have enabled us to achieve a more favorable position on the cost curve relative to our industry peers. According to Frost & Sullivan, our operational efficiency enhancement surpassed the worldwide industry average by a notable margin and we positioned lower in terms of gold AISC than that of the global average. As of December 31, 2023, our gold AISC stood at US\$1,179.1 per ounce, placing us in the first quartile in the worldwide industry, while the global average for the same period was approximately US\$1,348.5, which is 14.4% higher than ours. In 2023, we decreased our gold AISC by 12.0%, whereas the average AISC for international gold producers increased by 7.2% during the same period. Set forth below is our gold AISC and the global average for the periods indicated:

	Year Ended December 31,		Changes from Year Ended December 31, 2022 to Year Ended December 31, 2023	Nine Months Ended September 30, 2024
	2022	2023	2023	
	US\$/ounce		%	US\$/ounce
PRC Gold Mines	1,205.7	877.4	(27.2)	1,008.5
Sepon Gold and Copper				
Mine	1,476.9	1,330.0	(9.9)	1,408.3
Wassa Gold Mine	1,371.2	1,197.1	(12.7)	1,240.8
Our Group	1,340.0	1,179.1	(12)	1,249.2
Global Average	1,258.1	1,348.5	7.2	1,498.8

Note:

1. Company started to make voluntary disclosure of AISC since the year of 2022, in align with the global industrial reporting practice.

The global average AISC has increased from US\$1,348.5/ounce for the year ended December 31, 2023 to US\$1,498.8/ounce for the nine months ended September 30, 2024. This was primarily due to the ongoing rise in labor costs globally. In addition, driven by the rising gold price, gold mining companies started to process lower-grade ores which led to higher mining costs.

The AISC of our Group increased from US\$1,179.1/ounce for the year ended December 31, 2023 to US\$1,249.2/ounce for the nine months ended September 30, 2024. This was mainly because (i) the production volume of LXML for the third quarter of 2024 fell short of our expectations due to the impact of typhoons and floods, resulting in an inability to spread labor and depreciation costs; and (ii) labor costs and raw materials costs increased driven by global inflation.

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The AISC of our PRC Gold Mines was significantly lower than that of our gold mines in Ghana and Laos during the Track Record Period. This was primarily due to higher cost of our gold mines in Laos and Ghana comparing to the PRC Gold Mines due to the following reasons:

- (i) firstly, our gold mines in Laos and Ghana have relatively higher procurement costs. Located in areas with underdeveloped industries, apart from energy sources like diesel and electricity which are locally available, the acquisition of production-related raw materials such as explosives, chemicals, steel, and spare parts mostly requires importation and transportation to the mines. The long shipping distances lead to higher “procurement costs” in the unit sales costs of our mines in Laos and Ghana compared to the PRC Gold Mines; and
- (ii) moreover, our gold mines in Laos and Ghana request relatively higher service and support investments compared to the PRC Gold Mines. During the production process, our mines in Laos and Ghana often employ contractors and service providers to carry out mining, drilling, and other related work. In addition, we also provide services such as camp accommodation, meals, and charter flights for employees of our gold mines in Laos and Ghana. These services are considered supporting costs for mining production. As a result, the “services and others” component in the unit sales cost of overseas mines is higher than that of the PRC Gold Mines.

LXML has made significant progress in reducing unit costs through improvements in gold recovery rates and the implementation of underground mining projects. Since resuming gold production in 2020, the LXML team has made great strides in overcoming challenges related to refractory ore and has continuously improved its ore processing and recovery processes. We have implemented a series of technical measures to minimize the environmental impact of our carbon-in-leach (CIL) process, including carbon desorption, recycling process improvements, industrial water quality enhancements, and the replacement of certain chemicals to reduce the impact of chloride ions. Moreover, we launched an underground mining project in a selected mining area in the first half of 2022. The project involves mining underground mines with a depth of 450 meters below the surface. This initiative has helped us to increase our gold processing recovery rate. We also adopted a series of capital investments and operational improvements which were completed to debottleneck process constraints and improve plant reliability and efficiency. As a result, the mine’s gold recovery rate increased significantly from 54.6% in 2021 to 64.4% in the nine months ended September 30, 2024. Looking ahead, through the adaption of the replacement from active carbon to resin and one regrinding technique, we expect that the gold processing recovery rate of the Sepon Gold and Copper Mine will further increase to approximately 75% by June 2025. In 2023, the Sepon Gold and Copper Mine recorded a gold AISC of approximately \$1,330.0 per ounce, showing a decrease of 9.9% year-on-year.

We have also achieved significant progress in cost reduction at the Wassa Gold Mine by optimizing procurement channels, enhancing material utilisation, and increasing our production capacity, in addition to other initiatives. In 2023, the Wassa Gold Mine recorded gold AISC of approximately US\$1,197.1 per ounce, showing a decrease of 12.7% year-on-year.

In terms of our domestic operation, we seek to continuously improve our operational efficiency and recovery rate at our mines through incremental changes and investments, and this is evident from, for example, the implementation by both the Jilong Gold Mine and the Huatai Gold Mine of the tailings decyanide pressure filtration processes, which improves our recovery of valuable metals like gold and silver from the tailings solution, leading to, inter alia, improved economic benefits, attaining an internationally advanced standard, and achieves a greater water balance and recycling in the concentration production following cyanide tailings treatment.

The operational effect of these continuous improvements is evident from the fact that in 2023 our PRC Gold Mines recorded gold AISC of approximately US\$877.4 per ounce, showing a decrease of 27.2% year-on-year.

Overall, we remain committed to ongoing efforts in cost reduction and efficiency improvement across our operations, with a view towards achieving greater cost competitiveness and operational excellence in the years ahead.

Distinctive “Mutual Prosperity and Development” corporate culture and effective incentive programs continuously motivate the management and employees to boost continuous growth

We established our corporate culture of “Mutual Prosperity and Development” by unifying our shareholders, management and employees, where the interests of stakeholders and our Company are aligned such that our shareholders, managers and workers share the successes and face the challenges together, as they are all invested in the same collective goal. Led by Chairman Wang Jianhua, the teams across our Company are united by shared missions and vision, and our Company has developed a management model and a long-term incentive mechanism that cater to its conditions and has performed effectively in reducing costs and improving efficiency.

In September 2020, we launched the Phase I ESOP and as of April 30, 2021, approximately 41.6 million shares were repurchased for the purpose of equity incentives, involving no more than 98 core employees of both the headquarters and our subsidiaries. In January 2022, we announced the Phase II ESOP. As of April 28, 2023, approximately 16.6 million shares had been repurchased amounting to RMB300.9 million in value, where the repurchased shares would be used for the Phase II ESOP. In June 2023, we launched the Phase III ESOP and as of June 27, 2024, approximately 15.2 million shares were repurchased for purpose of equity incentives or employee stock ownership, amounting to RMB220.0 million in value. The equity incentives align the interests of the key employees with those of our Company, laying a sound foundation for high-quality and sustainable growth. Please refer to the section headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII of this Prospectus for further details of the ESOPs.

Our corporate culture of “Mutual Prosperity and Development” is strongly supported by our shareholders. Following the successful implementation of various rounds of share incentive arrangements for our key management throughout the years since 2020, the shareholding of the largest shareholder (and its associates) had dropped to 14.54% as of December 31, 2023 from 20.59% as of December 31, 2020. Meanwhile, the management team’s shareholding had increased. In January 2021 and February 2024, our management team increased its shareholding by further purchasing our Company’s shares on the secondary market. As of September 30, 2024, the management team and the key employees of our Company in aggregate held approximately 4.5% of the total shares outstanding. We believe the current shareholding and corporate governance structure reflect a management approach that prioritizes the interests of all shareholders.

With the proper mechanism, the management team is well incentivized, contributing to the ongoing growth and development of our Company. From 2021 to 2023, we achieved an unparalleled CAGR of 33.1% in gold production among all major gold producers in China according to Frost & Sullivan.

A strong social responsibility and solid commitment to promoting green and sustainable development with high ESG standards

We attach great importance to the environment and workplace safety. We care about the people and communities in which we operate and honor our social responsibilities. Upon joining our Group as a director in August 2022, Ms. Lydia Yang introduced a series of reforms to continuously improve our ESG practice. In September 2022, the Strategy and Sustainable Development Committee under the Board of Directors was established, and it has been chaired by Chairman Wang Jianhua. The purpose of this committee is to provide support and guidance for our medium- and long-term development strategies, decision-making on major investments for our sustainable development and to supervise the preparation and implementation of our ESG goals. In March 2023, the ESG reports of LXML and GSWL were issued, and in March 2024 a consolidated ESG report covering all mines of the company was issued.

International industry standards and best international practices are applied in our overseas mines and the same standards are adopted in our domestic mines on a step-by-step basis. The Wassa Gold Mine executes relevant ESG procedures in accordance with the standards required by the World Gold Council (WGC) and the United Nations Global Compact (UNGC), a voluntary initiative based on the management’s commitments to implement universal sustainability principles and to take steps to support UN goals, and publishes ESG reports on a regular basis. Before our acquisition, MMG Limited, the shareholder of LXML at that time, was part of the International Council on Mining and Metals (ICMM). Starting from our acquisition of LXML in November 2018, we have consistently upheld ICMM standards in the mining operations of LXML. We are also making efforts to ensure greater compliance with WGC standards by consolidating the governance of our domestic and overseas mines and continuously seek to improve the ESG governance of our mines.

We have demonstrated a distinctive performance in various ESG matters, leveraging a well-founded framework that adheres to high national and international industrial standards. Our integrated management system and infrastructure aim to decrease pollutant emissions and restore land for agricultural and functional purposes. Our commitment to sustainable development has been acknowledged through various honors and ratings. For example: (i) the Jilong Gold Mine and Hanfeng Polymetallic Mine were designated as National Green Mines in January 2020; (ii) the Wulong Gold Mine and Huatai Gold Mine were rated as Provincial (Autonomous Region) Level Green Mines in December 2020 and May 2020, respectively; and (iii) the Sepon Gold and Copper Mine received the Certificate of Excellent (A) from the Laos Government in recognition of its exceptional implementation of its environmental management and monitoring plan in January 2024.

As of December 31, 2023, we had rehabilitated approximately 514.3 hectares of land, demonstrating our unwavering dedication to sustainable practices. In 2023, we completed the construction of the gravity-fed water supply system project in Vilabouly District, Laos, which significantly enhanced the agricultural production efficiency of the local community. Our commitment to community development is further exemplified by our support for local projects such as the Golden Star Oil Palm Project, for which we were awarded by the Ghanaian Government in June 2022. In the third quarter of 2022, we received five awards in Women in Mining and Energy Award (WIMEA) in Africa, highlighting our focus on promoting diversity and inclusion.

We have also implemented strong governance initiatives in Ghana and continuously strive to reduce our energy consumption and emissions. We prioritize workplace safety and the health and development of our employees and have implemented systematic measures and protocols to achieve these goals.

In addition to our commitment to sustainability and community development, through LXML we have been investing in eliminating unexploded ammunition and local economic development in Laos. Through community development funds, LXML also contributes direct and indirect welfare benefits to the local government. Furthermore, GSWL is also dedicated to local community development funds, further underscoring our commitment to sustainable practices and community development.

Seasoned and dedicated management team with deep expertise in the gold industry and proven track record in mine operations locally and globally

We have assembled a highly skilled and experienced team of industry and capital markets experts, covering a broad range of disciplines, including, among other things, corporate management, mining, processing, geology, finance, and law. Our team boasts comprehensive experience in various aspects of the gold industry such as corporate governance, technology, mergers and acquisitions, overseas mine operations, environmental protection, safety, and social responsibility. Under our existing equity and corporate governance structure, the management team pursues interest consistent goals with all shareholders and employees.

Renowned for his charismatic and exceptional management capabilities, Chairman Wang is a transformative and effective leader who time and again has leveraged his extensive experience and know-how in managing and leading large-scale enterprise groups, global mine mergers and acquisitions, and global mining operations to unlock value and catapult businesses to higher levels under the creed of “Mutual Prosperity and Development”. Before joining Chifeng Gold, he served as chairman of Shandong Gold Group Co., Ltd. (“**Shandong Gold**”), director and president of Zijin Mining Group Co., Ltd. (“**Zijin Mining**”) and chairman of Yunan Baiyao Holdings Co., Ltd. (雲南白藥控股有限公司).

During his tenure at Shandong Gold, Chairman Wang proactively implemented transformative governance, management and operational reforms to, inter alia, improve worker safety, corporate governance, operational resilience, and improve overall performance, streamlined corporate policies and protocols, championed large-scale, green development and production of gold mines, and completed a series of high-grade mine acquisitions in China. While at Shandong Gold, Chairman Wang implemented the principle of “Resources are the Unshakable Fundamental Interests of Shandong Gold” (“資源是山東黃金不可撼動的根本利益”). Under Chairman Wang’s leadership and influenced by his first-mover spirit, Shandong Gold engaged in the first deep drilling for gold exploration in China (“中國岩金勘查第一深鑽”), which included three groundbreaking and precedent-setting hole depths of 3,000 meters, 3,000 meters and 4,000 meters, respectively, in the Xiling mining area of Sanshan Island, Laizhou, which have been deemed of epoch-making significance for the Chinese mining industry. In addition, Chairman Wang supported a major scientific research “Ultra-deep Comprehensive Geological Research and Resource Prediction in Northwest Jiaoxi Gold Ore Concentration Area” (“膠西北金礦集區超深部綜合地質研究與資源預測”). From these initiatives, the Resources, Reserves and production capacity of Shandong Gold increased significantly during his tenure, the number of mines within the group increased, and in 2012 Shandong Gold was among the top gold producers in China.

During his tenure at Zijin Mining, as President and director of Zijin Mining, Chairman Wang placed employee safety as a top priority and overhauled the company’s environmental, social and corporate governance by implementing greater safety standards and new management policies to lay a strong foundation for future growth. In addition, Chairman Wang participated in the successful acquisition of a series of high-profile mining companies and mines, including Norton Gold Fields, Kolwezi Copper Mine, Kamoakakula Copper Mine, Porgera Gold Mine, and other overseas mines, boosting Zijin Mining’s quality of gold and copper Resources and Reserves.

As a pioneering leader, Chairman Wang’s record at our Company includes undertaking a series of value-adding investments to boost our annual gold output from 48.8 koz in 2018 to 461.5 koz in 2023 — an increase of nearly 10 times, improving our foundation for continued and greater success, and successfully leading and managing a drilling program through 2021 to 2022 in Dandong area with a record-breaking depth of 3,003 meters, which introduced a new era of deep drill gold exploration in China’s northeast region. Characteristic of Chairman Wang’s leadership style is his attention to detail, grand bird’s-eye view, and mindfulness of employee safety and welfare. Under Chairman Wang’s leadership, we have formed a team of

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international experts to carry out in-depth research on high-quality assets across the globe, further streamlined our business, seized acquisition opportunities for high-quality assets, obtained and developed leading technologies, promoted greater employee safety and welfare, and developed a strong management practice with a global outlook.

We are aligning talent on a global scale through an open and transparent method, promoting collaboration among international and local management and staff. Our mines around the world are overseen and run collectively by a seasoned management team and local specialists. This enables us to leverage our previous experiences our mines across the globe and implement region-specific innovations and practices guided by local experts.

Our Chief Executive Officer, Ms. Yi-fang Yang, has extensive managerial experience in the global mining industry, Hong Kong listed companies and capital markets generally. For example, Ms. Yang served as Head of the Business Development Department (October 2010 to October 2011) and later executive director and CEO (September 2011 to January 2013) of CST Mining Group Limited, a company previously listed on the Main Board of the Hong Kong Stock Exchange until December 2023 (stock code: 0985) (“**CST Mining**”), and between June 2018 to April 2020 she served as an executive director and president at Hengxing Gold Holding Company Limited (恆興黃金控股股份有限公司), a company previously listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2303) until it was acquired by Shandong Gold for around HK\$3 billion.

Illustrative of Ms. Yang’s entrepreneurial nature and prowess in skillful execution, she was a driving force in a series of major deals while at Zijin Mining and CST Mining, including (i) Zijin Mining’s investment of USD200 million in Glencore’s USD2.2 billion convertible bond issue, which formed part of Zijin Mining’s plan to “form a long-term strategic partnership with Glencore through the subscription”; and (ii) CST Mining’s sale of the Mina Justa Copper Project in Peru for USD505 million to a subsidiary of Minsur S.A. — one of the major mining transactions in that year; Minsur was at the time the world’s fourth largest tin producer and Peru’s largest tin miner by tonnage.

Furthermore, she has significant operational experience, including at mines in the PRC, CST Mining’s Lady Annie Copper Mine in Australia, where she stabilized the mine operation and turned around the mine from lossmaking to profitmaking, and Mina Justa Copper Project in Peru. In addition to the abovementioned positions, Ms. Yang’s distinguished managerial record includes serving in positions as chief executive officer of CST Mining, senior management positions in various group companies of Zijin Mining, including as the chairperson of Xiamen Zijin Tongguan Investment Development Company Limited (廈門紫金銅冠投資發展有限公司) and the director and general manager of Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司).

Since joining our Group, Ms. Yang has implemented a series of management and operational changes to strengthen our Company's cashflow management, internal control and corporate governance, and championed technological upgrades across our operations throughout the world to minimize costs, improve mine recovery rates, advance operational excellence, and improve employee health and safety. In adherence to our value to "benefit more people through the development of Chifeng Gold", Ms. Yang has also prioritised "best in class" health and safety standards and strengthened safety awareness for our staff across the world, promoted responsible mining, emphasized the need for a responsible and excellent supply chain that strives to deliver a cost-efficiency and sustainable operation, and implemented other ESG measures, such as promoting greater equality and inclusion, across our Group to strengthen the basis for our continued success and take us ever closer to be a prominent gold producer well recognized around the world.

Mr. Lyu Xiaozhao, our Executive Director, Vice President and Chief Engineer, has been a leading force within our Group. After successfully leading our Company's Major Asset Restructuring in 2012, he has successively served as a Director and General Manager of Jilong Mining from December 2012 to August 2018, the General Manager of our Company from December 2012 to February 2016, the Chairman of the Board of our Company from February 2016 to December 2019, the Deputy Chairman of the Board and Chief Executive Officer of our Group from December 2019 to January 2022 and the Co-chairman of the Board of our Company from January 2022 to September 2023, respectively. Mr. Lyu's business acumen, leadership skills and business development have been instrumental to help shape and develop our Group to its current heights.

Mr. Lyu has significant management experience leading listed and non-listed companies, including, in addition to his stellar record at our Company, successively serving as a Deputy Party Secretary, Executive Director, Deputy General Manager, and a member of the Strategic Committee of Lingbao Gold Group Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3330), from September 2002 to March 2011.

Mr. Lyu also serves in positions of trust, including as Vice President of the China Gold Association (中國黃金協會) since December 2019, Vice Director of the Mining Geology Professional Committee of the Geological Society of China (中國地質學會礦山地質專業委員會) since December 2011, a member of the National Technical Committee on Gold of Standardization Administration of China (全國黃金標準化技術委員會) since May 2008. Due to his managerial record, expertise and mining insight, Mr. Lyu is a sought-after keynote speaker for mining related conferences, including, for example, as the keynote speaker at the World Gold Technology Conference jointly organized by the China Gold Association, the Society for Mining, Metallurgy, and Exploration (SME) of the United States, the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM), the Australasian Institute of Mining and Metallurgy (AusIMM), and the South African Institute of Mining and Metallurgy (SAIMM).

To stay up to date with the latest research, developments and best practices within the mining industry and related businesses and to improve the quality of the decision-making process of our Company, our Board regularly connects with acknowledged professors, researchers and other scholars from top tier universities and research institutions.

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Since 2022, our Board has included four Independent Directors: two of which are well-known scholars from a top educational institution in China, and one of which is a senior professor specializing in geology, mining, and processing.

BUSINESS STRATEGIES

We aim to become a world-class gold mining company and we intend to implement the following business strategies to achieve our goal.

Continue to increase Ore Reserves through exploration activities and expand production volume at existing mines to realize our full growth potential

Our existing mines at home and abroad are situated in favorable mineralization environments, showcasing significant exploration prospects across the majority of the relevant mining regions. Therefore, we plan to further maximize the potential of our existing mines by continuous production expansion, further exploration and Reserve enhancement as set out below:

For Wulong Gold Mine, we have identified several areas of gold mineralisation in its mining area and its peripheral areas, a precursor of exploration and Reserve enhancement in its deep and peripheral areas. We are advancing multiple underground development projects at the Wulong Gold Mine to increase its annual processing capacity from 578,000 tonnes to approximately 700,000 tonnes by the end of 2024. The mine's average daily processing capacity increased to over 1,800 tonnes in the second half of 2023. We will continue investing in exploration and Reserve enhancement at the mine to tap into the potential of Resources in the deep and peripheral areas. We have also entered into cooperation framework agreement with China Geological Survey Bureau Shenyang Geological Survey Center, which is expected to strengthen the exploration foundation.

For the Jilong Gold Mine, we have undertaken drilling programs in both peripheral and deep areas, yielding promising results such as the discovery of industrial ore bodies in six drill holes. We have completed the 180,000-tonne gold ore processing plant expansion project and commenced trial production by June 2024. We plan to increase annual mining capacity to approximately 300,000 tonnes by the end of 2025. Additionally, we initiated construction of a new tailings storage facility in November 2023, with other construction projects progressing as planned. We have entered into a framework agreement with the Aohanqi Longxing Resources Development Company Limited, and this cooperation is expected to expand our exploration area.

For the Huatai Gold Mine, the expansion project is currently under construction and it will initiate a comprehensive transformation of the mine's infrastructure and the commencement of shaft engineering construction by the end of 2024. Infrastructure development is projected to be substantially finished by the end of 2026, with the Huatai Gold Mine gradually recommencing mining operations in 2026. Upon completion, we expect to increase the Huatai Gold Mine's annual mining capacity by an additional 30,000 tonnes.

For the Sepon Gold and Copper Mine, we will continue our further construction and production expansion plans for underground mines and proceed with the exploration in the peripheral areas of the mine. For example, the Sepon Gold and Copper Mine has commenced development system construction in its mining area since April 2022, which facilitates underground mining at 450 meters below the surface providing access to the deeper Mineral Resources. We are also conducting a series of research projects at the underground copper mine and open-pit copper mine to increase the gold and copper Reserves and further improve ore processing recovery rates.

In addition, we formed a joint venture with Xiamen Tungsten in September 2022 (with our equity interest being 51%) to synergize and strengthen our respective positions in rare earth Resource development in Laos. We believe our planned development of rare earth resources will bring another growth opportunity for our business.

For Wassa Gold Mine, we will further expand our mining and processing capacity, with a goal to develop the Wassa Gold Mine into a large-scale gold mine and expect to achieve (i) an annual processing capacity of approximately 3.3 million tonnes and (ii) an annual production of 350 koz gold by the end of 2028. Apart from that, we will also carry on our continued exploration of the peripheral areas of the Wassa Gold Mine for more Resources and Reserves as well as a longer mine life.

For more details, please see “— Development and Expansion”.

Continue to obtain Resources and Reserves and increase production volume through domestic and overseas acquisitions of high-quality gold assets for robust and sustainable growth

We believe one of the core competitive strengths in the gold industry is the ability to continuously obtain high-quality Resources and Reserves. According to Frost & Sullivan, we ranked fifth among gold producers in the PRC in terms of gold Resources and have gold Resources of 13.6 million oz as of December 31, 2023. Furthermore, we ranked fifth among gold producers in China in terms of gold production, with gold production of 461.5 koz, representing 3.8% market share, in 2023. We will seek to source further high-quality assets and will remain focused on both domestic and overseas quality assets to keep expanding the scale of our Resources and gold production, and further consolidate and strengthen our market position.

The following factors are considered in our assessment of potential acquisitions:

- Asset quality and production volume: Asset quality is the primary factor for consideration in potential merger and acquisition transactions. Close attention will be paid to high-quality assets, i.e., those with large Resources, high grade, high production volume and low production cost;

- Asset location: Preferably countries or regions such as Oceania, West Africa, Eastern and Northern Europe, Central Asia, with stable political and economic landscape and relatively low risks;
- Stages of assets: To proactively manage the risk associated with acquisitions, we focus on open-pit producing assets or brownfield projects nearing production; and
- Equity stake of assets: We seek strategic investment prospects, focusing on opportunities to acquire controlling shareholdings of the target asset.

At the same time, we intend to persist in acquiring further cutting-edge, international technologies and mining management techniques, operational models, and global talent through overseas acquisitions for our long-term growth. We actively implement international strategies and progressively infuse ESG principles into all facets of our mining production and operations across the world. We consistently aim to adhere to relevant global industry standards and optimum practices in our overseas mines and move towards standardized integration in our domestic mines. As a prominent national gold enterprise in China, we joined the Shanghai Gold Exchange as a full-fledged member in 2023. Our efforts have been acknowledged with multiple national accolades and awards for promoting mining safety, environmental conservation and sustainable development.

Continue to improve productivity, reduce cost and enhance profitability

With the current industry trend of increasing overall costs in the gold mining sector and the scarcity of high-grade Mineral Resources, we recognize the critical importance of enhancing operational efficiency, cutting expenses, and boosting profitability for our long-term sustainability. Our strategy involves ongoing exploration of innovative technologies, along with a dedicated focus on cost-cutting measures such as centralized procurement, organizational streamlining, workforce optimization, and detailed assessment of gold production and pricing strategies.

To further drive cost efficiencies, we have adopted global centralized procurement center in Shanghai for our mines both domestically and internationally. Through such centralized procurement and resource optimization, we aim to effectively control and reduce procurement costs securing low prices and favorable contractual terms. In 2023, our global procurement center entered into certain framework agreements facilitated bidding processes for 41 projects, spanning critical price terms construction, equipment, services, and bulk material acquisitions essential for exploration, mining, and processing operations.

In addition, we intend to consistently apply tailored strategies based on the specific circumstances of each mine to enhance efficiency and reduce costs. We plan to continue research on processing technologies to optimize Resource utilisation. For instance, at the Sepon Gold and Copper Mine in Laos, we applied a new regrinding ball mill, tested waste rejection techniques and adopted resin instead of activated carbon, all showing great potential to elevate recovery rates and cut costs.

Beyond cost reduction efforts, we are dedicated to optimizing operational effectiveness. In particular, post-acquisition of new assets we will seek to optimize the corporate framework to lower administrative expenses and identify additional cost-saving methods. For example, detailed budget and capital management strategies have already resulted in significant enhancements. Recent steps, such as stringent cost controls through organizational restructuring and trimming non-essential positions, underscore our dedication to prudent financial stewardship and the enduring success of our business.

Adhere to our culture of “Mutual Prosperity and Development” to ensure strong motivation for the management team and employees

We firmly believe that highly efficient systems and mechanisms are key factors for continuous business growth and success in the global gold mining industry. The corporate culture of “Mutual Prosperity and Development” will be valued and put into action.

In 2023, we implemented the third phase of share repurchases, with the repurchase amount of RMB220 million as of December 31, 2023. The repurchased shares will be used for equity incentive plans or employee share ownership plans. This is anticipated to strengthen our employees’ loyalty and dedication and, foster a more cohesive work environment. In the future, our equity incentives will be more inclusive by offering equity or phantom stock incentives to both domestic and overseas teams and further increase the management team’s shareholding. The implementation of equity incentive schemes is poised to enhance employee engagement and performance, aligning individual goals with organizational objectives.

Continue to improve our ESG governance and enhance our standards of environmental protection, safety, social responsibility and corporate governance

We will constantly consider the environment, the safety and care of our people and communities, and our social responsibilities as key targets in our corporate development activities, including the following:

We are committed to energy saving and emissions reduction. Overall, we are transitioning to cleaner, more efficient energy sources for our mining activities. As part of our commitment to emissions reduction, we are currently evaluating the potential of renewable energy sources for our operations. We are exploring various options for renewable energy projects with an aim to achieve a 30% reduction in greenhouse gas emission intensity by 2030. We have opted for energy-efficient and eco-friendly machinery for all newly constructed ore processing plant areas and are progressively upgrading high-energy-consuming equipment at the existing operational sites. In particular, the Jilong Gold Mine is planning to build a 10-megawatt solar power plant and expects to have the full capacity installed and ready for commercial operation by the end of 2025. Concurrently, the Wulong Gold Mine, Sepon Gold and Copper Mine, and Wassa Gold Mine are also actively strategizing the development of their renewable energy systems, thereby bolstering our renewable energy utilisation capabilities. Moving forward, we

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aim to expedite the advancement of new energy infrastructure, actively participate in low-carbon transitions, systematically and gradually phase out fossil fuels through diverse clean energy blends and accomplish our transition to substantial decarbonization.

We aim to promote green mining and land rehabilitation throughout our global operation. For instance, we are committed to our Golden Star Oil Palm Project in Ghana, through which we contribute to post-mining environmental restoration and support the Sustainable Development Goals adopted by the United Nations. By December 31, 2023, we had grown more than 140,000 oil palm trees in ten different communities covering more than 1,000 hectares of land. We will continue to fund the Golden Star Oil Palm Project through our contribution of US\$1 per oz of gold produced. We will also continue to undertake biodiversity conservation activities in Ghana.

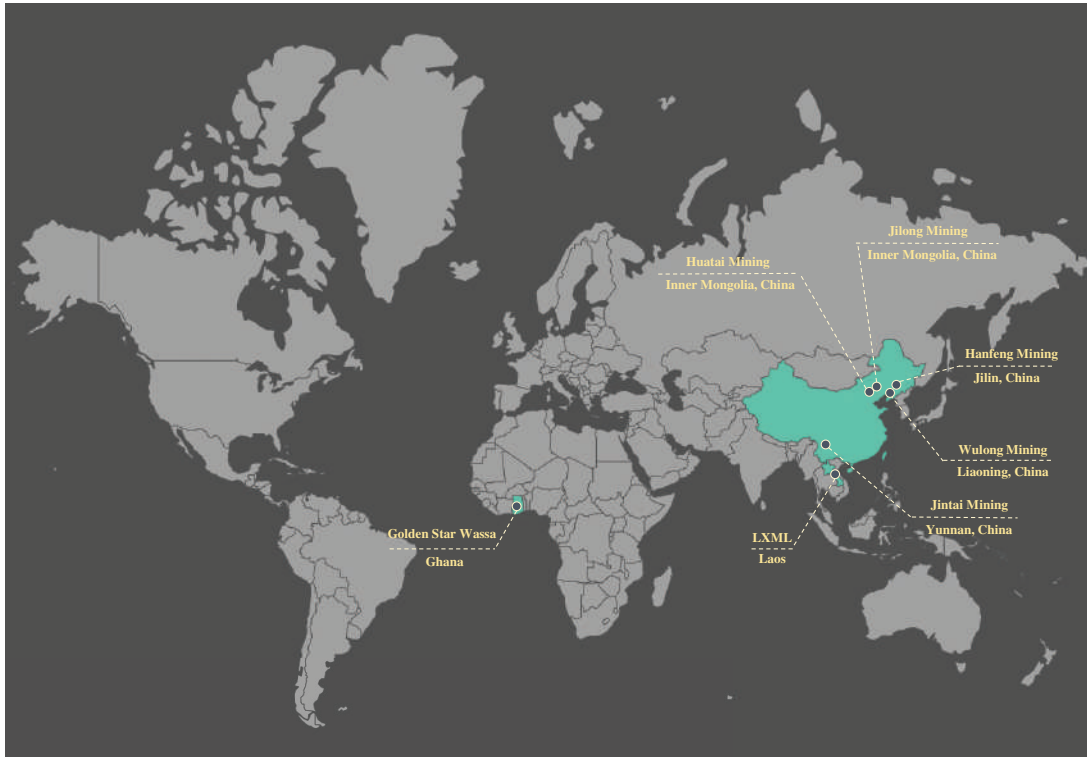
- We will further enhance our waste management capability. We are dedicated to minimizing the environmental impact of our operations, including the safe and comprehensive utilisation of tailings. To this end, we utilize decyanide technology for the harmless treatment of tailings, while adopting a dry discharge method for domestic mine tailings slag. We also aim to reduce the amount of tailings in stockpiles, and repurpose them as filling materials for mine geological environment management and road subgrade materials where feasible. In addition, we take proactive measures to minimize the impact of tailings on the environment, including covering tailings discharged into the tailings pond with soil, planting grass for greening, and conducting ongoing monitoring of groundwater, soil, and solid waste either internally or by enlisting the expertise of third-party specialists.
- We will continue to provide economic benefits and supports to local communities. We seek to contribute to host communities through economic upliftment, by contributing to community development funds, paying our fair share of taxes and prioritizing local recruitment, as well as by supporting local vendors through procurement and training.

BUSINESS MODEL

We are a fast-growing, international gold producer mainly engaged in the mining, processing and sales. As of the date this Prospectus, we conducted our gold mining business through: (i) four subsidiaries in the PRC, namely Wulong Mining, Jilong Mining, Huatai Mining and Jintai Mining; (ii) one subsidiary in Laos, namely LXML; and (iii) one subsidiary in Ghana, namely GSWL. In addition, we engaged in exploration, mining, processing and sales of other Mineral Resources, which mainly include (i) non-ferrous metals produced by our PRC subsidiary, Hanfeng Mining, (ii) copper cathodes produced by LXML. Aside from our main business above, we engaged in recycling of waste electronic products and electrical appliances business through our PRC subsidiary, Guangyuan Technology.

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Set forth below is an illustration of geographic coverage of our operation, including key subsidiaries and mine locations, as of the Latest Practicable Date.



Our gold production business produces doré, gold concentrate powder and gold-loaded carbon with different gold content. Our gold production experienced rapid growth during the Track Record Period, with total gold production volume of approximately 260.2 koz, 436.2 koz, 461.5 koz and 345.6 koz, respectively. According to Frost & Sullivan, we ranked first among the top five gold producers in China, in terms of gold production growth rate from 2021 to 2023, during which period our gold production grew with a CAGR of 33.1%.



Our doré product

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In terms of our other Mineral Resources business, the non-ferrous metals we mine through the Hanfeng Polymetallic Mine are processed into a wide range of products including (i) zinc concentrate powder, (ii) lead concentrate powder (containing silver), (iii) copper concentrate powder, (containing silver) and (iv) molybdenum concentrate powder. We also produce copper cathode in Laos through the Sepon Gold and Copper Mine. In addition, as Laos possesses abundant rare earth Resources, we have leveraged our established infrastructure and technologies to expand rare earth business in Laos.

Mineral Resources and Reserves

Independent Report

We engaged SRK Consulting (China) Ltd., an Independent Third Party and an international consulting company that offers advice and solutions to resource industries for mining projects, as the Independent Technical Consultant, to prepare the Competent Person's Report as set out in Appendix IIIA-IIID to this Prospectus, which is an independent assessment and evaluation of our Mineral Resources and Ore Reserves as of September 30, 2024.

The information set forth below relating to our Mineral Resources and Ore Reserves constitutes forward looking information, which is subject to certain risks and uncertainties. Please refer to "Risk Factors" and "Forward-Looking Statements" for details.

According to the Independent Technical Consultant, except for the expected addition of two new areas of mineralisation at the Jintai Gold Mine, there was no material change in the Competent Person's Report or our Mineral Resources and Ore Reserves estimate since September 30, 2024, being the effective date of our Mineral Resources and Ore Reserves estimate, and up to the date of this Prospectus.

Our Mineral Resources and Ore Reserves in China

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Resources in the PRC as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u>	<u>Au Grade</u>	<u>Au Metal Contained</u>	<u>Au Metal Contained</u>
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine. .	Measured	—	—	—	—
	Indicated	1,261	8.17	332	10.30
	Inferred	1,738	7.21	402	12.53
	Total	2,999	7.61	734	22.83

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Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Jilong Gold Mine . . .	Measured	484	12.19	190	5.90
	Indicated	424	9.25	126	3.92
	Inferred	508	9.24	151	4.70
	Total	1,415	10.25	467	14.51
Huatai Gold Mine . .	Measured	385	5.88	73	2.27
	Indicated	2,146	7.27	502	15.60
	Inferred	1,281	6.90	284	8.83
	Total	3,812	7.01	859	26.71
Jintai Gold Mine . . .	Measured	3,363	1.68	181	5.64
	Indicated	4,604	1.02	151	4.70
	Inferred	2,699	1.29	112	3.49
	Total	10,666	1.30	444	13.82
Total					
consolidated	Measured	4,232	3.26	444	13.80
	Indicated	8,435	4.09	1,110	34.52
	Inferred	6,226	4.75	949	29.55
	Total	18,893	4.12	2,503	77.87

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Mineral Resources for Wulong Gold Mine are estimated to be about 2,999 thousand tonnes with an average Au grade of 7.61 g/t, including approximately 1,261 thousand tonnes of Indicated Mineral Resources with an average Au grade of 8.17 g/t, and 1,738 thousand tonnes of Inferred Mineral Resources with an average Au grade of 7.21 g/t. The Mineral Resources for Jilong Gold Mine are estimated to be about 1,415 thousand tonnes with an average Au grade of 10.25 g/t, including approximately 484 thousand tonnes of Measured Mineral Resources with an average Au grade of 12.19 g/t, 424 thousand tonnes of Indicated Mineral Resources with an average Au grade of 9.25 g/t, 508 thousand tonnes of Inferred Mineral Resources with an average Au grade of 9.24 g/t. The Mineral Resources for Huatai Gold Mine are estimated to be about 3,812 thousand tonnes with an average Au grade of 7.01 g/t, including approximately 385 thousand tonnes of Measured Mineral Resources with an average Au grade of 5.88g/t, 2,146 thousand tonnes of Indicated Mineral Resources with an average Au grade of 7.27 g/t, 1,281 thousand tonnes of Inferred Mineral Resources with an average Au grade of 6.90 g/t. The Mineral Resources for Jintai Gold Mine are estimated to be about 10,666 thousand tonnes with an average Au grade of 1.30 g/t,

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including approximately 3,363 thousand tonnes of Measured Mineral Resources with an average Au grade of 1.68 g/t, 4,604 thousand tonnes of Indicated Mineral Resources with an average Au grade of 1.02 g/t, 2,699 thousand tonnes of Inferred Mineral Resources with an average Au grade of 1.29 g/t.

As of September 30, 2024, the Mineral Resources for our PRC Mines are estimated to be about 18,893 thousand tonnes with an average Au grade of 4.12 g/t, including approximately 4,232 thousand tonnes of Measured Mineral Resources with an average Au grade of 3.26 g/t, 8,435 thousand tonnes of Indicated Mineral Resources with an average Au grade of 4.09 g/t, 6,226 thousand tonnes of Inferred Mineral Resources with an average Au grade of 4.75 g/t.

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Reserves in the PRC as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine . .	Proved	—	—	—	—
	Probable	984	7.30	231	7.19
	Total	984	7.30	231	7.19
Jilong Gold Mine . . .	Proved	510	9.81	161	5.00
	Probable	409	7.38	97	3.02
	Total	919	8.73	258	8.02
Huatai Gold Mine . .	Proved	226	5.21	38	1.18
	Probable	1,468	6.35	300	9.32
	Total	1,694	6.20	338	10.50
Jintai Gold Mine . . .	Proved	—	—	—	—
	Probable	1,370	0.75	33	1.03
	Total	1,370	0.75	33	1.03
Total					
consolidated	Proved	736	8.40	199	6.18
	Probable	4,231	4.86	661	20.55
	Total	4,967	5.38	860	26.73

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

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As of September 30, 2024, the Probable Ore Reserves for Wulong Gold Mine are about 984 thousand tonnes with an average Au grade of 7.30 g/t. The Ore Reserves for Jinlong Gold Mine are about 919 thousand tonnes with an average Au grade of 8.73 g/t, of which 510 thousand tonnes are Proved Ore Reserves with an average Au grade of 9.81 g/t, and 409 thousand tonnes are Probable Ore Reserves with an average Au grade of 7.38 g/t. The Ore Reserves for Huatai Gold Mine are about 1,694 thousand tonnes with an average Au grade of 6.20 g/t, of which 226 thousand tonnes are Proved Ore Reserves with an average Au grade of 5.21 g/t, and 1,468 thousand tonnes are Probable Ore Reserves with an average Au grade of 6.35 g/t. The Probable Ore Reserves for Jintai Gold Mine are about 1,370 thousand tonnes with an average Au grade of 0.75 g/t.

As of September 30, 2024, the Ore Reserves for PRC Mines are about 4,967 thousand tonnes with an average Au grade of 5.38 g/t, of which 736 thousand tonnes are Proved Ore Reserves with an average Au grade of 8.40 g/t, and 4,231 thousand tonnes are Probable Ore Reserves with an average Au grade of 4.86 g/t.

Our Mineral Resources and Ore Reserves in Laos and Ghana

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Resources in Laos and Ghana as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Sefon Gold and Copper Mine – Gold	Measured	276	7.98	71	2.21
	Indicated	7,220	4.13	958	29.80
	Inferred	6,002	3.67	707	22.00
	Total	13,498	4.00	1,736	54.01
Wassa Gold Mine . .	Measured	6,754	2.97	646	20.08
	Indicated	9,984	3.13	1,004	31.24
	Inferred	60,893	3.38	6,609	205.53
	Total	77,631	3.31	8,258	256.85
Total consolidated .	Measured	7,031	3.17	717	22.29
	Indicated	17,203	3.55	1,962	61.03
	Inferred	66,895	3.40	7,316	227.54
	Total	91,129	3.41	9,995	310.86

Notes:

- As to the Sefon Gold and Copper Mine and Wassa Gold Mine, the Mineral Resources include the resources from open-pit, underground and stockpile.
- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

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As of September 30, 2024, the Mineral Resources for Sepon Gold and Copper Mine are estimated to be about 13,498 thousand tonnes with an average Au grade of 4.00 g/t, including approximately 276 thousand tonnes of Measured Mineral Resources with an average Au grade of 7.98 g/t, 7,220 thousand tonnes of Indicated Mineral Resources with an average Au grade of 4.13g/t, 6,002 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.67 g/t. The Mineral Resources for Wassa Gold Mine are estimated to be about 77,631 thousand tonnes with an average Au grade of 3.31 g/t, including approximately 6,754 thousand tonnes of Measured Mineral Resources with an average Au grade of 2.97 g/t, 9,984 thousand tonnes of Indicated Mineral Resources with an average Au grade of 3.13g/t, 60,893 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.38 g/t.

As of September 30, 2024, the Mineral Resources for our overseas mines are estimated to be about 91,129 thousand tonnes with an average Au grade of 3.41 g/t, including approximately 7,031 thousand tonnes of Measured Mineral Resources with an average Au grade of 3.17 g/t, 17,203 thousand tonnes of Indicated Mineral Resources with an average Au grade of 3.55 g/t, 66,895 thousand tonnes of Inferred Mineral Resources with an average Au grade of 3.40 g/t.

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Reserves in Laos and Ghana as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Sepon Gold and Copper Mine – Gold	Proved	268	4.70	41	1.26
	Probable	7,628	3.05	749	23.30
	Total	7,896	3.11	790	24.56
Wassa Gold Mine . . .	Proved	3,521	2.14	242	7.53
	Probable	5,291	2.12	360	11.19
	Stockpile	30	1.33	1.27	0.04
	Total	8,842	2.12	603	18.76
Total consolidated .	Proved	3,790	2.32	283	8.79
	Probable	12,918	2.67	1,109	34.49
	Stockpile	30	1.33	1.27	0.04
	Total	16,738	2.59	1,393	43.32

Notes:

- As to the Sepon Gold and Copper Mine and Wassa Gold Mine, the Ore Reserves include the ore from open pit, underground and stockpile.
- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

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As of September 30, 2024, the Ore Reserves for Sepon Gold and Copper Mine are about 7,896 thousand tonnes with an average Au grade of 3.11 g/t, of which 268 thousand tonnes are Proved Ore Reserves with an average Au grade of 4.70 g/t, and 7,628 thousand tonnes are Probable Ore Reserves with an average Au grade of 3.05 g/t. The Ore Reserves for Wassa Gold Mine are about 8,842 thousand tonnes with an average Au grade of 2.12 g/t, of which 3,521 thousand tonnes are Proved Ore Reserves with an average Au grade of 2.14 g/t, 5,291 thousand tonnes are Probable Ore Reserves with an average Au grade of 2.12 g/t, and 30 thousand tonnes are Stockpile with an average Au grade of 1.33 g/t.

As of September 30, 2024, the Ore Reserves for our overseas mines are about 16,738 thousand tonnes with an average Au grade of 2.59 g/t, of which 3,790 thousand tonnes are Proved Ore Reserves with an average Au grade of 2.32 g/t, 12,918 thousand tonnes are Probable Ore Reserves with an average Au grade of 2.67 g/t, and 30 thousand tonnes are Stockpile with an average Au grade of 1.33 g/t.

Our Other Mineral Resources and Ore Reserves in the PRC

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our non-ferrous metal Resources in the PRC conducted at subsidiary, Hanfeng Mining, which owns two mining areas, namely Lishan Mining Area and Dongfeng Mining Area, as of September 30, 2024:

Category	Lishan Mining Area							Dongfeng Mining Area		
	Tonnage	Zn Grade	Zn Metal Contained	Cu Grade	Cu Metal Contained	Pb Grade	Pb Metal Contained	Tonnage	Mo Grade	Mo Metal Contained
	(kt)	%	(kt)	%	(kt)	%	(kt)	(kt)	%	(kt)
Measured	752	2.36	18	—	—	0.12	1	1,819	0.11	2
Indicated	8,583	2.66	229	0.07	6	0.12	10	26,495	0.12	32
Inferred	10,616	2.90	308	0.09	10	0.13	14	37,053	0.12	45
Total	19,951	2.78	554	0.08	16	0.13	25	65,367	0.12	79

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

BUSINESS

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our non-ferrous metal Reserves in the PRC conducted at subsidiary, Hanfeng Mining, which owns two mining areas, namely Lishan Mining Area and Dongfeng Mining Area, as of September 30, 2024:

Category	Lishan Mining Area		
	Tonnage	Zn Grade	Zn Metal Contained
	(kt)	(%)	(kt)
Proved	390	2.26	9
Probable	2,920	2.47	72
Total	3,310	2.45	81

Notes:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.
- It should be noted that only the Lishan Lower Part (Stage 1) is included in the Ore Reserves, as there are insufficient technical studies regarding the Lishan Lower Part (Stage 2) and the Dongfeng Lower Part. In order to classify as Proved or Probable Ore Reserve category, technical studies need to be completed to at least a PFS level with an appraisal of how access would be achieved, mining methodology (including extraction and dilution factors), the geotechnical understanding as well as ventilation. Along with the technical understanding and extraction achievability, the economics of each area needs to be proved, i.e. with the application of Capex and Opex, is it economic to mine, cash flow positive.

Our Mineral Resources and Ore Reserves in Laos

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our copper Resources in Laos conducted at our subsidiary, LXML, as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Cu Grade	Cu Metal Contained
		(kt)	(%)	(kt)
Sepon Gold and Copper	Measured	—	—	—
Mine – Copper	Indicated	4,416	1.45	64
	Inferred	2,078	0.98	20
	Total	6,493	1.30	85

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

BUSINESS

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our copper Reserves in Laos conducted at our subsidiary, LXML, as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u>	<u>Cu Grade</u>	<u>Cu Metal Contained</u>
		<i>(kt)</i>	<i>(%)</i>	<i>(kt)</i>
Sepon Gold and Copper	Proved	—	—	—
Mine – Copper	Probable	<u>1,185</u>	<u>0.93</u>	<u>11.05</u>
	Total	<u><u>1,185</u></u>	<u><u>0.93</u></u>	<u><u>11.05</u></u>

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

Our Gold Production Volume

The following table sets forth our ore mined volume, ore processed volume and mine production volume in relation to our gold mining businesses for the periods indicated:

	Year Ended December 31,										Nine Months Ended September 30,									
	2021					2022					2023					2024				
	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation ¹ Rate
	(kt)	(kt)	(koz)	(kt/d)		(kt)	(kt)	(koz)	(kt/d)		(kt)	(kt)	(koz)	(kt/d)		(kt)	(kt)	(koz)	(kt/d)	
Wulong Gold Mine ⁶	333	383	28.0	400	96%	389	423	43.8	1,000	42%	577	578	59.2	1,000	58%	444	441	40.3	750	53%
Jilong Gold Mine ^{1, 6}	138	146	34.3	120	122%	153	156	29.5	120	130%	155	155	44.7	120	129%	110	112	31.2	90	124%
Huatai Gold Mine ^{2, 6}	56	60	4.9	60	100%	18	19	1.3	60	32%	1	2	0.5	60	3%	1	2	1.5	45	4%
Jintai Gold Mine ³	-	-	-	-	-	-	-	-	140	88%	-	-	-	-	-	459	459	6.6	360	100%
Sepon Gold and Copper Mine-Gold ^{4, 6}	4,237	3,407	193.0	3,800	90%	3,794	3,792	199.5	3,800	100%	2,790	3,085	193.2	3,800	81%	1,787	2,457	140.9	2,850	86%
Wassa Gold Mine ^{5, 6}	-	-	-	-	-	2,024	1,969	162.1	2,700	73%	2,530	2,551	161.5	2,700	94%	1,920	1,850	116.1	2,025	91%
Total	4,814	3,996	260.2	4,380	91%	6,378	6,359	436.2	7,680	83%	6,175	6,493	461.5	7,820	83%	4,262	4,822	330.0	5,760	84%
	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==

Notes:

- Utilization rate is calculated by dividing the amount of ore processed by the processing capacity. For some of the periods, the utilisation rate were over 100%. This was mainly because the relevant processing plants actually operated for more days than the planned schedule as the annual maintenance work took less than the anticipated time.
- The ore mined, ore processed, gold production, processing capacity and utilisation rate of Huatai Gold Mine began to decline since 2021. This is mainly because the technical renovation and expansion project of Huatai Gold Mine commenced in 2021. Since then, the production of Huatai Gold Mine gradually declined due to the impact from the engineering upgrades. For more details regarding the year-to-year comparison of the gold production volume, please refer to “Our Gold Production Business in China — Overview — Operation Performance”.

3. In January 2023, we completed the acquisition of a 51% equity interest in Xinhenghe Mining, which in turn directly holds a 90% equity interest in Jintai Mining, which runs Jintai Gold Mine, and we began consolidating the accounts of Jintai Mining from January 31, 2023. As such, ore mined volume, ore processed volume and mine production volume of the Jintai Gold Mine prior to January 31, 2023 was not included in our Group. For more details, please see “Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Xinhenghe Mining.”
4. The volume of the ore mined of Sepon Gold and Copper Mine declined over the Track Record Period, mainly because we were upgrading the mining systems of Sepon Gold and Copper Mine to enhance the capacity, which affected the mining operations, and we have utilised part of the ore inventory which were mined in past periods. The volume of ore processed decreased as Sepon Gold and Copper Mine started underground mining in 2023 and the underground operation provides higher grade ore but with smaller volume. For more details regarding the year-to-year comparison of the gold production volume, please refer to “— Our Gold Production Business in Laos — Overview — Operation Performance”.
5. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, ore mined volume, ore processed volume and mine production volume of the Wassa Gold Mine prior to February 1, 2022 was not included in our Group. For more details, please see “Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources.”
6. For some of the years, the volume of “ore processed” was higher than the volume of “ore mined.” This was mainly because some of the ore mined during the previous year was kept as inventory and was processed in the following year which added up to the aggregated amount of the “ore processed” for that year.

BUSINESS

Our Gold Operating Costs

Our operational efficiency enhancement surpassed the worldwide industry average by a notable margin and we positioned lower in terms of gold AISC than that of the global average. As of December 31, 2023, our gold AISC stood at only US\$1,179.1 per ounce, placing us in the first quartile in the worldwide industry, while the global average for the same period was approximately US\$1,348.5, or 14.4% higher than that of ours. In 2023, we decreased our gold AISC by 12.0%, whereas the average AISC for international gold producers increased by 7.2% during the same period. Set forth below is our gold AISC and the global average for the periods indicated:

	Year Ended December 31,		Changes from Year Ended December 31, 2022 to Year Ended December 31, 2023	Nine Months Ended September 30, 2024
	2022	2023		
	US\$/ounce		%	US\$/ounce
PRC Gold Mines	1,205.7	877.4	(27.2)	1,008.5
Sepon Gold and Copper				
Mine	1,476.9	1,330.0	(9.9)	1,408.3
Wassa Gold				
Mine	1,371.2	1,197.1	(12.7)	1,240.8
Our Group	1,340.0	1,179.1	(12)	1,249.2
Global Average	1,258.1	1,348.5	7.2	1,498.8

Note:

1. Company started to make voluntary disclosure of AISC since the year of 2022, in align with global industrial reporting practice.

The global average AISC has increased from US\$1,348.5/ounce for the year ended December 31, 2023 to US\$1,498.8/ounce for the nine months ended September 30, 2024. This was primarily due to the ongoing rise in labor costs globally. In addition, driven by the rising gold price, gold mining companies started to process lower-grade ores which led to higher mining costs.

The AISC of our Group increased from US\$1,179.1/ounce for the year ended December 31, 2023 to US\$1,249.2/ounce for the nine months ended September 30, 2024. This was mainly because (i) the production volume of LXML for the third quarter of 2024 fell short of our expectations due to the impact of typhoons and floods, resulting in an inability to spread labor and depreciation costs; and (ii) labor costs and raw materials costs increased driven by global inflation.

BUSINESS

Our Other Mineral Resources Production Volume

The following table sets forth the ore mined volume, ore processed volume and mine production volume in relation to our other Mineral Resources businesses for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2024
	2021	2022	2023	2023	2024
	(kt)	(kt)	(kt)	(kt)	(kt)
Ore Mined					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	510	502	457	247	549
Sepon Gold and Copper Mine – Copper cathodes ¹	149	–	–	–	–
Ore Processed					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	506	579	434	220	534
Sepon Gold and Copper Mine – Copper cathodes.	255	772	1,105	802	843
Processing Capacity					
Hanfeng Polymetallic Mine					
– Polymetallic metals . .	660	660	660	500	675
Sepon Gold and Copper Mine – Copper cathodes ¹	260	800	1,150	850	850
Utilisation Rate²					
Hanfeng Polymetallic Mine					
– Polymetallic metals . . .	77%	88%	66%	44%	79%
Sepon Gold and Copper Mine – Copper cathodes.	98%	97%	96%	94%	99%
Production Volume					
Hanfeng Polymetallic Mine					
<i>Zinc concentrate</i>					
<i>powder</i>	19.93	22.04	11.29	5.55	10.18
<i>Lead concentrate</i>					
<i>powder</i>	3.48	3.31	2.72	1.43	2.63
<i>Copper concentrate</i>					
<i>powder</i>	2.93	2.05	1.44	0.63	1.19
<i>Molybdenum concentrate</i>					
<i>powder</i> ³	–	0.04	0.21	0.07	0.49
Sepon Gold and Copper Mine – Copper cathodes.	5.02	6.43	6.49	4.94	4.03

BUSINESS

Notes:

1. The ore mined volume for the Sepon Gold and Copper Mine's copper mine dropped to zero in 2022, because the Sepon Gold and Copper Mine resumed gold production in 2020, while only keeping a small portion of processing capacity for its copper business since then. For the reason behind the halt in gold production at the copper mine of the Sepon Gold and Copper Mine, please refer to "Business — Our Gold Production Business in Laos — Overview." As of the Latest Practicable Date, the Sepon Gold and Copper Mine did not have any active copper mining projects while only processed the ore from its stockpile.
2. Utilization rate is calculated by dividing the amount of ore processed by the processing capacity. This was because the relevant processing plants actually operated for more days than the planned schedule as the annual maintenance work took less than the anticipated time.
3. There was no molybdenum production volume for the year of 2021, mainly because the Dongfeng Mine was conducting exploration and had not yet initiated molybdenum mining activities.

Our Revenue Breakdown

During the Track Record Period, we generated revenue from the PRC, Laos and Ghana. The following table sets forth a breakdown of our revenue by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended	
	2021		2022		2023		September 30, 2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
PRC	1,259,688	33.3	1,477,471	23.5	2,026,833	28.1	1,793,374	28.8
Laos	2,522,936	66.7	2,998,740	47.9	3,054,614	42.3	2,327,466	37.4
Ghana . . .	—	—	1,790,576	28.6	2,139,505	29.6	2,101,991	33.8
Total . . .	<u>3,782,624</u>	<u>100.0</u>	<u>6,266,787</u>	<u>100.0</u>	<u>7,220,952</u>	<u>100.0</u>	<u>6,222,831</u>	<u>100.0</u>

Notes:

1. Our revenue in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the revenue of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see "Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources".
2. Our gold products are sold globally. Our major clients are refineries primarily located in PRC, Thailand, Australia, Singapore, South Africa and Ghana.

BUSINESS

During the Track Record Period, we generated our revenue primarily from gold mining, other Mineral Resources and other businesses. The following table sets forth the breakdown of our revenue by business segments for the periods indicated:

	Year Ended December 31,						Nine Months Ended	
	2021		2022		2023		September 30, 2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Gold								
mining.	2,968,694	78.5	5,304,729	84.6	6,322,263	87.6	5,561,259	89.4
Other								
Mineral								
Resources.	551,278	14.6	650,206	10.4	495,752	6.9	454,130	7.3
Others . . .	262,652	6.9	311,852	5.0	402,937	5.5	207,442	3.3
Total . . .	<u>3,782,624</u>	<u>100.0</u>	<u>6,266,787</u>	<u>100.0</u>	<u>7,220,952</u>	<u>100.0</u>	<u>6,222,831</u>	<u>100.0</u>

Note:

1. "Others" primarily comprised recycling of waste electronic products and electrical appliances business conducted through Guangyuan Technology.

OUR GOLD PRODUCTION BUSINESS IN CHINA

Overview

We have four subsidiaries conducting gold production business in the PRC, namely Wulong Mining, Jilong Mining, Huatai Mining and Jintai Mining.

Wulong Mining

Wulong Mining was established in April 2008 and was 100% acquired by us in November 2013. The mining areas of the Wulong Gold Mine are located at Zhen An District, Dandong City, Liaoning Province. The Wulong Gold Mine has three active underground mining areas. As of the Latest Practicable Date, Wulong Mining held one valid mining license which covered an area of approximately 6.27 km² and two valid exploration permits which covered an area of approximately 4.49 km². The major product of the Wulong Gold Mine is gold concentrate powder with gold content of 50g/t and more.

Development and Expansion

Wulong Gold Mine has identified several gold mineralised areas in its mining area and its peripheral areas, a precursor of exploration and Reserve enhancement in its deep and peripheral areas. It is advancing multiple underground development projects to increase its annual processing capacity from 578,000 tonnes to approximately 700,000 tonnes by the end of 2024. The mine's average daily processing capacity increased to over 1,800 tonnes in the second half of 2023. It will continue to invest in exploration and Reserve enhancement at the mine to tap into the potential of Resources in the deep and peripheral areas.

In addition, Wulong Mining has participated in certain research projects. Wulong Gold Mine is in the southwest of Liaodong — Jinan polymetallic metallogenic gold belt and is the key research mine for the “Liaodong — Tonghua Ultra-large Gold Metallogenic Belt” (“遼東—通化金超大型成礦帶”) national project. As such, the Wulong Gold Mine was designated as a key target area for exploration as well as a strategic gold production base on a national level by the 21st Century Agenda Management Centre of the Ministry of Science and Technology (科學技術部21世紀議程管理中心) of the PRC.

To better evaluate the Resources of the Wulong Gold Mine, in July 2016, Wulong Mining participated in the national key research and development program of “Three-dimensional Structure and Ore Formation Prediction of Complex Ore Formation System in Liaodong” (遼東複雜成礦系統三維結構與成礦預測) initiated by the Ministry of Science and Technology of the PRC and led by the Institute of Geology and Geophysics of the Chinese Academy of Science (中國科學院地質與地球物理研究所).

In August 2018, Wulong Mining participated in the downstream project of “Demonstration of Prediction and Deep Exploration of Gold Polymetallic Ore in the Important Mineralised Zone of North China Kraton Liaodong/Jiaodong” (華北克拉通遼東/膠東重要成礦區帶金多金屬礦深部預測及勘查示範) led by the Development Research Centre of the China Geological Survey (中國地質調查局發展研究中心) in order to research the relevant mining area of the Wulong Gold Mine. A 3,000 meters in-depth drilling project at the Wulong Gold Mine was undertaken in May 2021, which was the first deep-hole drill for non-coal solid minerals in Northeast China. This project resulted in the discovery of four gold mineralisation areas, three gold mineralization bodies, two zinc mineralisation areas and one zinc mineralized body. In response to these findings, we have increased investments in the Wulong Gold Mine and implemented a technical transformation of the mine engineering in order to carry out a strategic expansion of the scale of the mine. We have also entered into Cooperation framework agreement with China Geological Survey Bureau Shenyang Geological Survey Center, which is expected to strengthen our exploration foundation.

Jilong Mining

Jilong Mining was established in October 2005, and it acquired 100% interest in the Jilong Gold Mine (also known as Zhuanshanzi Gold Mine (撰山子金礦)) from the state authorities of the PRC. The mining areas of the Jilong Gold Mine are located at Sidaowanzi Town, Aohan County, Chifeng City, Inner Mongolia Autonomous Region. The Jilong Gold Mine has three active underground mining areas. According to Frost & Sullivan, the Zhuanshanzi mining area is located on one of the most important major gold metallogenic belts in China with high grade ores. As of the Latest Practicable Date, Jilong Mining held two valid mining licenses and one valid exploration permit, which covered an aggregate area of approximately 17.7 km² and 3.8 km². The major product of the Jilong Gold Mine is doré with gold content of over 80%.

Development and Expansion

The Jilong Gold Mine has undertaken drilling projects in both peripheral and deep areas, yielding promising results such as the discovery of industrial mineralisation areas in 6 drill holes. It has completed the 180,000-tonne gold ore processing plant expansion project, and trial production has commenced since June 2024. We plan to increase annual mining capacity to approximately 300,000 tonnes by the end of 2025. Additionally, it started construction of a new tailings storage facility in November 2023, with other construction projects progressing as planned. We have entered into a framework agreement with Aohanqi Longxing Resources Development Company Limited, and this cooperation is expected to expand our exploration area.

Huatai Mining

Huatai Mining was established in January 2005, and it acquired 100% interest in the Huatai Gold Mine (also known as Honghuagou Gold Mine (紅花溝金礦)) from the state authorities of the PRC. The mining areas of Huatai Gold Mine are located at Wang Fu Town, Song Shan District, Chifeng City, Inner Mongolia Autonomous Region. As of the Latest Practicable Date, the Huatai Gold Mine held six valid mining licenses which covered an aggregate area of approximately 10.5 km², respectively. The major product of the Huatai Gold Mine is doré with gold content of over 65%.

Development and Expansion

Due to the limited production capacity specified in the mining licenses of the Huatai Gold Mine, it is incapable of executing large-scale mining activities. Therefore, since 2022 we have been strategizing and drafting plans for expanding and enhancing the capacity of various mining zones within the Huatai Mining's mining permits. As of the Latest Practicable Date, preliminary designs for capacity expansion initiatives in certain mining areas had been finalized and approved by the local authority, and the mine is in the process of selecting construction contractors. We expect the Huatai Gold Mine will initiate a comprehensive transformation of the mine's infrastructure and commence shaft engineering construction in 2024. Infrastructure development is projected to be substantially completed by the end of 2025. Upon completion, we expect to resume production in the beginning of 2026, subject to final approvals from relevant governmental authorities, and increase the Huatai Gold Mine's annual mining capacity by an additional 30,000 tonnes. As a result of the construction, mining activities at the Huatai Gold Mine were affected for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024.

Jintai Mining

On January 8, 2023, we completed the acquisition of 51% equity interest in Xinhenghe Mining, which in turn directly holds a 90% equity interest in the Jintai Gold Mine. The mining areas of Jintai Mining are located at Xidengping, Eryuan County, Dali City, Yunnan Province, China. As of the Latest Practicable Date, Jintai Mining held one valid mining license and one valid exploration permit, which covered an aggregate area of approximately 1.09 km² and 10.28 km², respectively. The major product of the Jintai Gold Mine is gold-loaded carbon.

Development and Expansion

In October 2023, we completed the construction project at the Jintai Gold Mine with its annual mining and processing capacity of approximately 140,000 tonnes. Since 2024, we commenced a further expansion project of the Jintai Gold Mine, pursuant to which the Xidengping mining area is expected to reach an annual mining and processing capacity of approximately 50,000 tonnes, and the Tangzibian mining area is expected to reach an annual mining and processing capacity of approximately 600,000 tonnes.

During the Track Record Period, our gold mining business in the PRC produced 67.2 koz, 74.6 koz, 106.8 koz and 82 koz of gold, respectively. The following table sets forth the ore mined volume, ore processed volume and mine production volume of the Wulong Gold Mine, Jilong Gold Mine, Jintai Gold Mine and Huatai Gold Mine for the periods indicated.

[illegible]

1. In January 2023, we completed the acquisition of a 51% equity interest in Xinhenghe Mining, which in turn directly holds a 90% equity interest in Jintai Mining, which runs Jintai Gold Mine, and we began consolidating the accounts of Jintai Mining from January 31, 2023. As such, ore mined volume, ore processed volume and mine production volume of Jintai Gold Mine prior to January 31, 2023 was not included in our Group. For more details, please see “Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Xinhenghe Mining.”
2. For some of the years, the volume of “ore processed” was higher than the volume of “ore mined.” This was mainly because some of the ore mined during the previous year was kept as inventory and processed in the following year which added up to the aggregated amount of the “ore processed” for that year.

BUSINESS

The gold production volume of the Wulong Gold Mine increased by 56.4% from 28.0 koz in 2021 to 43.8 koz in 2022. This was primarily due to (i) the completion of our technological upgrade and (ii) improvement in our mining and processing capacity and ore grade. Its gold production volume further increased by 35.1% from 43.8 koz in 2022 to 59.2 koz in 2023. This was primarily due to the completion of our technological upgrade and improvement in our mining and processing capacity and ore grade. The gold production volume of the Wulong Gold Mine increased by 17.5% from 40 koz as of September 30, 2023 to 47 koz as of September 30, 2024. This was primarily due to gold ore processing volume increased compared with the same period of last year.

The gold production volume of the Jilong Gold Mine decreased by 14.0% from 34.3 koz in 2021 to 29.5 koz in 2022. This was primarily due to deterioration of the ore grade. Its gold production volume increased by 51.5% from 29.5 koz in 2022 to 44.7 koz in 2023. This was primarily attributed to its relatively high-level gold grade and steady expansions. The gold production volume of the Jilong Gold Mine decreased by 9.7% from 31.2 koz as of September 30, 2023 to 27.5 koz as of September 30, 2024. This was primarily due to average Au grade of gold ore processed declines compared with the same period of last year.

The gold production volume of the Huatai Gold Mine decreased by 73.5% from 4.9 koz in 2021 to 1.3 koz in 2022, then decreased by 61.5% to 0.5 koz in 2023, and further decreased to nil in nine months ended September 30, 2024. The gold production volume of the Huatai Gold Mine decreased by 100.0% from 1 koz as of September 30, 2023 to nil as of September 30, 2024. These changes were primarily due to production halted for the first three quarters of the year as the mine is undergoing technology upgrades for expansion of production capacity, which affected the mine's production.

The Jintai Gold Mine was acquired by us in January 2023. The gold production volume of the Jintai Gold Mine was 2.4 koz and 6.6 koz in 2023 and in the nine months ended September 30, 2024, respectively, because its gold production was in the early stage and ramping up.

The following table sets forth the processing recovery rate of the Wulong Gold Mine, Jilong Gold Mine, Huatai Gold Mine and Jintai Gold Mine for the periods indicated.

	Year Ended December 31,			Nine Months Ended
	2021	2022	2023	September 30, 2024
Wulong Gold Mine	89.7%	89.8%	91.3%	91.0%
Jilong Gold Mine	97.1%	96.2%	97.7%	95.5%
Huatai Gold Mine	93.8%	93.4%	92.8%	—
Jintai Gold Mine	—	—	87.2%	87.4%

We began processing ores from low-grade materials in 2020 based on the result of an internal economic analysis, which took into account factors like the rise of the gold price and the encouraging policies in the PRC. We believe the low-grade materials, such as residues and stockpiles, would start to gain economic value, and the comprehensive utilisation of such materials will help us increase our revenue and achieve economies of scale.

The PRC Legal Advisor is of the view that the utilisation of the low-grade materials would not constitute non-compliance under the applicable PRC laws and regulations, on the following basis:

- (i) in accordance with the Article 30 of the Mineral Resources Law of the People's Republic of China (2009 Revision), the minerals with industrial value that occur in association with or as by-products of the ordinary mineral production should be subject to unified planning, comprehensive mining, and integrated utilization to prevent waste; and
- (ii) our Group's utilisation of the low-grade materials falls within the scope of "unified planning, comprehensive mining, and integrated utilization" of minerals with industrial value that occur in association or as by-products of the ordinary mineral production.

The PRC Legal Advisor is of the view that the actual volume of materials produced being higher than the amount stipulated in the mining licenses would not be deemed as an excess over the relevant production capacity specified in its mining licences as the excessive amount could be attributable to comprehensive utilisation of the low-grade materials, which is encouraged by relevant regulations and does not fall within the scope of mined resources and reserves under the mining license.

The actual volume of materials produced by Jilong Gold Mine, which represents the aggregated amount of the stope production and comprehensive utilisation, was 138kt, 153kt and 155kt for the years ended December 31, 2021, 2022 and 2023, respectively. These volumes were 18kt, 33kt and 35kt higher than the then annual production capacity of 120kt specified in the mining license for the respective periods. For the four months from January 2024 to April 2024, the actual amount of materials produced was 49.53kt, which was 9.53kt higher, on a pro-rata basis, than the then annual production capacity of 120kt specified in the then mining license. We obtained the updated mining license with annual production capacity of 180kt on May 1, 2024. For the five months from May 2024 to September 2024, our actual amount of materials produced was 111.08kt, which was 36.08kt higher, on a pro-rata basis, than the annual production capacity of 180kt specified in the updated mining license. However, none of the stope production amounts exceeded the annual production capacity specified in the mining license.

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The actual volume of materials produced by Wulong Gold Mine, which represents the aggregated amount of the stope production and the comprehensive utilisation, was 383kt, 389kt, 577kt and 529kt for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively. These volumes were 283kt, 289kt, 477kt and 429kt higher than the annual production capacity of 100kt in the mining license for the respective periods, but none of the stope production amounts exceeded the annual production capacity specified in the mining license.

The PRC Legal Advisor is of the view that we are not required to obtain any additional mining licences, permits or certificates for its current/planned scale of operation on the following basis:

- (i) the amount stipulated in the mining licenses does not represent the actual permitted mining scale of the mines, and the comprehensive utilization of low-grade materials is encouraged by regulations; and
- (ii) no laws, regulations, or regulatory documents in respect of mining in the PRC have explicitly stated the legal liabilities for tonnage of materials processed of ores being higher than the amount stipulated in the mining licenses.

The volume of ore mined of Jintai Gold Mine was 459kt for the nine months ended September 30, 2024. The volume was 319kt higher than the annual production capacity of 140kt specified in the mining license for the respective period. The actual tonnage processed of the Jintai Gold Mine for the nine months ended September 30, 2024 exceeded its permitted annual processing capacity and designed mining capacity due to the following reasons:

- (a) during the mining of the V1 orebody of the Phase I project of Jintai Gold Mine, we discovered some mineralized waste. As the gold price increased, we conducted economic analysis and believed that such mineralized waste had economic value. Therefore, we processed such mineralized waste for comprehensive utilization, thus increasing the production volume of Jintai Gold Mine; and
- (b) we have been expanding the production site of the Phase II project of Jintai Gold Mine. According to the development and construction plan, the designed scope of land for the expanded production site of the Phase II project overlaps with the land where the V1 ore body of the Phase I project is located. Therefore, it is necessary to accelerate the mining of the V1 orebody of the Phase I project to make space for the expanded production site of the Phase II project, which further contributed to the increased production volume of Jintai Gold Mine.

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The PRC Legal Advisor is of the view that the excessive scale of production shortly after our Group's acquisition of Jintai Gold Mine in 2023 over the amount stipulated on the mining licenses and our operation of Jintai Gold Mine does not constitute a material non-compliance under the the laws and regulations in the PRC on the following basis:

- (i) in accordance with the Article 30 of the Mineral Resources Law of the People's Republic of China (2009 Revision), the minerals with industrial value that occur in association with or as by-products of the ordinary mineral production should be subject to unified planning, comprehensive mining, and integrated utilization to prevent waste. Our Group's utilization of the mineralized waste falls within the scope of "unified planning, comprehensive mining, and integrated utilization" of minerals with industrial value that occur in association with or as by-products of the ordinary mineral production;
- (ii) since March 2017, the change of production scale is no longer accepted as an administrative approval item. On February 22, 2022, the Natural Resources Department of the Inner Mongolia Autonomous Region issued the "Notice on the Update of the Production Scale Indicated on the Mining License", which stipulates that amount stipulated in the mining licenses only represents the scale at the time of the initial registration of the mining license or the scale updated during the most recent registration of the mining license. It is no longer used as the basis for reviewing the production scale of the mining license. Therefore, the amount stipulated in the mining licenses does not represent the actual permitted mining scale of the company. Based on the above, the PRC Legal Advisor is of the view that the amount stipulated in the mining licenses does not represent the actual scale that the company can mine;
- (iii) moreover, no laws, regulations, or regulatory documents in respect of mining in PRC have explicit stated the legal liabilities of enterprises with the actual volume of ores produced being higher than the amount stipulated in the mining licenses;
- (iv) Natural Resources Bureau of Eryuan County has issued the certificate of compliance, which confirmed that the exploration and mining activities of Jintai Mining in where it has operation during the Track Record Period were in compliance with the laws, regulations, or other regulatory documents;
- (v) the Eryuan Branch of the Dali Bai Autonomous Region Ecological Environment Bureau issued a compliance certificate, confirming that Jintai Mining's production and operation during the reporting period were in compliance with environmental protection laws, regulations, and other regulatory documents. All currently operating and under-construction projects have undergone environmental impact assessments as required and have adhered to relevant environmental protection regulations and requirements, the environmental protection facilities are complete and are functioning properly, the discharge of major pollutants meets the national standards for pollutant emissions; and

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- (vi) the Emergency Management Bureau of Eryuan County has issued a compliance certificate, confirming that Jintai Mining has complied with the relevant laws, regulations, and regulatory documents on safety production management during the Track Record Period and meets the conditions for safe production.

Our Directors have used their best endeavors to ensure that our Group's business and operations are conducted in a law-abiding and compliant manner through the following means:

- (a) consulting our legal advisors in the PRC from time to time on various legal related matters during the ordinary course of our business to make sure our business operations are conducted in compliance with applicable laws and regulations;
- (b) attending training on directors' duties and obligations provided by our Hong Kong legal advisor and keeping abreast of the latest developments in laws and regulations relevant to our business and industry;
- (c) attending board meetings to ensure that significant decisions of our Company during the ordinary course of our business comply with laws, regulations, and articles of association of our Company; and
- (d) directing each level of various departments to hold meetings on a regular basis by discussing issues pertaining to business operations and future development, and ensuring that the operations and management of our Group are under the oversight and supervision of the management team.

Mineral Resources and Ore Reserves

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our Mineral Resources of the Wulong Gold Mine, Jilong Gold Mine, Huatai Gold Mine and Jintai Gold Mine as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine . . .	Measured	—	—	—	—
	Indicated	1,261	8.17	332	10.30
	Inferred	1,738	7.21	402	12.53
	Subtotal	2,999	7.61	734	22.83
Jilong Gold Mine	Measured	484	12.19	190	5.90
	Indicated	424	9.25	126	3.92
	Inferred	508	9.24	151	4.70
	Subtotal	1,415	10.25	467	14.51

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Mineralized Zone/Block	Category	Tonnage	Au Grade	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Huatai Gold Mine	Measured	385	5.88	73	2.27
	Indicated	2,146	7.27	502	15.60
	Inferred	1,281	6.90	284	8.83
	Subtotal	3,812	7.01	859	26.71
Jintai Gold Mine	Measured	3,363	1.68	181	5.64
	Indicated	4,604	1.02	155	4.70
	Inferred	2,699	1.29	112	3.49
	Subtotal	10,666	1.30	444	13.82
Total consolidated	Measured	4,232	3.26	444	13.80
	Indicated	8,435	4.09	1,110	34.52
	Inferred	6,226	4.75	949	29.55
	Total	18,893	4.12	2,503	77.87

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Mineral Resources for Wulong Gold Mine are estimated to be about 2,999 thousand tonnes with an average Au grade of 7.61 g/t, including approximately 1,261 thousand tonnes of Indicated Mineral Resources with an average Au grade of 8.17 g/t, and 1,738 thousand tonnes of Inferred Mineral Resources with an average Au grade of 7.21 g/t. The Mineral Resources for Jilong Gold Mine are estimated to be about 1,415 thousand tonnes with an average Au grade of 10.25 g/t, including approximately 484 thousand tonnes of Measured Mineral Resources with an average Au grade of 12.19 g/t, 424 thousand tonnes of Indicated Mineral Resources with an average Au grade of 9.25 g/t, 508 thousand tonnes of Inferred Mineral Resources with an average Au grade of 9.24 g/t. The Mineral Resources for Huatai Gold Mine are estimated to be about 3,812 thousand tonnes with an average Au grade of 7.01 g/t, including approximately 385 thousand tonnes of Measured Mineral Resources with an average Au grade of 5.88g/t, 2,146 thousand tonnes of Indicated Mineral Resources with an average Au grade of 7.27 g/t, 1,281 thousand tonnes of Inferred Mineral Resources with an average Au grade of 6.90 g/t. The Mineral Resources for Jintai Gold Mine are estimated to be about 10,666 thousand tonnes with an average Au grade of 1.30 g/t, including approximately 3,363 thousand tonnes of Measured Mineral Resources with an average Au grade of 1.68 g/t, 4,604 thousand tonnes of Indicated Mineral Resources with an average Au grade of 1.02 g/t, 2,699 thousand tonnes of Inferred Mineral Resources with an average Au grade of 1.29 g/t.

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As of September 30, 2024, the Mineral Resources for our PRC Mines are estimated to be about 18,893 thousand tonnes with an average Au grade of 4.12 g/t, including approximately 4,232 thousand tonnes of Measured Mineral Resources with an average Au grade of 3.26 g/t, 8,435 thousand tonnes of Indicated Mineral Resources with an average Au grade of 4.09 g/t, 6,226 thousand tonnes of Inferred Mineral Resources with an average Au grade of 4.75 g/t.

As of September 30, 2024, the Measured Mineral Resources for our PRC Mines contained 13.80 tonnes of gold, the Indicated Resources contained 34.52 tonnes of gold and the Inferred Resources contained 29.55 tonnes of gold, the total Resources contained 77.87 tonnes of gold.

The following table, which is based on the Competent Person's Report in accordance with JORC Code, sets forth the information of our gold Reserves of Wulong Gold Mine, Jilong Gold Mine, Huatai Gold Mine and Jintai Gold Mine as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u>	<u>Au Grade</u>	<u>Au Metal Contained</u>	<u>Au Metal Contained</u>
		(kt)	(g/t)	(koz)	(t)
Wulong Gold Mine . . .	Proved	—	—	—	—
	Probable	984	7.30	231	7.19
	Total	984	7.30	231	7.19
Jilong Gold Mine	Proved	510	9.81	161	5.00
	Probable	409	7.38	97	3.02
	Total	919	8.73	258	8.02
Huatai Gold Mine	Proved	226	5.21	38	1.18
	Probable	1,468	6.35	300	9.32
	Total	1,694	6.20	338	10.50
Jintai Gold Mine	Proved	—	—	—	—
	Probable	1,370	0.75	33	1.03
	Total	1,370	0.75	33	1.03
Total	Proved	736	8.40	199	6.18
	Probable	4,231	4.86	661	20.55
	Total	4,967	5.38	860	26.73

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As of September 30, 2024, the Probable Ore Reserves for Wulong Gold Mine are about 984 thousand tonnes with an average Au grade of 7.30 g/t. The Ore Reserves for Jinlong Gold Mine are about 919 thousand tonnes with an average Au grade of 8.73 g/t, of which 510 thousand tonnes are Proved Ore Reserves with an average Au grade of 9.81 g/t, and 409

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thousand tonnes are Probable Ore Reserves with an average Au grade of 7.38 g/t. The Ore Reserves for Huatai Gold Mine are about 1,694 thousand tonnes with an average Au grade of 6.20 g/t, of which 226 thousand tonnes are Proved Ore Reserves with an average Au grade of 5.21 g/t, and 1,468 thousand tonnes are Probable Ore Reserves with an average Au grade of 6.35 g/t. The Probable Ore Reserves for Jintai Gold Mine are about 1,370 thousand tonnes with an average Au grade of 0.75 g/t.

As of September 30, 2024, the Ore Reserves for PRC Mines are about 4,967 thousand tonnes with an average Au grade of 5.38 g/t, of which 736 thousand tonnes are Proved Ore Reserves with an average Au grade of 8.40 g/t, and 4,231 thousand tonnes are Probable Ore Reserves with an average Au grade of 4.86 g/t.

Mining Licenses and Exploration Permits

As of the Latest Practicable Date, our PRC gold production business held a total of 10 valid mining licenses, including (i) two mining licenses for Jilong Mining, (ii) six mining licenses for Huatai Mining, (iii) one mining license for Wulong Mining, and (iv) one mining license for Jintai Mining. These mining licenses covered a total area of approximately 35.6 km².

In addition, as of the Latest Practicable Date, our PRC gold production business held a total of four valid exploration permits, including (i) one exploration permit for Jilong Mining, (ii) two exploration permits for Wulong Mining and (iii) one exploration permit for Jintai Mining. These exploration permits covered a total area of approximately 18.6 km².

Our mining licenses in the PRC are generally valid for several years to 30 years. Our exploration permits are generally valid for five years and renewed accordingly subject to some conditions respectively. We aim to renew our mining licenses or exploration permits before their respective expiry dates. As advised by our PRC Legal Advisor, there are no explicit regulations limiting the number of times a mining license or an exploration permit may be renewed in the PRC. We and our PRC Legal Advisor do not expect any material legal impediment in the renewal process if we submit our application in accordance with the relevant laws and regulations. For details of relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We may fail to obtain, maintain or renew the government permits, licenses and approvals required for our mining and exploration activities.”

We firstly undertake exploration activities in the areas covered by our exploration permits. If we deem the return of our exploration activities economically reasonable, we will apply to the relevant competent authorities for mining licenses covering such areas. The PRC mining laws and regulations grant the holder of an exploration permit priority in obtaining a mining license upon successful discovery of Mineral Resources. For details of the PRC mining laws and regulations, see “Regulatory Overview”.

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The following table sets forth information regarding our relevant mining licenses and exploration permits as of the Latest Practicable Date:

Wulong Mining

Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining license	C2100002011084140116558	6.2732	December 4, 2020 to August 4, 2035	Valid
Exploration Permit . .	T2100002008044010006347	3.88	November 20, 2024 to November 20, 2029	Valid
Exploration Permit . .	T2100002008044010005662	0.6112	June 2, 2023 to June 2, 2028	Valid

Jilong Mining

Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining License	C1500002009114120054250	8.61	May 1, 2024 to September 26, 2026	Valid
Mining License	C1500002023124210156146	9.1340	December 27, 2023 to March 27, 2032	Valid
Exploration Permit . . .	T1500002008044010006035	3.83	March 25, 2021 to March 24, 2026	Valid

Huatai Mining

Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining License	C1500002009064120021513	2.7978	June 6, 2024 to June 5, 2044	Valid
Mining License	C1500002011014140119663	0.8138	September 15, 2024 to September 14, 2027	Valid
Mining License	C1500002013094210131353	1.0164	March 11, 2024 to September 5, 2025	Valid
Mining License	C1500002015114210140450	1.8332	November 17, 2015 to November 17, 2025	Valid
Mining License	C1500002015114210140451	0.3199	November 18, 2024 to November 17, 2025	Valid
Mining License	C1500002015114210140449	3.7362	November 18, 2023 to November 17, 2025	Valid

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Jintai Mining

Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining license	C5300002012054110124688	1.0920	June 7, 2022 to June 6, 2032	Valid
Exploration Permit . .	T5300002009034010026977	10.28	June 3, 2021 to June 3, 2026	Valid

Development Plan and Planned Production Schedule

Development Plan

The following timeline illustrates key historical and planned milestones in the development of our PRC Gold Mines:

Wulong Mining	
Year	Milestone
1949	Officially commenced production
1958	Processing capacity of processing plant reached 150 t/d
1966	Annual gold production exceeded 1 ton for the first time, reaching 1.1 ton
2013	Wulong Mining merged into our Company
2022	Completed and put into operation a new 3,000 t/d processing plant. Completed the “First Deep Drill Hole of Gold Exploration in the Liaodong Area” at the Wulong project area with a final depth of 3,003.99 meters, achieving a significant breakthrough in gold exploration.
2025-2026 . .	Plan to undertake the renovation of shaft and the expansion of tunnels, including shaft deepening projects and technical renovation projects
2027	Plan to increase our mining capacity by 33.1% compared to 2024

Jilong Mining	
Year	Milestone
1958	Commenced mine construction commenced
2008	Processing capacity of the processing plant reached 400 t/d
2012	Annual gold production exceeded 1 ton for the first time, reaching 1.3 ton Jilong Mining merged into our Company
2024	Expanded mining capacity of No. 1, No. 2, No. 3 mining areas from 400 t/d to 600 t/d, new processing plant with a processing capacity of 600t/d, bringing the total processing capacity of the mine up to 1000 t/d
2025-2026 . .	Plan to undertake the renovation of shaft and ventilation shafts, and the expansion of tunnels
2027	Plan to increase our mining capacity by 33.1% compared to 2024

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Huatai Mining

Year	Milestone
1959	Commenced mine construction
1987	The No. 2 vertical shaft at Honghuagou No. 1 mining area, single shaft gold production exceeded 300 kg
1988	Processing capacity of processing plant reached 200 t/d
2012	Huatai Mining merged into our Company
2022	Started process to obtain permits for production expansion
2025	Plan to continue with the technical renovation projects
2026	Plan to substantially complete the infrastructure development and to increase the annual mining capacity by 30,000 tonnes

Jintai Mining

Year	Milestone
2008	Established Jintai Mining
2023	Became a subsidiary of our Company
2023	The Phase I mining and processing project with a capacity of 140,000 t/a commenced operation; gold production of 75 kg in 2023
2024	Launched Phase II mining and processing project with an additional capacity of 600,000 t/a
2025	Plan to increase our annual gold production to 1 tonnes

Planned Production Schedule

As set forth in the Competent Person's Report, the following chart sets forth the planned mining and production schedule for the operations in our PRC Gold mines for the periods indicated over the life of mine:

Underground Gold		2024																															
Mine in China	Unit	LOM	Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	
Jilong																																	
Mined Tonnes	kt	919	88	184	180	194	109	58	55	38	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Milled Tonnes	kt	919	88	184	180	194	109	58	55	38	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gold Produced.	koz	250	24	43	37	46	31	22	22	18	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Huatai																																	
Mined Tonnes	kt	1,693	-	-	60	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	50	
Milled Tonnes	kt	1,693	-	-	60	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	50	
Gold Produced.	koz	315	-	-	10	9	8	10	10	10	9	10	9	10	10	9	11	13	12	11	13	11	16	19	17	17	14	14	13	8	8	6	6
Wulong																																	
Mined Tonnes	kt	984	27	99	99	98	99	108	108	102	101	66	44	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Milled Tonnes	kt	984	27	99	99	98	99	108	108	102	101	66	44	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gold Produced.	koz	210	5	22	25	22	21	23	24	21	17	15	10	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Underground																																	
Mined Tonnes	kt	3,597	115	282	340	353	269	227	224	200	175	127	105	94	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	50	
Milled Tonnes	kt	3,597	115	282	340	353	269	227	224	200	175	127	105	94	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	50	
Gold Produced.	koz	775	29	64	72	78	61	55	56	49	33	25	19	15	10	9	11	13	12	11	13	11	16	19	17	17	14	14	13	8	8	6	6

Open Pit Gold Mine in China	Unit	LOM	2024		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	
			Q4																															
Jintai																																		
Mined Tonnes	kt	1,370	33	140	140	140	140	140	137	137	132	135	140	94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Milled Tonnes	kt	1,370	33	140	140	140	140	140	137	137	132	135	140	94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold Produced. . . .	koz	26	1	2	2	4	2	2	2	3	2	2	5	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. The planned production schedule of the LOM, was made based on the data collected of our PRC Gold Mines as of September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

Capital Costs

With the reference to the Independent Technical Report, our Directors confirmed that the capital costs of the PRC Gold Mines for the three years ended December 31, 2023 were approximately RMB1,101.9 million. The Independent Technical consultant has reviewed the breakdown of the capital forecast and considered appropriate capital has been allocated to support the development of the PRC Gold Mines and the basis of the capital cost estimation is considered reasonable. For detailed capital cost of the PRC Gold Mines, please refer to “Appendix IIIA — Competent Person’s Report for the PRC Mines — Capital Expenditure Forecast”.

Operating Costs

In 2022 and 2023, our PRC Gold Mines recorded gold AISCs of approximately US\$1,205.7 per ounce and US\$877.4 per ounce, respectively, showing a decrease of 27.2% year-on-year.

The table below sets forth a summary of the forecasted operating costs between 2024 and 2053 for our PRC Gold Mines, as stated in the Competent Person’s Report:

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Wulong Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Labor	RMB million	80.15	94.88	139.89	108.02	659.58	18.42	66.12	66.46	65.59	66.52	72.15	72.65	68.40	67.50	44.20	29.44	22.14
Material	RMB million	19.00	56.27	85.03	49.10	326.56	9.12	32.74	32.90	32.48	32.93	35.72	35.97	33.87	33.42	21.88	14.58	10.96
Electricity	RMB million	28.12	41.87	38.39	33.15	98.46	2.75	9.87	9.92	9.79	9.93	10.77	10.84	10.21	10.08	6.60	4.39	3.30
Contractors	RMB million	7.21	-	-	-	18.57	0.52	1.86	1.87	1.85	1.87	2.03	2.04	1.93	1.90	1.24	0.83	0.62
Engineering	RMB million	8.34	-	-	1.75	21.47	0.60	2.15	2.16	2.14	2.17	2.35	2.37	2.23	2.20	1.44	0.96	0.72
Service	RMB million	0.96	8.18	8.16	24.27	46.51	1.30	4.66	4.69	4.63	4.69	5.09	5.12	4.82	4.76	3.12	2.08	1.56
Safety	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairment	RMB million	3.10	2.20	2.20	3.20	7.98	0.22	0.80	0.80	0.79	0.80	0.87	0.88	0.83	0.82	0.53	0.36	0.27
Others	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and surcharges . .	RMB million	12.69	20.57	31.68	30.23	57.94	1.62	5.81	5.84	5.76	5.84	6.34	6.38	6.01	5.93	3.88	2.59	1.94
Selling costs	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A costs	RMB million	21.49	44.23	28.24	14.10	104.01	2.90	10.43	10.48	10.34	10.49	11.38	11.46	10.79	10.64	6.97	4.64	3.49
R&D costs	RMB million	11.12	16.21	26.81	26.27	50.34	1.41	5.05	5.07	5.01	5.08	5.51	5.54	5.22	5.15	3.37	2.25	1.69
Total costs	RMB million	192.16	284.40	360.40	290.10	1,391.41	38.85	139.48	140.19	138.37	140.32	152.20	153.26	144.29	142.40	93.24	62.10	46.70

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

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Jilong Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032
Labor	RMB million	58.90	63.14	61.14	64.52	569.9	54.3	113.9	111.7	120.4	67.7	36.3	34.0	23.3	8.4
Material	RMB million	19.19	24.47	24.24	27.08	212.2	20.2	42.4	41.6	44.8	25.2	13.5	12.6	8.7	3.1
Electricity	RMB million	11.04	10.74	10.76	13.44	73.5	7.0	14.7	14.4	15.5	8.7	4.7	4.4	3.0	1.1
Contractors	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering	RMB million	4.46	4.19	3.65	1.90	28.5	2.7	5.7	5.6	6.0	3.4	1.8	1.7	1.2	0.4
Service	RMB million	1.89	2.02	0.65	0.09	12.1	1.2	2.4	2.4	2.6	1.4	0.8	0.7	0.5	0.2
Safety	RMB million	3.96	4.00	3.05	6.91	37.8	3.6	7.6	7.4	8.0	4.5	2.4	2.3	1.5	0.6
Repairment	RMB million	1.42	1.67	1.69	0.25	10.2	1.0	2.0	2.0	2.1	1.2	0.6	0.6	0.4	0.1
Others	RMB million	0.52	0.53	0.21	0.09	3.3	0.3	0.7	0.6	0.7	0.4	0.2	0.2	0.1	0.0
Taxes and surcharges .	RMB million	16.97	15.97	63.29	19.00	171.6	16.3	34.3	33.6	36.3	20.4	10.9	10.2	7.0	2.5
Selling costs	RMB million	0.08	0.10	0.12	0.00	0.7	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
G&A costs	RMB million	30.21	30.45	43.12	28.96	259.7	24.7	51.9	50.9	54.9	30.9	16.5	15.5	10.6	3.8
R&D costs	RMB million	10.19	8.38	20.33	16.36	122.5	11.7	24.5	24.0	25.9	14.6	7.8	7.3	5.0	1.8
Total costs	RMB million	158.81	165.67	232.24	178.60	1,501.93	143.09	300.19	294.46	317.35	178.47	95.55	89.51	61.31	22.01

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

BUSINESS

Huatai Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Labor	RMB million	28.0	472	3.28	-	975.6	-	-	34.7	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	28.8	
Material	RMB million	271	159	0.04	-	92.6	-	-	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	2.7	
Electricity	RMB million	435	196	0.26	-	125.7	-	-	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.7	
Contractors	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Engineering	RMB million	999	1032	1.49	-	289.1	-	-	10.3	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	8.5	
Service	RMB million	0.91	0.47	0.02	-	41.5	-	-	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.2	
Safety	RMB million	134	0.30	0.03	-	38.7	-	-	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.1	
Repairment	RMB million	0.39	0.13	0.00	-	11.2	-	-	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3		
Others	RMB million	0.01	0.00	0.01	-	0.6	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Taxes and surcharges	RMB million	442	290	251	378	128.0	-	-	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	3.8	
Selling costs	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
G&A costs	RMB million	1442	2754	1662	1246	500.6	-	-	17.8	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	14.8	
R&D costs	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total costs	RMB million	6663	4993	2427	1623	2203.83	-	-	78.47	79.18	79.40	79.18	79.18	79.40	79.18	79.18	79.18	79.40	79.18	79.18	79.18	79.40	79.18	79.40	79.18	79.18	79.40	79.18	79.18	79.40	79.18	79.18	79.18	79.40	65.14	

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

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Jintai Gold Mine	Unit	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Labor	RMB million	1.77	2.66	19.77	0.48	2.02	2.02	2.03	2.02	1.98	1.98	1.91	1.95	2.02	1.36
Material	RMB million	1.86	5.36	20.76	0.51	2.12	2.12	2.13	2.12	2.08	2.08	2.01	2.05	2.12	1.43
Electricity	RMB million	0.07	0.60	2.03	0.05	0.21	0.21	0.21	0.21	0.20	0.20	0.20	0.20	0.21	0.14
Contractors	RMB million	1.04	1.08	11.57	0.28	1.18	1.18	1.18	1.18	1.16	1.16	1.12	1.14	1.18	0.80
Engineering	RMB million	1.07	4.14	14.04	0.34	1.44	1.43	1.44	1.43	1.40	1.41	1.36	1.39	1.43	0.97
Service	RMB million	1.50	6.39	21.66	0.53	2.22	2.21	2.22	2.21	2.17	2.17	2.09	2.14	2.21	1.49
Safety	RMB million	0.62	1.65	6.85	0.17	0.70	0.70	0.70	0.70	0.69	0.69	0.66	0.68	0.70	0.47
Repairment	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and surcharges	RMB million	1.23	0.03	13.67	0.33	1.40	1.40	1.40	1.40	1.37	1.37	1.32	1.35	1.40	0.94
Selling costs	RMB million	0.04	0.11	0.49	0.01	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.03
G&A costs	RMB million	4.45	6.39	49.58	1.21	5.07	5.06	5.08	5.07	4.96	4.97	4.79	4.89	5.07	3.41
R&D costs	RMB million	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total costs	RMB million	13.65	28.41	160.41	3.91	16.41	16.37	16.43	16.39	16.04	16.09	15.50	15.84	16.39	11.04

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

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Risks Associated with the PRC Gold Mines

The mining industry is inherently associated with a high level of risk, which is accumulated due to factors such as the nature of ore body, ore distribution, grade and variations in mining and ore processing, which are not able to be accurately predicted or accounted for. The following table sets forth a selected summary of the risk assessment regarding the material risks undertaken by the Independent Technical Consultant, including the assessment result and the ratings of the relevant risks. For more details of the risks associated with of the PRC Gold Mines, please refer to “Appendix IIIA — Competent Person’s Report for the PRC Mines — Risk Assessment.”

Material Risk Assessment of the PRC Gold Mines			
Risk Source/Issue	Likelihood	Consequence	Risk
Jilong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Ore Reserve . . .	Unlikely	Major	Medium
Mining			
Poor Underground Condition	Possible	Moderate	Medium
Significantly lacking Ore Reserves . .	Unlikely	Major	Medium
Ore processing and smelting			
Lower throughput	Unlikely	Moderate	Low
Lower Smelting Recovery	Possible	Moderate	Medium
Capital and Operating Costs			
Operating Cost Underestimated	Possible	Moderate	Medium
Huatai Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Ore Reserve . . .	Unlikely	Major	Medium
Mining			
Significant Geological Structure . . .	Unlikely	Moderate	Low
Significantly lacking Ore Reserves . .	Unlikely	Major	Medium
Ore Processing and smelting			
Lower Smelting Recovery	Possible	Moderate	Medium
Capital and Operating Costs			
Project Timing Delay	Likely	Minor	Low

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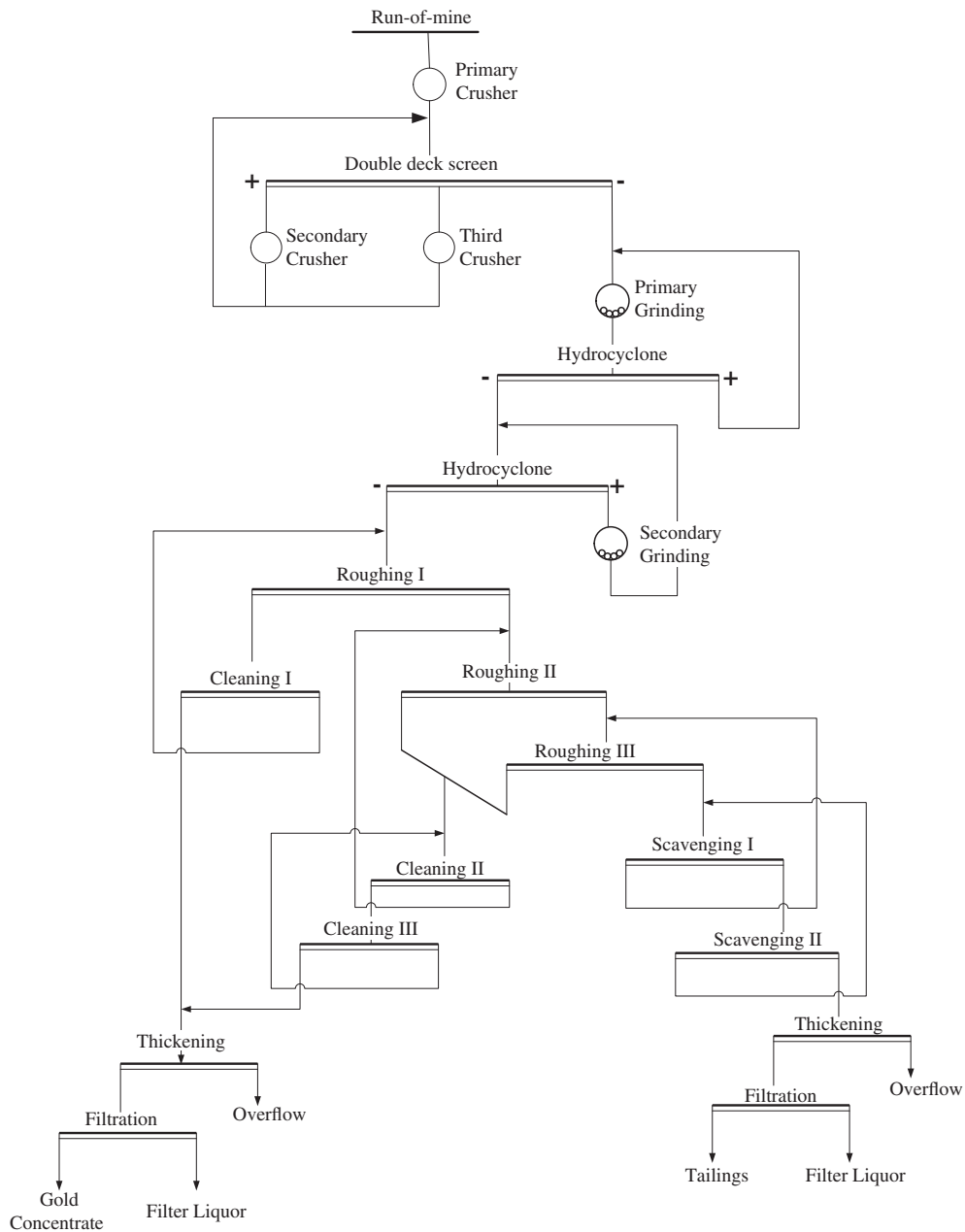
Material Risk Assessment of the PRC Gold Mines

Risk Source/Issue	Likelihood	Consequence	Risk
Wulong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Ore Reserve . . .	Unlikely	Major	Medium
Mining			
Significantly lacking Ore Reserves .	Unlikely	Major	Medium
Environmental and Social			
Environmental Approval	Possible	Moderate	Medium
Capital and Operating Costs			
Capital Cost Increases	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Jintai Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Ore Reserve . . .	Unlikely	Major	Medium
Mining			
Significantly lacking Ore Reserves .	Unlikely	Major	Medium
Processing and Metallurgy			
Poor Permeability of Ore Heap	Possible	Moderate	Medium
Lower Gold Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Major	Medium
Waste Rock and Tailings Management	Unlikely	Moderate	Low
Capital and Operating Costs			
Capital Cost Increases	Possible	Moderate	Medium

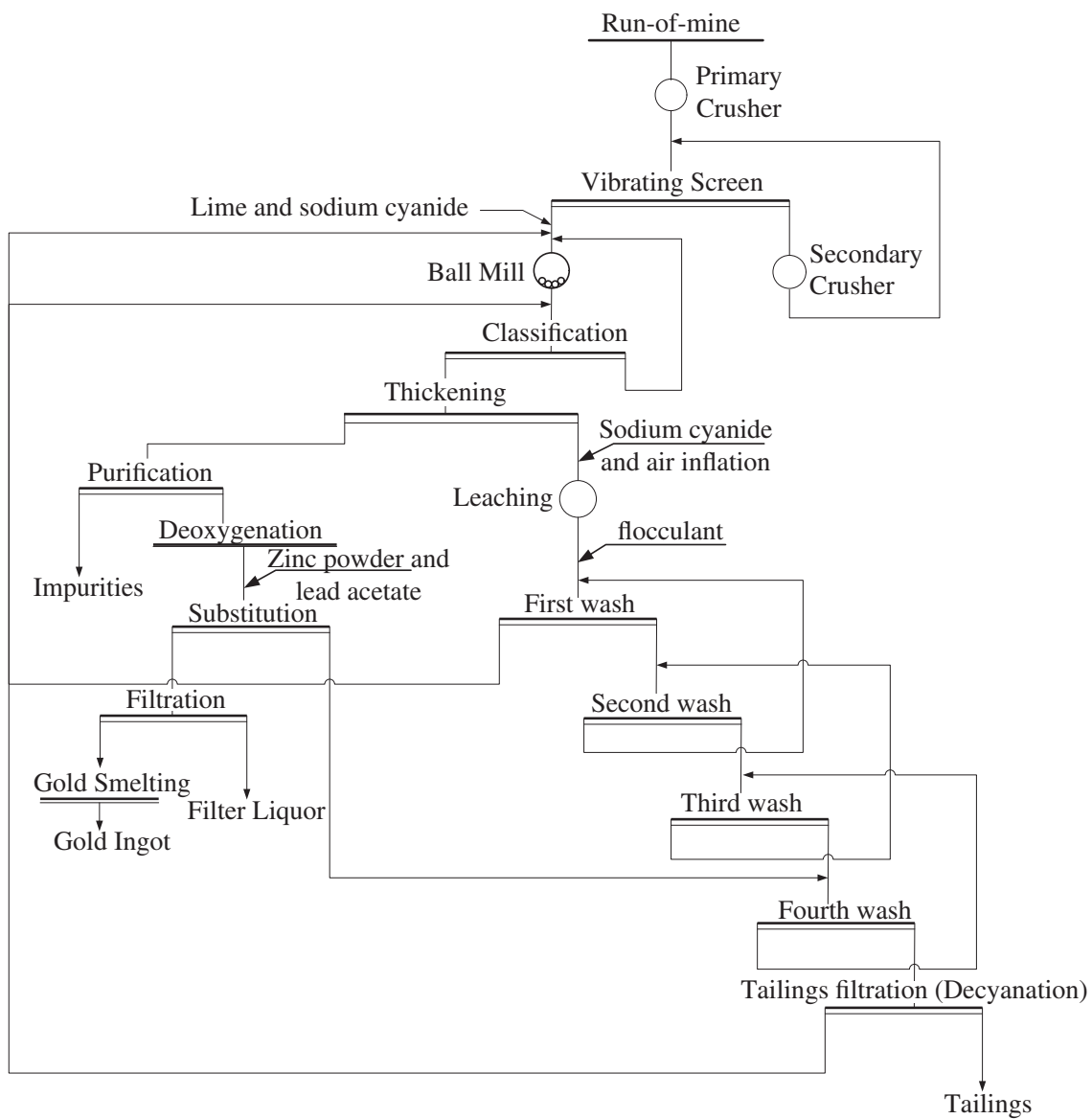
Operating Process of Gold Production Business in the PRC

(a) Overview

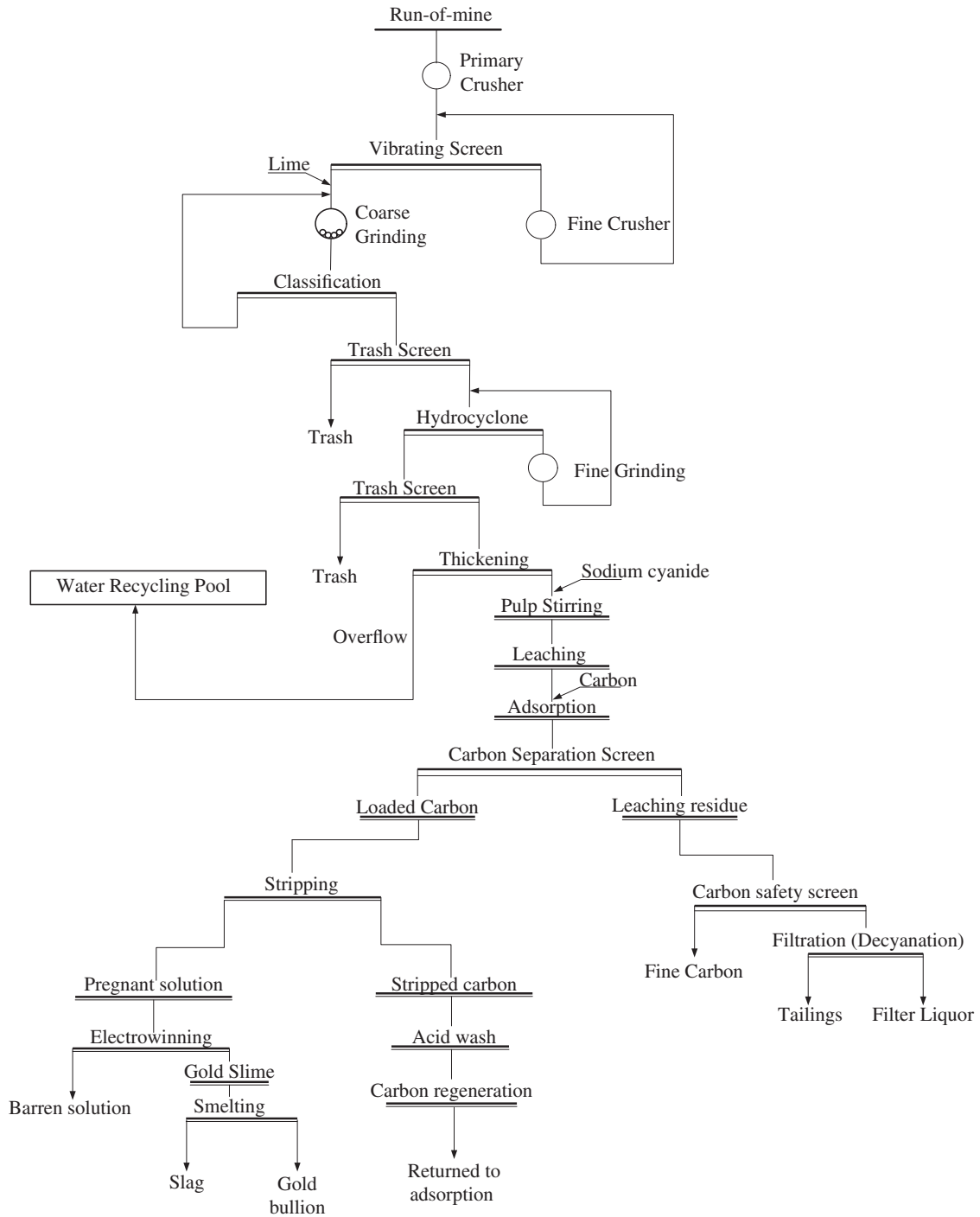
Our gold production operations in the PRC can generally be divided into two steps, namely, (i) mining and (ii) processing. Our mines in the PRC are also equipped with processing plants to process the ores that we mine into doré, gold concentrate powder or gold-loaded carbon. The following diagrams sets forth the general workflow of the gold production process in our PRC Gold Mines:



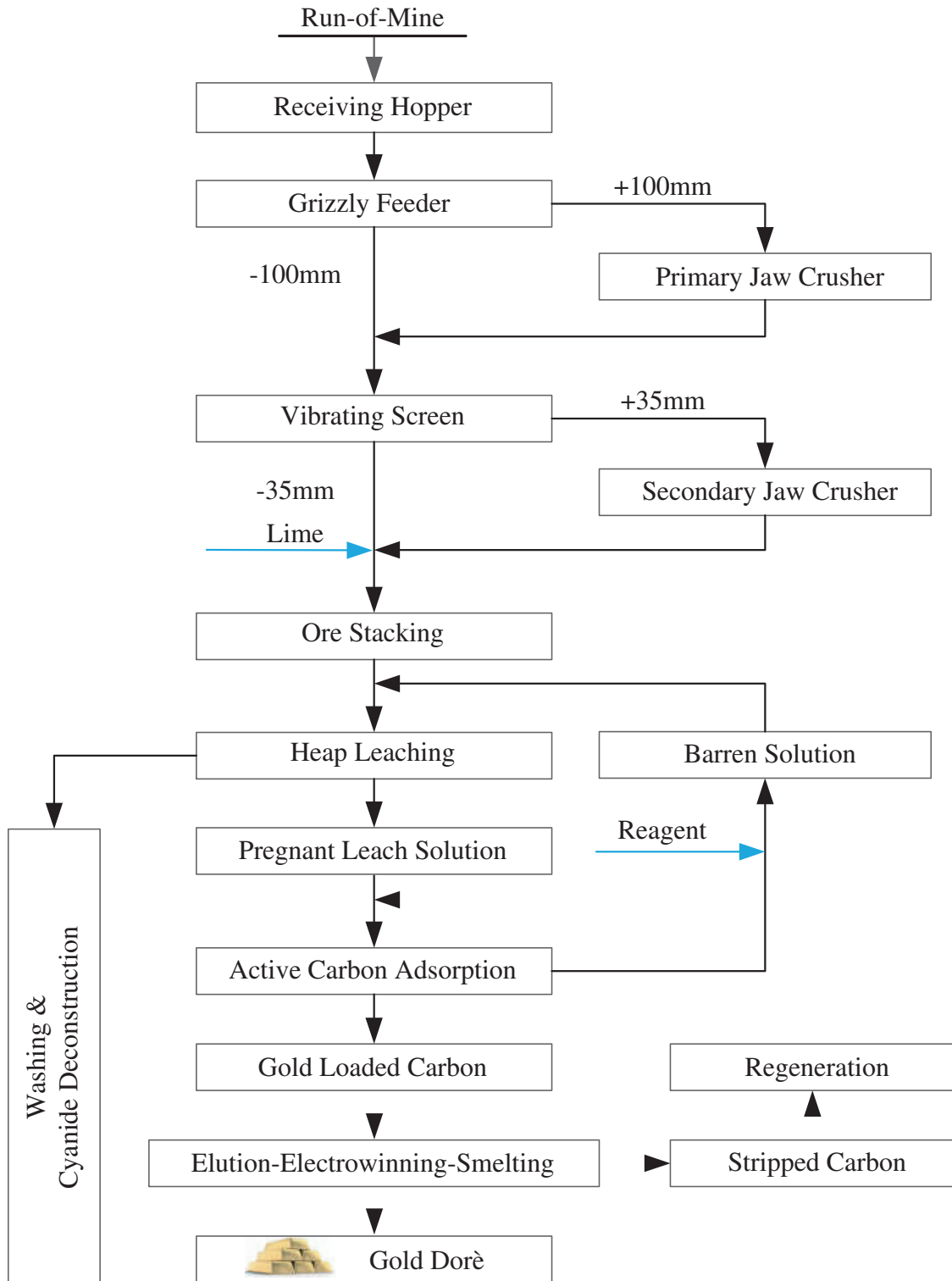
Production Process Flowsheet of Wulong Processing Plant



Production Flowsheet of Jilong Processing Plant



Processing Flowsheet of Huatai Processing Plant



Heap Leaching Process Flowsheet of Jintai Gold Mine

(b) Mining

We primarily utilize the resuing method for our underground mining at the Wulong Gold Mine, Jilong Gold Mine and Huatai Gold Mine in the PRC. Our mining equipment mainly includes rock drilling machines, jacklegs, and scrappers. Details of the mining workflow are set forth below:

- **Planning.** We undertake detailed planning prior to actual production, which covers chambers, pillars, ventilation shaft, ore passes and filling raises. We generally divide the mine area into different subsections, and use each subsection as a stoping unit.
- **Preparation and cutting.** We conduct extensive planning and cut for the ventilation raises, ore passes and filling raises. Then we drill holes in the rock wall, charge such holes with explosives and blast the rock wall.
- **Stoping.** We extract ore from the surrounding rock wall and it creates a void. Stoping is conducted in a hierarchical manner.
- **Extraction.** We transport the ore to the surface via ore passes by minecarts or mining trucks.
- **Filling.** We backfill the void with different kinds of filling materials, such as the waste rock from our blasting and/or development cutting, in order to reinforce the ground.

To a lesser extent, we also the utilize open-pit mining method at the Jintai Gold Mine. Details of the mining workflow are set forth below:

- **Planning.** Before actual production, we carry out detailed planning, which includes the layout of the mine benches, stripping of overburden, and the mining of the ore.
- **Stripping.** We undertake extensive preparatory work. Initially, a small amount of the overburden on top of the ore body is stripped away, followed by the commencement of mining. The entire stripping process is carried out entirely by excavators for digging, without the need for blasting.
- **Transportation:** We use trucks to transport the stripped soil and ore through transportation benches, separately to the waste dump and workshop.

(c) Processing

The Wulong Gold Mine primarily utilizes the flotation process method. Our plant mainly includes crushing circuits, grinding circuits, flotation circuits, filter machines and conveyers. Details of the processing workflow are set forth below:

- **Crushing circuit.** Typically, ores from underground are crushed in multi-stages of closed-circuit crushing.
- **Grinding circuit.** The final crushed ore is ground in a grinding circuit operated in a closed circuit.
- **Flotation circuit.** The ground product is processed in a flotation circuit, which typically consists of rougher flotation, multi-stage clean flotation and scavenger flotation.
- **Concentrate dewatering.** The concentrate is dewatered by filter machine and separated from tailings.

The Jilong Gold Mine and Huatai Gold Mine primarily utilize the all-slime cyanidation absorption gold extraction method. Our plants mainly include crushing circuits, grinding circuits, pressure filters and conveyers. Details of the processing workflow are set forth below:

- **Crushing circuit.** Typically, ores from underground are crushed in multi-stages of closed-circuit crushing.
- **Grinding circuit.** The final crushed ore is ground in a grinding circuit operated in a closed circuit.
- **Cyanidation leaching.** Ore pulp is absorbed through multi-cyanidation leaching.
- **Replacement.** Replaced gold concentrate is obtained through purification, deoxidation and replacement by zinc powder or carbon.
- **Tailings dewatering.** Gold concentrate is dewatered by pressure filter and decyanated by chemicals and then separated from tailings.

The Jintai Gold Mine primarily utilize the carbon-in-pulp gold extraction process method. The plants mainly include the crushing process, stacking process, leaching process, adsorption equipment, and stripping equipment. Details of the processing workflow are set forth below:

- **Crushing.** Typically, the mined ore is crushed through the crushing process. The crushed ore is then transported by truck to the heap leaching site for stacking.

- **Stacking.** In accordance with the design plan, the crushed ore is stacked using a self-leaching site entry with a mining inlet, where the ore is poured into the heap by truck and gradually pushed to the outer boundary of the leaching site.
- **Leaching.** For the heaps that have been stacked and turned over, a drip irrigation system is installed on top of the heap for heap leaching, and an environmentally friendly mineral processing reagent is sprayed evenly onto the surface of the ore heap after being mixed in proportion. The pregnant leach solution generated by the ore heap is collected centrally and transported to the pregnant leach solution pond.
- **Adsorption.** The adsorption tank in the adsorption workshop is filled with ground and cleaned activated carbon, and the precious liquid is transported from the pregnant leach solution pond to the adsorption tank for adsorption. The activated carbon is stirred by pressurized air equipment to ensure even adsorption.
- **Stripping.** The loaded gold-loaded carbon is extracted by the stripping equipment and serves as the final sale product.

Exploration Activities for Gold Production Business in China

Our exploration activities for gold production business in the PRC are mainly carried out by our in-house exploration team. For relevant risks relating to our exploration activities, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to expand or replenish our Mineral Resources and Reserves through exploration.”

Exploration Process

In the field of mining geology, we primarily rely on our in-house exploration team, which collect relevant geological data each year. After the initial study by the exploration team, we conduct comprehensive studies repeatedly and finalize the exploration plans and mining plans for the following year. These plans are submitted for internal approval, followed by expert reviews organized by our headquarters. After necessary revisions and approvals, the plans are executed quarterly and monthly. Throughout this process, external experts and research teams may participate in specific research projects intermittently.

For surface exploration, we typically consider various factors, including experience and qualifications, for third-party collaborations. Upon completion of exploration, reputable mining consultancy firms prepare the relevant exploration reports. All exploration activities strictly adhere to China’s national safety production standards, environmental protection regulations, and mining laws. Local governments may request us to submit technical reports for reference before commencing mining projects.

Third-party Exploration Teams

To a lesser extent, we engage third-party exploration service providers to conduct exploration activities for gold production business in the PRC. When selecting the third-party exploration teams, we generally take into account a number of factors, including experience, reputation, qualification and technical conditions. Our technical staff from relevant production departments are responsible for supervising and managing the work of third-party exploration teams, such as the progress of the project and stage acceptance check. Our third-party exploration teams are required to work in strict accordance with all the applicable PRC laws and regulations in relation to occupation safety and environmental protection. For more information on third-party exploration teams, see “— Contractors.”

The following table sets forth a selected summary of the key recommendations made by the Independent Technical Consultant towards our PRC Gold Mines and the relevant measures that have been taken or will be taken and the expected time frame.

Key Recommendations	Measures and time frame
For Huatai, Wulong and Jilong Mine — To conduct the reconciliation study in the future to improve the estimation of the resources and the mining operation	We will commission professional geological survey companies to conduct geological studies on our mines, and based on their research and assessment results, we will carry out subsequent production work. It is expected that geological research findings will be submitted every five years.
For Jintai Mine — to ensure the particle size of the stacked ore be 100% less than 25mm, and to establish a smelting workshop to produce gold bullion	We anticipate that by the time the second phase of construction is completed, the size of the particle will be controlled within 25 mm and the smelting workshop will be established after the completion of the second phase of the construction.

OUR GOLD PRODUCTION BUSINESS IN LAOS

Overview

LXML is the operator of the Sepon Gold and Copper Mine, the mining area of which is located in Vilabouly District, Savannakhet Province, south-central Laos. It is located on the Chuankuang-Changshan polymetallic metallogenic belt, which is an important endogenous metal ore belt in Laos, with various Mineral Resources, especially copper, gold and tin. We acquired a 90% equity interest in LXML in November 2018 through the acquisition of 100% equity interest in MMG Laos Holdings Limited (“**MMG Laos**”), i.e., Chijin Laos, for a

consideration of US\$275 million. The remaining 10% equity interest in LXML is held by the Government of Laos. LXML is a large local mining enterprise in Laos focusing on gold and copper mining and processing business.

The mining area of the Sepon Gold and Copper Mine was discovered by Rio Tinto in 1992, and LXML was established in September 1993. In 1999, Oxiana acquired 80% stake in LXML, which later increased to 100% in 2004. LXML commenced gold production in 2003 and copper production in 2005. In 2008, LXML was acquired by OZ Minerals, a mining company listed on the Australian Securities Exchange. In 2010, MMG Laos acquired LXML from OZ Minerals and from 2011 started to focus on copper production. In 2013 MMG Laos decided to halt gold production as the gold Reserves, grade and recovery rates by that time were not in line with the expectation coupled with the technical constraints on gold processing. Following our acquisition of LXML in 2018, we shifted the business focus from copper back to gold and made significant investments in improving the infrastructure, equipment and technologies for gold production. LXML resumed gold production in 2020, and since then we have maintained relatively stable annual production volume. For further details, see “— Development and Expansion”.

The mining operations of the Sepon Gold and Copper Mine are generally carried out through open pit mining, with an underground mining project under construction which is commenced mining ore in the third quarter of 2023. It has one production line of gold and one production line of copper. In the future, the Sepon Gold and Copper Mine will adopt a combination of open pit mining and underground mining. For details of our copper cathodes business, see “— Our Other Metal Production Business — Our Copper Cathodes Business in Laos”. The Sepon Gold and Copper Mine has three separate gold pits that are actively mined. The main products are doré with 30%-80% gold content and 10%-70% silver content. It has a designed annual mining capacity of approximately 3.5 million tonnes and designed annual processing capacity of approximately 3.5 million tonnes.

The Sepon Gold and Copper Mine has been accredited as a Grade A+ Mine, which is the highest grade awarded to mines in the country, by the Laos Ministry of Energy and Mines for six successive years since 2016, which is the highest grade awarded to mines in the country. Meanwhile, LXML was awarded the “Laos Business Leader Award” by the Lao National Chamber of Commerce and Industry in January 2023 due to the distinguished and significant contributions it has made to the development of Laos.

Operation Performance

In 2021, 2022 and 2023 and the nine months ended September 30, 2024, our gold production business in Laos produced 193.0 koz, 199.5 koz, 193.2 koz and 126 koz of gold, respectively. The following table sets forth the ore mined volume, ore processed volume and mine production volume in relation to gold by the Sepon Gold and Copper Mine for the periods indicated.

	Year Ended December 31,									
	2021					2023				
	Nine Months Ended September 30, 2023					Nine Months Ended September 30, 2024				
	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate
	(kt)	(kt)	(koz)	(kta)	(%)	(kt)	(kt)	(koz)	(kta)	(%)
Sepon Gold and Copper Mine -										
Gold	4,237	3,407	193.0	3,800	90%	3,794	3,792	199.5	3,800	100%
						2,790	3,085	193.2	3,800	81%
						2,457	2,457	140.9	2,850	86%
						1,890	2,355	125.9	2,850	83%
						(kt)	(kt)	(koz)	(kta)	(%)

Notes:

1. In 2023, the volume of ore processed was higher than the volume of ore mined in 2022 was kept as inventory and processed in 2023, thus increasing the aggregated amount of the ore processed in 2023.
2. Utilisation rate is calculated by dividing the amount of ore processed by the processing capacity.

The gold production volume of the Sepon Gold and Copper Mine increased by 3.3% from 193.0 koz in 2021 to 199.5 koz in 2022. This was primarily due to the increase of gold recovery rate following a series of capital investments and operational improvements. Its gold production volume slightly decreased by 3.1% from 199.5 koz in 2022 to 193.2 koz in 2023. The gold production volume of the Sepon Gold and Copper Mine decreased by 10.6% from 140.9 koz as of September 30, 2023 to 125.9 koz as of September 30, 2024, mainly due to the upgrading of our mining systems to enhance the capacity, which affected gold production.

In 2021, 2022 and 2023 and the nine months ended September 30, 2024, the gold processing recovery rate of the Sepon Gold and Copper Mine was approximately 54.6%, 63.8%, 64.1% and 64.4%, respectively. In 2021, we recorded relatively low gold processing recovery rate mainly due to the nature and quality of the ore mined by the Sepon Gold and Copper Mine. In particular, the primary gold ore is a “double refractory” ore, whereby the gold is bound up in fine sulphides (pyrite) and has preg-robbing materials that impact recovery.

We have made constant efforts to improve the average gold processing recovery rate of the Sepon Gold and Copper Mine. We focus on addressing the key challenges related to its gold processing by improving ore blending, high pressure oxidation, flotation and leaching. In particular, we increased the gold processing recovery rate through measures such as carbon desorption optimization, elution circuit optimization, improvement in industrial water quality, and leaching chemicals in the carbon-in-leach process. This resulted in a significant increase in the mine’s gold recovery rate increased significantly from 54.6% in 2021 to 64.4% in the nine months ended September 30, 2024. We are also undertaking optimization of flash flotation and resin in leach project with the aim to further improve the gold processing recovery rate. Looking ahead, we expect that the gold processing recovery rate will increase further to approximately 75% by June 2025.

Development and Expansion

The Sepon Gold and Copper Mine adopted the “One Focus with Two Steps” development strategy. “One Focus” refers to the target that the volume of copper production will keep stable while the volume of gold production will increase. “Two Steps” refer to: (i) increasing the intensity of exploration in our mining area, with the goal of discovering significant Resources within the next three years; and (ii) increasing investment in both experimental research on low-grade complex ores and research on the processing technology, together with further work on enhancing our gold processing recovery rate.

In 2019, LXML invited several geological experts from the United States, United Kingdom, Australia and other countries to conduct a detailed study on the exploration area of the Sepon Gold and Copper Mine, which resulted in the determination of 42 gold and 24 copper target areas in January 2020. In 2021, we formed the “Sepon 2.5 Project” team to increase the processing capacity of our plant through the addition of a second pressure oxidation station to double the processing capacity.

BUSINESS

In terms of our overseas gold assets, we are accelerating the construction of the open-pit and underground mining projects of the Sepon Gold and Copper Mine, which is expected to increase the annual underground mining capacity to 806,000 tonnes by 2025 from the current capacity of 536,000 tonnes. Meanwhile, we are accelerating modelling and study work of exploration prospects of Discovery West Deeps and Phavat North with open-pit and underground mining potentials, the annual underground mining capacity will be increased further after 2026 and 2027. As of September 30, 2024, the Inferred Mineral Resources for Discovery West Deeps are estimated to be about 1,165 thousand tonnes with an average Au grade of 5.68 g/t.

Mineral Resources and Ore Reserves

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Resources in Laos as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u>	<u>Au Grade</u>	<u>Au Metal Contained</u>	<u>Au Metal Contained</u>
		<i>(kt)</i>	<i>(g/t)</i>	<i>(koz)</i>	<i>(t)</i>
Sepon Gold and					
Copper Mine –					
Gold	Measured	<u>276</u>	<u>7.98</u>	<u>71</u>	<u>2.21</u>
	Indicated	<u>7,220</u>	<u>4.13</u>	<u>958</u>	<u>29.80</u>
	Inferred	<u>6,002</u>	<u>3.67</u>	<u>707</u>	<u>22.00</u>
	Total	<u>13,498</u>	<u>4.00</u>	<u>1,736</u>	<u>54.01</u>

Notes:

1. As to the Sepon Gold and Copper Mine, the Mineral Resources include the resources from open-pit, underground and stockpile.
2. Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

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The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Reserves in Laos as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Au	Au Metal Contained	Au Metal Contained
		(kt)	(g/t)	(koz)	(t)
Sepon Gold and Copper					
Mine – Gold	Proved	268	4.74	41	1.26
	Probable	7,628	3.05	749	23.3
	Total	7,896	3.11	790	24.56

Notes:

1. As to the Sepon Gold and Copper Mine, the Ore Reserves include the ore from open-pit, underground and stockpile.
2. Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

Mining Licenses and Exploration Permits

As of the Latest Practicable Date, LXML held one valid mining license covering a total area of approximately 130.88 km². The operation period under the permit started on March 1, 2003, with a maximum operation period of 50 years. The latest mining license was granted with a term of 10 years from September 30, 2023, which can be renewed for subsequent 10 year periods.

In addition, as of the Latest Practicable Date, LXML held one valid exploration permit covering a total area of approximately 1,010.40 km². The exploration permit has a total exploration period (including two extensions) of nine years.

We aim to renew our mining licenses or exploration permits before their respective expiry dates. Our Laos Legal Advisor does not anticipate any legal impediment in the renewal process, subject to compliance with relevant laws and regulations. We do not expect any material legal impediment in the renewal process. For details of Laos mining laws and regulations, see “Regulatory Overview.”

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The following table sets forth information regarding LXML's relevant mining licenses and exploration permits as of the Latest Practicable Date:

Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining License	No. 45-24/MEM.MMD	130.88	September 30, 2023 to September 29, 2033	Valid
Exploration Permit. . .	No. 1466/MEM. DGM.3	1,010.40	June 14, 2023 to June 14, 2026	Valid

Development Plan and Planned Production Schedule

Development Plan

The following timeline illustrates key historical and planned milestones in the development of the Sepon Gold and Copper Mine:

Year	Milestone
2003	Commenced gold production.
2005	Completed the construction of copper processing plant and started copper production.
2013	Gold production suspended.
2017	Peak production of copper cathode reached 90,000 tonnes per year.
2018	Chifeng Gold acquired LXML which owns the Sepon Gold and Copper Mine.
2020	The Sepon project commenced gold production from mining primary gold Mineral Resources.
2025	Plan to make follow-up investments in the Far West Mine, including the construction of a tailings storage facility; expect to establish a copper ore processing plant with an annual capacity of 1 million tonnes
2027	Plan to increase our annual gold production to 7 tonnes and our copper annual production to 30,000 tonnes

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Planned Production Schedule

As set forth in the Competent Person's Report, the following chart sets forth the planned mining and production schedule for the operations at the Sepon Gold and Copper Mine for the periods indicated over the life of mine:

Type	Unit	LOM	2024 Q4	2025	2026	2027	2028	2029	2030
LXML									
Mined Tonnes Gold	kt	7,896	1,435	2,803	1,909	770	546	402	31
Mined Tonnes Copper	kt	1,185	447	738	—	—	—	—	—
Total Mined Tonnes	kt	9,081	1,882	3,542	1,909	770	546	402	31
Milled Tonnes Gold	kt	7,896	1,435	2,803	1,909	770	546	402	31
Milled Tonnes Copper	kt	1,185	447	738	—	—	—	—	—
Total Milled Tonnes	kt	9,081	1,882	3,542	1,909	770	546	402	31
Gold Produced	kg	15,963	1,568	5,152	4,912	1,803	1,353	1,108	66
Gold Produced	koz	513	50	166	158	58	44	36	2
Copper Produced	kt	5	2	3	—	—	—	—	—

Notes:

1. The planned production schedule of the LOM of 7 years was made based on the data collected of Sepon Gold and Copper Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

Capital Costs

With the reference to the Independent Technical Report, our Directors confirmed that the capital costs of the Sepon Gold and Copper Mine for the three years ended December 31, 2023 were approximately RMB1,684.0 million. The Independent Technical consultant has reviewed the breakdown of the capital forecast and considered appropriate capital has been allocated to support the development of the Sepon Gold and Copper Mines and the basis of the capital cost estimation is considered reasonable. For detailed capital cost of the Sepon Gold and Copper Mines, please refer to “Appendix IIIB — Competent Person's Report for the Sepon Gold and Copper Mine — Capital Expenditures”.

Operating Costs

In 2022 and 2023, the Sepon Gold and Copper Mine recorded a gold AISC of approximately US\$1,476.9 per ounce and US\$1,330.0 per ounce, respectively, showing a decrease of 9.9% year-on-year.

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The table below sets forth a summary of the forecasted operating costs between 2024 and 2030 for the Sepon Gold and Copper Mine, as stated in the Competent Person's Report:

Sepon Gold and Copper Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030
Gold Operation													
Labor	USD million	28.44	22.69	23.10	18.23	71.06	12.91	25.23	17.18	6.93	4.92	3.61	0.28
Material	USD million	107.81	178.57	140.12	89.35	402.69	73.17	142.96	97.37	39.25	27.86	20.48	1.60
Electricity	USD million	13.34	12.21	18.39	14.79	55.27	10.04	19.62	13.36	5.39	3.82	2.81	0.22
Contractors	USD million	0.06	0.03	0.03	0.02	0.15	0.03	0.05	0.04	0.01	0.01	0.01	0.00
Engineering	USD million	0.01	0.00	0.00	0.00	0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Service	USD million	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Safety	USD million	—	—	—	—	—	—	—	—	—	—	—	—
Repairment	USD million	—	—	—	—	—	—	—	—	—	—	—	—
Others	USD million	0.00	0.00	0.00	0.00	0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Copper Operation													
Labor	USD million	2.14	2.87	4.02	2.91	10.67	4.02	6.65	—	—	—	—	—
Material	USD million	7.42	22.21	24.02	14.20	35.56	13.41	22.15	—	—	—	—	—
Electricity	USD million	1.02	1.42	3.36	2.30	4.74	1.79	2.95	—	—	—	—	—
Contractors	USD million	0.00	0.00	0.00	0.00	0.01	0.01	0.01	—	—	—	—	—
Engineering	USD million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—
Service	USD million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—
Safety	USD million	—	—	—	—	—	—	—	—	—	—	—	—
Repairment	USD million	—	—	—	—	—	—	—	—	—	—	—	—
Others	USD million	0.00	0.00	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—
LXML													
Taxes and surcharges	USD million	17.22	19.97	21.66	16.71	54.49	11.29	21.25	11.46	4.62	3.28	2.41	0.19
Selling costs	USD million	0.07	0.05	0.06	0.03	0.18	0.04	0.07	0.04	0.02	0.01	0.01	0.00
G&A costs	USD million	16.85	4.50	18.45	13.05	45.41	9.41	17.71	9.55	3.85	2.73	2.01	0.16
R&D costs	USD million	—	—	—	—	—	—	—	—	—	—	—	—
Total costs	USD million	194.40	264.54	253.22	171.60	680.28	136.12	258.66	149.01	60.06	42.64	31.34	2.45

Notes:

1. The calculation of the operating costs of the Life of Mine was made based on the data collected of the Sepon Gold and Copper Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in "Business — Development Plan and Planned Production Schedule — Planned Production Schedule".

Risks Associated with the Sepon Gold and Copper Mine

The mining industry is inherently associated with a high level of risk, which is accumulated due to factors such as the nature of ore body, ore distribution, grade and variations in mining and ore processing which are not able to be accurately predicted or accounted for. The following table sets forth a selected summary of the risk assessment regarding the material risks undertaken by the Independent Technical Consultant, including the assessment result and the ratings of the relevant risks. For more details and recommendations for actions to mitigate technical risks associated with the Sepon Gold and Copper Mine, please refer to “Appendix IIIB — Competent Person’s Report for the Sepon Gold and Copper Mine — Risk Assessment.”

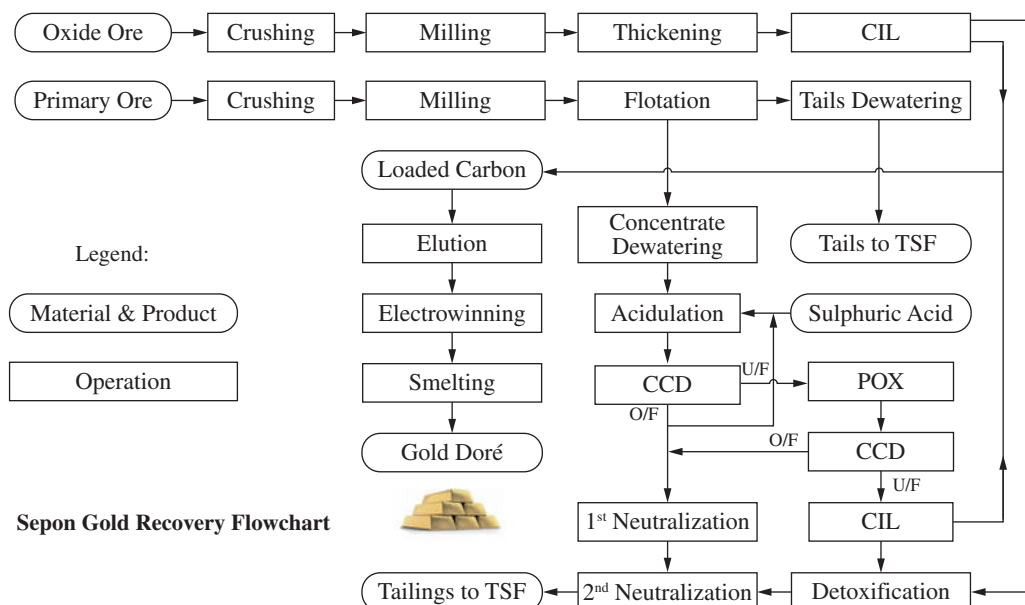
Material Risk Assessment of the Sepon Gold and Copper Mine

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Ore Reserves	Possible	Major	High
Unexpected Groundwater Ingress	Unlikely	Minor	Low
Ore Processing			
High Production Cost	Possible	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Operating Cost Underestimated	Likely	Minor	Medium

Operating Process of Gold Production Business in Laos

(a) Overview

During the Track Record Period, our gold production operations in Laos can generally be divided into two steps, namely, (i) mining and (ii) processing. The following diagram sets forth the general workflow of the production process:



(b) Mining

In relation to mining, we generally follow the open-pit mining method, and details of that workflow are set forth below:

- **Planning.** We undertake detailed planning prior to actual production, which covers mine bench, rock stripping and rock extraction.
- **Preparation and cutting.** We conduct extensive preparation. Then we drill holes in the rock wall, charge such holes with explosives and blast the rock wall.
- **Extraction.** We transport the ore by trucks through mine benches and discharge earth.

To a lesser extent, we also adopt the underground mining method and details of that workflow are set forth below:

- **Planning.** We carry out detailed planning prior to production, which involves economic analysis to mine the ore, including access design, stope design, drilling plans, and sequencing of the stopes.
- **Development.** We develop access to the ore body through the construction of ramps, levels, and ore drives. This includes the excavation of tunnels to reach the ore zones.
- **Drilling and Blasting.** Once development is complete, we drill long, parallel holes into the ore body using longhole drills. These holes are charged with explosives and blasted to break the ore.
- **Loading and Hauling.** The broken ore is collected using remote-controlled loaders and transported to stockpiles or directly to haulage trucks. The ore is then transported from the underground workings to the surface.
- **Ventilation and Dewatering.** We maintain proper ventilation systems to ensure air quality and manage water ingress through dewatering systems.
- **Support and Stability.** We ensure ground stability by installing ground support systems such as rock bolts and shotcrete as needed.

(c) Processing

In relation to processing, we utilize the flotation-pressure oxidation method to process both primary ores and oxide ores. Our plants mainly include crushing circuits, milling circuit, flotation circuit, pre-heated vessel, pressure oxidation facility, autoclave vessel and stripping facility. Details of the processing workflow for primary ores are set forth below:

- **Primary crushing and grinding.** Typically, mined ores are crushed through crushing circuit. Crushed ores will be stockpiled and fed into the milling circuit.
- **Flotation.** The milled ores are pumped into flotation circuit, including scavenger flotation. The flotation tails will be dewatered and discharged to tailings storage pit.
- **Acidulation and pressure oxidation.** The final flotation concentrate is used for acidulation where acid source is used for carbonate removal. The concentrate will then be pumped into the pre-heater vessel, the pressure oxidation facility and then the autoclave vessel, where the sulphides and pyrites are oxidized. The products will undergo the basic ferric sulphate dissolution process and then washed.

In addition, details of the processing workflow for oxide ores are set forth below:

- **Oxide grinding.** Typically, mined ores are processed through milling circuit and then pumped for cyanidation with air and lime addition.
- **Carbon in leach, elution and gold room.** The ores are leached by using sodium cyanide with air injection. Loaded carbon is transferred into the stripping facility for elution and the final gold will be poured within the gold room.
- **Cyanide destruction and neutralization.** The residues of carbon in leach will go through detoxification where chemicals are added for cyanide destruction. The final tails will go through neutralization before tailing disposal.

Exploration Activities for Gold Production Business in Laos

Our exploration activities for the gold production business in Laos are primarily conducted by our in-house exploration team, which has a well-defined strategy aimed at extending the mine life through the discovery of substantial ore deposits.

Exploration Process

In the realm of mining geology in Laos, our exploration process is systematic, encompassing preliminary research, data analysis, detailed drilling, sampling, interpretation of mineralization controls, and geological modeling. We dynamically allocate exploration resources based on real-time analysis of risks and uncertainties.

For surface exploration in Laos, we consider various factors, including experience and qualifications, when collaborating with third parties. After exploration is completed, reputable mining consultancy firms prepare the relevant exploration reports. All exploration activities strictly adhere to Laos's national safety production standards, environmental protection regulations, and mining laws. Local authorities may request us to submit technical reports for reference before commencing mining projects.

In-house Exploration Teams

Our in-house exploration teams at the Sepon Gold and Copper Mine focus on accelerating the exploration of quality greenfields opportunities in remote areas that were previously inaccessible. The teams are responsible for conducting exploration drilling at near-mine prospects and regional greenfields targets. The exploration process involves airborne geophysical surveys, stream sediment surveys, soil and ground geophysical surveys, geological mapping, trenching, and pattern drilling.

Third-party Exploration Teams

In addition to our in-house capabilities, we also engage third-party exploration service providers for specific tasks. When selecting these teams, we consider their experience, reputation, qualifications, and technical conditions. Our technical staff supervises and manages the work of these third-party teams, ensuring compliance with all applicable laws and regulations in Laos related to occupational safety and environmental protection. These third-party teams contribute to our stratigraphic studies, structural interpretations, and refining of gold and copper targeting models, leveraging their expertise to enhance our exploration strategy.

The following table sets forth a selected summary of the key recommendations made by the Independent Technical Consultant towards our Sepon Gold and Copper Mine and the relevant measures that have been taken or will be taken and the expected time frame.

Key Recommendations	Measures and time frame
To further conduct feasibility studies to develop currently available Mineral Resources in order to extend the mine life of the project	We continue to conduct feasibility studies to progress Mineral Resources into production to extend the life of the mine. For example, in order to better understand the resources available and attempt to turn known resources into profitable mining operations, we have committed to exploration drilling and resource drilling for the next three years in the development of the Khanong primary copper deposit and the Far West Prospects gold deposit.

BUSINESS

Key Recommendations

To proactively manage the environmental and mine closure issues during the production, in order to reduce the high mine closure cost at the end of the mine

Measures and time frame

We have been using mining waste during our production process to backfill depleted pits and create waste dumps that align with our final closure plans. Our environmental department also implements a progressive rehabilitation program, initiating rehabilitation activities in areas that are no longer in use and conform to the final profiles. Furthermore, we review the closure fund annually to identify areas where rehabilitation has been completed, allowing for a reduction in the fund, and to set targets for further progressive rehabilitation efforts.

OUR GOLD PRODUCTION BUSINESS IN GHANA

Overview

In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, for a consideration of US\$291 million. The remaining 38% equity interest in Golden Star Resources is held by the China-Africa Fund for Industrial Cooperation Co., Ltd. (中非產能合作基金有限責任公司), and the remaining 10% equity interest in GSWL is held by the Government of Ghana. The mining areas are located around Akyempim Village in the Wassa East District in the Western Region of Ghana, approximately 150 kilometers west of Accra, the capital of Ghana. It is on the renowned Ashanti gold belt, which is the largest gold metallogenic belt in Ghana. Before our acquisition, Golden Star Resources was listed on the NYSE American (NYSE American: GSS), the Toronto Stock Exchange (TSX: GSC) and the Ghana Stock Exchange (GSE: GSR). Following our acquisition, Golden Star Resources was delisted from each of these stock exchanges and now operates as a privately-held company.

Ghana is a former British colony with a relatively sound legal system and attaches great importance to the development of its mining industry. Since 2021, Ghana's national gold output has surpassed that of South Africa to become the largest gold producer in Africa in terms of annual production. According to Frost & Sullivan, the political environment in Ghana is stable, and the jurisdiction is suitable for long-term investment with low political risk. Ghana, commonly known as the Gold Coast, is home to several large mines and major international mining companies, such as Newmont Corporation, Gold Field Limited and AngloGold Ashanti Limited. For details, please see "Regulatory Overview."

The mining areas held by the Wassa Gold Mine generally include (i) the Wassa mining area, (ii) the Hwini Butre mining area, and (iii) the Benso mining area. These mining areas have experienced local small-scale and colonial mining activities since the beginning of the 20th century. Golden Star Resources acquired the mining rights to its Wassa mining area from a syndicate of banks led by Standard Bank London Limited in September 2003. This was followed by the acquisitions of the mining rights in Hwini Butre and Benso mining areas in late 2006.

The Wassa Gold Mine commenced open pit production in 2005 and started commercial underground production in 2017. It currently adopts a combination of underground mining and open pit mining, with a focus on underground mining. The mining areas are equipped with well-developed production systems, complete underground equipment and facilities, a processing plant and necessary production equipment. It has a designed annual mining capacity of approximately 3 million tonnes and a designed annual processing capacity of approximately 4 million tonnes. During the Track Record Period, it had produced approximately 461.5 koz of gold. The main products of the Wassa Gold Mine are doré with more than 80% gold content.

Father Brown Mine is one of the open-pit mines within GSWL's portfolio of mines. The Father Brown Mine is independent of the Wassa Mine, as it is within the Hwini-Butre mining lease (a concession south of Wassa) with the validity until August 2031. The mining activities were suspended in 2013. After the completion of feasibility study in June 2024, we believe it is economically feasible to resume the operation of the Father Brown Mine. We intend to conduct partial trial mining and, following additional verification work, aim to resume production.

Operation Performance

In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, ore mined volume, ore processed volume and mine production volume of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see "Financial Information — Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources."

In 2022 and 2023 and the nine months ended September 30, 2024, our gold production business in Ghana produced 162.1 koz, 161.5 koz and 138 koz of gold, respectively. The following table sets forth the ore mined volume, ore processed volume and mine production volume in relation to gold by Wassa Gold Mine for the periods indicated.

	Year Ended December 31,										Nine Months Ended September 30,														
	2021					2022					2023					2023					2024				
	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate	Ore Mined	Ore Processed	Gold Production	Processing Capacity	Utilisation Rate
(kt)	(kt)	(koz)	(kta/a)		(kt)	(kt)	(koz)	(kta/a)		(kt)	(kt)	(koz)	(kta/a)		(kt)	(kt)	(koz)	(kta/a)		(kt)	(kt)	(koz)	(kta/a)		
Wassa Gold Mine . . .	-	-	-	-	-	2,024	1,969	162.1	2,700	73%	2,530	2,551	161.5	2,700	94%	1,920	1,850	116	2,025	91%	2,211	2,300	138	2,025	114%

Notes:

1. In 2023, the volume of ore processed was higher than the volume of ore mined, primarily because some of the ore mined in 2022 was kept as inventory and processed in 2023, thus increasing the aggregated amount of the ore processed in 2023.
2. Utilization rate is calculated by dividing the amount of ore processed by the processing capacity. For the nine months ended September 30, 2024, the utilisation rate was over 100%. This was mainly because the process plant actually operated for more days than the planned schedule as the annual maintenance work took less than the anticipated time.

BUSINESS

The gold production volume of the Wassa Gold Mine remained relatively stable at 162.1 koz and 161.5 koz in 2022 and 2023, respectively. The gold production volume was increased by 18.9% to 138.1 koz as of September 30, 2024 from 116.1 koz as of September 30, 2023 mainly due to the contribution of production volume from the construction of two new declines since in July 2023.

In 2022 and 2023 and in the nine months ended September 30, 2024, the processing recovery rate of Wassa Gold Mine was 95.6%, 95.5% and 95.4%, respectively.

Development and Expansion

We are accelerating the production expansion project at the Wassa Gold Mine, especially focusing on developing deep orebodies and other mineralised area to the largest extent permitted by the mining license. According to a preliminary economic assessment, we expect to build the Wassa Gold Mine into a large-scale gold mine with (i) an annual processing capacity of approximately 3.3 million tonnes and (ii) an annual production of 353 koz gold by 2028. In order to realize this goal, we will adopt various measures, including carrying out more exploration activities at different exploration targets, upgrading our mining and processing infrastructure and maintaining the average gold processing recovery rate.

In addition, the Forestry Commission of Ghana has granted us an entry permit for exploration at the forest region of the mining area.

Mineral Resources and Ore Reserves

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Resources in Ghana as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u>	<u>Au Grade</u>	<u>Au Metal Contained</u>	<u>Au Metal Contained</u>
		(kt)	(g/t)	(koz)	(t)
Wassa Gold Mine.	Measured	<u>6,754</u>	<u>2.97</u>	<u>645</u>	<u>20.08</u>
	Indicated	<u>9,984</u>	<u>3.13</u>	<u>1,004</u>	<u>31.24</u>
	Inferred	<u>60,893</u>	<u>3.38</u>	<u>6,609</u>	<u>205.53</u>
	Total	<u>77,631</u>	<u>3.31</u>	<u>8,258</u>	<u>256.85</u>

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

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The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our gold Reserves in Ghana as of September 30, 2024:

<u>Mineralized Zone/Block</u>	<u>Category</u>	<u>Tonnage</u> <i>(kt)</i>	<u>Au Grade</u> <i>(g/t)</i>	<u>Au Metal Contained</u> <i>(koz)</i>	<u>Au Metal Contained</u> <i>(t)</i>
Wassa Gold					
Mine	Proved	<u>3,521</u>	<u>2.14</u>	<u>242</u>	<u>7.53</u>
	Probable	<u>5,291</u>	<u>2.12</u>	<u>360</u>	<u>11.19</u>
	Stockpile	<u>30</u>	<u>1.33</u>	<u>1.27</u>	<u>0.04</u>
	Total	<u>8,842</u>	<u>2.12</u>	<u>603</u>	<u>18.76</u>

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

Mining Licenses and Exploration Permits

As of the Latest Practicable Date, GSWL held two valid mining licenses and three valid exploration permits which covered an aggregate area of approximately 62.45 km² and 148.15 km², respectively.

The mining licenses in Ghana are generally granted with a term of up to 30 years. The exploration permits are generally renewed every three years. We aim to renew our mining licenses or exploration permits before their respective expiry dates. As advised by our Ghana Legal Advisor, there are no explicit regulations limiting the number of times a mining license or exploration permit may be renewed in Ghana. Our Ghana Legal Advisor does not anticipate any legal impediment in the renewal process. We do not expect any material legal impediment in the renewal process.

For details of Ghana mining laws and regulations, see "Regulatory Overview."

The following table sets forth information regarding the Wassa Gold Mine's relevant mining licenses and exploration permits as of the Latest Practicable Date:

<u>Type</u>	<u>Serial Number</u>	<u>Geographical Area (km²)</u>	<u>Effective Period</u>	<u>Status</u>
Mining Lease . . .	LVDGAST35364682022	63.00	January 26, 2022 to January 25, 2047	Lease renewed and in the process of ratification.
Mining Lease . . .	LVDGAST37993462020	19.45	August 25, 2020 to August 24, 2031	Valid

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Type	Serial Number	Geographical Area (km ²)	Effective Period	Status
Mining Lease . . .	LVDGAST38000372020	43.00	August 25, 2020 to August 24, 2031	Valid
Exploration Permit	LVB9113/1994 & PL 2/155	24.81	December 13, 2024 to December 12, 2027	Valid
Exploration Permit	LVB5528/2005 & PL 2/378	96.44	March 4, 2022 to March 3, 2025 ¹	Valid
Exploration (prospecting) Permit	LVB1624/2006 & RL2/117	26.9	September 4, 2024 to September 3, 2027	Valid

Note:

1. We will submit our renewal application prior to the expiry date in accordance with the relevant laws and regulations, and we and our Ghana Legal Advisor do not expect any legal impediment in the renewal process for this permit.

As of the Latest Practicable Date, one mining lease (LVDGAST35364682022) of GSWL had been renewed by the Ghanaian Government, pending Ghana parliamentary ratification as required by the Ghana constitution. According to our Ghana Legal Advisor, the process of obtaining the ratification involves multiple governmental institutions of Ghana, including the Minister for Lands and Resources, Minerals Commission, Cabinet of Ministers and the Parliament of Ghana, thus the time frame could not be precisely predicted and it usually takes two to six years. It is stipulated in the subsection 44(4) of the Mining Act of Ghana that if a holder of a mining lease has made an application for extension of the term, the lease shall continue in force in respect of the subject of the application before the outcome of the application is determined. As advised by our Ghana Legal Advisor, our mining operations at the Wassa Gold Mine would continue uninterrupted under the original mining lease in accordance with the subsection 44(4) of the Mining Act of Ghana while the renewed mining lease is under ratification by the Ghana Parliament. Based on the foregoing, we and the Ghana Legal Advisor do not anticipate any legal impediment to the completion of the ratification process. With respect to exploration (reconnaissance) permit (LVB1624/2006 & RL2/117), we submitted an application to convert this exploration (reconnaissance) permit to an exploration (prospecting) permit on November 27, 2020 to the Minerals Commission of Ghana. The Minister of the Ministry of Lands and Natural Resources of Ghana by a letter dated January 1, 2023 approved the recommendation of the Minerals Commission to convert this exploration (reconnaissance) licenses to an exploration (prospecting license). On July 19, 2024, the Minerals Commission of Ghana brought the approval of the prospecting licenses agreement before the Ministry of Lands and Natural Resources for signing. A new 3-year prospecting license dated September 4, 2024 has since been issued to GSWL over an area of 26.92km² within the Wassa East District of the Western Region of Ghana. For more details, please see “Risk Factors — We may fail to obtain, maintain or renew the government permits, licenses and approvals required for our mining and exploration activities.”

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Development Plan and Planned Production Schedule

Development Plan

The following timeline illustrates key historical and planned milestones in the development of the Wassa Gold Mine:

Year	Milestone
2005	CIL (Carbon in Leach) plant commissioned.
2007	Commenced open pit mining at South Akyempim. Construction of haul road to Hwini Butre.
2012	Commenced drilling to test underground potential below Wassa.
2013	Upgraded plant to 2.7 Mtpa capacity with fresh ore, consolidated mining at Wassa main pit.
2017	Declared commercial production at Wassa Underground. Defined a deep definition drilling program, which later became the Southern Extension zone. Averaged 1,865 ore t/d in underground operations.
2018	Completed open pit mining of the main pit. Increased underground ore mining rate to 2,945 t/d. Grew Wassa Underground Inferred Mineral Resource to 5.2 Moz with the addition of the Southern Extension zone.
2020	Completed construction of paste backfill plant and on-site gas-fired power generation. Underground ore mining rate increased to 4,480 t/d (1.6 Mtpa).
2023	Commenced construction of B-shoot South and 242 decline.
2025	Plan to conduct partial trial mining in Father Brown Mine and obtain relevant environmental assessment and production permit.
2025-2027 . .	Plan to carry out deep and peripheral exploration, as well as intensified drilling operations, and initiate the construction of the transition from surface to underground mining of the Father Brown Mine.

Planned Production Schedule

As set forth in the Competent Person's Report, the following chart sets forth the planned mining and production schedule for the operations at the Wassa Gold Mine for the periods indicated over the life of mine:

Wassa Gold Mine in Ghana	Unit	LOM	2024Q4	2025	2026	2027	2028
Wassa_Basic Plan							
Mined_Tonnes	kt	8,812	979	3,209	2,517	1,614	493
Milled Tonnes	kt	8,812	979	3,209	2,517	1,614	493
Gold Produced	kg	17,955	1,981	6,000	5,533	3,474	967
Gold Produced	koz	577	64	193	178	112	31
Wassa_Upside Plan							
Mined_Tonnes	kt	9,986	979	3,209	2,517	1,614	1,667
Milled Tonnes	kt	9,986	979	3,209	2,517	1,614	1,667
Gold Produced	kg	19,897	1,981	6,000	5,533	3,474	2,908
Gold Produced	koz	640	64	193	178	112	94

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Notes:

1. The planned production schedule for the LOM includes two scenarios: the basic plan and the upside plan. The upside plan includes residual material in the upper area and material in the lower area, which SRK views as a potential economic opportunity but does not classify as Ore Reserves due to insufficient technical studies. Both LOM scenarios span 5 years and were developed based on data collected from the Wassa Gold Mine as of September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

Capital Costs

With the reference to the Independent Technical Report, our Directors confirmed that the capital costs of the Wassa Gold Mine for the three years ended December 31, 2023 were approximately RMB1,588.7 million. The Independent Technical consultant has reviewed the breakdown of the capital forecast and considered appropriate capital has been allocated to support the development of the Wassa Gold Mine and the basis of the capital cost estimation is considered reasonable. For detailed capital cost of the Wassa Gold Mine, please refer to “Appendix IIIC — Competent Person’s Report for the Wassa Gold Mine — Capital Cost”.

Operating Costs

In 2022 and 2023, GSWL recorded the gold AISC of approximately US\$1,371.2 per ounce and US\$1,197.1 per ounce, respectively, showing a decrease of 12.7% year-on-year.

The table below sets forth a summary of the forecasted operating costs between 2024 and 2028 for GSWL, as stated in the Competent Person’s Report:

Wassa Gold Mine	Unit	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028
Labor	USD million	31.75	35.80	29.96	184.97	20.56	67.36	52.83	33.88	10.34
Material	USD million	58.50	51.72	65.47	333.25	37.03	121.35	95.18	61.05	18.64
Electricity	USD million	8.03	18.72	9.02	67.85	7.54	24.71	19.38	12.43	3.79
Contractors	USD million	1.78	10.71	3.43	30.20	3.36	11.00	8.63	5.53	1.69
Engineering	USD million	4.25	9.29	4.02	33.30	3.70	12.13	9.51	6.10	1.86
Service	USD million	1.46	1.74	2.56	10.93	1.22	3.98	3.12	2.00	0.61
Safety	USD million	—	—	—	—	—	—	—	—	—
Repairment	USD million	—	—	—	—	—	—	—	—	—
Others	USD million	6.99	—	0.33	13.88	1.54	5.05	3.96	2.54	0.78
Taxes and surcharges	USD million	13.23	17.96	19.22	63.75	7.08	23.21	18.21	11.68	3.57
Selling costs	USD million	—	—	—	—	—	—	—	—	—
G&A costs	USD million	20.41	16.97	12.76	82.43	9.16	30.02	23.54	15.10	4.61
R&D costs	USD million	—	—	—	—	—	—	—	—	—
Total costs	USD million	146.40	162.90	146.77	820.57	91.19	298.80	234.37	150.31	45.89

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Notes:

1. The calculation of the operating costs of the Life of Mine was made based on the data collected of Wassa Gold Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

Risks Associated with the Wassa Gold Mine

The mining industry is inherently associated with a high level of risk, which is accumulated due to factors such as the nature of ore body, ore distribution, grade and variations in mining and ore processing which are not able to be accurately predicted or accounted for. The following table sets forth a selected summary of the risk assessment regarding the material risks undertaken by the Independent Technical Consultant, including the assessment result and the ratings of the relevant risks as well as recommendations for actions to mitigate technical risks. Please refer to “Appendix IIIC — Competent Person’s Report for the Wassa Gold Mine — Risk Assessment” for more details and recommendations for actions to mitigate technical risks.

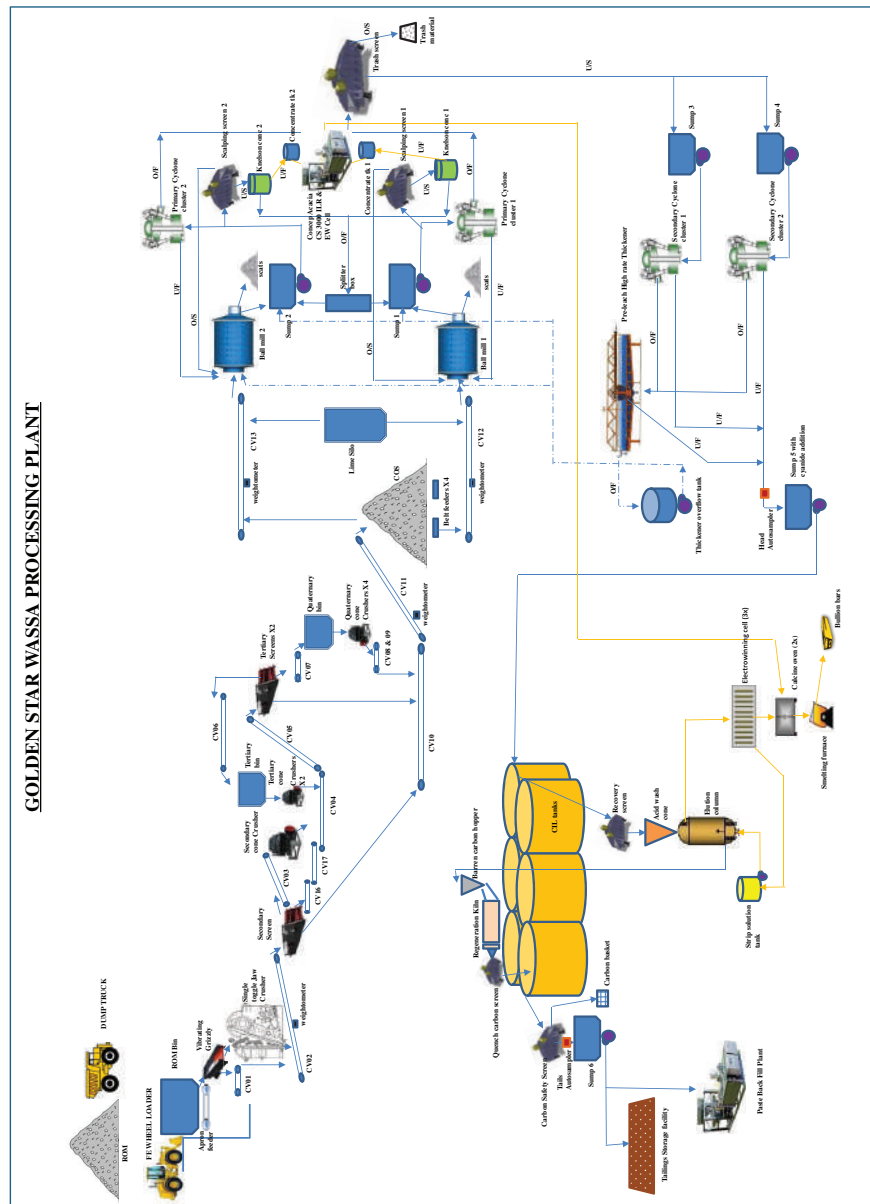
Material Risk Assessment of the Wassa Gold Mine

<u>Risk Source/Issue</u>	<u>Likelihood</u>	<u>Consequence</u>	<u>Overall</u>
Geology and Resource			
Overestimate of Resource Grade	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Possible	Moderate	Medium
Ore Processing			
Higher Processing Cost	Possible	Moderate	Medium
Project Timing Delays	Unlikely	Moderate	Low
Capital Cost and Operating Cost Increases . .	Possible	Moderate	Medium

Operating Process of Gold Production Business in Ghana

(a) Overview

Our gold production operations in Ghana can generally be divided into two steps, namely, (i) mining and (ii) processing. Our mines in Ghana are also equipped with processing plants to process the ores that we mine into doré. The following diagram sets forth the general workflow of the production process:



(b) Mining

In relation to mining, the Wassa mining area primarily utilizes the open-pit mining method and the sub level open stoping method.

Details of the open-pit mining workflow are set forth below:

- **Planning.** We undertake detailed planning prior to actual production, which covers mine bench, rock stripping and rock extraction.
- **Preparation and cutting.** We conduct extensive preparation. Then we drill holes in the rock wall, charge such holes with explosives and blast the rock wall.
- **Extraction.** We transport the ore by trucks through mine benches and discharge earth.

In relation to the long-hole mining workflow, it generally follows the similar processes and methods as we adopt for mining process for gold production business in the PRC. For details, see “— Our Gold Production Business in China — Operating Process of Gold Production Business in the PRC.”

(c) Processing

We primarily utilize the gravity-flow all-slime cyanidation absorption gold extraction method. Our plants mainly include crushing circuits, grinding circuits, gravity-flow concentrator, pressure filters and conveyers. Details of the processing workflow are set forth below:

- **Crushing circuit.** Typically, ores from the underground are crushed in multi-stages of closed-circuit crushing.
- **Grinding circuit.** The final crushed ore is ground in a grinding circuit operated in a closed circuit.
- **Gravity flow.** The ore is transferred into centrifugal separator and separated into concentrate and tailings. The concentrate will be used for leaching and the tailings will be transferred back to grinding circuit.
- **Cyanidation leaching.** Ore pulp is absorbed through multi-cyanidation leaching.
- **Replacement.** Replaced gold concentrate is obtained through purification, deoxidation and replacement by zinc powder or carbon.
- **Tailings dewatering.** Gold concentrate is dewatered by pressure filter and decyanated by chemicals and then separated from tailings.

Exploration Activities for Gold Production Business in Ghana

Our exploration activities for gold production business in Ghana are mainly carried out by third-party exploration service providers and to a lesser extent our in-house exploration team.

Exploration Process

Before commencing any exploration activities the Wassa Gold Mine geology group will gather relevant information related to the exploration target. Our group then drafts an exploration plan for the area, considering the Wassa Gold Mine's objectives for the year. This plan may include diamond drilling, reverse circulation drilling, mapping, soil sampling, grab sampling, or any other suitable exploration technique for the target.

The exploration plan is then presented to our management for review and approval. Upon approval, third-party exploration teams will conduct more in-depth research, which may include topographic surveying, geological mapping, trench exploration, drilling exploration, pit exploration, geological sample collection and analysis, as well as identifying and determining the position, size, grade and other key information of the relevant minerals. They may also need to conduct relevant hydrogeology and engineering geology work to ascertain the mining technical conditions.

Once approved, the plan is implemented, with the geology group managing the work program. If the exploration program requires drilling, third-party drilling service providers are engaged. These service providers supply the drill rigs, manpower, and tooling required to complete the planned drilling program.

After the field work is completed, the third-party exploration teams prepare the exploration report for our review. The exploration report might then be submitted to relevant governmental authorities for evaluation and filing. Upon completion of the program, the exploration results are reviewed and communicated to management and any applicable government authority.

Third-party Drilling Service Providers

When selecting third-party exploration teams and drilling service providers, the Wassa Gold Mine generally considers factors such as experience, reputation, qualification, and technical ability. Our technical staff from relevant production departments and geology staff are responsible for supervising and managing the work of third-party exploration teams and drilling service providers. Our third-party exploration team drilling service providers are required to work in strict accordance with all applicable Ghanaian laws and regulations related to occupational safety and environmental protection.

In-house Exploration Teams

The Wassa Gold Mine also utilizes its in-house exploration team and geology group to a lesser extent. This group conducts preliminary geological studies, such as collecting relevant materials and geological mapping, to understand the geological features of the relevant areas. Our Company also employs dedicated geomechanics, geotechnical engineers, and hydrogeologists to conduct on-site hydrology, hydrogeology, and geotechnical geology studies.

The exploration design plan is then submitted to the technology management department for review and approval, and this process may involve the expertise of external geology experts. Third-party exploration teams will then carry out the relevant physical explorations, chemical explorations, and drilling explorations according to the design plan. When selecting third-party exploration teams, we generally consider factors such as experience and qualifications. After the exploration is completed, a reputable mining consulting firm prepares the relevant exploration report. All exploration activities are carried out in strict compliance with the JORC Code as well as relevant laws related to work safety, environmental protection, and mining. The local government may request us to submit technical reports for reference before commencing mining projects. For relevant risks relating to our exploration activities, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to expand or replenish our Mineral Resources and Reserves through exploration.”

The following table sets forth a selected summary of the key recommendations made by the Independent Technical Consultant towards our Wassa Gold Mine and the relevant measures that have been taken or will be taken and the expected time frame.

Key Recommendations	Measures and time frame
To maintain and enhance the geological exploration, such as mapping the underground tunnels, especially for faults and fractures, and monitoring the underground water discharges	We have been continuously mapping subsurface ore drift developments geologically.
To carry out continuous exploration for the upgrade the underground Mineral Resources. As the geological risks also related to the grade estimation of underground Mineral Resources, it is noted there are abundant Inferred Mineral Resources for the underground mine and further exploration potential, and the current Inferred Mineral Resources in deeper zones have been estimated on primarily drill core interceptions with sparse distance so there is possibility of underestimate or overestimate	We have an in-depth analysis completed by a professional consulting firm. A professional mine planning software is in place and in use for all mine planning activities, for both short and medium-to-long term, at Wassa Gold Mine, with formal training completed on all mining engineers working within the planning department.

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Key Recommendations	Measures and time frame
To improve the quality of grade control model and incorporate it into the Mineral Resource/Ore Reserve model	A quarterly model update schedule has been established to ensure that the updated grade control models are incorporated into the Mineral Resource model.
To carry out in-depth engineering studies associate to LoM planning and the use of professional mine planning software and to source and retain professional services, if needed	The subsurface production rates attained at Wassa over the last two years have been thoroughly examined, and the results, along with advice from a reputable consulting firm, have been translated into a set of approved input parameters.
To properly manage the grade control and plan in order to reduce operating costs	Detailed geo-metallurgical tests will be performed on drill samples to integrate into the grade control and planning process, ensuring that processing and metallurgy are adequately informed before ores from the stopes are processed. Additionally, reevaluating known surface mineralization at higher gold prices, along with further exploration activities, will help secure additional future ore supplies.
To carry further test works on the deep underground veins to assure the processing procedures and laboratory protocols being used are appropriate and suitable, which could be dependent on future exploration programs and technical studies	We plan to continue drilling at Wassa Deeps, with several holes expected to be completed in the near future. Met test work is planned on core obtained from Wassa Deep drilling campaigns to firm up processing parameters.

OUR OTHER MINERAL RESOURCES PRODUCTION BUSINESS

Our Other Mineral Resources Production Business in China

Overview

Hanfeng Mining in the PRC primarily engages in mining of polymetallic ore including zinc, lead, copper and molybdenum. The main products include zinc concentrate powder, lead concentrate powder (containing silver), copper concentrate powder (containing silver) and molybdenum concentrate powder.

Hanfeng Mining was established in September 2004 and became part of our Group upon completion of the acquisition of its entire equity interest in November 2019. The Hanfeng Polymetallic Mine has two main underground mining areas: (i) the Lishan Mining Area (立山

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礦區), which mainly produces zinc, with lead and copper as co-product minerals, as well as lead, copper and silver as by-product minerals; and (ii) the Dongfeng Mining Area (東風礦區), which mainly produces zinc, with copper and molybdenum as co-product minerals, as well as lead as by-product minerals. The Hanfeng Polymetallic Mine has a designed annual mining capacity of approximately 699,000 tonnes and a designed annual processing capacity of approximately 825,000 tonnes.

The mining areas of the Hanfeng Polymetallic Mine are located at Laotougou Town, Longjing City, Yanbian Korean Autonomous Prefecture, Jilin Province, which is designated as the key exploration area for important Mineral Resources (lead and zinc ore) according to the National Mineral Resources Planning (2016-2020) (全國礦產資源規劃(2016-2020年)). Due to the superior metallogenic geological conditions, this area has an important concentration area of polymetallic mineralization.

Operation Performance

The following table sets forth the ore mined volume, ore processed volume and mine production volume of the Hanfeng Polymetallic Mine for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2024
	2021	2022	2023	2023	2024
	(kt)	(kt)	(kt)	(kt)	(kt)
Ore Mined	510	502	457	247	549
Ore Processed	506	579	434	220	534
Processing Capacity					
Ore Processed					
Hanfeng Polymetallic Mine					
– Polymetallic metals . .	660	660	660	500	675
Utilisation Rate	77%	88%	66%	44%	79%
Production Volume					
<i>Zinc concentrate</i>					
<i>powder</i>	19.93	22.04	11.29	5.55	10.18
<i>Lead concentrate</i>					
<i>powder</i>	3.48	3.31	2.72	1.43	2.63
<i>Copper concentrate</i>					
<i>powder</i>	2.93	2.05	1.44	0.63	1.19
<i>Molybdenum concentrate</i>					
<i>powder</i>	–	0.04	0.21	0.07	0.49

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The following table sets forth the processing recovery rate of the Hanfeng Polymetallic Mine by its principal products for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30, 2024
	2021	2022	2023	
<i>Zinc concentrate powder . . .</i>	87.5%	88.3%	89.2%	87.7%
<i>Lead concentrate powder . . .</i>	64.5%	59.6%	71.7%	66.4%
<i>Copper concentrate powder .</i>	61.2%	49.8%	54.4%	49.0%
<i>Molybdenum concentrate powder</i>	—	—	78.5%	79.7%

Development and Expansion

As reported in December 2020, we discovered additional Reserves of 542,600 tonnes of zinc, 30,900 tonnes of copper (including co-product and by-product), 28,600 tonnes of lead and 131 tonnes of silver in the deep ore bodies of the Lishan Mining Area. As a result, we undertook a project to building over 1,000 meters of shafts in 2022 in order to exploit the newly discovered Resources. Upon completion, this project will assist us to enter the next stage of development and construction and to further improve output. We also plan to undertake work on a ventilation shaft and a mining development system.

The Dongfeng Molybdenum Mine is expected to begin construction in 2025. Currently, the mine is preparing the feasibility study report. The projected annual mining capacity is 1.65 million tonnes per year, using underground mining methods, with an annual production of 3,990 tonnes of molybdenum concentrate at 47% Mo content. The estimated life of mine is 33 years.

Mineral Resources

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our non-ferrous metal Resources and Reserves in the PRC conducted through our subsidiary, Hanfeng Polymetallic Mine, which includes two mining areas, namely Lishan Mining Area and Dongfeng Mining Area, as of September 30, 2024:

Category	Lishan Mining Area							Dongfeng Mining Area		
	Tonnage	Zn Grade	Zn Metal Contained	Cu Grade	Cu Metal Contained	Pb Grade	Pb Metal Contained	Tonnage	Mo Grade	Mo Metal Contained
	(kt)	(%)	(kt)	(%)	(kt)	(%)	(kt)	(kt)	(%)	(kt)
Measured	752	2.36	18	—	—	0.12	1	1,819	0.11	2
Indicated	8,583	2.66	229	0.07	6	0.12	10	26,495	0.12	32
Inferred	10,616	2.9	308	0.09	10	0.13	14	37,053	0.12	45
Total	19,951	2.78	554	0.08	16	0.13	25	65,367	0.12	79

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Note:

1. Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

Mining Licenses and Exploration Permits

As of the Latest Practicable Date, Hanfeng Mining held a total of two valid mining licenses, including (i) one for the Lishan Mining Area, and (ii) one for the Dongfeng Mining Area. Its mining licenses covered a total area of approximately 4.65 km². In addition, as of the Latest Practicable Date, Hanfeng Mining held one valid exploration permit, which covered a total area of approximately 2.3 km².

The mining licenses are generally valid for several years to 30 years. The exploration permits are generally valid for five years and renewed accordingly subject to some conditions. We aim to renew our mining licenses or exploration permits before their respective expiry dates. As advised by our PRC Legal Advisor, there are no explicit regulations limiting the number of times a mining license or exploration permit may be renewed in the PRC. We and our PRC Legal Advisor do not expect any material legal impediment in the renewal process if we submit our application in accordance with the relevant laws and regulations. For details of the PRC mining laws and regulations, see “Regulatory Overview.”

The following table sets forth information regarding the relevant mining licenses and exploration permits for Hanfeng Mining as of the Latest Practicable Date:

Type	Serial Number	Geographical Area (km²)	Effective Period	Status
Mining license . .	C2224002021083210152512	2.2250	August 27, 2021 to August 27, 2050	Valid
Mining license . .	C2200002010123120093830	2.4207	February 25, 2025 to February 24, 2030	Valid
Exploration Permit	T100000202103302800361	2.3191	December 20, 2020 to December 20, 2025	Valid

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Development Plan

The following timeline illustrates key historical and planned milestones in the development of the Hanfeng Polymetallic Mine:

Hanfeng Polymetallic Mine	
Year	Milestone
1951	Began large-scale mining
2004	The combined mining and processing capacity of Dongfeng and Lishan reached 1,000 t/d
2019	Hanfeng Mining merged into our Company
2022	Began construction of the lower part of the Lishan Mining Area (Phase I project), with a designed capacity of 2,000 t/d
2024	Began designing the deep development project of the Dongfeng Molybdenum Mine (below 250 meters above sea level), with a designed capacity of 5,000 t/d
2026	Plan to establish a 5,000-tonne ore processing plant for the Dongfeng Molybdenum Mine

Planned Production Schedule

As set forth in the Competent Person's Report, the following chart sets forth the planned mining and production schedule for the operations in the Hanfeng Polymetallic Mine for the periods indicated over the life of mine:

Underground	Unit	LOM	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Hanfeng											
Polymetallic											
Mine											
Mined Tonnes											
(Lishan											
Lower)	kt	3,310	—	435	435	426	362	451	434	398	367
Milled Tonnes .	kt	3,310	—	435	435	426	362	451	434	398	367
Zinc											
Production . .	kt	152	—	19	18	19	14	24	25	18	15

Notes:

1. The planned production schedule of the LOM of 9 years was made based on the data collected of the Hanfeng Polymetallic Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in "Business — Development Plan and Planned Production Schedule — Planned Production Schedule".

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Risks Associated with the Mineral Area

The mining industry is inherently associated with a high level of risk, which is accumulated due to factors such as the nature of ore body, ore distribution, grade and variations in mining and ore processing which are not able to be accurately predicted or accounted for. The following table sets forth a summary of the risk assessment undertaken by the Independent Technical Consultant, including its assessment result and the ratings of the relevant risks as well as recommendations for actions to mitigate technical risks associated with the Hanfeng Polymetallic Mine, please refer to “Appendix IIIA — Competent Person’s Report for the PRC Mines — Risk Assessments”.

<u>Risk Source/Issue</u>	<u>Likelihood</u>	<u>Consequence</u>	<u>Risk</u>
Hanfeng Project			
Mining			
Significantly lacking Ore Reserves .	Unlikely	Major	Medium
Ore Processing			
Poor Plant Reliability	Possible	Moderate	Medium
Lower Processing Recovery	Possible	Moderate	Medium
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium

Exploration Activities for Other Mineral Resources Business in China

During the Track Record Period, our exploration activities for non-ferrous metal production business in the PRC were carried out by in-house exploration team as well as third-party exploration service providers.

Before commencement of exploration activities, the third-party exploration teams will gather relevant materials for preliminary study of the relevant mine’s geology features to, assist them to understand the mineral distribution and facilitate search for potential Resources. After the preliminary study, they will formulate an implementation plan, which sets out detailed steps for exploration, for our review and approval. Upon approval, the third-party exploration teams will carry out more in-depth research, including topographic survey, geological mapping, trench exploration, drilling exploration, pit exploration, geological sample collection and analysis, identifying and determining the position, size, grade and other key information of the relevant minerals. They may also need to undertake the relevant hydrogeology and engineering geology work in order to ascertain the mining technical conditions. After completion of field work, the third-party exploration teams will prepare the exploration report for our review. Such exploration report might be submitted to the relevant governmental authorities for evaluation and filing.

When selecting the third-party exploration teams, we generally take into account a number of factors, including experience, reputation, qualification and technical conditions. Our technical staff from relevant production departments are responsible for supervising and managing the work of third-party exploration teams, such as the progress of the project and stage acceptance check. Our third-party exploration teams are required to work in strict accordance with all the applicable PRC laws and regulations in relation to occupation safety and environmental protection. For more information on third-party exploration teams, see “—Contractors.”

When the mine is put into production, the exploration design will be carried out by our in-house exploration team, where it undertakes preliminary geology study, such as collection of relevant materials and geology mapping, in order to understand the geology features of the relevant areas. As we have dedicated geomechanics who undertake on-site hydrology and geology studies, the design plan will also reflect the relevant engineering and geology conditions. The exploration design plan will then be submitted to the technology management department for review and approval, during which external geology experts may be involved from time to time. Then third-party exploration teams will carry out the relevant physical explorations, chemical explorations and drilling explorations pursuant to the design plan. When selecting the third-party exploration team, we generally take into account a number of factors, including experience and qualification. After completion of the exploration, the relevant exploration report will be then prepared by reputable mining consulting firms. All exploration activities are carried out in strict compliance with Chinese national safety production standards as well as the relevant laws in relation to work safety, environmental protection and mining. The relevant local government may request us to submit technical reports for reference before commencement of mining projects.

For relevant risks relating to our exploration activities, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to expand or replenish our Mineral Resources and Reserves through exploration.”

Operating Process of Other Mineral Resources Business

During the Track Record Period, our other Mineral Resources operations in the PRC can generally be divided into two steps, namely, (i) mining, and (ii) processing.

Hanfeng Polymetallic Mine primarily utilizes the selective mining method for mining in China. Its mining equipment mainly includes rock drills and loaders. The details of the mining process are listed as follows:

- **Design.** Detailed planning is carried out before actual production begins, including the layout of stopes, pillars, ventilation shafts, ore passes, and backfill entry points. We generally divide the mining area into different sections, and each section is treated as a mining unit.

- **Preparatory cutting.** A detailed plan is made to drill ventilation shafts, ore passes, and backfill entry points. After that, we drill holes in the ore body, fill the holes with explosive materials, and then blast the ore body.
- **Mining.** Extracting the ore from the rock mass to form a mined-out area. Our mining method is by stratified mining.
- **Ore transportation.** We transport the ore to the surface using mine carts through mine roads and vertical shafts.
- **Backfilling.** We backfill the mined-out area with various backfilling materials (including rocks produced by blasting and/or preparatory cutting) to prevent surface subsidence.

Hanfeng Polymetallic Mine mainly uses the flotation process for processing, which mainly includes the crushing circuit, grinding and classification circuit, flotation circuit, concentrate dewatering, and tailings transportation. The details of the processing are listed as follows:

- **Crushing circuit.** Generally, we carry out multi-stage closed circuit crushing for the ore mined underground.
- **Grinding and classification circuit.** The crushed ore that meets the standards is processed in a closed circuit.
- **Flotation circuit.** The ground and classified ore is subjected to flotation, which includes roughing, multiple scavenging, and cleaning processes.
- **Concentrate dewatering.** The concentrate is dewatered through a filter press to separate the concentrate.
- **Tailings transportation.** The tailings after flotation are transported to the tailings storage facility.

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The following table sets forth a selected summary of the key recommendation made by the Independent Technical Consultant towards our Hanfeng Polymetallic Mine and the relevant measures that have been taken or will be taken and the expected time frame.

Key Recommendation	Measures and time frame
Hanfeng Project — to carry out in-fill drilling exploration and/or underground exploration for resource category upgrade to meet life of mine plan of the lower parts of Lishan Mine and Dongfeng Mine	We are in the process of carrying out shaft sinking and tunneling works to access the ore deposits. Assuming all necessary preconditions are satisfied, the construction of Lishan Mine is anticipated to be finalized in the near future. We also expect to upgrade the reserves and expose the ore bodies within the next two years. Meanwhile, Dongfeng Mine is expected to initiate shaft sinking and tunneling works within the next two years.

Our Copper Cathodes Business in Laos

Overview

Our copper cathodes business is carried out by our subsidiary LXML in Laos, which has one production line of copper. It has seven separate copper pits that are actively mined and produces copper cathode. During the Track Record Period, due to a general decrease of copper oxide Reserves as well as our refocusing our business strategy from other Mineral Resources to the expansion of our gold mining business, the copper production volume of the Sepon Gold and Copper Mine increased from 5,020 tonnes in 2021 to 6,485 tonnes in 2023. However, we have continued our production of copper through the remaining copper Reserves, and since 2022 we have been studying and testing the feasibility of heap leaching treatment to extract copper. The Sepon Gold and Copper Mine has a designated annual processing capacity of approximately 1.4 million tonnes.



Our Copper Cathodes product

BUSINESS

Operation Performance

In 2021, 2022 and 2023 and the nine months ended September 30, 2024, our copper cathodes business in Laos produced 5,020 tonnes, 6,433 tonnes, 6,485 tonnes and 4,025 tonnes of copper cathodes, respectively. During the Track Record Period, the copper processing recovery rate of the Sepon Gold and Copper Mine was 86.4%, 64.5%, 55.7% and 45.0%, respectively. The following table sets forth the ore mined volume, ore processed volume and mine production volume in relation to copper cathodes by the Sepon Gold and Copper Mine for the periods indicated.

	Year Ended December 31,			Nine Months Ended September 30, 2024
	2021	2022	2023	
	(kt)	(kt)	(kt)	(kt)
Ore mined	149	—	—	—
Ore processed	255	772	1,105	843.31
Production volume.	5	6	6	4.03

Note:

- The ore mined volume for the Sepon Gold and Copper Mine's copper mine dropped to zero in 2022, because the Sepon Gold and Copper Mine resumed gold production in 2020, while only keeping a small portion of processing capacity for its copper business since then. For the reason behind the halt in gold production at the copper mine of the Sepon Gold and Copper Mine, see "Business — Our Gold Production Business in Laos — Overview." As of the Latest Practicable Date, the Sepon Gold and Copper Mine did not have any active copper mining projects while only processed the ore from its stockpile.

Mineral Resources and Ore Reserves

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our copper Resources in Laos conducted at subsidiary, LXML, as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage	Cu Grade	Cu Metal Contained
		(kt)	(%)	(kt)
Sepon Gold and Copper Mine – Copper	Measured	—	—	—
	Indicated	4,416	1.45	64
	Inferred	2,078	0.98	20
	Total	6,493	1.30	85

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

BUSINESS

The following table, which is based on the Competent Person's Report in accordance with the JORC Code, sets forth the information of our copper Reserves in Laos conducted at subsidiary, LXML, as of September 30, 2024:

Mineralized Zone/Block	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Sepon Gold and Copper				
Mine – Copper	Proved	—	—	—
	Probable	1,185	0.93	11.05
	Total	1,185	0.93	11.05

Note:

- Numbers have been subject to rounding. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

Mining Licenses and Exploration Permits

As advised by our Laos Legal Advisor, our copper cathodes business and our gold production business in Laos are subject to the same mining licenses and exploration permits of LXML. For details of relevant mining licenses and exploration permits, see “— Our Gold Production Business in Laos — Mining licenses and Exploration Permits.”

Development Plan and Planned Production Schedule

The development plan and planned production schedule of our copper cathodes business in Laos is subject to the same development plan of the Sepon Gold and Copper Mine. For details, see “— Our Gold Production Business in Laos — Development Plan and Planned Production Schedule.”

As set forth in the Competent Person's Report, the following chart sets forth the planned mining and production schedule for the copper operation at the Sepon Gold and Copper Mine for the periods indicated from 2024 Q4 to 2025:

Type	Unit	LOM	2024 Q4	2025
Copper Production				
Mined Tonnes Copper	kt	1,185	447	738
Milled Tonnes Copper	kt	1,185	447	738
Copper Produced	kt	5	2	3

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines.

BUSINESS

Capital Costs

The capital costs of our copper cathodes business in Laos are subject to the same capital costs of the Sepon Gold and Copper Mine. For details, see “— Our Gold Production Business in Laos — Capital Costs.”

Operating Costs

The operating costs of our copper cathodes business in Laos are subject to the same operating costs of the Sepon Gold and Copper Mine. For details, see “— Our Gold Production Business in Laos — Operating Costs.”

The table below sets forth a summary of the forecasted copper production operating costs between 2024 Q4 and 2025 for Sepon Gold and Copper Mine, as stated in the Competent Person’s Report:

Item	Unit	LOM	2024 Q4	2025
Copper Operation				
Labor	USD million	10.67	4.02	6.65
Material	USD million	35.56	13.41	22.15
Electricity	USD million	4.74	1.79	2.95
Contactors	USD million	0.01	0.01	0.01
Engineering	USD million	0.002	0.00	0.00
Service	USD million	0.0004	0.00	0.00
Safety	USD million	—	—	—
Repairment	USD million	—	—	—
Others	USD million	0.001	0.00	0.00

Notes:

- 1, The calculation of the operating costs of the Life of Mine was made based on the data collected of Sepon Gold and Copper Mine since September 30, 2024.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

Risks Associated with the Sepon Gold and Copper Mine

The risks associated with our copper cathodes business in Laos are subject to the same risks of the Sepon Gold and Copper Mine. For details, see “— Our Gold Production Business in Laos — Risks Associated with the Sepon Gold and Copper Mine.”

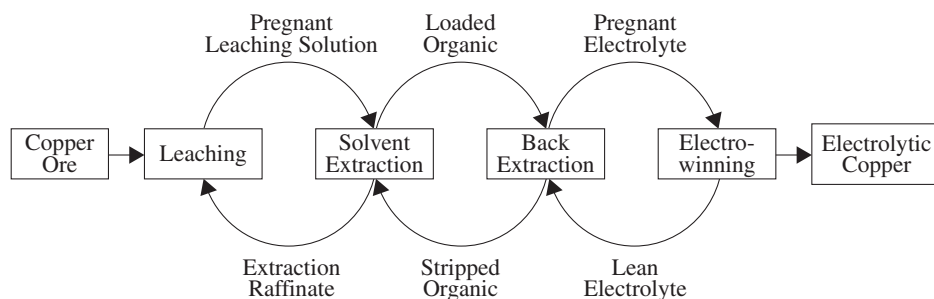
Exploration Activities for Copper Cathodes Business in Laos

During the Track Record Period, we had been conducting the exploration activities for copper cathodes business through LXML. Our exploration activities for copper cathodes business in Laos follow similar processes and methods as we adopt for exploration activities for gold production business in the PRC. For details, see “— Our Gold Production Business in China — Exploration Activities for Gold Production Business in China.”

Operating Process of Copper Cathodes Business in Laos

During the Track Record Period, our copper cathodes production operations in Laos can generally be divided into three steps, namely, (i) mining, (ii) processing and smelting. In relation to mining, we generally follow the open-pit mining method. For details, see “— Our Gold Production Business in Laos — Operating Process of Gold Production Business in Laos.”

In relation to processing and smelting, we utilize the flotation-pressure oxidation method to process both mined ores. Our plants mainly include scrubber circuit, leaching tanks, counter current decantation circuit, atmospheric leach thickener, mixer-settler, wash dip tank, stripping machine and neutralization tank. Details of the processing workflow for primary ores are set forth below and following diagram sets forth the general workflow of the production process:



- **Run of mine and scrubber.** Typically, mined ores are crushed and washed by scrubber circuit in order to screen out the larger particles. The products will then be sent to leaching tanks.
- **Cold acid leach and counter current decantation.** Chemical is added into leaching tank to dissolve copper into solution. Atmospheric leach thickener is used to create solid underflow stream and clear overflow stream in counter current in order to wash copper, acid and iron from the solid underflow stream. Additional chemicals will be added to improve the settling rate.

- **Solvent extraction.** The solution (with copper in solution) is pumped into mixer-settlers with different functions for extraction and the impurities will be washed out and diluted.
- **Electrowinning.** Copper is recovered from the solution by connecting direct electric current. High purity copper cathode metal so generated will grow for certain days and then pulled and transferred to a cathode wash dip tank. The copper cathode is later stripped in stripping machine and put into stacks.
- **Neutralization.** Tailings are pumped into neutralization tanks and then pumped into tailings storage facility.

Our Rare Earth Business in Laos

Overview

We intend to engage in rare earth business principally through our subsidiary under Chijin Xiawu, Chixia Laos, in Laos. Rare earth minerals are a scarce resource on a global scale. Due to the technical difficulties involved in mining these minerals, as well as volume control and strategic reserves policies implemented by rare earth exporting countries, rare earth minerals have been in short supply globally for an extended period.

At the beginning of 2021, during the gold and copper exploration activities in the southern mining area, we discovered ionic medium and heavy rare earth minerals anomalies in the granite distribution area. We subsequently conducted a general survey on the area and, in August 2022, we issued a report identifying two areas of mineralisation within the western scope of the southern mining area that belong to the relatively scarce medium and heavy rare earth group. The total rare earth oxides in the area are estimated at 32,000 tonnes with average grade of 0.045%.

In relation to the latest development of our rare earth business, as of the Latest Practicable Date:

- LXML had submitted an application to the Minister of Planning and Investment of Laos in relation to rare earth mining right in an area of 2.96 km² located within its mining area. The relevant border verification under this application had been completed. This application is currently on hold due to Prime Minister Decision No. 43/PM dated June 24, 2022 regarding selection criteria for rare earth companies in Lao PDR, and Notification from the Prime Minister's Office No. 642 dated April 20, 2023.

- Chijin Laos had submitted an application to the Ministry of Planning and Investment of Laos in relation to rare earth exploration right in an area of 50 km² in the Kham District of Xiangkhouang Province. This application had been accepted by the aforementioned governmental authority. Chijin Laos had also submitted two applications to the Ministry of Planning and Investment of Laos in relation to prospecting, exploration, and a technical feasibility study on (i) rare earth minerals within a 19.88 km² area in Phouvineg and Phouluang Villages, Hiem District, Huaphan Province and (ii) gold and associated minerals within a 180 km² area in Giem District, Huaphan Province, respectively. These applications had been accepted by the aforementioned governmental authority. Currently Chijin Laos' applications are on hold due to the Cabinet Office of the Prime Minister's notification on April 20, 2023 regarding the suspension of all new and pending applications of all applicants.
- The Ministry of Energy and Mine of Laos had granted Chijin Laos permit in relation to reconnaissance (investigation) at: (i) the Meang Hiem District in Houaphanh Province with an area of 198 km²; and (ii) Huameang District in Houaphanh Province with an area of 139 km². A reconnaissance team consisting of representatives from Chijin Laos, Lao Mining Development State Enterprise, the Ministry of Energy and Mines of Houaphanh Province and Muang Hiam District had conducted geological mapping in Muang Hiam City.

As all the applications for the approvals, permits and/or licenses required for the intended exploration activities of Sepon Rare Earth Element Project are pending review by the relevant Laos government authorities, LXML had not commenced any exploration activities on rare earth minerals as of the Latest Practicable Date. The Laos Legal Advisor is of the view that the status of the pending approvals, licenses and/or permits required for the intended exploration activities of Sepon Rare Earth Element Project will not have any material impact upon the planning of the rare earth exploration activities by LXML on the basis that LXML had not commenced any rare earth exploration activities as of the Latest Practicable Date. Our Directors are of the view that the relevant applications being put on hold are not expected to have any material adverse impact on our business, financial condition or results of operations.

In light of the new business opportunity brought by this discovery, we entered into a strategic cooperation framework agreement with Xiamen Tungsten, a company listed on Shanghai Stock Exchange, in September 2022, pursuant to which we and Xiamen Tungsten established a joint venture company to seize the business opportunity brought by rare earth. Xiamen Tungsten has comprehensive capabilities covering the whole rare earth industry chain, from mining and processing to product development and research. We believe that this joint venture will bring together the resources and relevant industry experience to sustainably and profitably develop these rare earth Resources.

BUSINESS

On March 4, 2024, an equity transfer agreement was entered into among China Investment, Chixia Laos and Chijin Xiawu, pursuant to which Chixia Laos shall acquire from China Investment 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd., which in turn holds an 86% equity interest in CIRE Mining. To the best of the our knowledge, the suspension of relevant applications for approvals, permits and/or licenses required for the intended exploration activities of the Sepon Rare Earth Element Project by the relevant local regulatory authorities is not expected to have a material adverse impact on the Mengkham Rare Earth Element Project or the acquisition.

The Target Company operates the Mengkham Rare Earth Element Project and has two subsidiaries which held a rare earth mineral processing permit (experimental), a mineral extraction permit (experimental) and a rare earth exploration permit. The project is still at the construction stage covering the mining area of 50 km², whereby the genetic type of the mineral deposit belongs to the weathering curst ion-adsorbed rare earth deposit. To the best of our knowledge, we confirmed that, as of the Latest Practicable Date, (a) there were no outstanding permit or license which were pending approval from the Laos regulatory authorities in connection with this project; and (b) based on the disclosure from the Target Company to us and the due diligence conducted by us during the acquisition process, the Target Company held necessary licenses and/or permits to conduct rare earth exploration and operation in all material aspects.

Operation Performance

During the Track Record Period, we did not produce any rare earth products in Laos.

OUR OTHER BUSINESS

Overview

Our other business primarily comprised recycling of waste electronic products and electrical appliances through Guangyuan Technology, which was established on August 6, 2003 under the laws of the PRC and acquired by us in July 2015. Guangyuan Technology specializes in comprehensive utilization of waste resources. It primarily recycles waste electronic products and electrical appliances. It also recycles and utilizes defective products from manufacturing enterprises, and scrap materials from governmental institutions, and recycles and disposes of power batteries. It also collects, stores, and transports hazardous waste. The major customers of Guangyuan Technology are enterprises in the metal products manufacturing and resource recycling sectors. We charge our customers by weight at predetermined prices based on the type of disassembled materials after the processing and recycling, and record revenue on a gross basis.

Although Guangyuan Technology operates as a non-core business within our Group, it contributes to our financial metrics including operating income and net profit. The resources recycling business is a strategically important sector supported on a national level and further enhances our ESG efforts. Besides, the resource recycling business is a beneficial complement to our mining business as it diversifies our revenue sources. According to Frost & Sullivan, local and national government bodies in the PRC have introduced a series of policies to encourage and support the development of the industry. As such, the PRC has gradually established a multi-level recycling system led by enterprises with qualification to recycle waste electronic products and electrical appliances.

Guangyuan Technology's primary market is located in Hefei City, Anhui Province, where it procures waste electronic products and electrical appliances, including computers, monitor screens, televisions, washing machines, refrigerators and air conditioners. It also has a presence in more than 30 counties and cities around Hefei City. The main channels for raw material procurement include:

- Municipal recycling point. We have established various recycling points in five cities and are gradually expanding with an aim to cover the whole Anhui Province.
- Home appliance sales. We have established strategic cooperation relationships with leading home appliance companies in Hefei City and assist them recycle trade-in old home appliance.
- Home appliance manufacturing. We have also established partnership with leading home appliance manufacturing companies in China and assist them recycle defective or scraped products.
- Governmental and public institutions. We have been appointed as Provincial Designated Enterprise for Recycling Scraped Electronic Products and Electrical Appliances in Anhui (安徽省省級電器電子產品報廢定點處置企業) and assist various governmental and public institutions, such as schools and hospitals, recycle waste electronic products and electrical appliances.
- Social welfare organizations. We also cooperate with various social welfare organizations to recycle waste electronic products and electrical appliances from the local communities.

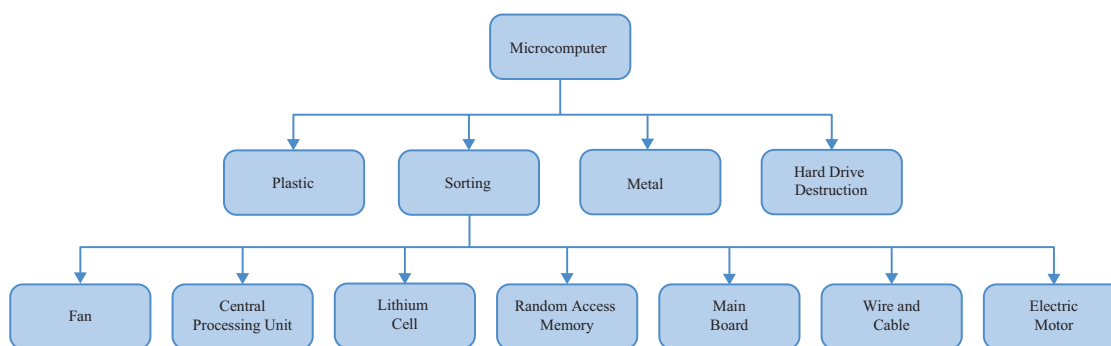
Guangyuan Technology has an annual processing capacity of 2.65 million units. Guangyuan Technology adopts a comprehensive recycling and disposal process integrating manual disassembling and mechanical disposal followed by comprehensive treatment such as in-depth mechanical sorting and separation of the disassembled materials. It then delivers the materials produced in its recycling process to enterprises with hazardous waste management licenses for utilisation or treatment.

Guangyuan Technology possesses a Waste Electronic Products and Electrical Appliances Disposal Certificate (廢棄電器及電子產品處理證書) and is the only company in Hefei City that qualifies for waste electric and electronic products disposal. Guangyuan Technology conducts its business process in accordance with the “Guidelines for the Standardized Disassembling and Disposal Operations and Production Management of Waste Electrical and Electronic Equipment 2015” (廢棄電器電子產品規範拆解處理作業及生產管理指南(2015年版)). Guangyuan Technology has been nominated as a New Energy Vehicle Power Battery Recycling Trail Unit in Anhui Province (安徽省新能源汽車動力蓄電池回收利用試點單位) in December 2008 and was included in the National Waste Electrical and Electronic Equipment Treatment Fund Subsidy List (國家廢棄電器電子產品處理基金補貼名單) in September 2013.

Operations of Resource Recycling Business

Guangyuan Technology adopts a comprehensive recycling and disposal technology that combines manual dismantling and mechanical disposal and carries out in-depth mechanical sorting and separation of the dismantled materials. The materials generated in the recycling process are then delivered to enterprises holding hazardous waste operation licenses for recycling or disposal.

Our standard operation process can be exemplified by our workflow for computer disassembling. As shown in the flowchart below, we first transport the waste computers into the disassembling storage place. Then the waste computers are put onto a conveyor belt and delivered to different sectors for manual disassembling. The computer plastic cases are directly delivered to the plastic weighing area. We deliver the remaining parts to the sorting area for further dismantling into different materials, such as fan, battery, central processing unit, main board etc. In relation to hard drives, these will go through mechanical destruction. The various materials produced from disassembly will then be placed into recycling bags to be collected by enterprises with hazardous waste management licenses for utilisation or treatment.



BUSINESS

Revenue Model of Resource Recycling Business

For the recycling of waste electronic products and electrical appliances, we charge our customers by weight at predetermined prices based on the type of disassembled materials after the processing and recycling, and record revenue on a gross basis.

SALES AND CUSTOMERS

Overview

During the Track Record Period, our primary products were gold, copper cathodes and other Mineral Resources products. Details of our major products as of the Latest Practicable Date are set out as below:

Business	Products
Gold production in the PRC	Doré with more than 80% gold content, gold concentrate powder with gold content of 50g/t and more, or gold-loaded carbon
Gold production in Laos	Doré with 30%-80% gold content and 10%-70% silver content
Gold production in Ghana	Doré with more than 80% gold content
Other Mineral Resources in the PRC . .	(i) zinc concentrate powder, (ii) lead concentrate powder (containing silver), (iii) copper concentrate powder (containing silver), and (iv) molybdenum concentrate powder
Copper cathodes in Laos	Copper cathodes with Grade A quality
Others (resource recycling)	Dismantled materials

Our average selling price of gold mining business is determined based on the gold metal contained in the gold products despite the variant grades of the products. For details of the average selling price, please refer to “Financial Information — Sales volume and Average Selling Price”.

BUSINESS

Sales in the PRC

Our products are sold to a wide range of customers in China and we adopt different arrangements to determine the price and facilitate our sales. In relation to our sales of products in the PRC, we generally enter into sales agreements with our customers on an annual basis without entering into any long-term agreement. The following table sets forth the major customers and our pricing and sale arrangement for our sales in the PRC.

Business	Major Customers	Customer Location	Pricing and Sales Arrangements
Gold production in the PRC. . .	Members of the Shanghai Gold Exchange, i.e. precious metal refiners	PRC	We determine the selling price based on the spot trading price of the Shanghai Gold Exchange and the relevant customer's agreement. The settlement price is determined at the market price of the spot pricing less smelting/refining fees and handling charges. The payment may be either settled on the day of the spot pricing or the immediately following day or partly settled in advance. As confirmed by Frost & Sullivan, the sale of gold in PRC is not subject to any governmental regulatory pricing guidelines.

BUSINESS

Business	Major Customers	Customer Location	Pricing and Sales Arrangements
Other Mineral Resources in the PRC	Large downstream smelters with long-term cooperation	PRC	As a general practice, we determine sales prices based on the market prices of the relevant metals contained in the concentrates, including zinc, lead, copper, silver and molybdenum. The prices of 1# zinc ingot and 1# spot lead available on the Shanghai Metals Network and the settlement price of the spot copper contract on the Shanghai Futures Exchange are largely used as benchmarks. Settlement prices are determined based on the actual metal contents in the refined powder products, with transportation costs, weighing check fees and other factors taken into account.
Others	Downstream enterprises with hazardous waste management licenses for utilisation or treatment of disassembled waste electronic products and electrical appliances	PRC	Sales prices are determined by reference to the quantity of disassembled products and the market conditions and at a price set by a bidding process. The goods are available to be picked up by clients at our relevant premises on condition of full payment.

BUSINESS

Sales in Laos

In relation to our sales of products in Laos, we generally enter into sales agreements our customers for generally one to three years. Given the high quality of our products, various potential customers have approached us. Accordingly, we believe that it would not be difficult for us to find alternative customers for sales of products on terms comparable to those we have with our existing. The following table sets forth the major customers and our pricing and sale arrangement for our sales in Laos.

<u>Business</u>	<u>Major Customers</u>	<u>Customer Location</u>	<u>Pricing and Sales Arrangements</u>
Gold production in Laos	Mainly include large, international gold refiners selected across the globe	Australia, Singapore, Thailand	Based on the current agreement we may sell up to 90% of the products as per our laboratory's assay results at spot price once gold doré is handed over to our contracted transportation service provider at the mine site's gold room and sell all the remaining products once the refinery's results are available at spot price. The payment may be either settled on the day of the spot pricing or the immediately following business day. We generally arrange the products to be transported to the factory of the customer. As confirmed by Frost & Sullivan, the sale of gold in Laos is not subject to any governmental regulatory pricing guidelines.

BUSINESS

Business	Major Customers	Customer Location	Pricing and Sales Arrangements
Copper cathodes in Laos	Mainly include international commodity traders		The details and terms of the sales are determined by the agreement reached by the parties in accordance with international trade rules. Generally, we are paid at a provisional provision, which is set at the average price of the London Metal Exchange in the previous month. Within three days after the original bill of lading is received by the customer, we receive payment at the average price of the London Metal Exchange in the coming month. We generally arrange for the products to be transported to the factory of the customer.

BUSINESS

Sales in Ghana

In relation to our sales of products in Ghana, we generally enter into sales agreements with our customers for two years or longer terms. The following table sets forth the major customers and our pricing and sale arrangement for our sales in Ghana.

Business	Major Customers	Customer Location	Pricing and Sales Arrangements
Gold production in Ghana	The products are consigned to large gold refineries selected through a bidding process. During the Track Record Period, our major customers include large international refineries	South Africa, Ghana	The pricing is mainly based on the gold spot price set by the London Bullion Market Association as benchmark after deducting certain relevant fees, and payments are generally settled within three business days of shipment. We are also subject to obligations in relation to sales of doré under a streaming agreement. For details, see subsection of “Metal Streaming” below. We generally arrange for the products to be transported to the relevant factory of the customer. As confirmed by Frost & Sullivan, the sale of gold in Ghana is not subject to any governmental regulatory pricing guidelines.

Customers

During the Track Record Period, the brand and quality of our products were widely recognized by the market. In addition, we have established long-term and stable relationships with precious metals refiners and trading companies. We have maintained business relationships of over three years with our top five customers during the Track Record Period. In line with industry practice, we generally do not engage in marketing activities. This is mainly due to the scarcity of gold resources and strong demand for gold. According to Frost & Sullivan, gold mining has long been considered a sellers’ market, where gold mining

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companies hold a bargaining advantage over their downstream customers. For our overseas operation, we mainly identify and procure customers by inviting bids from potential customers. Domestically, we primarily identify and establishes cooperative relationships with customers through the Shanghai Gold Exchange. We believe our customers typically would not directly export our products to other countries, as the majority of our customers are metal refineries, which would process our products in order to produce gold/copper products for higher purity.

During the Track Record Period, our top five customers in the respective year/period were refiners of precious metals and other non-ferrous metals as well as trading companies. For each year/period of the Track Record Period, revenue contributed by our top five customers amounted to RMB2,946.2 million, RMB5,345.8 million, RMB5,565.6 million and RMB4,904.6 million, respectively, accounting for 77.9%, 85.4%, 77.1% and 78.8% of our total revenue for the same periods, respectively. Revenue contributed by our largest customer for each year/period of the Track Record Period amounted to RMB2,126.6 million, RMB2,602.2 million, RMB2,672.1 million and RMB2,140.1 million, respectively, accounting for 56.2%, 41.5%, 37.0% and 34.4% of our total revenue for the same periods, respectively. The following tables set out details of our five largest customers in each year/period of the Track Record Period:

Rank	Customer	Type of Product(s) Sold	Country/Region	Nature of Business	Year(s) of Business Relationship as of the Latest Practicable Date	Credit terms	Revenue	% of our Total Revenue
<i>(RMB'000)</i>								
<i>For the nine months ended September 30, 2024</i>								
1.	ABC Refinery (Australia) Pty Ltd	Gold	Australia	Refinery	4	Up to 90% prepayment	2,140,263	34.4
2.	Rand Refinery (PTY) Ltd	Gold	South Africa	Metal Production	3	15 business days from invoice date	1,758,881	28.3
3.	Huadian Gold Co., Ltd. (桦甸市黄金有限责任公司)	Gold	PRC	Mining	2	N/A	467,515	7.5
4.	Bank of Ghana	Gold	Ghana	Bank	2	2 days upon receipt of delivery notice	289,700	4.7
5.	Shandong Jinchuang Gold&Silver Smelting Co., Ltd. (山東金創金銀冶煉有限公司)	Copper	PRC	Mining	3	N/A	248,281	4.0

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Rank	Customer	Type of Product(s) Sold	Country/Region	Nature of Business	Year(s) of Business Relationship as of the Latest Practicable Date	Credit terms	Revenue	% of our Total Revenue
<i>(RMB'000)</i>								
<i>For the year ended December 31, 2023</i>								
1.	ABC Refinery (Australia) Pty Ltd	Gold	Australia	Refinery	4	Up to 90% prepayment	2,672,102	37.0
2.	Rand Refinery (PTY) Ltd	Gold	South Africa	Metal Production	3	15 business days from invoice date	1,841,610	25.5
3.	Trafigura Pte Ltd	Copper	Singapore	Commodities Production	6	3 days upon delivery	382,512	5.3
4.	Huadian Gold Co., Ltd. (桦甸市黄金有限责任公司)	Gold	PRC	Mining	2	N/A	365,980	5.1
5.	Shandong Jinchuang Gold&Silver Smelting Co., Ltd. (山东金创金銀冶炼有限公司)	Gold	PRC	Mining	3	N/A	303,364	4.2
<i>For the year ended December 31, 2022</i>								
1.	ABC Refinery	Gold	Australia	Refinery	4	Up to 90% prepayment	2,602,266	41.5
2.	Rand Refinery	Gold	South Africa	Metal Production	3	15 business days from invoice date	1,745,894	27.9
3.	Trafigura Pte Ltd	Copper	Singapore	Commodities Production	6	3 days upon delivery	393,342	6.3
4.	Shandong Zhaojin Gold&Silver Refinery Co., Ltd. (山东招金金銀精炼有限公司)	Gold	PRC	Mining	3	N/A	381,649	6.1
5.	Yongxing Qiangsheng Silver Industry Co., Ltd. (永興縣強勝銀業有限公司)	Gold	PRC	Mining	4	N/A	222,609	3.6

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Rank	Customer	Type of Product(s) Sold	Country/Region	Nature of Business	Year(s) of Business Relationship as of the Latest Practicable Date	Credit terms	Revenue	% of our Total Revenue
<i>(RMB'000)</i>								
<i>For the year ended December 31, 2021</i>								
1.	ABC Refinery	Gold	Australia	Refinery	4	Up to 90% prepayment	2,126,600	56.2
2.	Trafigura Pte Ltd	Copper	Singapore	Commodities Production	6	3 days upon delivery	274,582	7.3
3.	Shandong Zhaojin Gold&Silver Refinery Co., Ltd. (山東招金金銀精煉有限公司)	Gold	PRC	Mining	3	N/A	247,632	6.5
4.	Chengdu Tianxinyang Gold Industry Co., Ltd. (成都市天鑫洋金業有限責任公司)	Gold	PRC	Mining	5	N/A	162,645	4.3
5.	Huludao Zinc Industry Co., Ltd. (葫蘆島鋅業股份有限公司)	Zinc	PRC	Mining	7	N/A	134,711	3.6

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our customers were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period of the Track record Period.

PROCUREMENT AND SUPPLIERS

We conduct our business in China, Laos and Ghana, where we face different social and natural environment and have different business needs. We consider that procurement management excellency is one of our key focuses. We have adopted headquarter-supported global centralized procurement system to enhance our procurement management efficiency. The Global Procurement System is primarily implemented through the Global Supply Chain Center (the “GSCC”). Acting as a bridge between domestic suppliers and overseas mines, it delivers products that are reasonably priced and of high quality to overseas mines via international freight forwarding. Upon receiving the demand from overseas mines, the GSCC begins to price inquiry. Based on the amount of the inquiry, it collects quotations from potential suppliers in different tiers to help mines establish contracts with suitable suppliers and assists with subsequent transportation and after-sales matters.

In addition, the GSCC also serves as an information-sharing platform for overseas mines. For similar or analogous demands, the GSCC offers information and previous experience related to supplier sourcing, development and certification, price inquiries, and procurement services. Other mines can use this as a reference to carry out their procurement activities, thereby avoiding potential duplication of work.

The system helps our Company from three aspects, namely the centralization, standardization and digitization, to enhance our procurement management efficiency:

Centralization – the purchase prices were set by entering into annual framework agreements with the suppliers. By centralizing data on the use of supplies and raw materials from our mines, we achieved economies of scale. In order to cut down on unnecessary duplication and enhance procurement efficiency, the mines designate consolidated procurement items, instead of contact by each mine separately, the GSCC handles the quotation and procurement process directly.

Standardization – by making the procurement procedure and particular regulations explicit, our mines may carry out procurement operations according to a unified standard, which eliminates the needless work that due to ambiguous regulations.

Digitization – with the aid of sophisticated data tools, each mine’s procurement-related data is updated in real time every two weeks, enabling the procurement team to make precise procurement decisions.

As a supplement to our procurement methods, we also procure individually in each country. In addition, to manage ESG risks in the supply chain, we have established a mechanism to evaluate suppliers’ performance in various aspects such as fair competition, occupational safety, human rights protection, and environmental protection. We will select three to five qualified suppliers for further screening and regularly conduct on-site inspections to learn more about their scale, production capacity, production technology, employee quality, innovation, and management systems and specifications. We will cease cooperation with suppliers whose ESG risks do not meet our requirements.

Our PRC Operations

In terms of our business development strategies, we focus on our gold mining business through acquisitions, expansions and gradual divestment of non-core assets, thereby achieving significant growth. This has allowed us to transform ourselves into a specialized gold production company and we will continue to enhance our capabilities in this regard. As such, all disclosure of our practice in the subsections titled “Our PRC Operations” here and below mainly covers our gold production business in China.

We have developed a dedicated procurement platform to manage our procurement activities. This platform covers the whole procurement process, such as ascertaining procurement needs, on-site visits to suppliers, obtaining fee quotes, arranging public bidding, signing of agreements, order placement and fee payments. Through this platform, we undertake centralized management in relation to our procurement in the PRC.

(a) *Raw Materials*

We procure a wide range of raw materials used in our mining operations, such as explosive materials, diesel, sodium cyanide and cement, primarily from local suppliers in the PRC.

The quality of our raw materials meets the relevant standards set by the industry and the state. For certain hazardous and explosive materials, we only procure these from suppliers approved by the competent authorities, and we require such suppliers to provide us with copies of the special permits issued by the relevant governmental authorities. Our suppliers generally are responsible for delivering raw materials to locations designated by us pursuant to the relevant procurement agreements. We undertake inspection of the raw materials before we accept delivery. We also require our suppliers to provide warranties on the raw materials with varying terms depending on the specific type of raw materials.

(b) *Machinery and Equipment*

We procure various machinery and equipment for our production activities, including mining and processing equipment which mainly comprises rock drilling machines, drilling jumbos, scrappers, crushing circuits, grinding circuits, flotation circuits, pressure filters, conveyers, and other ancillary equipment. Our equipment and machinery include both leading international and domestic brands, which we purchase mainly from local suppliers.

We own the majority of the machinery and equipment used in our operations. The lifespan of our machinery and equipment generally ranges from two years to 20 years with depreciation calculated using the straight-line method. We have on-site personnel who undertake routine checks and maintenance on our machinery and equipment. We also conduct regular equipment inspections and upgrades.

Our Operations in Laos and Ghana

We procure various materials, such as diesel fuel, processing chemicals and reagents, explosives, and related consumables, as well as machinery and equipment for our production operations mainly from (i) different local suppliers in Laos and Ghana and/or (ii) the original equipment manufacturers. We also procure various services, such as security services, civil work services, engineering services and loading and hauling services, from various local suppliers in Laos and Ghana. We usually source qualified suppliers through (i) public bidding and tendering, or (ii) market research and request of fee quotes. We require candidates to

provide the relevant licenses and permits for reference. We may undertake further due diligence, such as background checks and risk assessments, as and when necessary. The selected suppliers are put on our approved supplier list, which is reviewed and updated on a periodical basis.

Suppliers

We generally select suppliers of raw materials and machinery and equipment, through a public bidding and tendering process. In selecting suppliers, we consider a wide range of factors, such as the supplier's qualifications, experience, pricing, service or product quality, reputation and delivery time, and any past business relationship we may have.

To secure competitive prices, we may enter into long-term agreements with certain suppliers for purchasing materials and/or services from time to time.

The salient terms of standard suppliers' agreements are set out as below:

- *Term.* Our long-term agreements with suppliers typically last for one to two years.
- *Pricing.* For the general goods and equipment, prices are determined through competitive bidding processes to ensure transparency and cost efficiency. For bulk materials, such as steel and sulfuric acid, prices are determined via tender-based procurement with annual framework agreements.
- *Payment.* Our suppliers usually grant us a credit term of 30 to 60 days from our receipt of the invoice for payment settlement. Alternatively, payments may be made in installments, combining advance payment with final payment upon acceptance. For machinery or equipment, we typically retain a 10% quality guarantee deposit, which is settled within 12 to 18 months, provided that no quality issues arise during this period.
- *Qualification.* We require our suppliers to possess a business license and other necessary permits. For certain types of supplies, we require our suppliers to possess specialized certifications or qualifications for the materials or goods they provide.
- *Quality control.* Our agreements with suppliers typically include warranty and return clauses to address any potential defects or non-conformities of the supplies.
- *Transportation.* Our suppliers are generally responsible for transporting and delivering purchased materials or goods to our facilities.

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To secure competitive prices, we may enter into long-term agreements with certain suppliers for the provision of materials and/or service from time to time. Our suppliers usually grant us a credit term of around 30 days from our receipt of the invoice for payment settlement. Our suppliers generally transport the purchased materials or supplies to our facilities.

We consider it important to maintain good and long-term business relationships with our suppliers. We also employ a performance management program to evaluate our suppliers in order to confirm that each supplier remains capable to provide products and/or services that satisfy our production needs, as well as future development needs and future development needs. We may set out key performance indicators in our agreements with suppliers. In addition, we seek to diversify our supplier base to avoid disruptions in the provision of key supplies. We believe that most of the supplies we procure can be readily obtained from a wide range of suppliers at reasonable prices and we do not rely on any particular supplier. During the Track Record Period, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials and machinery and equipment.

During the Track Record Period, all of our top five suppliers in the respective year/period were service or commodity providers such as suppliers of electricity, fuel, and transportation. For each year/period of the Track Record Period, purchases from our top five suppliers amounted to RMB647.3 million, RMB855.2 million and RMB666.5 million and RMB633.9 million, respectively, accounting for 25.6%, 19.1%, 13.7% and 17.6% of our cost of sales for the same periods, respectively. Purchases from our largest supplier for each year/period of the Track Record Period amounted to RMB159.5 million, RMB210.6 million, RMB149.5 million and RMB235.5 million, respectively, accounting for 6.3%, 4.7%, 3.1% and 6.5% of our cost of sales for the same periods, respectively. The following table sets forth our top five suppliers for each year/period during the Track Record Period:

Rank	Supplier	Type of products/ services provided	Country/ Region	Nature of Business	Year(s) of business relationship as of the Latest Practicable Date	Credit terms	Purchase amount	% of our total cost of sales
(RMB'000)								
<i>For the nine months ended September 30, 2024</i>								
1.	Setters Investment Co., Ltd	Project drilling	Ghana	Underground drilling	1	30 days upon receipt of invoice	235,507	6.5
2.	Electricite du Laos	Electricity	Laos	Power Supply	6	14 days after the invoice	134,959	3.7
3.	GENSER ENERGY GHANA LTD	Electricity	Ghana	Power Supply	5	30 days after the invoice	98,680	2.7
4.	Ghana Oil Co., Ltd	Fuel and lubricant	Ghana	Oil	3	30 days upon receipt of approved invoice	85,675	2.4
5.	Lao State Fuel Company	Fuel	Laos	Fuel	5	30 days after the invoice	79,125	2.2

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Rank	Supplier	Type of products/ services provided	Country/ Region	Nature of Business	Year(s) of business relationship as of the Latest Practicable Date	Credit terms	Purchase amount	% of our total cost of sales
<i>(RMB'000)</i>								
<i>For the year ended December 31, 2023</i>								
1.	Electricite du Laos	Electricity	Laos	Power Supply	6	14 days after the invoice	149,506	3.1
2.	Savan Transport and Logistics	Transport and logistics services	Laos	Transportation	6	14 days after the invoice	147,873	3.0
3.	Lao State Fuel Company	Fuel	Laos	Fuel	5	30 days after the invoice	130,497	2.7
4.	Petrovietnam Oil Lao Petroleum	Fuel	Laos	Oil	5	30 days after the invoice	129,820	2.7
5.	Yellow Power Ghana Limited	Services	Ghana	Geology	2	30 days after the invoice	108,839	2.2
<i>For the year ended December 31, 2022</i>								
1.	Savan Transport and Logistics	Transport and logistics services	Laos	Transportation	6	14 days after the invoice	210,623	4.7
2.	Lao State Fuel Company	Fuel	Laos	Fuel	5	30 days after the invoice	182,465	4.1
3.	Petrovietnam Oil Lao Petroleum	Fuel	Laos	Oil	5	30 days after the invoice	167,377	3.7
4.	Saksri Industry Co., Ltd	Sulphuric acid (H ₂ SO ₄)	Thailand	Chemical Production	5	30 days after the invoice	161,982	3.6
5.	Witcorp Products Ltd	Material	Thailand	Chemical Production	5	30 days after the invoice	132,754	3.0
<i>For the year ended December 31, 2021</i>								
1.	Lao State Fuel Company	Fuel	Laos	Fuel	5	30 days after the invoice	159,453	6.3
2.	Khounxay Phatthana Const	Services	Laos	Construction	6	14 days after the invoice	145,014	5.7
3.	Savan Transport and Logistics	Transport and logistics services	Laos	Transportation	6	30 days after the invoice	121,193	4.8
4.	Petrovietnam Oil Lao Petroleum	Fuel	Laos	Oil	5	30 days after the invoice	120,114	4.8
5.	Vilabouly Development Construction	Services	Laos	Construction	6	30 days after the invoice	101,530	4.0

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The table below sets forth the price range of the top five raw materials by volume of usage of our Group during the Track Record Period:

No.	Raw Material	Price Range	Unit
<i>USD/Unit</i>			
1 . . .	Diesel	0.79-1.47	Litre
2 . . .	Sulphuric Acid	40.00-206.00	Ton
3 . . .	Diesel	0.95-1.69	Litre
4 . . .	Lime (Hydrated)	71.36-165.10	Bag/1.3 ton
5 . . .	Sodium Cyanide	1,829.96-2,775.30	Box/1,000kg

The table below sets forth the five most expensive machinery/equipment procured by our Group during the Track Record Period:

No.	Machinery and Equipment	Price/Price Range	Application
<i>(USD/Unit)</i>			
1 . . .	LH621i LOADER	1.5-1.8 million	An underground loader designed for ore loading and hauling in mining operations.
2 . . .	SANDVIK DL432i TH LONG HOLE DRILL	1.7 million	An advanced underground long hole drill for drilling operations in underground mining and tunneling projects.
3 . . .	Sandvik DD421 Development Drill	1.3 million	A dual-boom electro-hydraulic jumbo drill for underground mine development and small-scale tunneling operations.
4 . . .	ALC Regrinding Mill, Model ALC-3900L	1.1 million	A regrinding mill primarily used for gold ore and tailings regrinding processes.
5 . . .	VCASFT210242-2 – Volvo Articulated Hauler A45G	0.5 million	An articulated hauler for quarrying, mining, tunneling, and material handling in harsh terrains and demanding environments.

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To mitigate impact of raw materials price fluctuations, we have adopted the following measures:

- (a) entering into framework agreements with key suppliers, securing fixed pricing terms without volume commitments, to lock in costs against market volatility, while maintaining flexibility for spot purchases;
- (b) determining purchase prices based on the publicly tracked market indices and pre-agreed formulas to prevent price manipulation by suppliers;
- (c) developing alternative low-cost suppliers across multiple regions through our Global Procurement System; and
- (d) monitoring real-time price trends of bulk materials, such as steel, copper and chemicals. In the event of abnormal fluctuations, our operational units will be notified and we will coordinate feasible mitigation measures.

During the Track Record Period and as of the Latest Practicable Date, we did not experience any material impact to our operation or financial condition due to any significant fluctuation in prices set by our suppliers or any material breach of contract on the part of our suppliers. During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period of the Track record Period and the top five suppliers are all independent third parties.

CONTRACTORS

Our PRC Operations

In line with industry practice, we outsource a portion of our exploration and shaft construction/engineering work in the PRC to qualified contractors. We enter into contracts with contractors of different categories, covering a certain number of years or the duration of various projects. After confirming that the services/products provided by the contractors meet the acceptance standards stipulated in the relevant contracts, we will make payments according to the contract schedule or the agreed payment terms. Under these contracts, we are usually responsible for providing the contractors with relevant maps and plans to assist them in accessing our mining areas to carry out their work. Contractors are liable for the safety of their construction personnel and the quality of their construction work, and in certain projects, they are bound by confidentiality obligations. In the event of safety production or quality issues, these contracts can be terminated upon the mutual consent. As we expand our production scale, we believe that these outsourcing arrangements will enable us to meet our operational needs, reduce our operational costs, and lower operating risks. We believe that the services provided by our contractors are common in the market, and it would not be difficult for us to find alternative contractors to provide similar services on terms comparable with those between our existing contractors and us.

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Given that the majority of our contractors provide services relating to exploration, excavation and mining, our ESG risk control management for contractors places a greater emphasis on production safety. We carefully examine the production safety permits and other related construction qualifications of contractors. We also enter into production safety management agreements with relevant contractors to clarify their safety production management obligations and allocate risks. In order to quickly identify and address potential ESG risks, each mine simultaneously manages contractors in accordance with our ESG standards. This is done through inspections by team leaders, reporting by special operation personnel, and regular investigations on production safety.

The table below sets forth the breakdown of the category, number and fees incurred during the Track Record Period:

		As of December 31,				As of September 30,			
		2021		2022		2023		2024	
		Number	Fee incurred	Number	Fee incurred	Number	Fee incurred	Number	Fee incurred
		(RMB'000)		(RMB'000)		(RMB'000)		(RMB'000)	
Exploration . . .	6	19,448.7	8	27,966.5	11	23,045.0	7	13,844.8	
Construction . .	8	111,076.3	13	75,135.6	27	68,381.7	21	87,539.6	
Excavation and									
Mining	6	141,690.3	7	151,798.2	3	61,019.0	0	0	
Other	3	23,292.9	4	10,163.7	4	1,483.7	1	3,220.6	
Total	23	295,508.2	32	265,064.0	45	153,929.4	29	104,605.0	

Due to the intensive competition in the relevant contracting service market, we do not believe that it would be difficult for us to find alternative contractors to provide similar services on terms comparable to those with our existing contractors. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our contractors that would have material adverse impact on our operations or cause our contractors' work in the PRC to be suspended. For relevant risks, see "Risk Factors — Risks Relating to Our Business and Industry — We may suffer material adverse consequences as a result of our reliance on contractors to conduct a portion of our business activities."

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our contractors were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our contractors.

We select contractors mainly through public bidding or by invitations to tender. Before engaging a contractor, we will assess their qualification, competence and experience. In particular, we require candidates to provide copies of their qualifications, licenses, certificates and permits for review and verification. We then form an evaluation committee and supervision

committee and follow the prescribed selection procedure to shortlist candidates for business negotiations, after which we will make the final decision. During the Track Record Period, all of our contractors were independent third parties.

We require our contractors to comply with all applicable laws and regulations in respect of safety and environmental protection. We also require our contractors to abide by our safety management system and our internal control requirements. The relevant departments in our Company undertake regular check of our contractors to confirm that they are operating in accordance with the technical specifications of our project and industry standards. We also engage third-party personnel to supervise our contractors' work, to ensure objective management over project status and quality. If the products or services provided by our contractors fail to meet the standards or requirements as specified in the relevant contracts, we would promptly notify the relevant contractors to adjust or rectify. In the event we discover significant non-compliance or other issues in the implementation of our project, we are entitled to suspend such contractor's work and require them to take correctional actions. In addition, we require our contractors to purchase insurance for their employees and properties.

(a) *Exploration*

As of September 30, 2024, we had seven third-party contractors engaged in exploration activities. We require contractors to hold the requisite qualifications for geological exploration. We generally enter into contracting agreements for a term of one year with such contractors.

(b) *Construction*

As of September 30, 2024, we had 21 third-party contractors for construction. These contractors are construction work professionals holding the requisite qualifications and licenses and majority engaged in our shaft construction projects, which includes mine construction, tunneling, hoisting and transportation, and for shaft engineering this includes pitshaft equipment installation and removal and derrick installation. We generally enter into contracting agreements based on the total project duration.

(c) *Other Services*

As of September 30, 2024, we had one third-party contractor for crushing services.

Our Operations in Laos

As of September 30, 2024, we engaged (i) 25 third-party contractors to undertake various construction work, including permanent river alignment project, (ii) 60 third-party contractors for mining and processing work in our projects in Laos, and (iii) 27 third-party contractors for other services. From time to time, we may engage other third-party contractors to support our mining activities, such as construction or improvement of tailing dams and roads in mining sites. During the Track Record Period and up to the Latest Practicable Date, we did not have

BUSINESS

any material disputes with our contractors that would have material adverse impact on our operation or suspended any contractors' work in Laos. The table below sets forth the breakdown of the category, number and fees incurred during the Track Record Period:

	As of December 31,						As of September 30,	
	2021		2022		2023		2024	
	Number	Fee incurred (USD'000)	Number	Fee incurred (USD'000)	Number	Fee incurred (USD'000)	Number	Fee incurred (USD'000)
Exploration . . .	5	3,723.9	6	3,958.5	4	1,962.9	7	982.2
Construction . .	32	–	29	–	25	–	25	10,062.3
Mining and Processing . .	48	59,987.1	60	33,741.7	60	27,837.2	60	27,151.7
Other	31	5,011.7	33	4,690.5	28	3,485.5	27	2,619.1
Total	116	68,722.7	128	42,390.7	117	33,285.6	119	40,815.3

Our Operations in Ghana

As of September 30, 2024, we engaged five third-party contractors to provide excavation, mining, exploration, processing, construction and drilling services to our operations in Ghana. These contractors hold drilling and exploration service operating permits from the Minerals Commission of Ghana. We require our contractors in Ghana to strictly comply with all applicable laws and regulations in respect of safety and environmental protection. Furthermore, we also hold them to specific technology and quality standards as well as detailed work schedules. We evaluate the progress of exploration on frequent basis and monitor the service providers to ensure compliance. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our contractors that would have material adverse impact on our operation or suspended any contractors' work in Ghana. The table below sets forth the breakdown of the category, number and fees incurred during the Track Record Period:

	As of December 31,				As of September 30,	
	2022		2023		2024	
	Number	Fee incurred (USD'000)	Number	Fee incurred (USD'000)	Number	Fee incurred (USD'000)
Exploration	4	–	2	–	1	1,142.0
Construction	1	–	1	–	0	–
Excavation and Mining	2	2,567.6	3	13,317.1	2	20,362.7
Other	0	1,067.6	1	1,131.3	1	–
Total	7	3,635.2	7	14,448.4	5	21,504.7

GOLD LEASING, HEDGING AND STREAMING**Gold Leasing**

We obtain short-term financing by gold leasing arrangements, through which we mainly lease gold from the various PRC commercial banks which is sold in the market through the system of the Shanghai Gold Exchange in order to supplement our working capital. Upon maturity of the lease, we return such leased gold back to the relevant commercial banks with payment of leasing fees. Meanwhile, we usually enter into forward purchase contracts in the form of futures standard agreements at the Shanghai Futures Exchange, pursuant to which we agree to purchase the same amount of gold, at the same price and on the maturity date of the lease in order to repay the leased gold. Through this framework, our gold leasing arrangements are generally not subject to material risks caused by fluctuation of gold market prices. The term of our gold leasing arrangement is generally within one year. During the Track Record Period, the interest rates of our gold leasing arrangement ranged from 1.5% to 2.7% and were lower than that of bank borrowings or other financing means.

Hedging

We have different measures to hedge against the risk of fluctuations in gold price. To mitigate the risks of future increases in the prices of the gold we intend to lease, we engage in hedging through forward transactions or by purchasing futures products in the futures market for the leased gold. As a gold production enterprise, we take risk management strategy to prevent the risk of gold price declines by selling our gold products in major futures markets, such as the Shanghai Gold Exchange or the COMEX gold exchange in the U.S., to lock in prices. The volume of such transactions each year depends on the trend of gold price fluctuation for that year, but the total volume will not exceed 10% of the annual gold production according to our internal policy.

We have entered into, and expect to continue to enter into, futures hedging transactions to forward sell gold and other metals produced by our mines in order to secure desired prices and hedge against volatility in market prices. Our hedging transactions are mainly conducted through gold futures contracts on the Shanghai Futures Exchange and other international exchanges. Pursuant to standard gold futures contracts, we will provide an agreed amount of gold on a specific date at an agreed sale price. Based on the outlook of the gold prices and our expected gold production amount, we negotiate the price, settlement date and other contract terms accordingly.

Pursuant to our policy, a hedging management group composed of certain members of our senior management, including the Chairman, the CEO, the CFO and other colleagues from financial, trading, accounting and risk management departments with professional financial expertise, is responsible for managing our hedging activities. For our hedging transactions, we may not hold positions that in aggregate exceed 10% of our annual gold production volume, and the size of each hedging position should be in line with our production volume and capital strength at the time pursuant to our Board authorization. Under the hedging management

group, we have a designated hedging trading group responsible for planning and proposing hedging transactions based on our production plan as well as market analysis, including analysis of the expected gold prices. Such proposals are submitted to our the hedging management group for review and approval, after which we execute the transactions. We record our hedging transactions in our accounts and keep documentation relating to these transactions. In the event of any significant fluctuations in gold prices, our hedging trading group will promptly provide our senior management with an analysis of the risk of losses and a proposal of the measures that should be taken. We also have under our hedging management group, a hedging settlement group mainly responsible for fund settlement, and a hedging risk control group mainly responsible for risk assessment and monitoring during such hedging transactions. We have applied hedge accounting under IFRS 9 for our gold leasing transactions and futures hedging transactions.

Metal Streaming

Golden Star Resources, through a wholly owned subsidiary Caystar Finance Co. (“**Caystar Finance**”), entered into a Gold Purchase and Sale Agreement with RGLD GOLD AG (“**RGLD**”), dated May 6, 2015, which was subsequently amended and restated on June 29, 2018 and September 30, 2020 (the “**Streaming Agreement**”). RGLD is a royalty and streaming company that engages in the acquisition and management of precious metal streams, royalties, and similar production-based interests. It is publicly traded on the Nasdaq Global Select Market under the symbol “RGLD”. Metal streaming as a financing option offers several benefits for mining companies like us compared to traditional debt or equity deals. Compared to debt, streaming deals typically have longer payment terms, no fixed cash obligations (reducing risk during price downturns), fewer restrictions on cash use, minimal or no debt covenants, and shared production and operational risks. Compared to equity, streaming deals are less dilutive since they focus on a single asset, are more favorable when share prices are low, avoid ownership or management changes, and usually do not involve extra costs like brokerage fees. Overall, streaming provides a flexible, lower-risk financing alternative for mining companies like us.

Pursuant to the Streaming Agreement, RGLD paid an advance payment in the amount of US\$145,000,000 in exchange for a gold stream of the Wassa Mine, entitling RGLD to purchase a stream of our gold production at a reduced gold price. Specifically, RGLD is entitled to purchase (1) 10.5% of the gold production of the Wassa Mine at a cash purchase price of 20% of the spot price until 240,000 ounces (“**Delivery Threshold**”) have been delivered; and (2) thereafter, 5.5% of gold production (“**Tail Stream Percentage**”) at a cash purchase price of 30% of spot price (the “**Streaming Transaction**”).

The term of the Streaming Transaction continues until the date that is 40 years after 6 May 2015, and may be extended by either RGLD or us for successive 10 year periods, subject to certain conditions. According to Frost & Sullivan, the discount rate and duration of the agreement are in line with industry norms.

BUSINESS

We are subject to certain covenants in, and RGLD enjoys certain rights under, the Streaming Agreement, principally:

- **Information rights.** We shall deliver to RGLD, among other information, reports related to Wassa Mine's mineral reserves and resources, forecast of annual production and project economics, life of mine plan and updates thereof, feasibility studies and engineering and metallurgical and related data and evaluations, notice of material events, financing agreements, etc. RGLD is also entitled to inspect the Wassa Mine, subject to certain conditions.
- **Ranking.** Our obligation to sell and deliver gold production under the Streaming Agreement will rank as an operating expense in any cash waterfall agreed with any provider of financing. All proceeds received by us for any sale of gold will be used in satisfaction of its obligations to RGLD prior to any payment of such proceeds to any other person.
- **Negative pledge.** We will not grant any encumbrance on the Wassa Mine other than encumbrances in connection with senior financing, in which case, RGLD will enter into a subordination agreement with the relevant senior financing parties.
- **Leverage Ratio.** GSWL's leverage ratio shall be less than or equal to 3.50:1.
- **Right of First Refusal.** RGLD enjoys a right of first refusal with respect to any additional stream of gold production or royalty arrangement proposed to be sold by GSWL.
- **Election to increase or decrease the Tail Stream Percentage.** at any time after the Delivery Threshold, we have a one time election to offer to reduce the Tail Stream Percentage by a specified amount (the "**Specified Percentage**") or, at RGLD's option following our's exercise of the Tail Stream Election to increase the Tail Stream Percentage by the Specified Percentage, in each case for the same cash price.
- **Other negative covenants.** We are also subject to certain negative covenants with respect to sale, disposal and encumbrances of GSWL's assets and our operations of the Wassa Mine.

During Track Record Period, our revenue generated under the Gold Purchase and Streaming Agreement (as part of the sale of products of our gold production business in Ghana) was nil, RMB47.2 million, RMB52.3 million and RMB44.7 million, respectively, representing nil, 0.8%, 0.7% and 0.7% of our total revenue for the same periods, respectively.

UTILITIES**Electricity*****(a) Our PRC Operations***

We mainly obtain electricity from the state electrical power grid. We generally enter into agreements with the state electrical power grid authority on an annual basis. The price of electricity is determined pursuant to the relevant electricity market rate by following related guidance thereon published by the governmental authorities in the PRC. We may enjoy a discounted price for electricity under clean energy policies promulgated in the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruptions in our operations in the PRC as result of power shortage or outages.

(b) Our Operations in Laos

We obtain electricity from the state electricity company of Laos. The price of the electricity is mainly determined in accordance with the purchase agreement we signed and subject to the local pricing policies published by Laotian Government. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our operations as result of power shortage.

(c) Our Operations in Ghana

We mainly obtain electricity from a local gas-fired power plant. We also engaged the local state electricity power grid as back-up power supplier. The price of electricity is primarily determined through arm's length negotiations by reference to the relevant electricity market rate. In addition, we have diesel generators in place for power supply in case of emergency. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruptions in our operations in Ghana as a result of power shortage or outages.

Water***(a) Our PRC Operations***

The majority of our mines in the PRC are underground mines and we mainly use underground water, and to a lesser extent surface water, for industrial use. Water for domestic use is sourced from both local water companies underground water. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our operation as result of water shortage.

(b) Our Operations in Laos

The water supply for both industrial use and domestic use in Laos are secured from local water companies. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our operations in Laos as result of water shortage.

(c) Our Operations in Ghana

The water supply for both industrial and domestic use in Ghana is mainly secured from underground water. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our operations in Ghana as result of water shortage.

For details of the relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to maintain adequate, uninterrupted, timely and specification-compliant supplies of utilities, materials, equipment and service at commercially acceptable prices, or at all” and “Risk Factors — Risks Relating to Our Business and Industry — Power outages and usage constraints may force us to halt or curtail operations, or subject us to penalties.”

LOGISTICS

Our PRC Operations

We engage professional third-party logistics service providers for transporting mined ore to the processing facilities, our products to the relevant customers as well as various materials we procured from suppliers from time to time. We use positioning systems to track the specific location of fleet vehicles and video-links allow for real-time monitoring of the transport security personnel. Generally, such logistics service providers are responsible for maintaining insurance associated with the transportation and bear the relevant risks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of transportation capacity.

Our Operations in Laos and Ghana

For our operations in Laos and Ghana, we engage professional third-party logistics service providers for the cross-border transportation of our products to customers by air and/or land transport and, to a lesser extent, transportation of certain materials we procured from suppliers. Generally, such logistics service providers are responsible for maintaining insurance associated with the transportation and bear the relevant risks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of transportation capacity.

INVENTORY

Our PRC Operations

Our inventories mainly include raw materials, work-in-progress, inventory commodities, turnover materials, consignment goods and inventory consumables. We have established inventory management policies to manage inventory levels pursuant to our production plan and the prevailing market conditions.

Following our standard inspection procedures, our inventory personnel examine each shipment pursuant to our agreements or purchase orders to ensure conformity of the shipment with the relevant specifications, quality and quantity requirements. Where the documents are incomplete, the relevant supplies are stored pending acceptance check at later stage. If the specifications, quality or quantity of the supplies do not match the agreement or purchase orders, we will reject the supplies and liaise with suppliers to follow up. All movements of our inventories are subject to inventory controls at the warehouse, are recorded in our inventory management system and are subject to review and confirmation by our finance department.

We undertake routine inventory reviews and arrange inventory checks on a more detailed and in-depth basis for at least once a year. All personnel entering our inventory warehouses are subject to strict security check, and we have real-time video camera, alarm system, and security guards in place to prevent security issues. Furthermore, we have insurance coverage on our inventories.

Raw materials such as spare parts and components are subject to risk of obsolescence. The obsolescence of raw materials is primarily due to the obsolescence of some spare parts and components for production machinery and maintenance equipment of LXML, which were purchased for the open-pit mining for LXML. They have long turnover days as they will only be used to replace the original parts and components when the original parts and components are damaged. Since the commencement of the transferring open-pit mining to underground mining in 2022, these spare parts and components for the production machinery and maintenance equipment have been held in storage. In contrast, consumables in other raw materials, such as explosive materials and diesel, generally have shorter turnover days. To effectively monitor the risk of inventory obsolescence, we implement a comprehensive set of measures. First, we conduct regular inventory reviews and aging analyses to identify slow-moving or obsolete items. We actively manage our inventory turnover days to more effectively plan our production and monitor our inventory level. Second, we maintain close collaboration with our sales, procurement, and production teams to align inventory levels with demand forecasts and market trends. Third, we utilize inventory management software to track stock levels, usage patterns, and shelf life in real time. Finally, we establish clear policies for writing off or disposing of obsolete inventory to minimize financial impact.

Our Operations in Laos and Ghana

Similar to our operations in the PRC, our inventories in Laos and Ghana mainly include raw materials, work-in-progress, turnover materials and inventory consumables. Our inventory personnel in Laos and Ghana are generally responsible for implementation of our inventory policies. Our inventory personnel are separated into: (i) a warehousing team, which is responsible for physical management, such as receiving, storing and issuing supplies; and (ii) an inventory team, which is responsible for managing our inventory system and data, such as the actual levels for individual items. Our inventory levels are managed pursuant to our consumption record and lead time for supplies. All inventory information is recorded in our inventory system and categorized for ease of data analysis. We set the minimum and maximum inventory levels in our inventory system, which assists us arrange timely procurement. We undertake routine inventory review every three months for small-sized items and annually for large-sized items. We generally increase our inventory of raw materials prior to certain predictable events, such as monsoon seasons.

For details of relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We are exposed to the risk of obsolescence and impairment of our inventory.”

QUALITY CONTROL

Quality control is crucial to our operations. We have a dedicated product quality department, which comprises laboratories, a measurement team and a sampling team to ensure quality control. We have also established a stringent quality control system to ensure the quality of our products throughout our different production stages. If a quality issue is raised by a customer, we will undertake comprehensive investigations and consult with the relevant customers, and, to the extent needed, may submit any dispute to qualified third-party organization for arbitration. During the Track Record Period, we did not receive any material complaints due to quality issues of our products.

With respect to mining and processing, we have implemented a comprehensive quality control system to monitor the quality at each key stage of our mining and processing procedures. We have established specific guidelines for procedures to manage the quality of the ores mined. Ores mined from our mines are sample-tested at our laboratories on a regular basis to monitor the grade of the ore.

We provide quality and technical specifications to our suppliers and generally require suppliers to provide warranties for the supplies they provide. We inspect shipments of raw materials before accepting delivery. We require our third-party contractors to meet our qualification requirements and conduct their operations in accordance with our internal standards, industry standards and relevant laws and regulations. We regularly inspect the work of our suppliers, and we conduct full quality inspections upon project completion.

COMPETITION

Industry concentration has continued to increase in light of the continuous mergers and integration of gold enterprises. The top ten global gold producers in 2023 accounted for around 25.6% of the global gold mining production, according to Frost & Sullivan. Most of the top gold producers are headquartered in the United States, Australia, Canada, South Africa, Russia, Uzbekistan and China. We compete with international players in acquiring attractive gold mining properties.

The gold mining industry in China is relatively fragmented with the market dominated by small- and medium-sized gold mining companies accounting for majority of the market share. In 2023, (i) we ranked fifth among gold producers in China in terms of gold Resources, with gold Resources of 13.6 million oz; and (ii) we ranked fifth among gold producers in China in terms of gold production, with production of 461.5 koz of gold, according to Frost & Sullivan. Moreover, we also had the highest number of overseas assets as of December 31, 2023 and overseas revenue contribution in 2023 compared with any major gold producers in China, according to Frost & Sullivan.

Our major competitors are large international and PRC mining companies. We primarily compete based on our ability to obtain gold Reserves and Resources, which is dependent on our financial conditions, technical ability, equipment and machinery and human capital. The mining industry is a capital-intensive industry that requires significant technical, exploration and management experience. Moreover, mining is subject to extensive regulations and requires a number of licenses and permits to operate. These factors constitute significant barriers to enter the gold mining industry. For further details of the competition landscape and our market position, see “Industry Overview.”

RESEARCH AND DEVELOPMENT

We are committed to continuous research and development, which we believe will ensure our competitiveness in the industry and enable us to sustainably grow our business in the future. As of September 30, 2024, our dedicated R&D team comprised 595 employees. Our R&D team focuses on exploration to improving our mining and processing technologies, including, in particular increasing our processing recovery rate. Our research achievements are reflected in our academic publications, such as (i) “The Research and Setting of Energy Consumption Limitation of Product Unit for Gold Mining, Processing and Refining” (黃金開採、選冶、精煉單位產品能源消耗限額的研究與制定), which was awarded the 2016 China Gold Association Technology First Prize (2016年中國黃金協會科學技術獎一等獎), and (ii) The Research and Application of Key Technologies of Decyanidation Treatment of Cyanide Tailings (氰化尾渣脫氰處理關鍵技術研究與應用) co-authored by Jilong Mining and Changchun Gold Research Institute (長春黃金研究院), which was awarded the “2018 China Gold Associate Technology Second Prize” (2018年中國黃金協會科學技術獎二等獎).

BUSINESS

Our continuous efforts in research and development have also paid off in terms of the various intellectual property rights, including patents and copyrights, we have obtained. As of the Latest Practicable Date, we had 27 registered patents in the PRC. For further details, please refer to the paragraph headed “— Intellectual Property Rights” below. In addition, our subsidiaries Wulong Mining and Jilong Mining have been recognized as high and new technology enterprises. Therefore, each of these enjoys a preferential enterprise income tax rate of only 15%, as opposed to 25% for general enterprises in China. For details of the relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We received government grants and enjoyed preferential tax treatment during the Track Record Period, and any significant reduction in such grants or tax treatment offered to us may materially and adversely affect our financial condition and results of operations.” In 2021, 2022 and 2023 and the nine months ended September 30, 2024, our research and development expenses amounted to RMB24.8 million, RMB27.7 million, RMB51.8 million and RMB47.9 million, respectively.

INTELLECTUAL PROPERTY

Intellectual property rights play an important role in our business operations. We conduct our business under the trade names of “赤峰黃金” and “Chifeng Gold.” As of the Latest Practicable Date, the intellectual property rights owned by us included: (i) 9 trademarks registered in China; (ii) 27 patents in China; (iii) seven domain names in China; (iv) eight software copyrights in China; (v) one copyright of works in China; (vi) two trademarks registered in Laos; and (vii) two trademarks in Hong Kong. See “Appendix VII — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for details of our material intellectual property rights.

To protect our intellectual property rights, we monitor whether there is any infringement of our brand by conducting internet searches, including searches on the website of the National Intellectual Property Administration of the PRC. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material dispute or litigation relating to infringement of trademarks and patents nor, to the best of our knowledge, did we infringe any trademarks and patents belonging to other parties.

EMPLOYEES

We believe that our employees are critical to our success. Our human resources department is responsible for recruiting, managing and training our employees. As of September 30, 2024, we had 6,447 full-time employees in total, among which 2,240 employees were in Laos and 892 employees were in Ghana.

BUSINESS

The following table sets forth the number of our employees by function as of the dates indicated:

Function	As of December 31,			As of
	2021	2022	2023	September 30, 2024
Production	3,071	3,689	3,515	4,996
Sales	3	7	7	8
Technology	777	632	887	445
Finance	44	59	57	60
Administration	820	750	991	938
Total	4,715	5,137	5,457	6,447

The tables below illustrates the diversity and the composition of our employees:

		2021	2022	2023
Total number of employees		4,715	5,137	5,457
Number of employees	China	—	—	2,288
by nationality	Laos	—	—	2,218
	Ghana	—	—	807
	Australia	—	—	29
	Philippines	—	—	20
	Papua New Guinea	—	—	13
	Canada	—	—	11
	Others	—	—	38
Number of employees	Male	—	—	4,544
by gender	Female	—	—	913
Number of employees	Production	3,071	3,689	3,515
by function	Technical	777	632	887
	Sales	3	7	7
	Finance	44	59	57
	Administration	820	750	991

Note: We began publishing ESG report which provides the number of employees by nationality and gender from 2023.

BUSINESS

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions to mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. See “Risk Factors — Risks Relating to Our Business — Implementation and enforcement of the labor laws and regulations in China may adversely affect our business and results of operations. Failure to fully comply with PRC labor-related laws may expose us to potential liabilities and penalties.”

We have maintained a good relationship and expect to maintain an amicable relationship in the future with our employees. During the Track Record Period and up to the Latest Practicable Date, there were no material strikes which had an adverse impact on our operation and no material disputes between our Group and our employees.

Our PRC Operations

We view our employees as critical to our success, and we are committed to recruiting, training and retaining skilled and experienced employees throughout our operations. We intend to achieve this by offering competitive remuneration packages, which is above the market average, as well as focusing on training and career development. Our remuneration packages, including salary, bonus, commercial insurance and other benefits, are designed to reward our employees based on their work performance as measured against specified work objectives. We undertake yearly research on prevailing market remuneration conditions and adjust our remuneration packages accordingly to ensure that our offer remains attractive compared with our competitors. In addition, we provide induction training and a wide range of on-job trainings to our employees on regular basis to enhance their professional knowledge, improve their working skills and strengthen teamwork within our Company.

In line with customary industry practice in China, our employees are represented by labor unions. We engage external legal counsel to provide professional legal support in relations to various labor issues involving our employees. In addition, our human resource staff also attend regular trainings on labor law and other related laws and regulations held by the relevant governmental authorities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages or significant labor disputes, nor did we experience any significant difficulties in recruiting or retaining qualified personnel. Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable labor laws and regulations in the PRC in all material respects. We believe that we have also maintained a stable and motivated workforce and high level of employee loyalty.

We dedicate significant resources to employee recruitment and promotion. We recruit employees through internal channels, such as function hiring and internal referrals by our employees, and external channels such as online platforms, job fairs and head-hunters. We place significant importance on internal promotion as a means to offer long-term career paths and performance incentives for our employees. In particular, we formulate the talent cultivation plans for mid-level and higher management employees. Leveraging our strong

connections with various leading colleges, we have also fostered our talent development system by conducting mentorship training programs for college students from various leading universities in China. We believe such arrangements have enabled us to secure a stable pipeline of high-quality employees which strongly support our continued business development and success.

Our Operations in Laos and Ghana

We have established comprehensive human resources systems to manage recruitment, employee development, salary and compensation, among other things. We design our remuneration packages by reference to the local mining industry benchmark and are competitive compared with our competitors. We also make contributions to mandatory social security funds for our employees as required by the relevant laws and regulations of Laos and Ghana, respectively, and provides employee benefits such as commercial insurance. Our Laos Legal Advisor and our Ghana Legal Advisor are of view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable labor laws and regulations in Laos and Ghana in all material respects, respectively. The majority of our employees in Laos and Ghana are represented by labor unions.

TRANSFER PRICING

Transfer Pricing Arrangements

Intra-group transactions within Golden Star Resources prior to our acquisition of Golden Star Resources

All the intra-group transactions between GSWL and the then group companies within Golden Star Resources occurred outside of Ghana within the period from 2017 to 2020, prior to our acquisition of Golden Star Resources in 2022.

GSWL and its related parties had intra-group loans and other operational support and services arrangements during the period from 2017 to 2020. The parent company of GSWL provided financial supporting to GSWL for its daily operational use with their own working capital via intra-group loans, and GSWL was charged interest based on the principal outstanding and interest rates varied ranging from 3.25% to LIBOR plus 11% during the period. In the same period, GSWL's parent company provided intra-group sales, management and administration services to GSWL and charged GSWL a service fee of US\$155,000 per month.

Transfer pricing audit was conducted regularly by the Domestic Tax Revenue Division of the Ghana Revenue Authority on GSWL in accordance with the relevant tax regulations in Ghana to decide if the transactions between GSWL and related parties were conducted at arm's length and if GSWL complied with applicable transfer pricing laws. The latest audit performed on GSWL in 2024 was related to the intra-group transactions during the period from 2017 to 2020.

Ghana Revenue Authority considered the interest rate charged by related parties was higher than market and concluded interest rate to be lowered by 2% on the outstanding principal amount. They also considered some of the services provided by related companies were without appropriate supporting as GSWL was not able to provide the relevant timesheet and work done by the then Canada head office. GSWL lost some of its records when Golden Star Resources was acquired by our Group and the Golden Star Resources's head office was closed in 2022 when head office tasks and duties were taken up by our Group.

GSWL received a tax demand notice of US\$7,082,002.81 in May 2024 and GSWL has charged the whole amount to income statement and increased tax provision at the same time. GSWL has filed an application to Ghana Revenue Authority to waive US\$3,700,000 under Ghana Revenue Administration Act 2016 (Act 915) on the basis that GSWL voluntarily disclose its liabilities. The waiver was granted on October 31, 2024 and the amount of US\$3,700,000 was reversed in the income statement and decrease tax provision in October 2024. As of the Latest Practicable Date, GSWL had fully paid the additional tax amount. No penalty had resulted from this transfer pricing audit as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had operations in the PRC, Laos and Ghana. In order to ensure the efficient operation of our Group, during the Track Record Period and up to the Latest Practicable Date: (a) our Company, as the headquarter of our Group, provided integrated operational support and consulting services to LXML and GSWL, including but not limited to downstream customer development services, exploration services, mining and mineral processing technology services, IT system services and other project-related business development, project delivery and other support services, (b) our Company provided intra-group loans as one of the internal financing methods to our subsidiaries, (c) our Company rented a property for our headquarters and received property management services from a related party, and (d) one of our subsidiaries in PRC sold the products it procured from domestic or overseas suppliers and provided the outsourced procurement services of the hazardous chemicals to LXML and GSWL under our global centralized procurement arrangement. In addition, post our acquisition of Golden Star Resources in 2022, GSWL kept similar intercompany loan arrangement with our Group's subsidiaries. These transactions are regarded as transfer pricing arrangements. As such, we have adopted transfer pricing arrangements to ensure compliance with relevant transfer pricing regulations, including (i) monitoring implementation of internal control policy on tax-related matters; (ii) monitoring updates on transfer pricing laws and regulations and assessment of related risks to our Group; (iii) engaging benchmarking review on transfer pricing policy and exposure; and (iv) designating our finance manager to regularly monitor our pricing policy of transfer pricing arrangements to ensure such transactions follow the arm's length principle in accordance with relevant transfer pricing guidelines.

Transfer Pricing Assessment

The Organization for Economic Co-operation and Development (the "OECD"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "OECD Transfer Pricing Guidelines"), which is generally followed by all tax jurisdictions involved in our transfer

pricing arrangements including the PRC, Laos and Ghana. According to the OECD Transfer Pricing Guidelines, our transfer pricing arrangements should be at arm's length basis to avoid distorted taxable income in different jurisdictions.

We engaged relevant transfer pricing consultants to conduct benchmarking studies on the intra-group transaction of GSWL and the preparation of transfer pricing local file for the years from 2021 to 2023. Based on the benchmarking analysis, the transfer pricing consultants traced the market rates for similar transactions and compared to the rate charged by our Group to GSWL and did not identify any transfer pricing arrangements of GSWL that did not align with the arm's length principle according to the OECD Transfer Pricing Guidelines.

Other than the above, in order to ensure compliance with the relevant transfer pricing regulations, we have engaged independent transfer pricing consultants to conduct benchmarking studies on the transfer pricing arrangements, for the year of 2021, the year of 2022 and the year of 2023, respectively, in accordance with the OECD Transfer Pricing Guidelines, which primarily identified the arm's length principles and/or profit range for the transfer pricing arrangements. Transfer pricing consultants first selected the most appropriate transfer pricing analysis methodology in its benchmarking studies based on the nature and characteristics of the transactions. For the provision of procurement support services, the transfer pricing consultants selected comparable uncontrolled price method ("CUP"), which compares the arrangements for the services in the transfer pricing arrangements to the arrangements of transactions between independent parties under similar and comparable circumstances.

Based on the transfer pricing reviews mentioned above, our transfer pricing arrangements in 2021, 2022 and 2023 were generally within the profit range that was considered an appropriate range for arm's length transactions in 2021, 2022 and 2023. In addition, our Group has prepared transfer pricing master file for each of 2021, 2022 and 2023 and relevant group entities have prepared transfer pricing local files to fulfil the applicable transfer pricing documentation compliance requirements. Our transfer pricing consultants, based on the benchmarking analysis, did not identify any transfer pricing arrangements that did not align with the arm's length principle according to the OECD Transfer Pricing Guidelines. On this basis, our Company is of the view that the above-mentioned transfer pricing arrangements of our Group align with the arm's length principle according to the OECD Transfer Pricing Guidelines.

Our PRC Legal Advisor is of the view that during the Track Record Period and up to the Latest Practicable Date our transfer pricing arrangements had complied with all applicable PRC laws and regulations in all material respects, on the basis that the transfer pricing of our transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date was fair.

BUSINESS

Our management had been and will continue to closely monitor our Group's transfer pricing arrangements including reviewing the reasonableness of the pricing policy of our transfer pricing arrangements from time to time. However, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by any relevant tax authorities in future, even though we believe we have reasonable grounds to defend ourselves against such possible challenge. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — We are subject to regulatory risks with respect to our tax compliance" in this Prospectus for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that our efforts in environmental, social and governance matters are the key factors for our long-term sustainable development and continued business success. Accordingly, we attach great importance to the implementation of environmental, social and governance policies at the highest level of our Company.

International industry standards and best international practices have been applied in our overseas mines and the same standards are adopted in our domestic mines on a step-by-step basis. For instance, we have been in compliance with various gold and/or mining industry standards, such as the World Gold Council Conflict-Free Gold Standard and World Gold Council Responsible Gold Mining Principles. Although we are not a member of the World Gold Council and are not obligated to follow its standards, we align our policies with these guidelines to ensure gold is responsibly produced under strict ESG governance. We prioritize human rights for employees and communities, avoid involvement in conflicts, and conduct rigorous risk assessments across the supply chain. Suppliers are required to uphold ethical practices, prioritize safety and occupational health, and minimize potential harm. We continuously evaluate and improve our ESG performance and enforce systems to ensure legal and sustainable mining practices.

Furthermore, we have also been in compliance with the International Council on Mining and Metals' Tailings Governance Position Statement and Global Industry Standard on Tailing Management. Although we are not members of the International Council on Mining and Metals (ICMM), we establish institutional standards and management practices by adhering to relevant guidelines, local regulations, and site-specific laws at each mine. This enhances the safety and environmental performance of tailings management, aligning with higher standards to mitigate risks of tailings dam failures and environmental leakage incidents.

In addition, GSWL executes ESG procedures in accordance with the standards required by the World Gold Council (WGC) and the United Nations Global Compact (UNGC) and publishes ESG reports on a regular basis. LXML have observed and continues to observe the standards of International Council on Mining and Metals (ICMM). We are making efforts to make our domestic mines in better compliance with WGC standards by consolidating the governance of our domestic and overseas mines as well as finetuning our ESG-related management policies and continue to improve the ESG governance of our mines including disclosure of relevant ESG information.

Our Board has extensive ESG experience and expertise. For instance, our Chairman achieved significant success in building green tailings-free mines during his tenure at Shandong Gold, with three mines being listed by the Ministry of Land and Resources as the first batch of national-level green mines in 2011. During his tenure at Zijin Mining, nine mines were awarded as national and provincial pilot units for green mining.

In addition, we have established a sound ESG-governance structure under which the Board formulates our overall ESG strategies and goals. The Strategy and Sustainable Development Committee under the Board is mainly responsible for undertaking research on mid- and long-term development strategies, major investment decisions and sustainable development policies and providing detailed recommendations. It also assists in identifying ESG risks, evaluating the material ESG issues, coordinating internal and external resources for managing ESG matters and implementing our ESG strategies. The members of the Strategy and Sustainable Development Committee include Chairman Wang, Ms. Yang Yi-fang, Mr. Lyu Xiaozhao, Mr. Zhang Xudong and Dr. Wong Yet Ping Ambrose. In addition, our senior management, in particular our Environment Department, is responsible for the daily execution of our various ESG policies, analyzing the various ESG matters and opportunities and preparing the materials and annual reports on our ESG performance. In accordance with the ESG work plan set by the Board, the ESG core team and various departments, along with the ESG responsible staff at each mine, will implement specific ESG tasks. They will also supervise and support each department in carrying out the plan, report to management on a regular basis, gather statistics, and analyze ESG data and information on a daily bases, and assist in the preparation of the annual ESG report. The Board participates in the analysis and evaluation of the materiality of the Company's ESG issues and the identification of ESG risks, and approves substantive issues that have a significant impact on the Company. The Board also determines the Company's priorities for sustainable development, and guides affiliated enterprises to establish an ESG targets management system that covers metrics such as pollutant emissions, energy consumption and water resource management. Besides, the Board keeps an eye on the execution of goals and reviews its progress. Key performance indicators in relation to environmental protection are also incorporated into our performance evaluation system for our employees. The comprehensive ESG-governance structure we have developed has laid a solid foundation for our ESG performance.

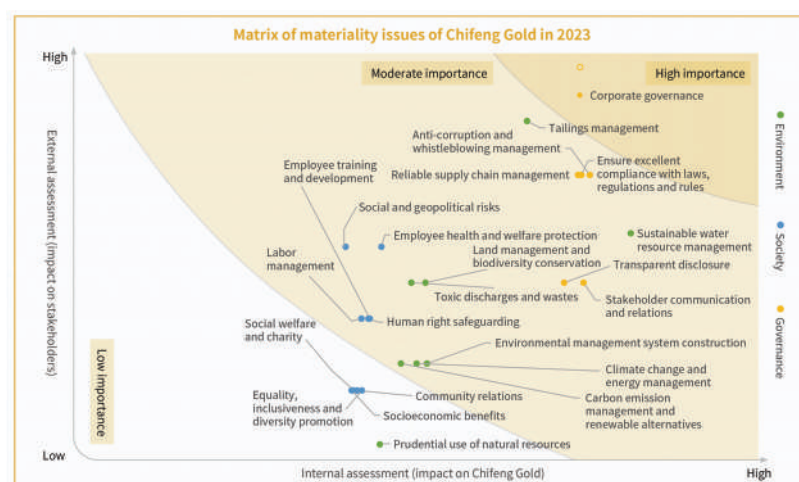
We set up metrics and targets to assess and manage ESG related risks. For instance, we consistently keep a close eye on two key indicators that have substantial impacts: carbon emissions and tailings management. In 2023, our total greenhouse gas emissions amounted to 634,850.38 tonnes of CO₂ equivalent. We are tackling climate pressures stemming from production activities through combined efforts in energy-saving technologies and the adoption of clean electricity/energy. We give top priority to the most energy-efficient and environmentally friendly equipment for all newly-built mineral processing plants and are gradually phasing out high-energy-consuming machinery at existing facilities. In line with national policies, we actively boost the use of renewable energy and engage in green power trading. Our long-term goal has been set to achieve net-zero carbon emissions. In 2023, we generated and discharged 12,178,458.00 cubic meters of tailings. In addition, 25,095,662.00 tonnes of non-hazardous tailings or waste rock were recycled through donations, sales, or other

methods. Going forward, we plan to implement cleaner technologies in mineral processing and ore treatment (e.g., tailings cement backfill) to increase the proportion of recyclable tailings, further enhancing reuse rates through underground backfilling or community-beneficial applications.

We may not be able to fully comply with these international industry standards at all times, which may impact our business, reputation, our results of operations and our ability to raise funds or obtain financing if we are perceived to have deficiencies in our ESG practice. For details, see “Risk Factors — The failure of a tailings storage facility could negatively impact our business, reputation and results of operations” and “Risk Factors — Maintaining and increasing compliance of industry standards and keeping sufficient ESG disclosure to maintain our reputation and care for local communities could increase our operation costs”.

The ESG core group collaborates with various company departments and ESG leaders of the mining areas to implement specific ESG tasks based on the ESG work plan established by the Board of Directors and Management. It also oversees and supports each department in achieving their planned ESG objectives. Furthermore, the ESG core group regularly reports to Management, handling the daily collection, statistics, and analysis of ESG data and information. Management, in turn, reports to the Board and the Shareholders’ Meeting, which then make decisions on significant ESG matters.

We determine the most important issues in ESG management and information disclosure by assessing their significance to our growth and to internal and external stakeholders. The chart below illustrates the elements we use to assess the materiality of ESG risks. We carry out ESG review annually through a three-level progress and risk reporting mechanism:



We aim to continuously enhance our systematic environmental management system, optimize water resources, energy, and logistics management strategies, judiciously use natural resources, practice the principles of a circular economy, strictly control tailings, waste, wastewater, and pollutant management, and minimize the negative impact on the natural environment. Simultaneously, we actively address climate change, consider potential climate

risks and opportunities impacts following the framework recommendations of TCFD, continuously increase the proportion of renewable energy use through self-built photovoltaics and participation in green energy trading, as well as contribute to reduction of low-carbon emission.

We always prioritize the construction of green mines, actively seek a balance between mining development and ecological protection and strive to adhere to the development concept of “Mutual Prosperity and Development” with the community. In 2023, (i) our total investment in green mine construction was RMB26.2 million; (ii) we restored approximately 62.3 hectares of land; (iii) we conducted workplace safety inspections 2,375 times in 2023; (iv) provided safety training for 33,495 participants; (v) no significant safety or environmental accidents occurred; (vi) we reduced approximately 1,057.4 tonnes of carbon dioxide and its equivalent; and (vii) we invested RMB51.8 million in research and development.

For more details, please see “— Competitive strengths — A strong social responsibility and solid commitment to promoting green and sustainable development with high ESG standards” and “— Business strategies — Continue to improve our ESG governance and enhance our standards of environmental protection, safety, social responsibility and corporate governance.”

It is our policy to adhere to international conventions and the labor laws and regulations of the countries where we operate, as well as the relevant labor management standards. Under the guidance of the Responsible Gold Mining Principles regarding “wages and benefits,” “child and forced labor,” “freedom of association and collective bargaining,” we legally and compliantly carry out labor management work. We have established a comprehensive talent management system and clear recruitment and dismissal policies. Our policies strictly prohibit use of child labor and forced labor and protect human rights of our employees. In order to ensure compliance with our policies of prohibiting child and forced labor, we have formulated a series of employment management related measures which are incorporated in the Employee Handbook and Recruitment Norms and Procedures. These documents set out detailed measures and requirements for our staff recruitment process such as pre-employment age and identity verification, working hours, rest periods, equal opportunities and other benefits and welfare. During the recruitment of employees, we strictly check the ages and backgrounds of the candidates to prohibit the use of child labor and forced labor complaint. In addition, employees are encouraged to report to our management team or submit labor complaint, anonymously through designated reporting channels or by sending email to a special complaint mailbox, to the labor union or the human resource department of the relevant subsidiary, if they identify any child or forced labor issues. Furthermore, to prevent human trafficking, we mandate that all suppliers and contractors adhere to anti-human trafficking standards as part of contractual agreements with us and provide mandatory training for all employees on recognizing and preventing human trafficking, including indicators of forced labor and exploitation. We maintain a holiday and welfare system, and a transparent employee communication mechanism.

We prohibit all forms of corruption and bribery and require our employees to comply with the anti-bribery laws and regulations applicable in the countries where they work and the countries where they conduct business. We have established a set of policies and regulations, including the “Company Anti-Corruption and Bribery Policy,” “Company Integrity and Self-Discipline Management System,” “Company Code of Business Conduct,” and for each subsidiary, the “Practical System for Integrity and Anti-Corruption” and “Employee Disciplinary Action Regulations,” demonstrating our zero-tolerance and stringent investigation stance towards bribery and corruption. We hold anti-corruption training for our Directors, senior management and employees on a regular basis. In 2023, we held a total of 61 anti-corruption training sessions.

Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim or penalty in relation to health, work safety, social and environmental protection.

Environmental Protection

We are fully committed to environmental protection and to adhering to the highest standards for sustainable development. Our business operations are subject to various legal requirements in relation to environmental protection, such as air pollution, water discharge, waste disposal and noise control, under the relevant PRC, Lao and Ghanaian laws and regulations. For more details, see “Regulatory Overview.”

Our Environmental Protection Policy

In order to systematically address the various environmental protection matters arising from our operations, we have formulated environmental protection policies and measures by following the relevant principles of the International Council of Mining and Metals, which set out the detailed procedures for undertaking various environmental protection work.

In China, we have established a complete environmental protection system to comply with regulations on environmental protection and control pollutant emissions. Our mining and processing are carried out in accordance with relevant standards and management. In particular, our decyanidation process complies with the requirements of the Technical Specification for Cyanide Residue Pollution Control in the Gold Industry (黃金行業氰渣污染控制技術規範).

At LXML in Laos, we have formulated an environmental and social management and monitoring plan by following the Environmental and Social Impact Assessment Guidelines, which sets out a policy framework, management system and environmental monitoring plans in order to achieve full compliance with the relevant regulatory requirements and industrial standards. Such plans are subject to review and update at least every three years.

At GSWL in Ghana, we have established a general policy on environment together with comprehensive environmental management plans for both surface operations and underground operations after considering the specific environmental factors in Ghana. Such plans are subject to review and update at least every three years.

Our environmental protection policies and measures generally cover the major aspects of our operations, such as:

- **Hazardous materials.** We reinforce the groundwork at our industrial sites and store raw materials in our facilities in a way which prevents leakage of hazardous materials into the soil. Hazardous waste is segregated into specific color-coded waste receptacles. Generally, explosives packaging and cyanide packaging are removed for disposal by the relevant suppliers.
- **Prevention of air pollution.** In relation to processing plants, dust suppression sprays are utilized and dry dust collection systems have been installed on ore crushing circuits/conveyor belt transfer points. In relation to underground mining, we install major ventilation systems (including ventilation exhausts) and use water for dust suppression.
- **Wastewater treatment.** We have constructed water recycling systems to ensure that wastewater will be recycled for use as far as practicable. For wastewater which will be released to the external environment, we ensure that the wastewater must go through sediment retention systems before being discharged. We carry out relevant treatment at tailings dams to prevent groundwater pollution. We also maintain comprehensive database of processed water data.
- **Solid waste.** Scrap steel and other clean underground wastes are collected for beneficial re-use where appropriate. Lead batteries are recycled by accredited vendors. We also employ a waste compactor to reduce landfill volumes and associated emissions. In addition, we divert wooden materials, plastics, and other recyclables away from landfill for recycling by approved vendors, thereby reducing landfill volumes and associated emissions.
- **Noise control.** We take various measures to reduce the noise generated in our operations, such as selecting low-noise equipment and machinery, installing silencers, and adsorption materials, as well as noise isolation and elimination equipment.
- **Tailing Storage.** Extensive monitoring systems are included in the design of tailings dams as early warning mechanisms. These systems also enable ongoing assessment of the stability and integrity of the structures. Qualified engineers conduct quarterly inspections as per international standards. In addition, independent auditors conduct regular third-party audits.

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- **Biodiversity.** Flora and fauna assessments and updates are undertaken to ensure appropriate planning and impact management. In the context of agreed post-mining land use, sequential re-vegetation is conducted for the establishment of self-sustaining ecosystems. We transplant various exotic and indigenous species to enhance biodiversity. There is also waste receptacle management to reduce risk of vermin infestation.

We started publishing scope 1, 2 greenhouse gas emissions, generation of hazardous waste and use of resources in our ESG report since 2023. The following tables illustrates the scope 1, 2 greenhouse gas emissions, generation of hazardous waste and use of resources in 2023:

- Greenhouse Gas Emission

Indicator	2023
Scope 1 Greenhouse Gas Emissions (tonnes of carbon dioxide equivalent)	550,970.04
Scope 2 Greenhouse Gas Emissions (tonnes of carbon dioxide equivalent)	83,880.34
Total Greenhouse Gas Emissions (tonnes of carbon dioxide equivalent)	634,850.38

Note: We have not yet disclosed our Scope 3 greenhouse gas emissions, but we are in the process of improving our Scope 3 emissions accounting system and will gradually cover our business's upstream and downstream activities. We expect to disclose our Scope 3 greenhouse gas emissions around the year of 2028.

- Generation of Hazardous Waste

Indicator	2023
Hazardous Waste Amount (excluding sludge) (t)	3,292.39
Sludge Output (L)	43,580,000.00

- Use of Resources

Indicator	2023
Petrol Consumption (kWh)	131,578.89
Diesel Consumption (kWh)	5,158,766.22
Natural Gas Consumption (kWh)	115,210.71
Total Energy Consumption (kWh)	155,738,408.03
Total Energy Consumption Intensity (kWh/sales amount RMB10k)	215.813

In addition, due the rapid advancement of environmental protection laws, regulations and industry standards, we closely monitor the latest developments in regulations and standards and regularly update our environmental protection policies and measures with the aim to ensure and uphold the highest standards possible.

Our ESG Practice in the PRC

We are committed to environmental protection by strict adherence to all the relevant laws and regulations in the PRC. We have adopted the relevant environmental protection measures required by such authorities, including carrying out environmental self-monitoring programs in relation to dust, noise, water, soil and discharges. These subsidiaries follow the relevant self-monitoring technical guidelines, have prepared the relevant special emergency plans in case of an accident and employ qualified third-party test units to conduct routine monitoring. At our other subsidiaries, we employ various environmental protections to monitor the emissions and discharges to ensure we operate within the relevant standards. We are also dedicated to the construction of green mines and applying tailing dewatering technology with the aim of achieving zero discharge of sewage from our gold mines.

During the Track Record Period and up to the Latest Practicable Date, our cost of compliance with the applicable environmental protection rules and regulations in the PRC amounted to RMB98.8 million, RMB95.1 million, RMB187.8 million, RMB49.4 million and RMB35.9 million, respectively. Moving forward, we expect our environmental protection rules and regulations will maintain at a similar level.

Our efforts and investments in environmental protection has led us to various achievements. For example, (i) Jilong Mining has planted more than 3,000 trees and grown grass covering an area of more than 2.4 hectares in the first half of 2022; (ii) Huatai Mining has achieved 100% recycling of all its wastewater; (iii) as of the Latest Practicable Date, Hanfeng Mining had undertaken afforestation of an area spanning more than 2,400 m² and green conservation of an area spanning more than 8,300 m²; and (iv) GSWL mainly obtains electricity from a local gas-fired power plant and also engages with a hydro-power energy provider. In addition, we are exploring various options for renewable energy projects with an aim to achieve a 30% reduction in greenhouse gas emission intensity by 2030. In particular, Jilong Mining is planning to build a 10-megawatt solar power plant, and it is expected that its full capacity will be installed and ready for commercial operation by the end of 2025. Meanwhile, Wulong Mining and LXML are also actively planning to build their own clean energy power generation projects, which will further enhance our capability in renewable energy utilisation.

We have undertaken a number of environmental protection technology research projects. This has allowed us to develop numerous environmentally friendly technologies and processes, which enable us to limit the environmental impact of our production activities. For instance, we have carried out special research on the discharging process at the Jilong Gold Mine and Huatai Gold Mine and, as a result, have adopted the “tailings decyanation filter pressing process” to replace the original tailings filter discharge process, and the content of total

cyanide tailings and other harmful elements conforms to requirements of the PRC's Technical Specification for Pollution Control of Cyanide Leaching Residue in Gold Industry (黃金行業氰渣利用與處置污染控制技術規範). This change represented a new approach to cyanide residue tailings processing of ore in the PRC. Since commencing in October 2018, the project has been running stably. Sampling and testing of the treated cyanide tailings by third parties have shown that the total cyanide concentration in the toxic leaching solution is all less than 4mg/L, which is significantly under the limit of 5mg/L for tailings dam disposal in the technical specification of cyanide residue, and other indicators are all in line with the specification requirements.

For our continuous and significant efforts over the years, we have successively won and been awarded various honorary titles, such as “Advanced Unit of Energy Conservation and Emission Reduction during the 12th Five-Year Plan Period” (十二五節能減排先進單位), “National Outstanding Enterprise Practicing Ecological Civilization” (全國踐行生態文明優秀企業) and “Advanced Collective of Energy Conservation and Emission Reduction of National Machinery, Metallurgy and Building Materials Union System” (全國機械冶金建材工會系統節能減排先進集體). In January 2024, our Company was awarded the 17th Crystal Ball Award as the “2023 Most Socially Responsible (ESG) Listed Company”. In addition, (i) the Jilong Gold Mine and Hanfeng Polymetallic Mine were rated as National Green Mines (全國綠色礦山) in January 2020, and (ii) the Wulong Gold Mine and Huatai Gold Mine were rated as Provincial (Autonomous Region) Level Green Mines (省(自治區)級綠色礦山) in December 2020 and May 2020, respectively. All these achievements and honors is a testament to our relentless efforts in environmental protection and dedication for long-term sustainable development.

Our PRC Legal Advisor is of view that, during the Track Record Period and up to the Latest Practicable Date, we did not have any material incidents of non-compliance with the PRC environmental laws and regulations at our mines in the PRC that resulted in material penalties. In addition, we are not aware of any environmental proceedings or investigations to which we were or might become a party that could have a material adverse effect on our business, financial conditions and results of operations.

We are in compliance with laws and regulations governing land restoration and environmental rehabilitation in PRC, such as Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Soil Pollution, Law of the People's Republic of China on Soil and Water Conservation, Grassland Law of the People's Republic of China, Land Administration Law of the People's Republic of China, Implementation Measures for the Land Reclamation Regulations. Pursuant to the relevant PRC laws and regulations, we are responsible for the rehabilitation of the land in relation to our mining activities and are required to submit a land rehabilitation plan to the relevant governmental authorities for examination when applying for or renewing our mining licenses. Before commencing mining activities, we are also required to deposit funds into an environment control fund set up with banks in amounts agreed with the relevant governmental authorities. The land rehabilitation fund is owned by us while the use of these funds is under the supervision of the relevant governmental authorities. During the Track Record Period and up to the Latest Practicable Date, we had fully paid the aforementioned funds in a timely

manner and are committed to strictly performing the approved rehabilitation plan. As our mines in the PRC are still in production, we have not taken any further actions in relation to mine closure and rehabilitation. For details of relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — Our operations are exposed to risks in relation to environmental protection and rehabilitation” and “Risk Factors — Risks Relating to Our Business and Industry — Our existing mining operations have a finite life and eventual closure of our operations will entail costs and risks regarding on-going monitoring, rehabilitation and compliance with environmental standards, which may exceed the provisions we have made.”

Our ESG Practice in Laos

Our environmental protection practices in Laos are guided by the “10 Sustainable Development Principles” of the International Council of Mining and Metals. We seek to continuously improve our environmental protection performance by carrying out environmental sampling and monitoring, setting suitable environmental protection targets, implementing and maintaining procedures to identify environmental risks, undertaking thorough investigations of the root causes of environmental risks and proactively implementing corrective measures. In particular, we actively undertake water/sediment management and treatment, drainage on mine infrastructure, waste dump control and tailing management.

During the Track Record Period and up to the Latest Practicable Date, our cost of compliance with the applicable environmental protection rules and regulations in Laos amounted to approximately US\$1.0 million, US\$1.4 million, US\$1.2 million, US\$0.9 million and US\$0.3 million, respectively. Moving forward, we expect the local environmental protection rules and regulations will be maintained at a similar level.

In relation to rehabilitation, LXML will enter the closure phase when no more development and ore extraction take place. Once ore has been removed, pit voids are either retained in a “care and maintenance” phase or closed and rehabilitated. Open pits are placed in care and maintenance if they have the potential to yield economic amounts of ore in the future. During the care and maintenance phase, pits walls are stabilized to minimize erosion and any exposed and potentially acid forming material is removed or covered with non-acid forming material and/or water is treated and released. We are in compliance with laws and regulations governing land restoration and environmental rehabilitation in Laos, such as Environmental Protection Law, Mineral Law, Decree on Environmental Impact Assessment, Decision on Environmental Technical Monitoring in Investment Projects and Various Activities of the Natural Resources and Environment Sector.

We have filed a mine closure plan with the relevant governmental authorities, and we continue to refine such plan to incorporate new understanding and contemporary best practice. Mine closure planning is undertaken in close consultation with stakeholders; primarily through the mine closure committee. We have also prepared progressive rehabilitation and reclamation plans, including erosion control, vegetation establishment, and planting and plant maintenance, which seeks to yield significant results in the establishment and regeneration of the natural environment.

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We have established a mine closure fund in Laos. We have made a deposit in an aggregate amount of approximately US\$9.0 million into the mine closure fund as of September 30, 2024, which is held in two Lao commercial banks. We expect to continue to contribute to the fund based on the volume of mineral sales for the entire term of the project. Pursuant to an agreement with the Lao Government, in respect of the future rehabilitation expenses to be incurred in order to fulfill our Group's environmental responsibilities, we have made a financial provision in the amount of US\$236 million for the rehabilitation works to be carried out in the future covering the entire undiscounted projected mine closure amount of US\$247 million based on the latest approved mine closure plan and the latest disturbance area and rehabilitation work unit price.

The Laos law provides three modes for the mine closure fund guarantee, including cash guaranty, bonds, and other financial instruments, which is provided in annual installments throughout the term of the project. Nevertheless, according to the Laos Legal Advisor, considering the prevailing circumstances in Laos, the approach of cash deposit, coupled with financial provision, with fund contribution according to the agreement with the Lao Government, is commonly encountered. The Laos Legal advisor is of the view that, the enforcement risk for LXML's approach to its mine closure fund is minimal, and the likelihood of LXML being subject to penalty in this respect remains remote, on the following bases:

- (i) LXML bank statements for the mine closure fund with a total bank balance of approximately US\$9.0 million, which we understand will be used for mine site rehabilitation exclusively, and that LXML will continue to contribute into the fund on installment basis corresponding to the gold and copper sales per oz, in accordance with the MEPA with the Lao Government;
- (ii) since the acquisition of LXML, there has been proactive and ongoing communication with relevant Lao government authorities regarding the mine closure fund; and
- (iii) LXML has not received any instruction on the detailed implementation of the mine closure fund contributions from the Lao government authorities or notice of deficiency regarding its current mine closure fund.

Our Laos Legal Advisor is of view that, during the Track Record Period and up to the Latest Practicable Date, we did not have any material incidents of non-compliance with the Laotian environmental laws and regulations at our mines in the Laos that resulted in material penalties. In addition, we are not aware of any environmental proceedings or investigations to which we were or might become a party that could have a material adverse effect on our business, financial conditions and results of operations.

Our ESG Practice in Ghana

Our environmental protection practices in Ghana are guided by principles similar to those adopted in our Laos operations, which assists us in maintaining our environmental protection practices at international standards. As such, our operations in Ghana apply measures to mitigate pollution and environmental impact and improve our overall environmental protection system and performance.

During the Track Record Period and up to the Latest Practicable Date, our cost of compliance with the applicable environmental protection rules and regulations in Ghana amounted to approximately US\$3.3 million, US\$2.3 million, US\$1.6 million and US\$0.8 million, respectively. Moving forward, we expect the local environmental protection rules and regulations will be maintained at a similar level.

GSWL also undertakes an annual comprehensive corporate responsibility review in relation to our performance and compliance with the UN Global Compact framework and targets aligned with the Sustainable Development Goals indicators.

In recognition of its focus on safety, GSWL was honored with the Ghana 2023 Best Safe Mine First Prize from the Ghana Chamber of Mines in November 2023. Furthermore, GSWL undertakes ongoing rehabilitation activities, which include re-profiling waste dumps, topsoil spreading, and planting for both slope stabilization and long-term rehabilitation. We intend to strictly follow the requirements as stipulated by Ghanaian Mining Law 2012 (LI 2182) regarding rehabilitation activities. As we acquired the Ghanaian operations in January 2022, we are in the process of preparing environment impact assessment report, which will include plans for mine closure and rehabilitation, and we will submit this report to the relevant governmental authorities for approval in due course. We will then enter into rehabilitation guarantee agreement with the government and pay a rehabilitation deposit, which can only be returned to us after inspection and acceptance of the rehabilitation project by the Ghana government.

We are in compliance with laws and regulations governing land restoration and environmental rehabilitation in Ghana, such as Environmental Protection Agency Act 1994 (Act 490) and Environmental Assessment Regulations, 1999 (LI 1652). Our Ghana Legal Advisor is of view that, during the Track Record Period and up to the Latest Practicable Date, our operations in Ghana complied with applicable Ghanaian environmental laws and regulations in all material respects.

Corporate Social Responsibility

We place great emphasis on fulfilling our corporate social responsibilities and are committed to ensuring that the communities and regions in which we operate can genuinely benefit from our development. We actively explore solutions that can bring a positive impact to the local community. We take practical actions in promoting employment, rural revitalization, improving people's livelihoods, public welfare education, increasing tax revenue, and other areas.

We have established a well-built set of policies to guide our activities, including: (i) a stakeholder and community relations policy for LXML; and (ii) a policy on community relations and policy on community development and support for GSWL. We are also subject to community audits undertaken by relevant governmental authorities on a regular basis. In particular, in Ghana, we have strived to promote our philosophy of localized management and operations, built up a sound relationship with local governmental authorities, served local communities and took initiatives to contribute to regional development. We were one of the first batch large-scale Chinese mining company operating in Ghana and, in recognition of our work, earned accolades for boosting the local economy.

We actively participate in a wide range of community services in China, Laos and Ghana, which we believe have been well regarded by both local communities and governments. For more information regarding our corporate social responsibility efforts, please see “—Competitive strengths — A strong social responsibility and solid commitment to promoting green and sustainable development with high ESG standards.”

We leverage our own resource advantages, take action to shoulder corporate social responsibility, and share our achievements with the societies within which we operate. For example:

- Jilong Mining has donated more than RMB15 million to local primary schools in need of financial support.
- To address the temporary housing requirements of the residents in the area during the demolition phase, Hanfeng Mining formed an emergency task force to establish temporary relocation facilities for the Tianbaoshan community residents, actively supporting the local community in facilitating the resettlement process for the displaced individuals.
- During the COVID-19 pandemic, Wulong Mining donated RMB600,000 in cash and RMB200,000 in medical and protective equipment to the epidemic prevention and control department.
- During the COVID-19 pandemic, Jilong Mining donated more than RMB300,000 in cash and medical and protective equipment to the epidemic prevention and control department.
- LXML established a partnership with the Laos Ministry of Health, the Lao Women’s Union and UNICEF and provided US\$2.9 million to the 1,000 Day Project in order to improve maternal health and child nutritional outcomes.
- LXML also made donations of US\$3.1 million to Vilabouly, Savannakhet and Mittaphab hospitals for purchase of various medical equipment.

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- LXML donated US\$11 million to the Community Trust Fund and US\$3.26 million to the Village Development Fund in order to improve access to basic services to the underprivileged local residents.
- LXML actively assisted the Laos Government and local community with COVID-19 prevention with an aggregated donation of more than US\$370,000.
- GSWL established the Golden Star Development Fund to make contributions of US\$1 per oz of gold produced at GSWL together with 0.1% of pre-tax profit for the development of the local community near its mine. GSWL contributes approximately US\$200,000 each year into this fund.
- As of December 31, 2023, GSWL had rehabilitated approximately 416.9 hectares of land, demonstrating our unwavering dedication to sustainable practices.
- In April 2006, GSWL established the Golden Star Oil Palm Project to make contributions of US\$1 per oz of gold produced at GSWL to assist to develop post-mining land uses and productive assets to achieve sustainable local economic development. Such oil palm trees also have a very positive impact on reduction of greenhouse gases as forestry and agroforestry systems which incorporate tree crops render a significantly larger sequestration potential for longer periods. By the end of 2021, GSWL had directed over US\$9.6 million to this initiative, which assists around 400 local farmers and creates approximately 400 temporary job positions. In 2021, GSWL received the inaugural ESG Award for Products at the Mines and Money Outstanding Achievement Awards. In 2022, with the support of the United Nations Industrial Development Organization, the Golden Star Oil Palm Project was awarded as an international certificate from the Round Table on Sustainable Palm Oil. By December 31, 2023, we have grown more than 140,000 oil palm trees in ten different communities covering more than 1,000 hectares of land.
- We also set up the Community Mine Consultative Committee to select community projects for assistance in order to support community-driven and community-owned development.

Occupational health and safety

We adopt high safety standards, continuously update and enhance our internal control measures to enhance production safety in our operations. Our production management systems and technologies enable us to achieve automation, digitization, and intelligence control in the gold production process. During the Track Record Period and up to the Latest Practicable Date, we did not have any material safety incidents involving our workforce.

We have implemented safety guidelines on employees' proper use and maintenance of equipment. Our employees are required to wear protective gear such as safety helmets, work clothes, gloves, waterproof boots, dust masks and self-rescue devices, to ensure their safety at work, taking into account the level of risk of the particular task or production site. We conduct inspections on the condition of our employees' protective gear before they enter production sites. We offer regular training on health, safety and accident prevention to our employees from time to time.

In addition, we have established and implemented comprehensive safety protocols and periodically evaluate the sufficiency of our protocols. Regular evaluations are conducted to identify and address potential health and safety risks in alignment with our internal work safety policies, ensuring that all production activities are carried out in a safe manner. For safety facilities within our mines, we conduct regular checks and maintenance to ensure they provide reliable protection for work safety. A dedicated safety responsibility team is in place to regularly inspect the implementation of work safety measures, identify potential issues, and address them promptly.

At the subsidiary level, we organize cross-functional teams from various operational units to hold monthly meetings. These meetings focus on reviewing each step of the production process and identifying major potential work safety risks, enabling proactive measures to mitigate them. This structured approach underscores our commitment to maintaining a safe and secure working environment for all employees.

Our PRC Operations

Our business in the PRC is subject to extensive work safety laws and regulations governing our operations. We have also put in place stringent internal policies and procedures with respect to safe use of equipment and consumables, handling of hazardous materials and/or waste, detection and management of work safety issues and regular work safety inspection. In particular, we have formulated detailed guidelines on treatment of hazardous waste. During the Track Record Period and up to the Latest Practicable Date, we believe we had adopted all the occupational safety measures as required under the PRC laws.

In addition, we have adopted relevant systems for recording and handling accidents during operations and provided work safety trainings to our employees on an annual basis in order to strengthen their knowledge and awareness. To maintain a safe work environment, our employees are required to report accidents to a designated person for further actions. We are required to promptly report on the occurrence of any loss, leakage or diffusion of hazardous waste to the relevant health authorities and to keep proper records of such accidents. Our operations are subject to regulations and periodic examinations by local work safety authorities. We have obtained all the material work safety permits, approvals and registrations necessary to conduct our business.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date: (i) we believe we were in compliance with all applicable work safety laws and regulations in the PRC in all material respects; (ii) save as disclosed in the prospectus, we did not have any material incidents of work-related injuries or casualties; (iii) we had not been subject to any claims for personal or property damages and compensation to our employees which were material to our business operations; and (iv) no material administrative sanctions or penalties had been imposed upon us for any violation of work safety laws and regulations. We have not incurred, and do not expect to incur material costs in connection with the compliance with work safety laws and regulations.

Our Operations in Laos and Ghana

Similarly, for our operations in Laos and Ghana, we are subject to the relevant occupational health and safety laws and regulations in Laos and Ghana. We have put in place comprehensive safety and health management systems to maintain compliance with the relevant laws and regulations and monitor the safety of our operations. As advised by our Laos Legal Advisor and our Ghana Legal Advisor, we believe we were in compliance with applicable laws and regulations in Laos and Ghana, respectively, in relation to occupational health and safety in all material respects and there were no significant or recurrent health or safety accidents during the Track Record Period and up to the Latest Practicable Date.

Safety Accidents

Fatal accidents

On March 16, 2022, an employee of Huatai Mining violated underground internal operation protocols by entering into a prohibited mining area, which led to a collapse of one drift of the mine and the fatal accident. Huatai Mining was fined RMB650,000 by the Chifeng Song Shan District Emergency Management Bureau on May 30, 2022. Huatai Mining paid the fine on May 31, 2022, compensated the relatives of this employee and completed rectification as required. On June 4, 2023, an employee of Dongfeng Mine of Hanfeng Mining fell from height and died. The accident investigation team identified issues including failure to promptly discover and eliminate potential accident hazards and to supervise employees in strict implementation of production safety protocols. Longjing City Emergency Management Bureau imposed a fine of RMB350,000 on Hanfeng Mining. Hanfeng Mining paid the fine, compensated the relatives of this employee, and completed rectification as required.

Subsequent to these incidents, we have enhanced relevant internal control measures, including strengthening a series of internal policies regarding production and operational safety and conducting systematic training on production safety and safety emergency drills. Our internal control consultant examined our internal controls over production safety in May 2024, and assisted us in further strengthening internal control procedures on production safety. During the follow-up review by our internal control consultant in May 2024, no material deficiency in our internal control procedures on production safety was identified.

BUSINESS

Based on the due diligence conducted by the Sole Sponsor including but not limited to engaging in discussion with the Internal Control Consultant to understand its findings and obtaining and review of the underlying policy and procedures together with the sample internal reports, the Sole Sponsor concurs with the aforementioned views of the Internal Control Consultant.

Our PRC Legal Advisor is of the view that neither of these accidents constitutes a material safety production accident nor has any material adverse impact on our Group's business operations or financial condition due to the following reasons:

- (i) the document of approval issued by the People's Government of Chifeng Songshan District on May 18, 2022, which agreed with the conclusion of the investigation report prepared by the accident investigation team, identified this accident as a general production safety responsibility accident. In addition, according to Article 3 of the *Regulations on the Reporting and Investigation of Production Safety Accidents*, a general accident refers to an accident that results in the death of less than three people, or serious injuries to less than ten people, or direct economic losses of less than RMB ten million;
- (ii) Hanfeng Mining has obtained a special explanation from the Longjing City Emergency Management Bureau, stating that the accident for which we received the administrative penalty according to the Article 114 of the Work Safety Law of the People's Republic of China, was a general production safety accident, not a major violation of laws and regulations;
- (iii) according to the provisions of *the Work Safety Law of the People's Republic of China*, Huatai Mining was fined RMB650,000 and Hanfeng Mining was fined RMB350,000, both falling within the penalty range for a general accident;
- (iv) the Certificate of Compliance issued by the Chifeng Songshan District Emergency Management Bureau on October 24, 2024 stated that Huatai Mining had not violated relevant laws, regulations, regulatory documents, or other relevant provisions of the production safety management that would result in major administrative penalties; and
- (v) the Certificate of Compliance issued by the Longjing City Emergency Management Bureau on October 15, 2024 stated that Hanfeng Mining had not violated relevant laws, regulations, regulatory documents, or other relevant provisions of the production safety management that would result in major administrative penalties.

Work-related Injuries

During the Track Record Period and up to the Latest Practicable Date, LXML had several work-related injuries: (a) a cleaner suffered a swelling ankle injury due to her health issues, (b) a mechanic suffered a minor fracture and small cut to his left index finger due to his team's operational error, (c) a driver of a dump truck suffered an open fracture to his left wrist and left knee when his vehicle collided with an oncoming bus operated by a contractor's driver who was found intoxicated, (d) a technician suffered fracture injury to his right foot when removing a cover plate as the plate was improperly supported and fell on his foot due to his operational error, and (e) a drill assistant suffered a fractured thumb bone after losing his balance and falling to the ground while moving a base log due to his operational error.

All the aforementioned injured workers received timely treatment arranged by LXML and returned to their posts upon recovery. The compensation resulting from the work-related injuries was either fully covered by our insurance or paid by us after insurance payout. The injured workers did not file any claims or lawsuits against LXML in connection with their injuries. LXML did not receive any administrative penalty in this regard. Although these injuries resulted in loss of the working hours of the injured workers, they did not cause any suspension of production or have any material adverse impact on our operations. We conducted thorough investigations on the aforementioned instances, and prepared accident reports. We have established a strict monitoring system based on five major indicators of work safety, namely occupational health, environmental protection incidents, fire accidents, and major infrastructure accidents. We then modified our work equipment to meet greater safety standards, improved safety training for employees at all levels participating in various work streams, and rectified internal control deficiencies identified in the accident reports. Additionally, we tightened contractor management and reassessed our collaboration with certain contractors. We have updated our contractor policy, developed and reviewed related Standard Operating Procedures to distribute to relevant employees and contractors, and conducted regular training to enhance safety management of contractors. As per the internal control request of the PRC headquarters, both LXML and its contractors are managed through the unified responsibility system. If a contractor fails to meet our safety production standards during our evaluation of its qualification, we shall request the contractor to rectify or we may consider terminating our cooperation with the contractor. The enhanced internal control measures were reviewed by our internal control consultant and no material deficiency was identified.

As LXML has not received any enquiry or administrative complaint or penalty from relevant authorities regarding these work-related injuries, our Laos Legal Advisor is of the view that such injuries were not serious injuries and would not have any material adverse impact on LXML's business operation or financial performance.

Project Management Deficiency

On June 14 and 16, 2022, during the supervisory inspection of Hanfeng Mining by the Jilin Bureau of the National Mine Safety Inspection, the third enforcement team of the Jilin Bureau and the administrative law enforcement personnel of the Longjing City Emergency Management Bureau identified certain deficiencies in the Group's mining monitoring and reporting system, including, among others, lack of records of project leaders taking shifts underground for shift changes. On July 1, 2022, the Longjing City Emergency Management Bureau imposed an administrative fine of RMB70,000 on Hanfeng Mining. Hanfeng Mining paid the fine on July 6, 2022, and completed rectification. On October 24, 2022, the Longjing City Emergency Management Bureau issued a certificate, determining that the aforementioned deficiencies are immaterial non-compliance and do not constitute material one.

Hanfeng Mining enhanced its internal control measures on project management including adopting an internal control policy formalizing work shifts and handover arrangements among leaders for underground work. The enhanced internal control measures were reviewed by our internal control consultant and no material deficiency was identified.

Our PRC Legal Advisor is of the view that this incident does not constitute a material non-compliance under relevant laws and regulations.

Having considered the following factors, nothing has come to our Directors' attention that would cause them to believe that they are not suitable to act as Directors under Rule 3.08 and 3.09 of the Listing Rules:

- as advised by our PRC Legal Advisor, neither of the fatal accidents above constitutes a material safety production accident nor has any material adverse impact on the Group's business operations or financial condition;
- as advised by our PRC Legal Advisor, the deficiencies in project management system does not constitute a material non-compliance under relevant laws and regulations;
- as advised by our Laos Legal Advisor, the work-related injuries which occurred in Laos do not constitute material safety production issues as LXML has not received any enquiry or administrative complaint or penalty from relevant authorities regarding these work-related injuries, and such injuries were not serious injuries;
- no monetary fine or other penalty was imposed directly from any competent authorities in PRC or Laos to any of our Directors;
- there has not been any occurrence of other similar events in our Group; and

- our Directors received directors' training from our Hong Kong legal advisor and they have confirmed that they fully understand their obligations as directors of a company listed on the Hong Kong Stock Exchange, in particular the directors' fiduciary duties and the relevant disclosure requirements under the Listing Rules.

Based on the due diligence conducted by the Sole Sponsor including but not limited to (i) review of results of litigation searches and background searches, (ii) attending physical site visits in Laos to understand, among others, the operations and reserves of mines and retrieved documents onsite as supporting documents for interviews, and (iii) conducting interviews with our Directors to understand the qualification and independence of our Directors, the Sole Sponsor concurs with the aforementioned views of our Directors.

For relevant risks relating to our occupational health and safety practice, see "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to a number of operational risks and hazards specific to mining industry, which may result in increased costs or losses, personal injuries or casualties, damage to reputation, suspension of operation and other penalties."

Potential ESG-Related Risks and Our Strategies

Our mining activities and production processes pose potential ESG-related risks such as gas emission, wastewater, noise, solid waste, tailings management, and land remediation and biodiversity risks. To mitigate the adverse impact of these risks, we have taken the following measures:

- *Gas emission* — strengthen the supervision of gas emissions at all stages of production and take various measures on-site to reduce emissions, such as greening, water sprinkling, and installing dust removal devices;
- *Wastewater* — enhance wastewater management measures. Wastewater emission will only be allowed if it meets the environmental protection standards. Moreover, we improve the wastewater utilisation system to achieve internal water resource recycling within the mine;
- *Noise* — purchase and use equipment and noise reduction technologies that could reduce the overall noise levels, equip relevant technical personnel with necessary noise reduction gear and conduct regular inspections of noise generation;
- *Solid waste* — implement waste sorting management, requiring all departments and individuals to discard different types of solid waste at designated locations, which are then cleaned up and sealed for transportation by third-party professionals. At the same time, to reduce the pollution and danger of solid waste, we strive to recycle treated waste again in the production process;

- *Tailing management* — strictly adhere to international standards for tailings management and take various measures to properly handle tailings residues, such as striving for dry tailings disposal, using impermeable membranes, and improving ore dressing reagents, to avoid potential hazards to the surrounding ecological environment and communities. We also regularly conduct strict inspections and supervision of the safety, environmental protection, and anti-seepage aspects of tailings dams to ensure that tailings do not collapse, leak liquids, or cause other major disasters. At the same time, we have established strict disposal processes and measures for closed tailings, and carried out greening and mountain restoration work on closed tailings to ensure that the restored tailings do not pose any harm or negative impact on the environment and surrounding communities;
- *Land remediation and biodiversity* — rely on the existing site conditions to plan land use reasonably, striving to preserve the original appearance of the surrounding mountains during the process of mineral resource extraction. In the construction of open-pit mines, we will try to avoid soil erosion caused by the construction process and minimize land occupation. We will strictly design the construction machinery, operation modes, and construction seasons to reduce soil erosion caused by construction from entering water bodies. In addition, we strictly require our employees to prohibit hunting and capturing birds and other wild animals; and
- *Local community's concerns* — engage in regular communication with local residents in an open and honest manner, listening to the real needs of community members, and allocate resources to address actual issues. We also focus on the goals of community co-construction and sustainable development, such as supporting community projects, and improving road and water and electricity facilities, to provide a safe and convenient living environment for community residents. For instance, Wulong Mining collaborates with local governments to plan the construction of drinking water wells for surrounding communities to address water scarcity issues.

At the same time, we commit to supporting education, healthcare, and poverty alleviation projects, as well as public welfare and charitable causes, striving to create positive social impacts and cultural benefits. It is our policy to follow local legal regulations and industry standards in carrying out community work under the framework of the “Creating Value for Locals” principle. Our goal is to benefit communities in the long term by improving infrastructure and promoting education and employment, so as to create decent jobs for the communities where we operate, stimulate local economic development, and benefit society and the communities surrounding our operations.

As we carry out our mining activities and production processes in Ghana and Laos, we face specific ESG-related risks such as the risks of resources shortage, illegal mining, corruption, forest degradation, economic crisis and instability of government, human trafficking, child labour and labour strikes. To monitor and mitigate relevant risks in these areas, we have taken the following measures.

GHANA

Resources shortage risks (electricity, water resources)

- *Electricity* — to mitigate the potential risks of the electricity shortage, GSWL has improved the power infrastructure of the Wassa Gold Mine by equipping the mine with two sources of electricity, one is a natural gas power plant (GP Wassa Plant) which only supplies the production of the mine, and the other is the Ghana National Grid, which is taken as a backup power supply. At the same time, GSWL has upgraded the existing supplier's power supply system in 2024.
- *Water resource* — to mitigate the potential risks of the water resources shortage, GSWL has already increased the capacity of water resource storage facilities and strengthened water resource management.

Illegal Mining risks

During the Track Record Period and up to the Latest Practicable Date, though there were some illegal surface mining incidents in the exploration rights area, the illegal miners caused minor damages to office facilities and disruptions to operations for one to two days. There was no armed confrontation against the illegal miners, and none of GSWL's mining areas in Ghana has experienced any material disruption to its operations and production due to illegal mining. To monitor and mitigate the potential risks of the illegal mining, GSWL has implemented a series of measures to address illegal mining risk, including working closely with local police and engaging third-party security companies to closely monitor illegal mining activities and drive away offenders. For instance, GSWL has established patrol system to conduct regular inspection and installed surveillance cameras to monitor surroundings in real-time.

Corruption risks

According to Frost & Sullivan, Ghana's rankings in the corruption perceptions index were 70th, among all 180 tracked countries in 2023 based on Transparency International Corruption Index. Currently, there are no international sanctions in force against Ghana. GSWL has strict internal systems and regulations, and both GSWL and its suppliers and contractors have signed anti- corruption commitments.

Forest degradation risk

GSWL only has the southern extension of the Wassa Gold Mine in the forest area, where the resources are located more than 500 meters below the ground. The underground mining method is adopted to ensure lower forest degradation risks towards the surface. In addition, any operation of GSWL in the forest area requires approval from the Forestry Commission of Ghana, which issues operation permits after assessing the impact. GSWL has obtained the operation permits for the southern extension of Wassa Gold Mine.

LAOS

Corruption risks

According to Frost & Sullivan, Laos' rankings in the corruption perceptions index were 136th among all 180 tracked countries in 2023 based on Transparency International Corruption Index. Currently, there are no international sanctions in force against Laos, and therefore Laos is not considered to be at high risk for sanctions. LXML has established an internal "*Anti-Corruption and Bribery Policy*" ("**Policy**") to stipulate the rules and regulations that employees must follow in the practice of anti-corruption. In addition, for key high-risk core positions, LXML has implemented a multi-dimensional conflict of interest disclosure mechanism to ensure the comprehensive and accurate disclosure and understanding of potential conflicts of interest, thereby reducing the risk of corruption. LXML has designated detailed anti-corruption training sessions for different positions to enhance employees' awareness of interests of conflicts and compliance practices. Any violations discovered will be dealt with according to the Policy, with severe cases potentially facing local criminal penalties.

Economic crisis and instability of the government risks

Historically, Laos experienced economic crisis and government instability. To monitor and mitigate the potential economic crisis and instability of the government risks, LXML mainly operates in Laos according to its investment strategies focusing on the Belt and Road Initiative countries. By entering into the MEPA agreement with the Lao government, LXML has secured certain level of protection for its operation in Laos.

Our internal control consultant conducted due diligence review of our internal control measures and policies, risk management systems and reporting procedures in addressing the aforementioned ESG risks in Laos and Ghana, and did not identify any material deficiency.

SEASONALITY

Our Directors considered that, and as confirmed by Frost & Sullivan, our gold mining and other mineral businesses are generally subject to any seasonal fluctuations. Based on our past practice, it is possible that our operation would be impacted by the rainy season. During the rainy season, which generally occurs in the third quarter of the year, the continuous rainfall would block our heavy machinery and equipment from accessing our orebodies. Moreover, our regular maintenance sessions are usually scheduled around the holidays, which might lead slight fluctuation in our production volume.

EFFECTS OF THE COVID-19 OUTBREAK

In 2020, outbreak of the COVID-19 in the PRC and around the globe led to an international public health crisis and, as a result, the global economy in general were materially and adversely affected. Due to the imposition of strict travel restrictions and controls in major cities to combat the transmission of the COVID-19, there was a significant decrease in international commercial activities and business transactions.

BUSINESS

Given this unprecedented global health crisis, our Group's business operations were briefly impacted by the outbreak in early 2020 due to social and work gatherings, mandatory quarantine requirements and suspended public transportation in certain areas in China, Laos and Ghana. As some of our Group's employees had to work from home, the operations that required onsite service were be interrupted to a limited extent. However, we resumed normal business operations after the initial disruptions in early 2020. In addition, China experienced widespread COVID-19 resurgence in late 2022 and early 2023, but the emergency measures taken by the Chinese government quickly brought the situation under control. Despite the significance of the pandemic, COVID-19 did not have any material adverse impact on our business operation or key operating performance during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We carry insurance covering risks in relation to safety production obligations. We also carry insurance for loss of and damages to our various machinery, equipment and inventories. In addition, we maintain social insurance for our PRC employees, which includes work accident insurance. We also maintain additional accident insurance for our employees engaged in mining activities. In line with industry practice, we generally do not carry any business interruptions or litigation insurance. We consider our insurance coverage to be adequate for the needs of our business operations and in line with the industry norm and the relevant laws and regulations in the PRC. In Laos and Ghana, we maintain insurance in accordance with the laws and regulations of Laos and Ghana, respectively. For instance, the tailings facility of the Wassa Gold Mine is insured as part of our property all risk, machinery breakdown and business interruption insurance. Save for the compensation in an aggregate amount of RMB1.3 million relating to the fatal accidents in the PRC during the Track Record Period, which were beyond the coverage of our insurance, we believe our insurance coverage is sufficient for the monetary expenditures arising from the incidents mentioned in the sub-sections headed "Occupational health and safety" and "Licenses and Permits" of this section. We believe these incidents are isolated cases and we have sufficient working capital to cover any potential compensation arising from such type of incidents.

During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business. However, should any significant uninsured damages to any of our properties, inventories or other assets or liabilities claims against us occur, our business, financial condition and results of operations may be adversely affected. For details, see "Risk Factors — Risks relating to Our Business and Industry — Our insurance coverage may be inadequate to satisfy potential claims and fluctuations in insurance cost and availability could adversely affect our business, financial condition and results of operations."

PROPERTIES

Our headquarters is located at No. 7, Xiaojingjia, Wanfeng Road, Fengtai District, Beijing (北京市豐台區萬豐路小井甲七號). As of the Latest Practicable Date, our various businesses in the PRC were located in Inner Mongolia Autonomous Region, Liaoning Province, Jilin Province, Yunnan Province, Anhui Province, Shanghai and Hong Kong. As of the same date, we also held properties located in Laos and in Ghana.

As of September 30, 2024, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

As of the Latest Practicable Date, we did not have title certificates for certain of our owned properties and have not completed registration of leases for certain of our leased properties. For details of the relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We have not obtained title certificates for some of our properties and have not completed registration procedures for some of our leased properties, which could materially and adversely affect our right to use such properties.”

PRC Properties

We own and lease properties in the PRC for mining, industrial, business and office purposes. As of the Latest Practicable Date, (i) we owned 52 parcels of land with an aggregate site area of approximately 1,561,439.4 m²; (ii) we leased 10 parcels of land with an aggregate site area of approximately 803,665.5 m²; (iii) we owned 252 buildings with an aggregate gross floor area of 161,080.7 m²; (iv) we leased two buildings with an aggregate gross floor area of 2,416.3 m²; and (v) we leased 26 working seats.

Properties Located in Laos

We lease properties in Laos for mining, processing and support purposes. We have entered into commercial leasing agreements for our offices. Moreover, we lease other buildings, primary transportation equipment, machineries and other assets for our mining operations in Laos. We did not hold any land use right certificate over land in Laos as of the Latest Practicable Date.

BUSINESS

Properties Located in Ghana

We own and lease properties in Ghana for mining, business and office purposes. As of the Latest Practicable Date, (i) we owned 75 parcels of land, with an aggregate gross floor area of approximately 1,169.22 m²; and (ii) we leased one parcel of land, with an aggregate gross floor area of approximately 1,708 m².

LICENSES AND PERMITS

The following table sets forth information regarding our relevant mining licenses and exploration permits as of the Latest Practicable Date:

Wulong Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license	C2100002011084140116558	10	6.2732	December 4, 2020 to August 4, 2035	Valid
Exploration Permit . .	T2100002008044010006347	–	3.88	November 20, 2024 to November 20, 2029	Valid
Exploration Permit . .	T2100002008044010005662	–	0.6112	June 2, 2023 to June 2, 2028	Valid

Jilong Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License	C1500002009114120054250	18	8.61	May 1, 2024 to September 26, 2026	Valid
Mining License	C1500002023124210156146	6	9.1340	December 27, 2023 to March 27, 2032	Valid
Exploration Permit . .	T1500002008044010006035	–	3.83	March 25, 2021 to March 24, 2026	Valid

BUSINESS

Huatai Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License	C1500002009064120021513	6	2.7978	June 6, 2024 to June 5, 2044	Valid
Mining License	C1500002011014140119663	6	0.8138	September 15, 2024 to September 14, 2027	Valid
Mining License	C1500002013094210131353	6	1.0164	March 11, 2024 to September 5, 2025	Valid
Mining License	C1500002015114210140450	3	1.8332	November 17, 2015 to November 17, 2025	Valid
Mining License	C1500002015114210140451	3	0.3199	November 18, 2024 to November 17, 2025	Valid
Mining License	C1500002015114210140449	3	3.7362	November 18, 2023 to November 17, 2025	Valid

Jintai Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license	C5300002012054110124688	14	1.0920	June 7, 2022 to June 6, 2032	Valid
Exploration Permit . .	T5300002009034010026977	–	10.28	June 3, 2021 to June 3, 2026	Valid

Hanfeng Mining

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining license	C2224002021083210152512	60	2.2250	August 27, 2021 to August 27, 2050	Valid
Mining license	C2200002010123120093830	9.9	2.4207	February 25, 2025 to February 24, 2030	Valid
Exploration Permit . .	T100000202103302800361	–	2.3191	December 20, 2020 to December 20, 2025	Valid

BUSINESS

LXML

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining License	No. 45-24/MEM.MMD	–	130.88	September 30, 2023 to September 29, 2033	Valid
Exploration Permit . .	No. 1466/MEM. DGM.3	–	1,010.40	June 14, 2023 to June 14, 2026	Valid

GSWL

Type	Serial Number	Permitted annual production volume (10,000 tons)	Geographical Area (km ²)	Effective Period	Status
Mining Lease	LVDGAST35364682022	–	63.00	January 26, 2022 to January 25, 2047	Lease renewed and in the process of ratification.
Mining Lease	LVDGAST37993462020	–	19.45	August 25, 2020 to August 24, 2031	Valid
Mining Lease	LVDGAST38000372020	–	43.00	August 25, 2020 to August 24, 2031	Valid
Exploration Permit . .	LVB9113/1994 & PL 2/155	–	24.81	December 13, 2024 to December 12, 2027	Valid
Exploration Permit . .	LVB5528/2005 & PL 2/378	–	96.44	March 4, 2022 to March 3, 2025 ¹	Valid
Exploration (prospecting) Permit	LVB1624/2006 & RL2/117	–	26.9	September 4, 2024 to September 3, 2027	Valid

Note:

1. We will submit our renewal application prior to the expiry date in accordance with the relevant laws and regulations, and we and our Ghana Legal Advisor do not expect any legal impediment in the renewal process for this permit.

In addition to mining and exploration permits, we are required to obtain various licenses, permits and certifications for our operations in the PRC, Laos and Ghana. For example, our PRC operations require, among others, work safety permit, pollution discharge permit, explosives operation license, hazardous waste operation license and forest land use permit. Our Laos operations require, among others, gold-copper ore processing plant business license and special radio equipment use license. Our Ghana operations require, among others, forest entry permit, fire certificates, water use permit, explosives permit and environmental certificate.

Failure to obtain approvals for environmental impact assessment filings

Wulong Mining was fined RMB72,137 in 2021 and commanded to halt the construction of one of the production facilities immediately by the Zhen'an Branch of the Dandong Municipal Ecology and Environment Bureau for the failure to obtain approval for environmental impact assessment filing in accordance with the law and the commencement of the construction without authorization. Wulong Mining paid the fine on September 18, 2021 and completed rectification as required. The Zhen'an Branch of the Dandong Municipal Ecology and Environment Bureau issued a special explanation on February 21, 2023, stating that this incident is deemed as an immaterial non-compliance of the relevant regulation, rather than a material non-compliance. Therefore, the PRC Legal Advisor is of the view that the aforementioned non-compliance incident does not constitute a material non-compliance. Subsequent to this incident, we have halted and gradually phased out the production from this facility.

We are in the process of obtaining one environmental impact assessment approval for another project under construction of Wulong Mining from the relevant environmental protection department. As advised by our PRC Legal Advisor, the risk of our Group being subject to material administrative penalty for this incident is remote on the following bases: (i) the Certificate of Compliance (“**Zhen'an Certificate**”) issued by the Zhen'an Branch of the Dandong Municipal Ecology and Environment Bureau (the “**Zhen'an Bureau**”) on October 10, 2024 states that Wulong Mining's various ecological environment protection and prevention measures complied with the relevant standards, and no safety production accidents or emergency environmental incidents occurred thereof during the period from January 1, 2021 to the date of the Zhen'an Certificate; (ii) the PRC Legal Advisor conducted an interview with the staff in charge of the Zhen'an Bureau. The Zhen'an Bureau confirmed that except for the aforementioned administrative penalty in 2021, there has been no major environmental pollution accidents or violation of the relevant regulations of the environmental protection, nor any governmental investigation or administrative penalties upon Wulong Mining; and (iii) the Zhen'an District People's Government of Dandong City issued a special explanatory note on July 8, 2024, which states that there are no substantial obstacles for Wulong Mining to obtain environmental assessment approval.

We have also enhanced relevant internal control measures, including strengthening management over environmental assessment process, and formulating an internal policy for construction and infrastructure management, which requires that all construction projects to obtain all necessary permits and approvals before commencement. We have halted and gradually phased out the production of the former project and have been actively communicating with the relevant environmental protection department to obtain the environmental impact assessment approval for the latter project.

Based on the foregoing, nothing has come to our Directors' attention that would cause them to believe that they are not suitable to act as Directors under Rule 3.08 and 3.09 of the Listing Rules.

Pending applications for certain safety production permits and explosives operation license that have expired

Two of Huatai Gold Mine's production safety permits expired on September 23, 2024 and November 11, 2024, respectively, and one explosives operation license of Huatai Gold Mine expired on November 12, 2024. Huatai Mining is currently undergoing technical renovation and will go through safety acceptance procedures after completion of the technical renovation. We will renew the relevant production safety permits and/or explosives operation license after completing safety acceptance procedures.

The PRC Legal Advisor is of the view that the outstanding/pending permits or license will not have any material adverse impact on our Group's operations or financial condition on the following:

- (i) Huatai Gold Mine has not carried out any operation or production since the commencement of its technical respective renovation or upon the expiry of its permits or license;
- (ii) in accordance with the relevant regulations, for projects involving new construction, renovation, or expansion, a company is required to conduct production safety assessment in compliance with the regulations. The production safety permits will only be issued once the safety facilities have passed the production safety assessment; and
- (iii) a company can only obtain the explosives operation license after completing the production safety acceptance procedures and obtaining the production safety permit. Huatai Gold Mine has been undergoing technical renovation, will go through safety acceptance procedures after the completion of the technical renovation and has not yet obtained production safety permit, thus not being able to obtain explosives operation license at this stage.

Pending approval for updated environmental and social assessment and environmental and social management and monitoring plan in Laos

As LXML plans to carry out exploration of the Far West mine of the Sepon Gold and Copper mine, in accordance with Laos environmental laws, we have submitted an updated environmental and social impact assessment and an environmental and social management and monitoring plan to the Laotian Government for the expanded project scope at our mines in Laos, which is pending review by the Laotian Government. The Laos Legal Advisor is of the view that we are not subject to any legal impediment in obtaining the approval for the updated environmental and social impact assessment and environmental and social management and monitoring plan, and the consultation and comments from the Laotian Government regarding the updated plan are in line with the approval procedure under Lao regulations. According to the Laos Legal Advisor, the approval thereof is mainly subject to LXML satisfactorily addressing such consultation and comments from the Laotian Government. LXML has not encountered any material issue in addressing the Laotian Government's comments. LXML received enquiries from ESIA (Environment and Social Impact Assessment) on September 25, 2024 and all enquiries raised have been addressed by November 5, 2024. Based on the above, the Directors concur with the Laos Legal Advisor's view that we are not subject to any legal impediment in obtaining the approval for the updated environmental and social impact assessment and environmental and social management and monitoring plan. Based on the due diligence conducted by the Sole Sponsor including but not limited to the legal opinion of our Laos Legal Advisor and discussion with the legal advisors and management of our Company, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to reasonably doubt the views of our Laos Legal Advisor that there is no anticipation that there will be any legal impediment for our Group to obtain approval from the Laotian Government for the updated environmental and social impact assessment and environmental and social management and monitoring plan.

In addition, the pending environmental and social impact assessment relates only to the Far West mine whilst the rest of the Sepon Gold and Copper Mine remains valid. LXML received Laotian Government's approval to expand its existing mining license to include Far West region on March 13, 2024, allowing it to proceed with the application of environmental and social impact assessment in parallel. According to the Laos Legal Advisor, this process can take up to 18 months, but the operation of the mine would not be materially affected, as the Laotian authorities have issued the Environmental Certificate No. 0072/MONRE.ED dated January 8, 2024 for the Sepon gold-copper project.

As advised by our legal advisors in the relevant jurisdictions, during the Track Record Period and as of the Latest Practicable Date, we believe that we have obtained the requisite licenses, permits and certificates required by the relevant laws and regulations for our current operations in all material aspects.

BUSINESS

For more details, please see “— Our Gold Production Business in China — Mining Licenses and Exploration Permits”, “— Our Gold Production Business in Laos — Mining Licenses and Exploration Permits”, “— Our Gold Production Business in Ghana — Mining Licenses and Exploration Permits”, “— Our Other Metal Production Business — Our Other Mineral Resources Business in China — Mining Licenses and Exploration Permits”, and “— Our Other Mineral Resources Business — Our Copper Cathodes Business in Laos — Mining Licenses and Exploration Permits.”

LEGAL PROCEEDINGS AND NON-COMPLIANCES

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, and were not aware of any threat of, any material legal, arbitral or administrative proceeding which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

Legal Compliance

We primarily operate in China, Laos and Ghana and our business is regulated and supervised under different regulatory environments. We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our PRC Legal Advisor advised that we have complied with the relevant PRC laws and regulations in all material respects. Our Laos Legal Advisor advised us that we have complied with the relevant Laos laws and regulations in all material respects. Our Ghana Legal Advisor has advised us that we have complied with the relevant Ghana laws and regulations in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL MEASURES

We are subject to various risks relating to our operations, please see “Risk Factors — Risks Relating to Our Business and Industry — Our risk management and internal control systems may not fully protect us against various risks inherent in our business” for details.

BUSINESS

As a joint stock company incorporated in the PRC with our A shares listed on the Shanghai Stock Exchange and regulated by the CSRC, which is a full signatory to the IOSCO MMOU. We maintain a centralized management and control in the PRC. The decision-making processes, and the coordination and management of the implementation of the corporate matters are conducted by our Directors and management team from its PRC headquarters. The business activities of our Group's subsidiaries in the PRC, Laos and Ghana are managed, monitored, and approved/disapproved by our Company from its PRC headquarters. Through our Group's centralized management system, and through the Pronto platform, our Directors and senior management have, and are expected to continue to have, full and timely access to books and records regarding our Group's operations outside of the PRC. The principal books and records of our Company are also located and maintained in the PRC. The audit department of the PRC headquarters regularly carry out internal audits work for all of our overseas operations.

As we operate in the PRC, Laos and Ghana, it is of high importance that we maintain oversight of the management of our overseas mines. We achieve effective management of our overseas mine through the following means:

- senior management and key financial personnel are assigned to each of the overseas mines based on the decisions of the PRC headquarters;
- prior to implementation, the overseas mines must report the important issues, such as significant personnel appointments and terminations as well as material purchase and sale contracts, to the PRC headquarters for review and approval before taking any action of implementation;
- the finance department of PRC headquarters works closely with local finance teams of the overseas mines to ensure the consistency and propriety in financial reporting, control, and management. In Laos, the key personnel and the key members of the finance department are directly assigned by the PRC headquarters;
- each overseas mine reports to the PRC headquarters on various operational, financial, HR, and ESG matters from time to time. Through the Pronto platform, the PRC headquarters can also obtain real-time information on the overseas mines; and
- senior management of the PRC headquarters conducts the on-site visit one or two times per year to the overseas mines to have a comprehensive understanding of the actual and latest conditions.

Even though Laos has been proactively applied to become an associate member of the IOSCO, currently it is still not a member of IOSCO or a signatory to the IOSCO MMOU, which may present certain difficulties for the Hong Kong regulators to seek regulatory assistance and information from the statutory securities regulator in Laos on a readily available base. We

would spare no effort in taking actions in order to mitigate such enforcement risk so that the Hong Kong regulators can obtain information as to our operations in Laos as and when necessary and in a timely manner.

Please see “Risk Factors — Risks Relating to Our Business and Industry — It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in Laos where circumstances necessitate in the course of overseeing us as a listed company by the regulations in Hong Kong” and “Directors, Supervisors and Senior Management — Corporate Governance” for details.

Our management has designed and implemented risk management policies to address various potential risks we have identified in relation to our operations, including financial risks and corporate governance risks. Our risk management policy sets forth procedures to identify, analyze, mitigate and monitor the relevant risks. We are dedicated to establishing a comprehensive risk management system which operates effectively and is suitable for our long-term business development.

In addition, we have adopted internal control policies and procedures and we plan to continuously monitor and improve our management procedures to ensure the effective operation of those internal controls are in line with the growth of our business and good corporate governance practice. In order to continuously improve the standards of our internal control, we have adopted the following measures:

- (i) we have engaged external legal advisors to provide timely legal advice to our Board and other relevant personnel on the applicable laws, rules and regulations concerning our operations;
- (ii) we have appointed four independent Directors to provide independent view, monitoring and advice to our Group;
- (iii) our independent Directors continuously provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group and oversee the audit process and performs other duties and responsibilities as assigned by the Board; and
- (iv) our Directors have attended, and will continue to undertake, relevant training conducted by our legal advisors on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under applicable laws and regulations.

Our Directors are of the view that we have taken all reasonable steps to establish a proper internal control system. As such, our Directors are of the view, that our internal control measures are adequate and effective.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date, Ms. Li and Hanfeng Zhongxing directly held 190,410,595 and 51,515,151 A Shares, accounting for approximately 11.44% and 3.10% of the issued share capital of our Company, respectively. Meanwhile, Ms. Li is the sole limited partner of Hanfeng Zhongxing accounting for approximately 99.00% of the committed capital contribution of Hanfeng Zhongxing and Mr. Wu Zengxiang, the general partner, accounting for the remaining 1.00% of the committed capital contribution. Mr. Wu has approximately 30 years of experience in the securities and investment management industry and became the general partner of Hanfeng Zhongxing in August 2023. Pursuant to the Hong Kong Listing Rules and Chapter 1.1C of the Guide, Ms. Li and Hanfeng Zhongxing are regarded as the Single Largest Shareholder Group of our Company.

Mr. Wu is not considered to be part of the Single Largest Shareholder Group because despite his role as a general partner, in accordance with the partnership agreement of Hanfeng Zhongxing, the partners meeting comprising all the partners is regarded as the highest authority within the limited partnership. Essentially all the operational matters and internal management of Hanfeng Zhongxing, including change of the name and term of the partnership, composition of general and limited partners, transfer and/or pledge of committed capital contribution, provision of external guarantee, borrowing and financing matters, acquisition and disposal of assets and investments, amendment of the partnership agreement and dissolution of partnership, shall be resolved at the partners meeting, and the general partner is bound by the resolutions at the partners meeting to carry out such activities. Given that Ms. Li holds approximately 99.00% of the committed capital contribution (that is, interest) of Hanfeng Zhongxing, Ms. Li's proportion of interest in Hanfeng Zhongxing is in vast contrast with the remaining approximately 1.00% of the interest held by Mr. Wu. Meanwhile, essentially all of the material operations and management of Hanfeng Zhongxing rest with the partners meeting. The limited partnership agreement of Hanfeng Zhongxing expressly mandated that the role of the general partner is to execute the operational matters of Hanfeng Zhongxing in accordance with the limited partnership agreement or upon authorization of the partner(s), and to report to the limited partner(s) on the execution status and the operational and financial conditions of the partnership. As such, the role of Mr. Wu is to represent Hanfeng Zhongxing in external business and operational matters upon the authorization of Ms. Li. Mr. Wu does not, and cannot exercise control over Hanfeng Zhongxing; and taking in account of the above, the majority interest held by Ms. Li enables her to exercise *de facto* control of Hanfeng Zhongxing. Therefore, Mr. Wu has no control over the voting rights in the share capital of our Company held by Hanfeng Zhongxing, nor the control of Hanfeng Zhongxing in the exercise of such voting rights. Those are rested solely with Ms. Li.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

Accordingly, the Single Largest Shareholder Group was entitled to exercise voting rights attached to the 241,925,746 A Shares, representing approximately 14.54% of the total issued share capital of our Company as of the Latest Practicable Date. Immediately following the completion of the Global Offering, the Single Largest Shareholder Group will be interested in approximately 12.94% of our total share capital (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) or approximately 12.50% of our total share capital (assuming the Offer Size Adjustment Option and the Over-allotment Option are exercised in full).

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each member of the Single Largest Shareholder Group confirmed that, as of the Latest Practicable Date, she/it did not have any interest in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independent from our Single Largest Shareholder Group after Listing.

Management Independence

Our daily operational and management decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Our Board consists of four executive Directors, one non-executive Director and four independent non-executive Directors. We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Single Largest Shareholder Group for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Single Largest Shareholder Group or its associates, the interested Director(s), if any, shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

- our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Single Largest Shareholder Group or its associates; (b) our independent non-executive Directors account for over one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. Accordingly, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and the Shareholders as a whole;
- we will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder Group, which would support our independent management. See the paragraph headed “— Corporate Governance Measures” in this section below; and
- Ms. Li has undertaken and confirmed to the Board that she would not participate in the Board’s affairs or attend to the day-to-day operations of the Group; instead, the operations of the Group shall continue to be maintained by the management team of the Company led by Chairman Wang.

Having considered the above factors, our Directors are satisfied that our executive Directors and senior management are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Single Largest Shareholder Group after Listing.

Operational Independence

Our Group holds all the relevant material intellectual property rights, licenses, qualifications and permits required for conducting our Group’s business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Single Largest Shareholder Group and its close associates. We have our own accounting and financial departments, human resources and administration departments, and procurement, production and sales departments. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

Our Group currently leases a 2,226 square metre office premises for use as our headquarters to maintain our daily business operations. The relevant lease and the property management services pertaining to our use of the headquarters are governed by the Property Lease Agreements and the Property Management Services Agreement, respectively, entered into between our Company and Beijing Eagleleap, which is held as to 99% equity interest by Hanfeng United, and which, in turn, is wholly owned by Ms. Li and thus an associate of Ms. Li, and constitute connected transactions of our Company. For details of the connected transactions, see the section headed “Connected Transactions” in this Prospectus.

Our Directors believe that such connected transactions between Beijing Eagleleap and our Group will not give rise to any business independence or reliance issues due to the following reasons:

- (a) the roles of our Company (as the lessee and the procurer of the Property Management Services under the Property Lease Agreements and the Property Management Services Agreement, respectively) and those of Beijing Eagleleap (as the lessor and the provider of the Property Management Services under the Property Lease Agreements and the Property Management Services Agreement, respectively) are complementary and beneficial to each other;
- (b) the connected transactions are entered into in the ordinary and usual course of business of our Group and on an arm’s length basis and on normal commercial terms. The connected transactions are based on pre-agreed pricing policies which ensure that the pricing is fair and reasonable, particularly the pricing terms are determined with reference to, among others, the prevailing market rates;
- (c) given Beijing Eagleleap is the landlord of the office premises of our headquarters, it generally maintains better and more efficient communication and thorough understanding of the conditions of the Leased Premises and commercial needs of our Group, as compared to other services providers. Furthermore, any relocation of our headquarters office premises or change of the current arrangements under the connected transactions may cause unnecessary disruption to our administration and incur additional costs. Accordingly, our Directors consider that it would not be commercial sensible to discontinue the lease and procurement of the Property Management Services from Beijing Eagleleap; and
- (d) the risk of Beijing Eagleleap terminating the connected transactions is remote as the parties under the Property Lease Agreements and the Property Management Services Agreement have limited termination rights and the termination would not be in the commercial interest of Beijing Eagleleap. In the unlikely event that Beijing Eagleleap ceases to lease the premises and/or provide the Property Management Services to us, our Directors believe that we will have sufficient time and resources to locate other comparable premises and/or service providers available in the market. Therefore, our Directors do not consider that such termination, if any, will cause a material adverse effect on our business.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

Accordingly, we believe that we are capable of carrying on our business independently of our Single Largest Shareholder Group and its close associates. Our Directors are of the view that our Group will be able to operate independently from our Single Largest Shareholder Group and its close associates after Listing.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Single Largest Shareholder Group nor its close associates may intervene with our use of funds. We have opened accounts with banks independently and do not share any bank accounts with our Single Largest Shareholder Group or its close associates. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and a credit profile to support our daily operations.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Shareholder Group or its close associates.

Based on the above, we are of the view that there is no financial dependence on our Single Largest Shareholder Group and its close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Single Largest Shareholder Group:

- (a) where a general meeting is held for considering proposed transactions in which any member of our Single Largest Shareholder Group has a material interest, she/it shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and any member of our Single Largest Shareholder Group, she/it shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

- (d) our Directors (including our independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 of the Hong Kong Listing Rules;
- (e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules, including the announcement, annual reporting and independent Shareholders' approval requirements (if applicable) under the Hong Kong Listing Rules; and
- (f) We have appointed Goldlink Capital (Corporate Finance) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Hong Kong Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Single Largest Shareholder Group and/or other Directors to protect minority Shareholders' rights after the Listing.

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the Listing, our Group has entered into certain transactions with the following party which will, upon the Listing, become a connected person of our Company. Details of such one-off connected transactions and continuing connected transaction of our Company following the Listing are set out below.

RELEVANT CONNECTED PERSON

Beijing Eagleleap is owned as to 99% equity interest by Hanfeng United, which in turn is wholly owned by Ms. Li, a member of our Single Largest Shareholder Group. Therefore, Beijing Eagleleap will become a connected person of our Company upon the Listing pursuant to Chapter 14A of the Hong Kong Listing Rules.

ONE-OFF CONNECTED TRANSACTIONS

Property Lease Agreements

Description of the Transaction

Principal terms

Our Company entered into the 2022-2024 Property Lease Agreement with Beijing Eagleleap on January 1, 2022, pursuant to which Beijing Eagleleap agreed to lease to us the Leased Premises with a total gross floor area of approximately 2,226 square metres located at A7 Xiaojing, Wanfeng Road, Fengtai District, Beijing, the PRC (中國北京市豐台區萬豐路小井甲7號院) as the office premises of our headquarters in the PRC for a term of three years from January 1, 2022 to December 31, 2024. On August 20, 2024, our Company entered into the 2025-2026 Property Lease Agreement with Beijing Eagleleap for the lease of the Leased Premises for a term of two years from January 1, 2025 to December 31, 2026. Under the 2025-2026 Property Lease Agreement, our Company has the priority right to renew the lease upon notification of such request to Beijing Eagleleap 60 days prior to the expiry of the lease.

The Property Lease Agreements were entered into (i) in the ordinary and usual course of business of our Group; (ii) on arm's length basis; and (iii) on normal commercial terms with the rent being determined with reference to, among others, the leased area, geographical location and condition of the Leased Premises and the prevailing market rates for similar properties in the surrounding area.

CONNECTED TRANSACTIONS

Under the 2022-2024 Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the Leased Premises according to IFRS 16 as of September 30, 2024 amounted to approximately RMB2.3 million. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, the value of the right-of-use assets acquired by us from Beijing Eagleleap were approximately nil, RMB14.0 million, nil and nil, respectively.

Under the 2025-2026 Property Lease Agreement, the balance of the lease liabilities and the value of the right-of-use assets acquired by us from Beijing Eagleleap according to IFRS 16 as of the date of the agreement amounted to approximately RMB8.0 million, respectively.

Reasons for and benefits of the transaction

We have been using the Leased Premises during the Track Record Period. Any relocation of our headquarters may cause unnecessary disruption of our administration and incur additional costs. The continuation of such lease is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that the transactions under the Property Lease Agreements are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

Hong Kong Listing Rules Implication

In accordance with IFRS 16 “Leases”, our Company recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from Beijing Eagleleap. Therefore, the leases of the Leased Premises from Beijing Eagleleap under the Property Lease Agreements are regarded as acquisitions of capital asset and one-off connected transactions of our Company for the purposes of the Hong Kong Listing Rules. Accordingly, the reporting, announcement, annual review and independent Shareholders’ approval requirements in Chapter 14A of the Hong Kong Listing Rules will not be applicable.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into the following continuing connected transaction which will be exempt from the annual review, reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

Property Management Services Agreement

Description of the Transaction

Principal terms

Our Company entered into the Property Management Services Agreement with Beijing Eagleleap on August 20, 2024, pursuant to which Beijing Eagleleap agreed to provide the Property Management Services to our Company for our use of the Leased Premises and to address the daily needs of our employees at the headquarters. The scope of services provided by Beijing Eagleleap comprise the following:

- (i) Property-related services, including provision of utility (electricity), fire safety, cleaning and security services for the Leased Premises;
- (ii) Conference services, including maintaining the conference rooms, reception and catering services at the conferences of our Company;
- (iii) Car leasing, including provision of vehicles available for rental for business use by our employees; and
- (iv) Other supporting services, including provision of staff dormitory, maintaining the staff canteen and conference meals preparation.

The term of the Property Management Services Agreement is two years from January 1, 2024 to December 31, 2025.

Pricing policy

The pricing of the Property Management Services under the Property Management Services Agreement shall be determined in accordance with the following principles:

- (i) the prescribed price imposed by the national or local price administrative departments of the PRC (and in relation to the utility (electricity), that is charged in accordance with the pricing standard for Beijing electricity sales issued by the Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會) from time to time on its website); or in the absence of which,
- (ii) the market price upon negotiation between the parties. In determining the market price, both parties shall take into consideration, among others, the following key factors:
 - (a) the prevailing market price charged by any third party providing a similar service, after making reference to at least two quotations from Independent Third Party service providers for similar services; and

CONNECTED TRANSACTIONS

- (b) in case where the same or similar services have been provided by Beijing Eagleleap to a third party, the minimum quotation offered by Beijing Eagleleap.

Reasons for and benefits of the transaction

Beijing Eagleleap has been providing the Property Management Services to us as ancillary services for the office use of the headquarters during the Track Record Period. Any change of the current arrangement may cause unnecessary disruption of our administration and incur additional costs. The continuation of such arrangement is cost efficient and is beneficial to our operations. See also the paragraph headed “— One-off Connected Transaction — Property Lease Agreements — Reasons for and benefits of the transaction” in this section for details.

Historical transaction amounts

The following table sets forth the historical transaction amounts incurred by our Company for the provision of the Property Management Services by Beijing Eagleleap during the Track Record Period:

Year ended December 31,			Nine months ended September 30,
2021	2022	2023	2024
(RMB)			
376,000	908,000	2,147,000	833,000

The increase of transaction amount from approximately RMB0.38 million for the year ended December 31, 2021 to approximately RMB0.91 million for the year ended December 31, 2022 was mainly attributable to the commencement of procuring the car leasing service from Beijing Eagleleap during 2022 for our Group’s business travelling purposes. The further increase of the transaction amount to approximately RMB2.15 million for the year ended December 31, 2023 was mainly attributable to the procurement of conference and catering services at our Company’s guest house from Beijing Eagleleap for business development purposes, as well as the increase in procurement of staff dormitory services in light of our staff’s needs. The slightly lower transaction amount of approximately RMB0.83 million for the nine months ended September 30, 2024 when compared to that for the year ended December 31, 2023 was mainly attributable to the decrease in the procurement of staff dormitory and catering services as certain employees had arranged for their own accommodation and meals during the period. Further, our Group would usually incur more expenses for utilities procurement (for instance, heat supply) in the winter season, as well as guest reception services towards the end of the year.

CONNECTED TRANSACTIONS

Annual Caps

The following table sets forth the proposed annual caps for the provision of the Property Management Services:

Year ending December 31,	
2024	2025
(RMB)	
3,000,000	3,000,000

The proposed annual caps were determined based on, among others, (i) the comparable market prices charged by providers of similar property management services including the provision for cars for leasing and dormitory; and (ii) the estimated utility (electricity) costs with reference to the historical volume consumed by us. Our Directors consider that the aforesaid proposed annual caps are not excessive in light of the expected needs for the Property Management Services taking into account, among others, the potential expansion of staff force leading to the corresponding needs of the dormitory and catering services, and the increased business development and marketing effort to be incurred by our Group necessitating the increased need for car leasing, conferencing and related guest reception services in the coming years; meanwhile, over RMB2 million had been incurred for the procurement of the Property Management Services in 2023.

Directors' confirmation

Our Directors (including our independent non-executive Directors) are of the view that (i) the Property Management Services Agreement was entered into in the ordinary and usual course of business of our Group, on arm's length basis and on normal commercial terms or better to us and are fair and reasonable and are in the interest of our Company and the Shareholders as a whole; and (ii) the proposed annual caps under the Property Management Services Agreement are fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Hong Kong Listing Rules Implications

As each of the applicable percentage ratios (other than the profits ratio) is expected to be, on an annual basis, less than 0.1%, the transaction under the Property Management Services Agreement is exempt from the annual review, reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, including four Executive Directors, one Non-executive Director and four Independent Non-executive Directors. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term in office.

The following table sets out information in respect of the Directors of our Company.

Name	Age	Position for the Current Tenure	Date of Appointment as a Director	Date of Joining Our Group	Roles and Responsibility
Executive Directors					
Mr. Wang Jianhua (王健華)	69	Chairman of the Board and Executive Director	September 17, 2018	September 17, 2018	Overall strategic planning, business direction and operational management of our Group
Ms. Yang Yi-fang (楊宜方) (also known as Lydia Yang)	48	Executive Director and Chief Executive Officer	July 26, 2022	April 25, 2019	Overall execution of our development strategy, daily operation, business development and financial management of our Group
Mr. Lyu Xiaozhao (呂曉兆) (former name: Lu Xiaozhao)	61	Executive Director, Vice President and Chief Engineer	December 14, 2012	December 14, 2012	Overseeing the engineering and technical management and business development of our Group
Mr. Gao Bo (高波)	56	Executive Director and Vice President	December 14, 2012	December 14, 2012	Overseeing the operations and management of the Sepon Gold and Copper Mine
Non-executive Director					
Mr. Zhang Xudong (張旭東)	59	Non-executive Director	January 4, 2022	February 27, 2020	Providing guidance and advice to the Board on the corporate and business strategies and strategic investments

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position for the Current Tenure	Date of Appointment as a Director	Date of Joining Our Group	Roles and Responsibility
Independent Non-executive Directors					
Dr. Mao Jingwen (毛景文)	68	Independent Non-executive Director	January 4, 2022	January 4, 2022	Responsible for supervising and providing independent advice to the Board
Dr. Shen Zhengchang (沈政昌)	64	Independent Non-executive Director	January 4, 2022	January 4, 2022	Responsible for supervising and providing independent advice to the Board
Mr. Hu Nailian (胡乃連) (former name: 胡乃聯) . .	69	Independent Non-executive Director	January 4, 2022	January 4, 2022	Responsible for supervising and providing independent advice to the Board
Dr. Wong Yet Ping, Ambrose (黃一平)	45	Independent Non-executive Director	August 23, 2024	August 23, 2024	Responsible for supervising and providing independent advice to the Board

DIRECTORS

Executive Directors

Mr. Wang Jianhua (王健華), aged 69, is the Chairman of the Board and Executive Director of our Company. Chairman Wang is primarily responsible for the overall strategic planning, business direction, and operational management of our Company. Chairman Wang joined our Group in September 2018.

Chairman Wang has extensive experience in the mining industry and is one of the first generation of industry leaders advocating for eco-mining and large-scale mining in the PRC. Having proactively participated in various roles in the industry throughout his tenure, Chairman Wang has accumulated the wealth of experience and skills for the overall operational management and strategic planning to promote the growth of our Company. Upon joining our Group, Chairman Wang successively held leadership roles as the Director of our Company from September 2018 to December 2019, Chairman of the Board of our Company since December 2019, and Chief Executive Officer of our Company from January 2022 to December 2022, respectively. Prior to joining our Group, Chairman Wang served in key roles at numerous renowned mineral companies. Chairman Wang was the Chairman of the board of directors of Shandong Gold Group Company Limited (山東黃金集團有限公司) from February 2006 to March 2013. Chairman Wang has also been an Executive Director and President of Zijin Mining Group Company Limited (紫金礦業集團股份有限公司) (“**Zijin Mining**”), a company

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

dually listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2899) and Shanghai Stock Exchange (stock code: 601899) from October 2013 to December 2016 and from June 2013 to December 2016, respectively. Chairman Wang also held the position of the Chairman of Yunan Baiyao Holdings Company Limited (雲南白藥控股有限公司) from April 2017 to May 2018.

Chairman Wang has been a forerunner for his technical achievements within the industry. In 2010, he brought Shandong Gold Group Company Limited to new heights of achieving an unprecedented drilling depth of over 4,000 metres within the nation. Further, Chairman Wang's vision for overseas expansion is exemplified by Zijin Mining's successful investment in the Kamoakakula Copper Mine, a world-class and large-scale stratiform copper deposit in the Central African Copperbelt region, during his tenure.

Chairman Wang received a Master of Business Administration Degree from Nankai University in the PRC in December 2005. Chairman Wang also received a Master of Business Administration Degree from the China Europe International Business School in the PRC in October 2013. Chairman Wang obtained the qualification of a senior economist in 2001.

Ms. Yang Yi-fang (楊宜方) (also known as Lydia Yang), aged 48, is an Executive Director and the Chief Executive Officer of our Company. Ms. Yang is mainly responsible for overall execution of our development strategy, daily operation, business development and financial management of our Group. Ms. Yang joined our Group in April 2019.

Ms. Yang is an entrepreneur who embraces challenges and has nearly 20 years of experience in the global mining industry. Ms. Yang's attention to detail, prowess in skillful execution and wealth of expertise in strategic planning, corporate development, global mergers and acquisitions, management of overseas listed corporations and mine projects showcase an acute ability to generate value-generating solutions. Upon joining our Group, Ms. Yang has been serving as a Director of Chijin HK since April 2019. Ms. Yang also served as the Director and Chief Executive Officer of our Group from July 2022 and December 2022, respectively. Prior to joining our Group, Ms. Yang served as a Deputy General Manager of Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司) and a Deputy General Manager of the International Department of Zijin Mining from July 2007 to September 2010. Ms. Yang first served as the Head of Business Development Department of CST Mining ("CST Mining"), a company previously listed on the Main Board of the Hong Kong Stock Exchange until December 2023 (stock code: 0985) from October 2010 to October 2011. She served as the Chief Executive Officer of CST Mining since September 2011 and concurrently served as an Executive Director of the company from October 2011 until her departure in January 2013. From May 2013 to April 2016, Ms. Yang served in the management positions in various companies of Zijin Mining, including as the Chairperson of Xiamen Zijin Tongguan Investment Development Company Limited (廈門紫金銅冠投資發展有限公司), the Director and General Manager of Gold Mountains International Mining Company Limited, and the assistant to the Chairman of Zijin Mining. During June 2018 to April 2020, Ms. Yang served as an Executive Director and President at Hengxing Gold Holding Company Limited (恆興黃金控股股份有限公司), a company previously listed on the Main Board of the Hong Kong Stock Exchange until February 2020 (stock code: 2303) until it was acquired by Shandong Gold for around HK\$3 billion.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Furthermore, Ms. Yang has significant operational experience from managing mines, including, for example, mines in the PRC, and CST Mining's Lady Annie Copper Mine in Australia and Mina Justa Copper Project in Peru. Aside from her wealth of managerial and operational experience, Ms. Yang's significant international, transactional and capital markets experience include, for example, being a driving force in a series of major deals while at CST Mining and Zijin Mining, including CST Mining's sale of the Mina Justa Copper Project in Peru for USD505 million to a subsidiary of Minsur S.A. — one of the largest transactions in that year; Minsur was at the time the world's fourth largest tin producer and Peru's largest tin miner by tonnage.

Ms. Yang received a Bachelor of Arts degree from Tamkang University in Taiwan in June 2000.

Mr. Lyu Xiaozhao (呂曉兆) (former name: Lu Xiaozhao), aged 61, is an Executive Director, Vice President, and Chief Engineer of our Group. Mr. Lyu is responsible for overseeing the engineering and technical management and business development of our Group. Mr. Lyu joined our Group in December 2012.

After successfully leading our Company's Major Asset Restructuring in 2012, Mr. Lyu successively served as a Director and General Manager of Jilong Mining from December 2012 to August 2013, the General Manager of our Company from December 2012 to February 2016, the Chairman of the Board of our Company from February 2016 to December 2019, the Deputy Chairman of the Board and Chief Executive Officer of our Group from December 2019 to January 2022 and the Co-chairman of the Board of our Company from January 2022 to September 2023, respectively. Prior to joining our group, Mr. Lyu successively served as a Deputy Party Secretary, Executive Director, Deputy General Manager, and a member of the strategic committee of Lingbao Gold Group Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3330), from September 2002 to March 2011.

Mr. Lyu has since December 2019 served as a Vice President of the China Gold Association (中國黃金協會) Vice Director of the Mining Geology Professional Committee of the Geological Society of China (中國地質學會礦山地質專業委員會) since December 2011 and as member of the National Technical Committee on Gold of Standardization Administration of China (全國黃金標準化技術委員會) since May 2008.

Mr. Lyu completed the postgraduate course in political economics (政治經濟學專業研究生) from Shaanxi Normal University (陝西師範大學) in the PRC in July 2004 and the course on Business Management for Executives (工商管理總裁研修班) from the Tsinghua University Corporation Cooperation Committee (清華大學與企業合作委員會) in the PRC in September 2003, and a Master of Business Administration Degree from the University of Northern Virginia in the United States of America in December 2007. Mr. Lyu obtained qualification of a Senior Mining Engineer from the Sinosteel Corporation in August 2006, a Certified Senior Consultant from the Association for Science and Technology Consulting of Henan Province (河南省科技諮詢業協會) in June 2005, and a Certified CPM China Professional Manager from the Human Resources Development Association of China (中國人力資源開發研究會) in October 2010.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Gao Bo (高波), aged 56, is an Executive Director and Vice President of our Company. Mr. Gao is responsible for overseeing the operations and management of the Sepon Gold and Copper Mine. Mr. Gao joined our Group in December 2012.

Mr. Gao worked as a Director and Deputy General Manager of Jilong Mining from December 2010 to August 2013. Mr. Gao was a Director and Deputy General Manager of our Company from December 2012 to February 2016 and served as a Director and General Manager of our Company from February 2016 to January 2020. Mr. Gao then was a Director and Executive President of our Company from January 2020 to January 2023, and a Director and Vice President of our Company from January 2023 onwards.

Mr. Gao received a Bachelor of Business Administration degree in the Northeastern University (東北大學) in the PRC by way of online learning in January 2019, and a Master of Business Administration Degree from the Jilin University (吉林大學) in the PRC in December 2011. Mr. Gao obtained the qualification of a senior economist from the Bureau of Human Resources and Social Security of Jilin Province (吉林省人力資源和社會保障廳) in January 2013.

Non-executive Directors

Mr. Zhang Xudong (張旭東), aged 59, is currently a Non-executive Director of our Company. Mr. Zhang joined the Board in February 2020 as an Independent Director until January 2022. Mr. Zhang is mainly responsible for providing guidance and advice to the Board on the corporate and business strategies and strategic investments.

Mr. Zhang, a distinguished leader with nearly 40 years of experience in the financial services industry, has served in a series of senior management roles at renowned global investment firms and listed companies in Hong Kong and other jurisdictions. Illustratively, Mr. Zhang was Global Partner and Head of Greater China Securities and was a member of the China Management Committee at Goldman Sachs from September 2009 to December 2012.

Earlier in Mr. Zhang's illustrious career he was a Private Placement Service Analyst in New England Mutual Life Insurance Company from October 1990 to June 1994. Subsequently, from July 1994 to September 1996, Mr. Zhang worked as Vice President of the Corporate Finance Department of BankBoston N.A. From September 1996 to July 1998, Mr. Zhang served as Managing Director of the Corporate Finance Department and Chief Financial Officer of Asia Pacific Region in Koch Industries, Inc. — one of the largest and most prominent private companies in the United States — where he helped the company expand its operations in Asia Pacific. From 1999 to 2007, Mr. Zhang was Chairman and CEO of Anjia Group/Shanghai Anjia Investment Management Co., Ltd, an investment advisory and asset management services firm. From March 2007 to August 2009, Mr. Zhang served as Managing Director and Head of the Institutional Client Group, Debt and Equity for China and Head of Global Markets Equity for China at Deutsche Bank AG, a German multi-national investment bank and financial services company which is dual-listed on the Frankfurt Stock Exchange (symbol: DBK) and the New York Stock Exchange (symbol: DB), in Hong Kong. From January 2017 to November 2022,

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang served as an Independent Director of Ping An Securities Company Limited (平安證券股份有限公司), which is a part of the Ping An Group, a large integrated financial group in China. Furthermore, since September 2018 Mr. Zhang has been serving as Chairman and Chief Executive Officer of Hua Kong Tsing Jiao Information Science (Beijing) Company Limited (華控清交信息科技(北京)有限公司), a data science company established by Tsinghua University that focuses on the research, development and implementation of data joint computation security technologies, products and infrastructures based on modern cryptography.

In addition, Mr. Zhang has served in various positions of trust, including serving on the Advisory Board of Shanghai Jiao Tong University, Antai College of Economics and Management, was appointed an Advisor for the China Securities Regulation Committee in 2003, was engaged by China Development Bank as advisor of securitization in the year 2004.

From February 2018 to November 2024, Mr. Zhang served as an Independent Non-executive Director of Lufax Holding Limited (陸金所控股公司), which is dual-listed on the New York Stock Exchange (symbol: LU) and on the Main Board of the Hong Kong Stock Exchange (stock code: 6623). Lufax Holding Limited is a leading financial service empowering institution for small and micro businesses in China and is an associate firm of the Ping An Group.

Mr. Zhang served as an independent non-executive director of Up Energy Development Group Limited (“**Up Energy**”) from September 2015 to June 2016. Up Energy is a limited company incorporated in Bermuda and formerly listed on the Stock Exchange (former stock code: 307) until January 2022. Up Energy together with its subsidiaries was principally engaged in the mining of coking coal, production and sales of raw coking coal, clean coking coal, and coking and chemicals products in the PRC. A winding up petition was filed against Up Energy in Hong Kong and Bermuda in March 2016 and May 2016 for the repayment of debt. Up Energy was subsequently delisted from the Stock Exchange in January 2022. The Hong Kong court issued a winding up order against Up Energy in May 2022. Mr. Zhang has confirmed that (i) he was not involved in the day-to-day management of Up Energy; (ii) there was no wrongful act on his part leading to the winding up proceedings of Up Energy; and (iii) he is not aware of any actual or potential claim that has been or would be made against him as a result of such winding up proceedings.

Mr. Zhang received his Master’s Degree in Community Economic Development from Southern New Hampshire University (formerly known as New Hampshire College) in September 1990.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. Mao Jingwen (毛景文), aged 68, has since January 2022 been an Independent Non-executive Director of our Company responsible for supervising and providing independent advice to the Board. Since November 2017, Dr. Mao has been an academician at the Chinese Academy of Engineering (中國工程院).

Dr. Mao has dedicated his life to the study on mineral deposit model and metallogeny as well as mineral prospecting. Dr. Mao has made significant contributions to the breakthroughs in prospecting for concealed orebody in the PRC. Prior to joining our Group, Dr. Mao was the lecturer at the Department of Geological Exploration of Shanxi Mining Institute from 1978 to 1979. Dr. Mao then served successively as an Assistant Researcher, an Engineer and an Associate Researcher at the Institute of Mineral Resources under the Chinese Academy of Geological Sciences (中國地質科學院礦產資源研究所) from 1983 to 1992.

Dr. Mao has been serving as a researcher at the Institute of Mineral Resources under the Chinese Academy of Geological Sciences (中國地質科學院礦產資源研究所) since December 1992. Dr. Mao is also serving as the Independent Non-executive Director of Shenghe Resources Holding (盛和資源控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600392) from April 2019 to December 2023, the Independent Non-executive Director of CITIC Metal Company Limited (中信金屬股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601061) since July 2021, and the Independent Non-executive Director of Zijin Mining Group Company Limited.

Dr. Mao received a Bachelor's Degree in Mineral Deposits from Hebei GEO University (河北地質學院) in the PRC in 1978. Dr. Mao then received a Master's Degree in Mineral Deposits from the Chinese Academy of Geological Sciences (中國地質科學院研究生院) in 1982 in the PRC. Dr. Mao received a Doctorate Degree from the Graduate School of the Chinese Academy of Geological Sciences (中國地質科學院研究生院) in the PRC in 1988. Dr. Mao was awarded the Second Class Award of State Science and Technology Progress (國家科學技術進步二等獎) in 2008, Second Class Award of State Science and Technology Progress (國家科學技術進步二等獎) in 2012, Second Class Award of State Natural Science (國家自然科學二等獎) in 2016, and Second Class Award of State Natural Science (國家自然科學二等獎) in 2020.

Dr. Shen Zhengchang (沈政昌), aged 64, is an Independent Non-executive Director of our Company and is responsible for supervising and providing independent advice to the Board. Dr. Shen joined our Group in January 2022 and has since served as an academician at the Chinese Academy of Engineering (中國工程院).

Dr. Shen has over 40 years of experience engaging in technical research, design, and engineering of selection and metallurgical process technology. From August 1982 to July 2019, Dr. Shen held positions as an Assistant Engineer, Engineer, Senior Engineer, Director of the Flotation Division, and Deputy Chief Engineer of BGRIMM Technology Group Company Limited (北京礦冶研究總院). Dr. Shen has successively served as the Chief Expert and Chief Scientist of BGRIMM Technology Group Company Limited (礦冶科技集團有限公司) since August 2019.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Shen received a Bachelor's Degree in mining machinery from the Beijing Institute of Iron and Steel Engineering (北京鋼鐵學院) (currently known as the University of Science and Technology Beijing (北京科技大學)) in 1982 in the PRC. Dr. Shen then received a Master's Degree in mineral processing from Central South University of Technology (中南工業大學) in 1995 in the PRC. Dr. Shen received a Doctorate Degree from the University of Science and Technology Beijing (北京科技大學) in 2008 in the PRC. Dr. Shen was awarded the Third Class Award of State Technological Invention (國家技術發明獎三等獎) in 1995, Second Class Award of State Scientific and Technological Progress (國家科學技術進步獎二等獎) in 2000, Second Class Award of State Scientific and Technological Progress (國家科學技術進步獎二等獎) in 2001, and Second Class Award of State Scientific and Technological Progress (國家科學技術進步獎二等獎) in 2012.

Mr. Hu Nailian (胡乃連) (former name: 胡乃聯), aged 69, is an Independent Non-executive Director of our Group and is responsible for supervising and providing independent advice to the Board. Mr. Hu joined our Group in January 2022.

Mr. Hu is primarily engaged in teaching and researching within the realm of mining systems engineering, mine informationization and intelligent mines, mining technology and economics and others. Mr. Hu held academic positions as a Director of the Research Institute, head of the Department of Resource Engineering, and Deputy Dean of the School of Civil and Resource Engineering of the University of Science and Technology Beijing (北京科技大學) from 1996 to 2017, respectively.

Mr. Hu received a Bachelor's Degree in Mining Engineering and a Master's Degree in Engineering from the Beijing Institute of Iron and Steel Engineering in January 1982 and December 1985 in the PRC.

Dr. Wong Yet Ping, Ambrose (黃一平), aged 45, is an Independent Non-executive Director of our Group and is responsible for supervising and providing independent advice to the Board. Dr. Wong joined our Group in August 2024.

Dr. Wong has a strong expertise and experience in finance, audit and risk management. Dr. Wong was part of the Audit department at KPMG China from August 2002 to October 2007, before taking on the role of the Vice President of Risk Analysis, Commercial Business Division of the Hong Kong and Shanghai Banking Corporation Limited from November 2007 to May 2009. Subsequently, he served at the Standard Setting Department of the Hong Kong Institute of Certified Public Accountants from May 2009 to February 2015, holding the position of Associate Director at the time of his departure. He served at KPMG China from March 2015 to January 2020 and was the Director of its Quality and Risk Management Department when he left the firm. He then assumed the position of departmental director at a regulatory authority in Hong Kong from January 2020 until August 2023. Since October 2023, he has also been serving as the Principal of Linkpath CPA Limited.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At present, Dr. Wong is a certified public accountant and a Fellow Member of the Hong Kong Institute of Certified Public Accountants since July 2009 and March 2017 respectively, and a certified public accountant of CPA Australia since December 2005.

Dr. Wong received a Bachelor's Degree in commerce from the University of Melbourne in Australia in December 2001, a Doctorate Degree in Business Administration in the Hong Kong Polytechnic University in October 2023.

SUPERVISORY COMMITTEE

The PRC Company Law requires a joint stock limited company to establish a board of supervisors. Our Supervisory Committee currently consists of three supervisors, one of whom is the chairman of our Supervisory Committee. Each of the supervisors is appointed for a term of three years which is renewable upon re-election and re-appointment.

Pursuant to the Articles of Association, the functions and powers of the board of supervisors include, among other things, reviewing the financial management of our Company, supervising the performance of our Directors and senior management members, and monitoring as to whether they comply with the law, administrative stipulations and Articles of Association when performing their duties, requesting Directors and senior management members to rectify actions detrimental to our Company's interests. In addition, our board of supervisors is responsible for exercising other powers, functions, and duties in accordance with the Articles of Association, and all applicable laws and regulations.

The following table sets out information in respect of the Supervisors.

Name	Age	Position for the Current Tenure	Date of Appointment as a Supervisor	Date of Joining Our Group	Roles and Responsibility
Mr. Cheng Zhenlong (成振龍)	58	Chairman of the Supervisory Committee	January 4, 2022	December 14, 2012	Supervising the Board and daily operation of our Group
Mr. Ji Hongyong (季紅勇)	50	Supervisor	January 4, 2022	March 30, 2017	Supervising the Board and daily operation of our Group
Mr. Liu Fengwu (劉鳳伍)	50	Employee Representative Supervisor	January 2, 2024	February 7, 2017	Supervising the Board and daily operation of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cheng Zhenlong (成振龍), aged 58, has been a Supervisor of our Company since January 2022 and the Chairman of the Supervisory Committee of our Company since December 2022, respectively. Mr. Cheng is primarily responsible for supervising the Board and daily operation of our Group.

Mr. Cheng joined our Group in December 2012. Mr. Cheng served as Deputy General Manager and subsequently of General Manager of Jilong Mining from September 2013 to December 2022.

Mr. Cheng received a Bachelor's Degree in Mining Engineering from Shangdong Mining Institute (山東礦業學院) in July 1993. Mr. Cheng obtained qualification of Intermediate Mining Engineer from the Bureau of Human Resources and Social Security of Chifeng (赤峰市人力資源社會保障局) in December 2022.

Mr. Ji Hongyong (季紅勇), aged 50, has been a Supervisor of our Company since January 2022 and is responsible for supervising the Board and daily operation of our Group. In addition to a supervisorship held with our Company, he was the General Manager of Hanfeng Mining from January 2023 to January 2024 and became the General Manager of Huatai Mining.

Mr. Ji joined our Group in March 2017. Upon joining our Group, Mr. Ji served as General Manager of Wulong Mining from April 2017 to December 2021. Mr. Ji also served as a Deputy Manager of the domestic mining department of our Company from July 2019 to January 2022. Mr. Ji served as General Manager of Hangfeng Mining from January 2023 to December 2023. Prior to joining our Group, Mr. Ji served as General Manager in Huinan Huibao Gold Mining Company Limited (輝南縣匯寶黃金礦業有限公司) from April 2013 to March 2017.

Mr. Ji received a Bachelor of Business Administration Degree from Beihua University (北華大學) in the PRC by way of online learning in July 2010. Mr. Ji obtained qualification of an Economist from the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in November 2013 and a Senior Mining Technician from the Ministry of Human Resources and Social Security of the PRC in September 2013.

Mr. Liu Fengwu (劉鳳伍), aged 50, has been an Employee Representative Supervisor of our Company since January 2024. In addition to a supervisorship held with our Company, Mr. Liu has been serving as the Deputy Head of the Environmental Protection Safety Department and the Ventilation Engineer of Jilong Mining since February 2017 upon joining our Group.

Mr. Liu completed a course in mining machinery (礦山機電) in Inner Mongolia University of Science & Technology Mining College (內蒙古科技大學煤炭學院 (formerly known as 內蒙古煤炭工業學校) in the PRC in 1993. Mr. Liu obtained qualification of an Intermediate Mining Engineer from the Personnel Department of the Inner Mongolia Autonomous Region in September 2004 and an Intermediate Electromechanical Engineer from Bureau of Human Resources and Social Security of Chifeng in November 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for your day-to-day management and business operation.

The following table sets forth the key information in respect of the senior management.

Name	Age	Position for the current tenure	Date of Appointment as Senior Management	Date of Joining Our Group	Roles and Responsibility
Ms. Yang Yi-fang (楊宜方) (also known as Lydia Yang)	48	Executive Director and Chief Executive Officer	July 26, 2022	April 25, 2019	Overall execution of our development strategy, daily operation, business development and financial management of our Group
Mr. Lyu Xiaozhao (呂曉兆) (former name: Lu Xiaozhao)	61	Executive Director, Vice President and Chief Engineer	December 14, 2012	December 14, 2012	Overseeing the engineering and technical management and business development of our Group
Mr. Gao Bo (高波)	56	Executive Director and Vice President	December 14, 2012	December 14, 2012	Overseeing the operations and management of the Sepon Gold and Copper Mine
Mr. Chen Zhiyong (陳志勇)	51	Vice President	January 18, 2021	July 1, 2018	Overseeing the governance and corporate affairs of Golden Star Resources and stakeholder relations and centralised procurement of GSWL
Mr. Wong Hok Bun Mario (黃學斌)	45	Vice President, Chief Financial Officer and Company Secretary	July 14, 2023	July 14, 2023	Overseeing the finance and accounting matters and financial reporting of our Group
Mr. Zhou Xinbing (周新兵)	48	Vice President	January 18, 2023	December 14, 2012	Overseeing the procurement, finance and human resources of, and supporting the mine clinic of, LXML
Mr. Dong Shubao (董淑寶)	42	Board Secretary	January 4, 2022	December 14, 2012	Overall information disclosure and PRC investor relations of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For biographical details of Ms. Yang Yi-fang (楊宜方), Mr. Lyu Xiaozhao (呂曉兆) and Mr. Gao Bo (高波), see “— Board of Directors — Executive Directors” in this section. The details of each of the other senior management members are set out below:

Mr. Chen Zhiyong (陳志勇), aged 51, joined our Group in August 2018 and was appointed as the Vice President of our Company since September 2023. Mr. Chen is responsible for overseeing the governance and corporate affairs of Golden Star Resources and stakeholder relations and centralised procurement of GSWL.

Upon joining our Group, Mr. Chen has been serving as a Deputy General Manager of the international mining division of our Group and Director and Deputy General Manager of LXML from August 2018 to January 2021. Mr. Chen served as the Vice President of our Group from January 2021 to January 2022 and from January 2023 onwards. From January 2022 to September 2023, he served as our Director, and during the period from January 2022 to January 2023, he also served as our Executive President. Mr. Chen served as a Deputy General Manager of Soremi Investment Company Limited (索瑞米投資有限公司), a subsidiary company of Zhongjin Gold Corp Limited (中金黃金股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600489)), from February 2014 to August 2018.

Mr. Chen received a Bachelor’s Degree in Engineering from Hunan University (湖南大學) in 1996, and dual Master of Business Administration Degrees from Peking University in the PRC and National University of Singapore in Singapore in 2003.

Mr. Wong Hok Bun Mario (黃學斌), aged 45, joined our Group in July 2023 and was appointed as the Chief Financial Officer in July 2023 and the Vice President of our Company in September 2023. Upon the Listing, Mr. Wong will also be the Company Secretary of our Company. Mr. Wong is primarily responsible for overseeing the finance and accounting matters and financial reporting of our Group.

Mr. Wong has 23 years of experience in auditing, accounting, financial management, and corporate finance. Prior to joining our Group, he worked at KPMG from August 2001 to August 2005 and from January 2006 to May 2008 with his last position being a Manager of the Audit Department. He then worked at Zijin Mining as a Deputy Manager of the Finance Department from September 2008 to December 2010 and served as the Financial Controller and the Company Secretary of its associated company Monterrico Metals Plc. He then served as the Group Financial Controller of CST Mining from December 2010 to July 2014. He also served consecutively as the Vice President from March 2015 to December 2015, the Company Secretary from July 2015 to August 2018, the Executive Director and the Chief Financial Officer from December 2015 to August 2018 of Theme International Holdings Limited (榮暉國際集團有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0990). Mr. Wong then served as the Chief Financial Officer and Company Secretary of Jinchuan Group International Resources Company Limited (金川集團國際資源有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2362), from November 2018 to July 2023 and September 2018 to July 2023, respectively. Concurrently, Mr. Wong served as an Independent Non-executive Director of Good Resources

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Holdings Limited, a company previously listed on the Main Board of the Hong Kong Stock Exchange until May 2022 (stock code: 0109) from May 2017 to June 2022. Since December 6, 2024, Mr. Wong has been appointed as an independent non-executive director of Theme International Holdings Limited.

Mr. Wong received a Bachelor's Degree in Economics and Finance from the University of Hong Kong in November 2001. He has been a Fellow Member of the Hong Kong Institute of Certified Public Accountants since July 2005, a Chartered Financial Analyst since December 2008 and a Member of The Australasian Institute of Mining and Metallurgy since May 2015.

Mr. Zhou Xinbing (周新兵), aged 48, joined our Group in December 2012 and was appointed as the Vice President of our Company in January 2023. Mr. Zhou currently serves as Vice President of LXML, where he is responsible for overseeing the procurement, finance and human resources of, and supporting the mine clinic of, LXML at the PRC headquarters.

Mr. Zhou successively served as a Manager of the Securities and Legal Department of Jilong Mining, Manager of Legal Department and Representative of Securities Affairs of our Group from October 2010 to April 2013. Mr. Zhou then served as a Board Secretary of our Group from April 2013 to January 2022. Mr. Zhou then worked as an Executive President of our Group from January 2022 to January 2023.

Mr. Zhou received a Bachelor of Law Degree from Renmin University in the PRC in June 2011. Mr. Zhou obtained the qualifications to practice law from the Ministry of Justice in February 2008.

Mr. Dong Shubao (董淑寶), aged 42, joined our Group in December 2012 and was appointed as the Board Secretary of our Group in January 2022. Mr. Dong is responsible for overall information disclosure and PRC investor relations of our Group.

Mr. Dong worked in the Marketing Department and Securities and Legal Department of Jilong Mining from March 2012 to December 2012. Mr. Dong successively served as a staff member, Deputy Manager, and Manager of the Securities and Legal Department of our Group from December 2012 to September 2018. Mr. Dong then held the positions as a Manager of Securities and Legal Department and Representative of Securities Affairs of our Group from September 2018 to January 2022.

Mr. Dong received a Bachelor's Degree in Political Science and Public Administration Studies from Shandong University of Technology (山東理工大學) in the PRC in July 2005, and a Master's Degree in International Politics from Central China Normal University (華中師範大學) in the PRC in June 2009. Mr. Dong obtained the Board Secretary Qualification granted by the Shanghai Stock Exchange in September 2013 and the qualification of Mining Rights Valuer from the Mineral Resources/Reserves and Property Assessment Professional in the PRC from the Mining Rights Valuer Association in the PRC in March 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, (i) none of our Directors, Supervisors and members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus; (ii) none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules; and (iii) none of our Directors, Supervisors and members of the senior management has any family or other relationships among any of them or with other Directors, Supervisors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Hong Kong Listing Rules as of the Latest Practicable Date.

COMPANY SECRETARY

Mr. Wong Hok Bun Mario (黃學斌) will become the Company Secretary of our Company upon Listing. For his biographical details, see “Senior Management” in this section.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Hong Kong Listing Rules, our Company has formed four Board committees, namely the Strategy and Sustainability Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Strategy and Sustainability Committee

We have established a Strategy and Sustainability Committee which consists of Chairman Wang Jianhua, Ms. Yang Yi-fang, Mr. Lyu Xiaozhao, Mr. Zhang Xudong and Dr. Wong Yet Ping Ambrose, with Chairman Wang Jianhua being the Chairman of the Strategy and Sustainability Committee. The primary duties of the Strategy and Sustainability Committee include, but are not limited to, the following:

- conducting extensive research and making recommendations on the long-term strategic development plans of our Company, in particular, to enhance the Company's sustainability in areas of ESG;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- conducting research and providing recommendations on major investment activities and financing proposals that are subject to the approval by the Board in accordance with the Articles of Association of our Company;
- conducting extensive research and furnishing recommendations on major capital financing and asset management projects that are required to be approved by the Board as stipulated in the Articles of Association of our Company;
- conducting extensive research, evaluating and supplementing recommendations to pivotal ESG trends and associated risks and opportunities that our Company faces;
- overseeing the formulation and implementation of our Company's ESG objectives, among others, setting performance goals in respect of our Company's ESG management, tracking the progress towards the achievement of the goals and advising on the forthcoming measures to meet the goals; and
- dealing with other matters that are crucial to the development of our Company.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Hong Kong Listing Rules. The Audit Committee consists of three Directors, namely Mr. Zhang Xudong, Mr. Hu Nailian and Dr. Wong Yet Ping Ambrose, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. Dr. Wong Yet Ping Ambrose serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and reviewing the qualification, independence and performance of the external auditors;
- guiding and assessing internal audit work;
- evaluating the performance of the audit function and personnel;
- examining the authenticity of financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;
- guiding, reviewing and evaluating the effectiveness of risk management and internal control system;
- evaluating whether our Company has any major internal control defaults or deficiencies;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- reviewing results of internal investigations and responses from management in relation to any suspected dishonesty, non-compliances, or suspected violations of laws, rules and regulations;
- coordinating the communication among management, internal audit department, related departments and external audit agency; and
- dealing with other matters as required by laws, regulations, rules, Articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code, Appendix C1 to the Hong Kong Listing Rules. The Remuneration and Appraisal Committee consists of four Directors, namely Mr. Hu Nailian, Ms. Yang Yi-fang, Dr. Mao Jingwen and Dr. Shen Zhengchang. Mr. Hu Nailian serves as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- formulating the overall remuneration policy and structure of our Company's Directors, Supervisors and members of the senior management, formulating proper and transparent remuneration procedures, and making suggestions to our Board;
- formulating individual remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;
- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board on remuneration of our non-executive Directors (including independent non-executive Directors), Supervisors, advisors to the Board (if any) and committees of our Board;
- reviewing and approving compensation payable to our executive Directors, Supervisors and members of senior management for loss or termination of office or appointment, so as to ensure that such compensation is consistent with the terms of relevant contracts, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive;

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- examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation;
- supervising the implementation of the remuneration plan of the Company;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
- dealing with other matters as required by laws, regulations, rules, Articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Hong Kong Listing Rules. The Nomination Committee consists of four Directors, namely Mr. Hu Nailian, Mr. Lyu Xiaozhao, Dr. Shen Zhengchang and Dr. Wong Yet Ping Ambrose. Mr. Hu Nailian serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing the structure, composition and diversity of our Board at least once a year with reference to our Company's business activities, scale of assets and shareholding structure, and making recommendations to our Board on any change in Board composition in accordance with our Company's strategies;
- making recommendations on the appointment and re-appointment of our Directors (in particular, the chairperson of our Board, and including our non-executive Directors and independent non-executive Directors) and our general manager;
- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;
- evaluating the independence of our independent non-executive Directors, the performance of our Directors (including both executive and non-executive Directors) and whether our Directors have devoted sufficient time in performing their duties;
- developing corporate governance standards and procedures and monitoring the implementation of such standards and procedures, and making recommendations to our Board;

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- formulating and evaluating our Board diversity policy, and making disclosures in the corporate governance report (which shall be included as part of our annual report) the relevant policies, including the nomination procedures adopted by the nomination committee and standards for the election of our Board members; and
- dealing with other matters as required by laws, regulations, rules, Articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorized by the Board.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, mining and smelting, legal, economics, investment and accounting. Our independent non-executive Directors have solid experiences in the fields of mining, smelting and resources engineering, representing more than one-third of the members of our Board. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 45 years old to 69 years old and comprises one female Director and eight male Directors.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CONFIRMATION UNDER THE HONG KONG LISTING RULES

Each of our Directors has obtained the legal advice in accordance with Rule 3.09D of the Hong Kong Listing Rules from DLA Piper Hong Kong by August 2024 and that each of our Directors has confirmed he/she understood his/her obligations as a director of a listed issuer.

Further, each of our independent non-executive Directors has confirmed:

- (a) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Hong Kong Listing Rules;
- (b) he has no past or present financial or other interest in the business of our Group or any connection with any core connected person of our Company, if any; and
- (c) that there are no other factors that may affect the independent non-executive Director's independence at the time of his appointment.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management receive their remuneration in the form of Directors' or Supervisors' salary and allowances, contributions to our retirement benefit scheme, discretionary bonuses and other benefits in kind (if applicable).

For the three years ended December 31, 2023 and the nine months ended September 30, 2024, the total remuneration paid to our then Directors amounted to approximately RMB26.89 million, RMB20.34 million, RMB20.95 million, and RMB10.49 million, respectively.

For the three years ended December 31, 2023 and the nine months ended September 30, 2024, the total remuneration paid to our then Supervisors amounted to approximately RMB3.99 million, RMB2.24 million, RMB1.56 million, and RMB0.77 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors in kind for their service for the year ending December 31, 2024 to be approximately RMB17.07 million. The actual remuneration of Directors and Supervisors in 2024 may be different from the expected remuneration.

For the three years ended December 31, 2023 and the nine months ended September 30, 2024, the total emoluments paid to the five highest paid individuals (including Directors and Supervisors) by our Group amounted to approximately RMB19.58 million, RMB15.90 million, RMB17.40 million, and RMB9.76 million, respectively.

For the three years ended December 31, 2023 and the nine months ended September 30, 2024, no fees were paid by our Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

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During the Track Record Period, no remuneration was paid by the Company to the Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining the Company. No compensation was paid to by the Company, or receivable by, the Directors or former Directors of our Company, Supervisors or former Supervisors or the five highest paid individuals for the loss of office as director or supervisor of any member of our Group or for loss of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, none of the Directors or Supervisors waived their remuneration during the relevant period. The remuneration of Directors, Supervisors and senior management is determined with reference to factors including operating results of our Company, market comparables and the achievement of major operating indicators of our Company.

EMPLOYEE STOCK OWNERSHIP PLANS

Our Company adopted the ESOPs to incentivize, among others, our Directors and senior management for their contribution to our Group and to attract, motivate, retain and reward suitable personnel in our Group. See paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans” in Appendix VII to this Prospectus for details.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules after the Listing.

As a joint stock company incorporated in the PRC with our A shares listed on the Shanghai Stock Exchange, we maintain a centralized management and control in the PRC. The decision-making processes, and the coordination and management of the implementation of the corporate matters are conducted by our Directors and management team from its PRC headquarters. The business activities of our Group’s subsidiaries in the PRC, Laos and Ghana are managed, monitored, and approved/disapproved by the Company from its PRC headquarters. Through our Group’s centralized management system, our Directors and senior management have full and timely access to books and records regarding our Group’s operations outside of the PRC. The principal books and records of our Company are also located and maintained in the PRC.

COMPLIANCE ADVISOR

We have appointed Goldlink Capital (Corporate Finance) Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Hong Kong Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

Pursuant to Rule 3A.24 of the Hong Kong Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

SHARE CAPITAL

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB1,663,911,378, comprising 1,663,911,378 A Shares of nominal value RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	1,663,911,378	100.00%
Total	<u>1,663,911,378</u>	<u>100.00%</u>

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital
A Shares	1,663,911,378	89.00%
H Shares issued pursuant to the Global Offering . .	<u>205,652,000</u>	<u>11.00%</u>
Total	<u>1,869,563,378</u>	<u>100.00%</u>

Immediately following the completion of the Global Offering and assuming that the Offer Size Adjustment Option is fully exercised but the Over-allotment Option is not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital
A Shares	1,663,911,378	87.56%
H Shares issued pursuant to the Global Offering . .	<u>236,499,800</u>	<u>12.44%</u>
Total	<u>1,900,411,178</u>	<u>100.00%</u>

SHARE CAPITAL

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is fully exercised but the Offer Size Adjustment Option is not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital
A Shares	1,663,911,378	87.56%
H Shares issued pursuant to the Global Offering . .	236,499,800	12.44%
Total	<u>1,900,411,178</u>	<u>100.00%</u>

Immediately following the completion of the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment option are fully exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital
A Shares	1,663,911,378	85.95%
H Shares issued pursuant to the Global Offering . .	271,974,600	14.05%
Total	<u>1,935,885,978</u>	<u>100.00%</u>

OUR SHARES

The H Shares in issue upon completion of the Global Offering and A Shares, are ordinary shares in the registered share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons. A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors or the Hong Kong and overseas investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. H Shares may only be subscribed for and traded in Hong Kong dollars. A Shares, on the other hand, may only be subscribed for and traded in Renminbi. A Shares and H Shares are regarded as one class of Shares under our Articles of Association.

SHARE CAPITAL

RANKING

The differences between A Shares and H Shares, the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of Share transfer, appointment of dividend receiving agents and other matters are set out in our Articles of Association and summarized in the section headed “Summary of Articles of Association” in Appendix VI to this Prospectus.

Except for the differences above, A Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. All dividends in respect of the H Shares are to be calculated in Renminbi and paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering. In accordance with the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請“全流通”業務指引) (the “**Full Circulation Guidelines**”) published and implemented by the CSRC on November 14, 2019 and latest amended on August 10, 2023, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after filing with the CSRC. The Full Circulation Guidelines are only applicable to domestic companies listed on the Hong Kong Stock Exchange and are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there are no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on August 23, 2024 upon, among other things, the following major terms:

(i) Size of the offer

The proposed number of H Shares to be offered initially shall not exceed 15% of the total issued number of shares as enlarged by the H Shares to be issued pursuant to the Global Offering. The number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially pursuant to the Global Offering.

(ii) Method of offering

The method of offering shall be by way of a public offer for subscription in Hong Kong and an international offering to institutional and professional investors.

(iii) Target investors

The H Shares shall be issued to overseas professional organizations, institutions individual investors and other eligible investors.

(iv) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Validity period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on August 23, 2024.

There is no other approved offering plans for any other shares except for the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meeting is required, see the section headed "Summary of Articles of Association" in Appendix VI to this Prospectus.

SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, our share capital was RMB1,663,911,378 comprising 1,663,911,378 A Shares. The following persons directly or indirectly control, or are entitled to exercise, or control the exercise of, 5% or more of our A Shares as of the Latest Practicable Date:

LONG POSITIONS IN THE SHARES OF OUR COMPANY

Name of Shareholders	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of interest in the total issued Share capital as of the Latest Practicable Date
Ms. Li ^{(1),(2)}	Beneficial owner	A Shares	190,410,595	11.44%
	Interest in controlled corporation	A Shares	51,515,151	3.10%

Notes:

- (1) As of the Latest Practicable Date, Ms. Li pledged 34,000,000 A Shares, representing approximately 2.04% of our Company's total issued share capital, to a PRC licensed financial institution for her personal financing purpose.
- (2) Ms. Li the sole limited partner of Hanfeng Zhongxing accounting for approximately 99.00% of the committed capital contribution of Hanfeng Zhongxing. Accordingly, Ms. Li is deemed to be interested in the 51,515,151 A Shares held by Hanfeng Zhongxing. Meanwhile, as of the Latest Practicable Date, Hanfeng Zhongxing pledged 27,533,040 A Shares, accounting for approximately 1.65% of our Company's total issued share capital, to a PRC licensed financial institution for Ms. Li's personal financing purposes.

Immediately following the completion of the Global Offering:

- assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, our share capital will comprise 1,663,911,378 A Shares and 205,652,000 H Shares representing 89.00% and 11.00% of the total share capital of our Company, respectively; and
- assuming the Offer Size Adjustment Option and the Over-allotment Option are fully exercised, our share capital will comprise 1,663,911,378 A Shares and 271,974,600 H Shares, representing 85.95% and 14.05% of the total share capital of our Company, respectively.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (and the offering of any additional H Shares pursuant to the exercise of Offer Size Adjustment Option and/or the Over-allotment Option), the following persons will have an interest or short position in our Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

LONG POSITIONS IN THE SHARES OF OUR COMPANY

Shareholders	Nature of Interest	Description of Shares	Number of Shares	Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised		Assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised	
				Approximate percentage of interest in the A Shares	Approximate percentage of interest in the total issued Share capital	Approximate percentage of interest in the A Shares	Approximate percentage of interest in the total issued Share capital
Ms. Li ⁽¹⁾	Beneficial owner	A Shares	190,410,595	11.44%	10.18%	11.44%	9.84%
	Interest in controlled corporation	A Shares	51,515,151	3.10%	2.76%	3.10%	2.66%

Note:

- (1) Ms. Li and Mr. Wu Zengxiang are the sole limited partner and general partner of Hanfeng Zhongxing accounting for approximately 99.00% and 1.00% of the committed capital contribution of Hanfeng Zhongxing, respectively. The role of Mr. Wu is to represent Hanfeng Zhongxing in external business and operational matters upon the authorization of Ms. Li in accordance with the limited partnership agreement of Hanfeng Zhongxing. Mr. Wu does not, and cannot exercise control over Hanfeng Zhongxing; and taking in account of the above, the majority interest held by Ms. Li enables her to exercise *de facto* control of Hanfeng Zhongxing. Therefore, Mr. Wu has no control over the voting rights in share capital of our Company held by Hanfeng Zhongxing, nor the control of Hanfeng Zhongxing in the exercise of such voting rights. Those are rested solely with Ms. Li. Please refer to the section headed “Relationship with our Single Largest Shareholder Group — Our Single Largest Shareholder Group” in this Prospectus for details. Accordingly, Ms. Li is deemed to be interested in the 51,515,151 A Shares held by Hanfeng Zhongxing.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering (and the offering of any additional H Shares pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option), have an interest or short position in our Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

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You should read the following discussion and analysis with our audited consolidated financial information as of and for the Track Record Period and Golden Star Resources' audited consolidated financial information from January 1, 2021 to January 31, 2022 (date of the acquisition), including the notes thereto, included in the Accountant's Report in Appendix IB to this Prospectus ("Historical Financial Information"). The consolidated financial information has been prepared in accordance with IFRS.

Potential investors should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments, and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this Prospectus, including, but not limited to, the sections headed "Risk Factors" and "Business."

OVERVIEW

We are principally engaged in the mining, processing and sale of gold. As of the Latest Practicable Date, we owned and operated seven gold and polymetallic mines across the world, including China, Southeast Asia, and West Africa.

Leveraging our corporate culture and management concept of "Mutual Prosperity and Development", we experienced the fastest growth among major gold producers in China from 2021 to 2023, according to Frost & Sullivan, with a CAGR of 33.1% in gold production over that period. According to Frost & Sullivan, among gold producers in China, we had the greatest overseas presence both in terms of overseas assets contribution as of December 31, 2023 and in terms of overseas revenue contribution for the year ended December 31, 2023.

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KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are certain key factors which have historically affected our results of operations and may continue to impact our results in the future:

Gold and Non-Ferrous Metal Prices and Demand in End Markets

During the Track Record Period, a substantial portion of our revenue was derived from the sale of gold. Our revenue derived from sales of gold was 78.5%, 84.6%, 87.6%, 88.3% and 89.4% in 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024. We also generated revenue from sales of non-ferrous metals for the same period. As such, fluctuations in gold and non-ferrous metal prices directly affect our results of operations. Please also see “Risk Factors — Changes in the market price for gold mining and other Mineral Resources, which in the past have experienced significant volatility, affect the profitability of our operations and the cash flows generated by those operations.”

We sell gold produced in and outside of China to Chinese domestic and international gold refineries, the prices of which is referenced to the market prices quoted by the Shanghai Gold Exchange and the London Bullion Market Association, respectively. The spot price of gold on the Shanghai Gold Exchange closely follows international gold prices. The international price of gold is affected by numerous factors over which we have no control, such as, for example, general supply of and demand for gold, gold sales and purchases by central banks, macroeconomic factors such as inflation and interest rates, geopolitical conflicts (for instance, the Russo-Ukrainian War and Israeli-Palestinian conflict), and speculative trading activity. Historically, international gold prices have experienced significant volatility. For example, according to Frost & Sullivan, in 2021, as the global economy started to recover from the COVID-19 pandemic and interest in gold investments decreased, the growth of the global gold spot price slowed down. However, in 2022, the Russia-Ukraine conflict led to a significant increase in the global gold price. Since November 2022, the gold price has climbed again due to market turbulence, rising recession expectations, slower interest rate hike prospects, and more gold purchases from central banks which underpinned the gold demand. Moreover, the price of gold in China is affected by Renminbi to U.S. dollar exchange rate. Historically, the gold price generally increases when inflation increases.

The market price of non-ferrous metals, such as copper, is largely subject to market forces, in particular, the supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles and fluctuations in the global currency markets. Any significant decrease in non-ferrous metal prices may materially and adversely affect our business, financial condition and results of operations.

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Our revenue also tends to fluctuate with the demand for our products from the end markets. Our gold products are used for, amongst other things, central bank gold reserves, including the PBOC gold reserves, investment, jewelries, and other industrial purposes, and our non-ferrous metals are widely applied in fields such as infrastructure, architecture, and device management. Accordingly, demand for our gold and non-ferrous metals is indirectly affected by the growth and fluctuations of these end markets.

During the Track Record Period, we obtained short-term financing via gold leasing contracts. Meanwhile, we entered into futures contracts to hedge the risk of gold price fluctuations. Furthermore, during the Track Record Period, we entered into hedging transactions, such as gold forward sales contracts and forward exchange contracts, to secure our revenue in view of the volatility in gold prices.

Production Volume

Our results of operations are dependent on our production volume of gold and non-ferrous metals. In 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, in our gold production business in China we produced 67.2 koz, 74.6 koz, 106.8 koz, 73.0 koz, and 81.6 koz of gold, respectively. For the same period, in our gold production business in Laos we produced 193.0 koz, 199.5 koz, 193.2 koz, 140.9 koz, and 125.9 koz of gold, respectively. Also, in our gold production business in Ghana, which we acquired in January 2022, we produced 162.1 koz, 161.5 koz, 116.0 koz, and 138.0 koz of gold in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively. For more operating data of our mines, please see “Business — Our Gold Production Business in China,” “Business — Our Gold Production Business in Laos,” and “Business — Our Gold Production Business in Ghana”. The following table sets forth our gold production volume in relation to our gold mining businesses for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(koz)				
Wulong Gold Mine (China) .	28.0	43.8	59.2	40	47
Jilong Gold Mine (China) . .	34.3	29.5	44.7	31	28
Huatai Gold Mine (China) . .	4.9	1.3	0.5	1	–
Jintai Gold Mine (China) . . .	–	–	2.4	–	7
Sepon Gold and Copper					
Mine (Laos)	193.0	199.5	193.2	141	126
Wassa Gold Mine (Ghana) .	–	162.1	161.5	116	138
Total	260.2	436.2	461.5	329	346

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Our production volume is affected by various factors, including, for example, the capacity and efficiency of our processing operations and labor and third-party contractors. Actual production volume may vary from our production plan, which may cause our actual results of operations to vary from our projected results. This is due to a variety of reasons, including, among others, actual gold and non-ferrous metal ores mined varying from estimates in grade, tonnage, metallurgical and other characteristics, decreases in metal prices which may cause Reserves that are currently economical to become uneconomical, and natural phenomena such as weather conditions, floods, droughts and rock falls, many of which are beyond our control. Please also see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to meet our estimated gold and other minerals production volume”.

Cost of Sales and Recovery Rate

Our cost of sales primarily comprises materials expense, labor expense, electricity fees, depreciation and amortization, and others. Materials expense primarily consists of explosive materials, diesel and other materials used in our operations. Labor expense refers to the salaries and benefits paid to personnel involved in our production activities. Depreciation and amortization costs are related to the depreciation of fixed assets and amortization of intangible assets. Certain major components of our operating cash costs, such as mining and processing related costs, directly relate to our mining and production volume, and increases in our mining and production volume will lead to increases in such costs. Additional capital expenditure will increase our depreciation and amortization costs, which will in turn increase our cost of sales. See “— Description of Key Statement of Profit or Loss Items — Cost of sales” and “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to maintain adequate, uninterrupted, timely and specification-compliant supplies of utilities, materials, equipment and service at commercially acceptable prices, or at all.”

Materials expense is the largest component of our cost of sales, which represented 39.5%, 47.5%, 41.2%, 42.5% and 40.6% of our total cost of sales for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively. The increase of materials expense in 2022 was affected by: (i) our acquisition of Golden Star Resources in January 2022; and (ii) the increase in raw materials prices, affected by inflation and the COVID-19 pandemic. The decrease of materials expense in 2023 was affected by our cost reduction and cost control measures at our gold mines. For our operations in China, we procured most of the principal materials used in our production from local suppliers, including explosive materials, diesel, sodium cyanide, and cement. For our operations in Laos, we procured diesel fuel, electricity, and certain low-value consumables from local suppliers, while we procured industrial chemicals and reagents, explosive materials, equipment maintenance spare parts, and other consumables from overseas suppliers. For our operations in Ghana, we procured various materials, such as diesel oil, electricity, certain low-value consumables, bulk industrial chemicals and reagents, explosive materials, equipment maintenance spare parts, and other major consumables from domestic and overseas suppliers.

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Our mining efficiency is also measured by recovery rate, in particular, the gold processing recovery rate in the PRC, Laos and Ghana. In 2023, the gold processing recovery rate of Wulong Gold Mine, Jilong Gold Mine, Huatai Gold Mine and Jintai Gold Mine reached 91.3%, 97.7%, 92.8% and 87.2%, respectively, and the gold processing recovery rate of the Wassa Gold Mine reached 95.5% for the same period. In the nine months ended September 30, 2024, Sepon Gold and Copper Mine's gold recovery rate reached 64.4%. Our processing recovery rate is affected by both the grade and mineralization characteristic ores and the processing process. A lower recovery rate would result in increased cost of sales. For more on the recovery rates of our mines, please see “Business — Our Gold Production Business in China — Operation Performance”, “Business — Our Gold Production Business in Laos — Operation Performance”, and “Business — Our Gold Production Business in Ghana — Operation Performance”. We aim to continuously improve our recovery rate, especially the gold recovery rate of the Sepon Gold and Copper Mine, through technological improvements.

Acquisitions

We acquired Golden Star Resources and Xinhenghe Mining during the Track Record Period, which significantly improved our financial performances and results of operations in gold mining. For more details, please see “Business — Our Gold Production Business in China” and “Business — Our Gold Production Business in Ghana”. We will continue to expand our footprints in the PRC and the global mining market. Please see “Business — Our Strategies” and “Future Plans and Use of Proceeds” for more details about our expansion plans.

Our overall growth is driven by both ongoing growth and strategic acquisitions. We believe that our ability to successfully execute our acquisition strategies and integrate the acquired operations with our existing operations have contributed to our business and results of operations. Going forward, we will continue to consider strategic acquisitions. Our ability to identify quality acquisition targets, negotiate favorable terms, and integrate and optimize acquired operations will continue to impact our business, financial condition and results of operations.

Acquisition of Xinhenghe Mining

On December 30, 2022, we entered into an equity transfer agreement with Yunnan Yuanhao Mining Co., Ltd. (雲南源浩礦業有限公司), certain individual shareholders of Xinhenghe Mining and Xinhenghe Mining, pursuant to which we acquired a 51% equity interest in Xinhenghe Mining. The cash consideration was approximately RMB61.2 million in aggregate and determined by reference to the valuation of the assets of the acquired entity. Xinhenghe Mining holds a 90% equity interest in Jintai Mining, the core assets of which is the Xidengping Mine, a gold mine in Yunnan.

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The acquisition was completed on January 9, 2023, upon which Xinhenghe Mining became our non-wholly owned subsidiary. All necessary approvals from the relevant authorities have been obtained. We began consolidating the profit and loss accounts of Xinhenghe Mining from January 9, 2023, and our results of operations for the Track Record Period reflected the consolidation of Xinhenghe Mining' results from January 9, 2023 to September 30, 2024.

Acquisition of Golden Star Resources

In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, for a consideration of in aggregate approximately US\$291.0 million, which was fully settled in 2022. To finance the acquisition of Golden Star Resources, we incurred long-term borrowings of in aggregate RMB1,104.0 million at an interest rate of 4.95% per annum. The acquisition was completed on January 31, 2022, upon which Golden Star Resources became our non-wholly owned subsidiary. The acquisition had a significant impact on our results of operations in the financial year ended December 31, 2022.

We consolidated the accounts of Golden Star Resources from February 1, 2022, and our results of operations for the Track Record Period reflected the consolidation of Golden Star Resources' results from February 1, 2022 to September 30, 2024. Partially due to such acquisition and consolidation, the revenue of our gold mining business increased by 78.7% from RMB2,968.7 million for the year ended December 31, 2021 to RMB5,304.7 million for the year ended December 31, 2022. For the same reason, the cost of sales increased by 77.1% from RMB2,525.1 million for the year ended December 31, 2021 to RMB4,471.9 million for the year ended December 31, 2022. As a result of the foregoing, the gross profit of our gold mining business increased by 68.7% from RMB868.7 million for the year ended December 31, 2021 to RMB1,465.8 million for the year ended December 31, 2022. We recorded financial income of RMB20.4 million in 2021, but partially due to the acquisition we recorded finance costs of RMB176.5 million in 2022, among which our interest expenses increased from RMB14.2 million in 2021 to RMB176.5 million in 2022. Our income tax expense increased from RMB157.0 million for the year ended December 31, 2021 to RMB328.1 million for the year ended December 31, 2022. This was partially due to a higher effective income tax rate in Ghana and the losses incurred in the Ghana gold streaming business that was not tax deductible. For detailed analysis of the relevant year-on-year financials comparisons, see “—Year Ended December 31, 2022 Compared to Year Ended December 31, 2021” below.

Partially due to the acquisition: (i) our other intangible assets increased from RMB856.5 million as of December 31, 2021 to RMB6,562.7 million as of December 31, 2022 which mainly reflects the exploration and mining rights of Golden Star Resources; (ii) our property, plant and equipment increased from RMB3,159.7 million as of December 31, 2021 to RMB5,994.3 million as of December 31, 2022; and (iii) our total liabilities increased from RMB3,052.6 million as of December 31, 2021 to RMB10,136.0 million as of December 31, 2022.

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The consolidated financial statements and the accompanying notes of Golden Star Resources from January 1, 2021 to January 31, 2022 (date of the acquisition) are set forth in Accountants' Report included in Appendix IB to this Prospectus. For more details of Golden Star Resources' financial information, see “— Financial Information of Golden Star Resources”.

Exchange Rates

The presentation currency of our consolidated financial statements presentation is Renminbi, which is also our Company's functional currency. However, procurement and sales activities of our two overseas subsidiaries, LXML and GSWL, are in U.S. dollars.

Major events and occurrences, domestic, international or economic in nature, can affect foreign exchange rates, and, consequently, our operations. These events include changes in inflation rates, interest rates, government debt, political stability, health crises, or economic events such as trade wars or recessions. Exchange rate fluctuations have affected our profitability and resulted in foreign currency exchange losses of our foreign currency-denominated assets and liabilities in the past. For the years ended December 31, 2021, 2022, and 2023 and the nine months ended September 30, 2023 and 2024, we recognized foreign exchange gains of RMB86.2 million, RMB27.2 million, RMB20.2 million, exchange gains of RMB18.9 million and exchange gains of RMB27.8 million, respectively.

As a company with global operations, our future results of operations will continue to be affected by fluctuations in exchange rates. We monitor the scale of our foreign currency transactions and foreign currency assets and liabilities. We generally hold a minimal amount of cash in local currencies to avoid exposure to local currency fluctuation and only purchase local currencies when local payment is necessary. We are able to utilize all Ghanaian Cedis received from Bank of Ghana or Lao Kips and Ghanaian Cedis converted from U.S. dollars revenue for our operating and capital expenses within a short period of time, in order to maintain our cash in local currencies at minimal level. Please also see “Risk Factors — Risks Relating to Our Business and Industry — We are subject to risks related to exchange rate fluctuations, because our gold product from overseas operation is priced in U.S. dollars and our operating costs and expenses are incurred in different currencies, including, but not limited to, Lao Kip and Ghanaian Cedi.”

Expansion and Capital Expenditures

According to Frost & Sullivan, the gold industry is a capital-intensive sector that demands substantial investment in numerous equipment, land resources, and adherence to strict safety production and environmental protection standards. It necessitates the implementation of resource exploration, recycling processes, merger and acquisition endeavors to secure sustainable and abundant mine Reserves. Additionally, investing in advanced technology is crucial to address the challenges and intricacies associated with gold mining, stemming from declining gold grades and mining at greater depths. Our existing mines in the PRC and overseas are situated in favorable mineralization environments, showcasing significant exploration

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prospects across the majority of the mining regions, and we aim to further maximize the potential of our existing mines by continuously expanding production and continuously investing in new technologies to improve recovery rates. Besides, we may incur costs from potential acquisitions of high-quality gold assets for a robust and sustainable growth. For details, see “Business — Business strategies”.

Our increasing capital expenditures during the Track Record Period reflected our expansion investments to fuel and support our expected future growth. Our capital expenditures amounted to approximately RMB1,559.9 million, RMB1,903.1 million, RMB1,487.4 million, RMB1,102.2 million and RMB1,125.4 million for the years ended 31 December 2021, 2022, and 2023 and the nine months ended September 30, 2023 and 2024, respectively, representing approximately 41.2%, 30.4%, 20.6%, 21.8% and 18.1% of our revenue, respectively, for the same period. See “— Capital Expenditure” for a breakdown of our total capital expenditure during the Track Record Period.

The costs associated with our capital expenditure plans could have a significant impact on our financial condition and results of operations, particularly if we are unable to generate sufficient gold production and sales to recover our investment or generate a profit. Therefore, our management must consistently assess the necessary capital investments to achieve our sustainable production objectives and boost revenue growth, while taking into account competing cash needs and the subsequent increase in cost of sales due to higher depreciation costs. Furthermore, acquisitions and strategic investments bring about various risks, such as operational integration hurdles, challenges in assimilating cultures and personnel, diversion of management focus, risks associated with entering new markets, and the potential loss of key personnel from the acquired businesses. These factors could have a significant and adverse impact on our business, financial standing, and operational outcomes.

Government Control and Policies on the Gold Mining Industry

The local, provincial, and central authorities of the PRC, Laos, and Ghana each exercise a substantial degree of control over the gold and mining industry within their respective territories. Our operations in these countries are subject to a range of national laws, regulations, policies, standards, and requirements, particularly concerning exploration, mining, production, taxation, labor standards, occupational health and safety, waste treatment, environmental protection, and operational management.

In each of these jurisdictions, the respective governments hold full authority to grant, renew, and terminate the permits and licenses for exploration, mining, and production activities. While we anticipate being able to renew our licenses and permits in the PRC, Laos, and Ghana, any inability to do so for any reason could materially and adversely affect our business and results of operations.

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SENSITIVITY ANALYSIS

Our results of operations is principally affected by gold price and sales volume. The tables below set forth the impact of fluctuation of gold price on our results of operations for the period indicated.

For the year ended December 31, 2021

(Renminbi in millions, except for percentages)

Hypothetical fluctuation of gold price/								
sales volume	-20%	-15%	-10%	-5%	5%	10%	15%	20%
Change in gross profit . .	-594	-445	-297	-148	148	297	445	594
Change in gross profit margin	-12.4%	-8.9%	-5.7%	-2.7%	2.5%	4.9%	7.0%	9.1%
Change in profit from operation	-594	-445	-297	-148	148	297	445	594
Change in operating margin	-14.8%	-10.6%	-6.8%	-3.3%	3.0%	5.8%	8.4%	10.8%

For the year ended December 31, 2022

(Renminbi in millions, except for percentages)

Hypothetical fluctuation of gold price/								
sales volume	-20%	-15%	-10%	-5%	5%	10%	15%	20%
Change in gross profit . .	-1,061	-796	-530	-265	265	530	796	1,061
Change in gross profit margin	-14.5%	-10.4%	-6.6%	-3.2%	2.9%	5.6%	8.0%	10.3%
Change in profit from operation	-1,061	-796	-530	-265	265	530	796	1,061
Change in operating margin	-17.7%	-12.6%	-8.0%	-3.8%	3.5%	6.8%	9.8%	12.6%

For the year ended December 31, 2023

(Renminbi in millions, except for percentages)

Hypothetical fluctuation of gold price/								
sales volume	-20%	-15%	-10%	-5%	5%	10%	15%	20%
Change in gross profit . .	-1,264	-948	-632	-316	316	632	948	1,264
Change in gross profit margin	-14.3%	-10.2%	-6.5%	-3.1%	2.8%	5.4%	7.8%	10.0%
Change in profit from operation	-1,264	-948	-632	-316	316	632	948	1,264
Change in operating margin	-17.7%	-12.6%	-8.0%	-3.8%	3.5%	6.7%	9.7%	12.4%

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For the nine months ended September 30, 2024

(Renminbi in millions, except for percentages)

Hypothetical fluctuation of gold price/ sales volume	-20%	-15%	-10%	-5%	5%	10%	15%	20%
Change in gross profit . .	-1,112	-834	-556	-278	278	556	834	1,112
Change in gross profit margin	-12.6%	-9.0%	-5.7%	-2.7%	2.5%	4.7%	6.8%	8.8%
Change in profit from operation	-1,112	-834	-556	-278	278	556	834	1,112
Change in operating margin	-15.3%	-10.9%	-6.9%	-3.3%	3.0%	5.8%	8.3%	10.7%

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. All reporting standards under IFRS effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been adopted early by our Group in the preparation of the historical financial information throughout the relevant periods. The historical financial information has been prepared under the historical cost convention. All intra-group transactions and balances have been eliminated on consolidation.

Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Our Group has not applied the following new and revised IFRS reporting standards (which have been issued but are not yet effective) in our audited consolidated financial statements:

Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Amendments to IFRS 10 and IAS 28 . .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements⁴</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures⁴</i>
Amendments to IFRS 9 and IFRS 7 . . .	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>

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Notes:

1. Effective for annual periods beginning on or after January 1, 2025.
2. No mandatory effective date yet determined but available for adoption.
3. Effective for annual periods beginning on or after January 1, 2026.
4. Effective for annual periods beginning on or after January 1, 2027.

We do not anticipate the application of the new and revised IFRS reporting standards to have a material impact on our Group's financial position and financial performance in the foreseeable future.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions and complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

When reviewing our consolidated financial statements, you should consider, amongst other things: (i) information about our material accounting policy; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Information about our material accounting policy, estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policy and disclosures, are set forth in detail in Notes 4 and 5 to the Accountants' Report in Appendix IA to this Prospectus.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

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When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Metal streaming arrangement

There is a Metal Streaming Arrangement in GSR acquired by our Group in 2022. Under the business arrangement, GSR receives a payment in advance and the counterparty obtains a certain proportion of deliverable gold within the entire life of the designated mine. The counterparty is also required to make an additional payment based on a certain proportion of the market price when GSR delivers the goods within an agreed period in the future. The payment GSR receives in advance is considered to be part of the counterparty's prepayment for the future goods with uncertain but predictable quantity and is recognized as a contract liability upon receipt. Each unit of the delivered goods represents a separate performance obligation, and revenue is recognized at the point in time when control of the goods is transferred. Considering the timing of satisfaction of delivery obligations throughout the entire life of the mines, the contract liability above is considered to have a financing component. In addition, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mines, the management will estimate the change of total metal reserves and change of planned exploitation reserves on a regular basis and adjustments shall be made to the revenue and finance costs accordingly.

Variable consideration

In our Group's Metal Streaming Arrangement, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mine, the price allocated to goods delivered per unit is considered as variable consideration. When the estimated total metal reserves and planned exploitation reserves of the mine change, it is necessary to recalculate the price of goods delivered per unit, and in the period of changes occurred, adjust the revenue and finance costs recognized in the same period according to the updated price. Our Group determines the best estimate of variable consideration by the expected value. The transaction price including variable consideration is only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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Contracts for the rendering of services

A contract for the rendering of services between our Group and the customer usually includes performance obligations of dismantling waste electronic products and electrical appliances. Our Group recognized the fund subsidy income, which was related to the dismantling volume, by multiplying the dismantling type and quantity of the scrapped electronic products and electrical appliances by the corresponding fund subsidy price.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated on the Units of Production (“UOP”) basis to write off the cost of the asset proportionately to the extraction of the proven and probable ore reserves. The estimated useful lives and annual depreciation rates for the assets depreciated on the straight-line basis are as follows:

	Estimated useful lives	Annual depreciation rates
Buildings	20 years	4.75%
Machinery	5 to 10 years	9.50% to 19.00%
Mobile equipment	5 to 10 years	9.50% to 19.00%
Electronic equipment and others	3 to 5 years	19.00% to 31.67%

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Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the years/periods the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Exploration and mining rights

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalized when the mineral properties are reasonably determined to be commercially available and recognized as intangible assets after obtaining mining rights or permits, which will be amortized under the units-of-production method. If any construction was abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognized in profit or loss for the current period.

Impairment reviews of exploration and evaluation assets are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of exploration and evaluation assets is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units. Exploration and evaluation assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Exploration rights are stated at cost less impairment losses. Exploration rights include the cost of acquiring exploration rights.

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

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Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for our Group's obligations for environmental rehabilitation and restoration of mines are based on estimates of required expenditure at the mines in accordance with the local rules and regulations where the mines are located. Our Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Our Group records a corresponding asset in the period in which the liability is incurred. The liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognised at the appropriate discount rate.

Impairment of financial assets

Our Group recognized an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that our Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, our Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, our Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Our Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, our Group may also consider a financial asset to be in default when internal or external information indicates that our Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by our Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

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Simplified approach

For trade receivables that do not contain a significant financing component or when our Group applies the practical expedient of not adjusting the effect of a significant financing component, our Group applies the simplified approach in calculating ECLs. Under the simplified approach, our Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Our Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the period indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,			Nine months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Revenue	3,782,624	6,266,787	7,220,952	5,062,293	6,222,831
Cost of sales	(2,525,121)	(4,471,868)	(4,868,078)	(3,521,863)	(3,600,815)
Gross profit	1,257,503	1,794,919	2,352,874	1,540,430	2,622,016
Other income and gains	90,512	142,088	137,770	90,608	271,985
Selling and distribution expenses	(777)	(720)	(689)	(526)	(317)
Administrative expenses	(393,035)	(786,368)	(850,390)	(622,849)	(651,899)
Research and development expenses	(24,847)	(27,652)	(51,753)	(24,952)	(47,893)
Impairment losses on financial assets, net	(1,984)	(644)	(2,440)	(1,119)	1,624
Other expenses and losses . . .	(142,760)	(119,022)	(173,501)	(86,769)	(189,905)
Finance costs	(14,226)	(176,485)	(215,026)	(143,290)	(164,773)
Share of (losses)/profits of associates	(11)	(4,104)	9,950	6,721	7,197
Profit before tax	770,375	822,012	1,206,795	758,254	1,848,035
Income tax expenses	(156,967)	(328,132)	(335,210)	(196,234)	(583,266)
Profit for the year/period . .	613,408	493,880	871,585	562,020	1,264,769
Attributable to:					
Owners of the parent	581,949	450,976	804,471	526,655	1,115,256
Non-controlling interests . .	31,459	42,904	67,114	35,365	149,513

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Revenue

During the Track Record Period, we generated our revenue from gold mining, other Mineral Resources and other businesses. Please see “Business — Business Overview” for more details.

Revenue by Business Nature

The following table sets forth our revenue by business nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Gold mining . .	2,968,694	78.5	5,304,729	84.6	6,322,263	87.6	4,470,575	88.3	5,561,259	89.4
Other Mineral Resources . .	551,278	14.6	650,206	10.4	495,752	6.9	335,334	6.6	454,130	7.3
Others	262,652	6.9	311,852	5.0	402,937	5.5	256,384	5.1	207,442	3.3
Total	<u>3,782,624</u>	<u>100.0</u>	<u>6,266,787</u>	<u>100.0</u>	<u>7,220,952</u>	<u>100.0</u>	<u>5,062,293</u>	<u>100.0</u>	<u>6,222,831</u>	<u>100.0</u>

Revenue by Origin of Our Products

The following table sets forth a breakdown of our revenue by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
PRC	1,259,688	33.3	1,477,471	23.5	2,026,833	28.1	1,301,395	25.7	1,793,374	28.8
Laos	2,522,936	66.7	2,998,740	47.9	3,054,614	42.3	2,239,406	44.2	2,327,466	37.4
Ghana ¹	—	—	1,790,576	28.6	2,139,505	29.6	1,521,492	30.1	2,101,991	33.8
Total	<u>3,782,624</u>	<u>100.0</u>	<u>6,266,787</u>	<u>100.0</u>	<u>7,220,952</u>	<u>100.0</u>	<u>5,062,293</u>	<u>100.0</u>	<u>6,222,831</u>	<u>100.0</u>

Notes:

- Our revenue in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the revenue of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see “— Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources.”
- Our gold products are sold globally. Our major clients are refineries located in PRC, Thailand, Australia, Singapore, South Africa and Ghana.

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In 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our sales volume of gold amounted to 251 koz, 445 koz, 466 koz, 336 koz and 352 koz. The increase was mainly attributable to the acquisition of Golden Star Resources in 2022 and the continued increase of gold production volume at both Sepon Gold and Copper Mine and Wulong Gold Mine. For the same periods, average selling prices for our gold product was approximately RMB381 per gram, RMB383 per gram, RMB436 per gram, RMB427 per gram, and RMB502 per gram, respectively. We sell gold produced in- and outside of China at prices that move in line with the spot prices set by the Shanghai Gold Exchange and the London Bullion Market Association, respectively. The spot price of gold on the Shanghai Gold Exchange closely follows international gold prices. Historically, international gold prices have experienced significant fluctuations. See “— Key Factors Affecting Our Results of Operations — Gold and Non-Ferrous Metal Prices and Demand in End Markets.”

Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of gold mining business for the periods indicated.

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	Sales Vol.	Avg. Selling Price	Sales Vol.	Avg. Selling Price	Sales Vol.	Avg. Selling Price	Sales Vol.	Avg. Selling Price	Sales Vol.	Avg. Selling Price
	koz	RMB/g	koz	RMB/g	koz	RMB/g	koz	RMB/g	koz	RMB/g
Wulong Gold Mine . . .	28.0	383.0	43.8	395.6	59.2	455.8	40.3	447.2	47.5	543.7
Jilong Gold Mine . . .	34.3	371.4	29.5	397.3	44.7	455.8	31.2	449.5	27.5	536.9
Huatai Gold Mine . . .	4.9	368.4	1.3	400.4	0.5	429.0	0.5	424.9	0.0	0.0
Jintai Gold Mine . . .	0.0	0.0	0.0	0.0	2.2	470.3	0.0	0.0	6.8	537.9
PRC – Subtotal/										
average	67.2	376.0	74.6	396.4	106.6	455.9	72.0	448.0	81.8	540.9
Sepon Gold and										
Copper Mine	183.4	382.5	214.2	389.3	193.8	443.1	143.5	432.7	131.2	507.3
Wassa Gold Mine . . .	0.0	0.0	156.5	367.7	166.0	414.2	120.0	407.7	139.1	484.8
Overseas – Subtotal/										
average	183.4	382.5	370.7	380.2	359.8	429.7	263.5	421.3	270.3	495.7
Total	250.6	380.8	445.3	382.9	466.4	435.7	335.5	427.0	352.1	506.2

Note: The average selling price was determined based on the gold metal contained in the gold products despite the variant grades of the products.

Cost of Sales

Our cost of sales primarily comprises materials expense, labor expense, electricity fees, depreciation and amortization, and others. Our cost of sales generally goes down and up in line with the decrease and increase in our revenue during the Track Record Period.

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For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our cost of sales amounted to RMB2,525.1 million, RMB4,471.9 million, RMB4,868.1 million, RMB3,521.9 million and RMB3,600.8 million respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Materials										
expense . . .	998,240	39.5	2,122,635	47.5	2,006,000	41.2	1,496,272	42.5	1,461,452	40.6
Labor expense .	398,270	15.8	611,157	13.7	690,984	14.2	473,389	13.4	624,265	17.3
Electricity										
fees	151,639	6.0	225,787	5.0	352,709	7.2	215,123	6.1	247,340	6.9
Depreciation and										
amortization .	411,005	16.3	1,033,836	23.1	1,322,323	27.2	979,508	27.8	902,241	25.1
Others	565,967	22.4	478,453	10.7	496,062	10.2	357,571	10.2	365,517	10.1
Total	<u>2,525,121</u>	<u>100.0</u>	<u>4,471,868</u>	<u>100.0</u>	<u>4,868,078</u>	<u>100.0</u>	<u>3,521,863</u>	<u>100.0</u>	<u>3,600,815</u>	<u>100.0</u>

Note:

1. “Others” primarily includes contractor expenses, construction expenses, service expenses, safety measure expenses and repair expenses.

The following table sets forth a breakdown of our cost of sales by business nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Gold mining . .	2,099,996	83.2	3,838,923	85.8	4,065,599	83.5	2,988,432	84.9	3,053,075	84.8
Other Mineral										
Resources . .	215,467	8.5	370,829	8.3	430,841	8.9	308,075	8.7	362,412	10.1
Others	209,658	8.3	262,116	5.9	371,638	7.6	225,356	6.4	185,328	5.1
Total	<u>2,525,121</u>	<u>100.0</u>	<u>4,471,868</u>	<u>100.0</u>	<u>4,868,078</u>	<u>100.0</u>	<u>3,521,863</u>	<u>100.0</u>	<u>3,600,815</u>	<u>100.0</u>

Note:

1. “Others” primarily includes contractor expenses, construction expenses, service expenses, safety measure expenses and repair expenses.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
PRC	667,950	26.5	808,810	18.1	994,926	20.4	589,763	16.7	751,221	20.9
Laos	1,857,171	73.5	2,446,054	54.7	2,383,654	49.0	1,834,599	52.1	1,586,325	44.0
Ghana ¹	—	—	1,217,004	27.2	1,489,498	30.6	1,097,501	31.2	1,263,269	35.1
Total	<u>2,525,121</u>	<u>100.0</u>	<u>4,471,868</u>	<u>100.0</u>	<u>4,868,078</u>	<u>100.0</u>	<u>3,521,863</u>	<u>100.0</u>	<u>3,600,815</u>	<u>100.0</u>

Note:

- Our cost of sales in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the cost of sales of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see “— *Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources*”.

Gross Profit and Gross Profit Margin

Our gross profit consists of revenue less cost of sales. Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our gross profit amounted to RMB1,257.5 million, RMB1,794.9 million, RMB2,352.9 million, RMB1,540.4 million and RMB2,622.0 million, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business nature for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Gold mining . .	868,698	29.3	1,465,806	27.6	2,256,664	35.7	1,482,144	33.2	2,508,183	45.1
Other Mineral Resources . .	335,811	60.9	279,377	43.0	64,911	13.1	27,259	8.1	91,720	20.2
Others	52,994	20.2	49,736	15.9	31,299	7.8	31,027	12.1	22,113	10.7
Total	<u>1,257,503</u>	<u>33.2</u>	<u>1,794,919</u>	<u>28.6</u>	<u>2,352,874</u>	<u>32.6</u>	<u>1,540,430</u>	<u>30.4</u>	<u>2,622,016</u>	<u>42.1</u>

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Gross margins for different types of products are significantly different during the Track Record Period, primarily because (i) different products have different selling prices attributable to their intrinsic market values, driven by their respective supply and demand; (ii) different products incur different cost of sales. For example, despite higher cost of sales, gold mining achieved higher gross profit margin during the Track Record Period due to its inherent pricing advantage and the benefit from economies of scale at a high production volume.

The following table sets forth a breakdown of our gross profit and gross profit margin by origin of our products for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
PRC	591,738	47.0	668,660	45.3	1,031,907	50.9	711,633	54.7	1,042,153	58.1
Laos	665,765	26.4	552,686	18.4	670,960	22.0	404,807	18.1	741,141	31.8
Ghana ¹	—	—	573,573	32.0	650,007	30.4	423,990	27.9	838,722	39.9
Total	1,257,503	33.2	1,794,919	28.6	2,352,874	32.6	1,540,430	30.4	2,622,016	42.1

Note:

- Our gross profit in Ghana was generated from Golden Star Resources. In January 2022, we acquired a 62% equity interest in Golden Star Resources, which in turn indirectly holds a 90% equity interest in GSWL, and we began consolidating the accounts of Golden Star Resources from February 1, 2022. As such, the gross profit of GSWL prior to February 1, 2022 was not included in our Group. For more details, please see “— Key Factors Affecting Our Results of Operations — Acquisitions — Acquisition of Golden Star Resources”.

Gross margins for different origins of our products are significantly different during the Track Record Period, primarily because: (i) cost of sales of overseas gold mining business is higher than that of the PRC gold mining business, attributable to (a) higher procurement cost of our overseas gold mining business compared to our PRC gold mining business; (b) amortization of mining rights associated with revaluation of overseas mines acquired in recent years, leading to an increase in unit cost of sales; and (c) higher “other” expenses including contractor expenses, construction expenses, service expenses, safety measure expenses, and the repair expenses of overseas mines compared to the PRC mines; and (ii) the average selling price of overseas gold mining business is lower than that of the PRC gold mining business. To further drive cost efficiency, we have adopted global centralized procurement system, which primarily benefits our overseas gold mines.

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Other income and gains

Our other income and gains mainly represent government grants, gains on changes of fair value of financial assets at fair value through profit or loss, gains on changes of fair value of derivative financial instruments, gains on disposal of financial assets at fair value through profit or loss, gains on disposal of financial assets at fair value through profit or loss, finance income and others. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our other income and gains amounted to RMB90.5 million, RMB142.1 million, RMB137.8 million, RMB90.6 million and RMB272.0 million respectively. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Government grants	1,363	1.5	4,045	2.8	16,950	12.3	1,227	1.4	768	0.3
Gains on changes in fair value of financial assets at fair value through profit or loss	1,415	1.6	17,918	12.6	–	–	–	–	–	–
Gains on changes in fair value of derivative financial instruments . . .	–	–	584	0.4	13,470	9.8	33,665	37.1	29,383	10.8
Gains on disposal of derivative financial instruments	25,014	27.6	82,913	58.4	75,343	54.7	34,937	38.5	143,446	52.7
Gains on disposal of investment in an associate	–	–	–	–	–	–	–	–	71,119	26.2
Gains on disposal of financial assets at fair value through profit or loss	–	–	–	–	4,226	3.1	–	–	–	–
Finance income	20,439	22.6	28,097	19.8	26,322	19.1	19,644	21.7	26,197	9.6
Gain on recognition of negative goodwill	–	–	6,371	4.5	–	–	–	–	–	–
Others	42,281	46.7	2,160	1.5	1,459	1.0	1,135	1.3	1,072	0.4
Total	90,512	100.0	142,088	100.0	137,770	100.0	90,608	100.0	271,985	100.0

Finance income mainly represent interest on fixed deposits and interest on demand deposits.

Gains on changes in fair value of derivative financial instruments primarily comprise of gains and losses arising from fair value changes of gold lease hedging instruments.

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Gains on changes on disposal of derivative financial instruments primarily represents investment income from the disposal of gold lease hedging instruments.

Selling and distribution expenses

Our selling and distribution expenses primarily consist of labor expenses, traveling expenses, consumption of materials, warrants and licenses, depreciation, operating expenses, and others. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our selling and distribution expenses amounted to RMB0.8 million, RMB0.7 million, RMB0.7 million, RMB0.5 million and RMB0.3 million respectively.

Administrative Expenses

Our administrative expenses primarily consist of taxes and levies on operations, labor expenses, professional service expenses, office and traveling expenses, depreciation and amortization, lease expenses, insurance premium, entertainment expenses, environmental protection expenses, consumption of materials, and others.

Taxes and levies on operations mainly represent resources tax. For the details of the taxes and royalties that we are subject to, see the section headed “Regulatory Overview” in this Prospectus.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Taxes and Levies										
on Operations	157,753	40.1	283,984	36.1	389,018	45.7	282,672	45.4	330,436	50.7
Labor expenses	133,998	34.1	240,742	30.6	253,728	29.8	175,332	28.1	180,214	27.6
Professional service										
expenses	30,537	7.8	98,498	12.5	51,402	6.0	43,989	7.1	42,903	6.6
Office and traveling										
expenses	25,797	6.6	59,576	7.6	56,070	6.6	40,884	6.6	35,382	5.4
Depreciation and										
amortization	27,171	6.9	49,498	6.3	47,886	5.6	38,954	6.3	25,744	3.9
Lease expenses	4,043	1.0	20,766	2.6	15,975	1.9	9,895	1.5	8,818	1.4
Insurance premium	563	0.1	16,410	2.1	13,710	1.6	12,007	1.9	10,636	1.6
Entertainment expenses . . .	3,457	0.9	3,901	0.5	5,007	0.6	3,635	0.6	3,015	0.5
Environmental protection										
expenses	2,546	0.6	2,693	0.3	747	0.1	498	0.1	652	0.1

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	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Consumption of materials . .	4,950	1.3	2,490	0.3	3,341	0.4	2,432	0.4	2,384	0.4
Others	2,220	0.6	7,810	1.1	13,506	1.7	12,551	2.0	11,715	1.8
Total	393,035	100.0	786,368	100.0	850,390	100.0	622,849	100	651,899	100.0

The following table sets forth a breakdown of our taxes and levies on operations for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000, except percentages)				
	(unaudited)				
PRC	46,628	54,236	106,770	90,971	95,756
Laos	111,125	134,222	152,605	100,621	118,791
Ghana	—	95,526	129,643	91,080	115,889
Total	157,753	283,984	389,018	282,672	330,436

Research and Development Expenses

Our research and development expenses mainly include labor expenses, power expenses, materials expenses, depreciation, test fee for trial produced products, expert consulting fees, and others. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our research and development expenses amounted to RMB24.8 million, RMB27.7 million, RMB51.8 million, RMB25.0 million and RMB47.9 million respectively. The table below sets forth a breakdown of our research and development expenses by nature for the years indicated:

	Year Ended December 31,						Nine Months Ended September 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Labor expenses	10,735	43.2	9,676	35.0	23,334	45.1	10,252	41.1	24,498	51.2
Power expenses	3,916	15.8	6,224	22.5	12,772	24.7	4,598	18.4	5,893	12.3
Materials expenses	2,158	8.7	6,035	21.8	8,372	16.2	6,542	26.2	9,539	19.9
Depreciation	3,546	14.3	3,056	11.1	4,609	8.9	2,476	9.9	5,264	11.0
Test fee for trial produced products	—	—	510	1.8	603	1.2	241	1.0	1,012	2.1
Expert consulting fees	2,434	9.8	—	—	—	—	—	—	—	—
Others	2,058	8.2	2,151	7.8	2,063	3.9	843	3.4	1,687	3.5
Total	24,847	100.0	27,652	100.0	51,753	100.0	24,952	100.0	47,893	100.0

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Impairment losses on financial assets, net

Our net impairment losses on financial assets mainly include impairment losses on account receivable and impairment losses on other receivable. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our net impairment losses on financial assets amounted to RMB2.0 million, RMB0.6 million, RMB2.4 million, RMB1.1 million and gain of RMB1.6 million respectively. The table below sets forth a breakdown of our net impairment losses on financial assets for the years indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
(Impairment losses)/reversal of impairment on account receivable	(778)	158	442	460	18
Impairment losses on other receivable	(1,206)	(802)	(2,882)	(1,579)	1,606
Total	(1,984)	(644)	(2,440)	(1,119)	1,624

Other expenses and losses

Our other expenses and losses mainly include donations, loss on disposal of non-current assets, loss on derecognition of financial liabilities, loss on changes in fair value of financial liabilities at fair value through profit or loss, loss on changes in fair value of financial assets at fair value through profit or loss, impairment losses/(reversal of impairment losses) on inventories, foreign exchanges and others. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our other expenses and losses amounted to RMB142.8 million, RMB119.0 million, RMB173.5 million, RMB86.8 million and RMB189.9 million respectively. The loss on derecognition of financial liabilities increased from RMB10.9 million in 2021 to RMB17.2 million in 2022, and further to RMB76.0 million in 2023, and from RMB55.9 million in the nine months ended September 30, 2023 to RMB107.4 million in the nine months ended September 30, 2024. These changes were primarily due to the year-on-year increases in the scale of gold leasing conducted by us, coupled with the overall upward trend in gold prices. The loss on changes in fair value of financial liabilities at fair value through profit or loss increased from RMB3.1 million in 2021 to RMB30.4 million in 2022, and further to RMB63.4 million in 2023, and from RMB23.3 million in the nine months ended September 30, 2023 to RMB83.3 million in the nine months ended September 30, 2024. The changes were also primarily due to the year-on-year increases in the scale of gold leasing conducted by us, coupled with the overall upward trend in gold prices.

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We did not record any loss on changes in fair value of financial assets at fair value through profit or loss in 2021 and 2022, as we recognized rises in the share prices of our equity investments under “gains on changes in fair value of financial assets at fair value through profit or loss” recorded under “other income and gains.” We recognized RMB21.4 million, RMB19.7 million and RMB3.2 million of loss on changes in fair value of financial assets at fair value through profit or loss in 2023, the nine months ended September 30, 2023 and 2024, respectively, primarily due to the declines in the fair value of our equity investments attributable to decreases in share prices.

The impairment losses on inventories was RMB191.6 million in 2021 and RMB41.7 million in 2022, primarily because LXML experienced a high stripping ratio and low recovery rate, which collectively led to elevated mining costs. At the end of 2021 and 2022, the carrying values of semi-finished goods and finished goods of gold products exceeded their recoverable amounts, resulting in impairment losses being recognised on certain semi-finished goods and finished goods of gold products. The impairment losses on inventories decreased to RMB3.5 million in 2023, primarily due to the rapid and significant increases in gold prices, which reduced the impairments on inventories of gold products. We recorded reversal of impairment on inventories of RMB18.0 million in the nine months ended September 30, 2023, compared to impairment losses on inventories of RMB7.2 million in the nine months ended September 30, 2024, primarily due to the inventory impairments relating to the molybdenum products of Hanfeng Mining, driven by low molybdenum prices as well as aging or obsolete raw materials.

The table below sets forth a breakdown of our other expenses and losses for the years indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	<i>(RMB'000)</i>			<i>(unaudited)</i>	
Donations	15,100	940	222	12	690
Loss on disposal of non-current assets	3,060	2,632	1,853	1,388	367
Loss on derecognition of financial liabilities ⁽¹⁾ . . .	10,856	17,249	76,018	55,930	107,426
Loss on changes in fair value of financial liabilities at fair value through profit or loss ⁽²⁾	3,111	30,416	63,428	23,308	83,256

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	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Loss on changes in fair value of financial assets at fair value through profit or loss ⁽³⁾	—	—	21,385	19,713	3,221
Impairment losses/(reversal of impairment) on inventories ⁽⁴⁾	191,615	41,723	3,516	(18,038)	7,251
Foreign exchange	(86,237)	(27,244)	(20,157)	(18,855)	(27,781)
Other	5,255	53,306	27,236	23,311	15,475
Total	142,760	119,022	173,501	86,769	189,905

Notes:

- (1) Loss on derecognition of financial liabilities refers to the investment loss incurred when we engage in gold leasing business and repay gold at maturity due to the increase in gold prices.
- (2) Loss on changes in fair value of financial liabilities at fair value through profit or loss refers to the fair value change loss arising from the increase in gold prices at each balance sheet date when we engage in gold leasing business.
- (3) Loss on changes in fair value of financial assets at fair value through profit or loss refers to the fair value change loss of our equity investments.
- (4) The impairment losses/(reversal of impairment) on inventories during the Track Record Period was primarily attributable to: (i) impairment provisions for semi-finished products or finished goods due to fluctuations in market prices; and (ii) impairment provisions for spare parts due to extended storage periods or obsolescence.

FINANCIAL INFORMATION

Finance costs

Our finance costs primarily consist of interest on loans, interest on gold lease arrangements, interest on metal streaming arrangement, amortization of unrecognized financing expenses of mining rights, accretion of interest of provisions and interest on lease liabilities. For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our finance costs amounted to RMB14.2 million, RMB176.5 million, RMB215.0 million, RMB143.3 million and RMB164.8 million respectively. The table below sets forth a breakdown of our financial costs by nature for the years indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Interest on loans	3,870	127,797	159,621	102,319	106,868
Interest on gold lease arrangements	1,793	10,396	14,797	11,976	18,771
Interest on metal streaming arrangement	—	15,393	15,093	12,473	21,059
Amortization of unrecognized finance expenses of mining rights	—	3,793	3,766	2,938	2,717
Accretion of interest of provisions	8,393	8,895	9,409	6,468	7,075
Interest on lease liabilities	170	10,211	12,340	7,116	8,283
Total	14,226	176,485	215,026	143,290	164,773

Income tax expenses

For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our income tax expenses amounted to RMB157.0 million, RMB328.1 million, RMB335.2 million, RMB196.2 million and RMB583.3 million respectively.

Our income tax expense consists of current income tax and deferred income tax. Current income tax comprises PRC enterprise income tax (“EIT”), Hong Kong profit tax, Laos corporate income tax and Ghana corporate income tax. Our effective income tax rate, calculated as income tax expense divided by profit before taxation, was 20.4%, 39.9%, 27.8%, 25.9% and 31.6% for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively.

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For the year ended December 31, 2021, the effective income tax rate was 20.4%, mainly due to the decrease in the income tax expense in 2021 by RMB29.5 million as a result of the preferential tax treatment received by Jilong Mining in 2021.

For the year ended December 31, 2022, the effective income tax rate was 39.9%, mainly due to (i) new acquisition of Golden Star Resources in 2022; (ii) increase in the income tax expense in 2022 by RMB9.8 million as a result of adjustments in respect of current tax of previous periods; and (iii) unrecognized deductible temporary differences and losses of RMB32.1 million.

For the year ended December 31, 2023, the effective income tax rate was 27.8%, mainly due to the significant increase in the profit before tax of our PRC mining business as a percentage of our total profit before tax and lower corporate income tax rate in the PRC compared to overseas jurisdictions where we operate.

For the nine months ended September 30, 2023, the effective income tax rate was 25.9%, mainly due to a decrease in the income tax expense by RMB10.3 million in the nine months ended September 30, 2023, attributable to the impact from tax losses utilized from previous periods.

For the nine months ended September 30, 2024, the effective tax rate was 31.6%, mainly due to an increase in the income tax expense by RMB54.1 million, attributable to the impact from transfer pricing audit for the years ended December 31, 2017 through December 31, 2020. Please refer to “Business — Transfer Pricing” for more details.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Current income tax					
expenses	118,260	279,252	480,868	299,342	663,861
Deferred income tax					
expenses	38,707	48,880	(145,658)	(103,108)	(80,595)
Total	156,967	328,132	335,210	196,234	583,266

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During the Track Record Period, our Company and subsidiaries in the PRC were subject to the statutory EIT rate of 25%, in accordance with the relevant tax rules and regulations. Pursuant to the PRC Corporate Income Tax Law, certain subsidiaries of our Group, namely Jilong Mining and Wulong Mining, were certified as “High and New Technology Enterprises” by the relevant tax authorities in the PRC. Also, EIT Policies for Large-scale Development in the Western Region are applicable to Jintai Mining and Hanfeng Mining, both of which have enjoyed a preferential income tax rate of 15% during the Track Record Period.

We were not subject to any income, estate, corporation, capital gains or other tax in the Cayman Islands pursuant to the local tax rules and regulations during the Track Record Period.

Our subsidiary incorporated in Hong Kong was subject to the Hong Kong profit tax rate of 16.5% during the Track Record Period.

Our subsidiary incorporated in Laos was subject to the Laos corporate income tax rate of 33.3% during the Track Record Period.

Our subsidiary incorporated in Ghana was subject to the Ghana corporate income tax rate of 35.0% for mining and upstream petroleum companies during the Track Record Period.

During the Track Record Period, we paid all relevant taxes that were due and applicable to us and had no disputes or, to the best of our knowledge, unresolved material tax issues with relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

Revenue

Our revenue increased by 22.9% from RMB5,062.3 million for the nine months ended September 30, 2023 to RMB6,222.8 million for the nine months ended September 30, 2024. This increase was mainly due to an overall increase in revenue of our gold mining business.

By business nature

The revenue of our gold mining business increased by 24.4% from RMB4,470.6 million for the nine months ended September 30, 2023 to RMB5,561.3 million for the nine months ended September 30, 2024. This was mainly due to the increase in average selling prices of our gold products. We experienced an increase in average selling prices for our gold product increased by 18.5% from approximately RMB427.0 per gram for the nine months ended September 30, 2023 to RMB506.2 per gram for the nine months ended September 30, 2024. The increase was generally in line with the increase in the gold price globally during the same period.

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The revenue of our other Mineral Resources business increased by 35.4% from RMB335.3 million for the nine months ended September 30, 2023 to RMB454.1 million for the nine months ended September 30, 2024. This was mainly due to the resumption of production at Hanfeng Mining.

The revenue of other businesses decreased by 19.1% from RMB256.4 million for the nine months ended September 30, 2023 to RMB207.4 million for the nine months ended September 30, 2024. This was mainly due to the (i) the decreased market price of Guangyuan Technology's main disassembly products, such as plastic and scrap metal alloys, and (ii) decreased amount of main disassembly products we sold through Guangyuan Technology.

By origin of our products

Revenue generated from our PRC operations increased by 37.8% from RMB1,301.4 million for the nine months ended September 30, 2023 to RMB1,793.4 million for the nine months ended September 30, 2024.

This was primarily due to: (i) the increased gold sales volume of our PRC Mines from 72.0 koz for the nine months ended September 30, 2023 to 81.8 koz for the nine months ended September 30, 2024; and (ii) the increase in average gold selling prices of our PRC Mines sold their gold products for, which was in line with the overall increase in gold price during this period in China. The average selling price for our gold product in the PRC increased from approximately RMB448.0 per gram for the nine months ended September 30, 2023 to RMB540.9 per gram for the nine months ended September 30, 2024.

Revenue generated from our overseas operations increased by 17.8% from RMB3,760.9 million for the nine months ended September 30, 2023 to RMB4,429.5 million for the nine months ended September 30, 2024. This was mainly due to the increase in average selling prices for our gold product. The average selling prices for our overseas gold product increased from approximately RMB421.3 per gram for the nine months ended September 30, 2023 to RMB495.7 per gram for the nine months ended September 30, 2024.

Cost of sales

Our cost of sales increased by 2.2% from RMB3,521.9 million for the nine months ended September 30, 2023 to RMB3,600.8 million for the nine months ended September 30, 2024. This was mainly due to increases in the cost of sales of our gold mining business as a result of our increase in sales volume of gold.

By business nature

The cost of sales of our gold mining business increased by 2.2% from RMB2,988.4 million for the nine months ended September 30, 2023 to RMB3,053.1 million for the nine months ended September 30, 2024. This was mainly due to: (i) increased gold sales volume from 336 koz for the nine months ended September 30, 2023 to 352 koz for the nine months ended September 30, 2024; and (ii) rising raw material expenses.

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Our cost of sales of our other Mineral Resources business increased by 17.6% from RMB308.1 million for the nine months ended September 30, 2023 to RMB362.4 million for the nine months ended September 30, 2024. This was mainly due to (i) the increased sales volume of Hanfeng Mining's non-ferrous metal products, including copper, lead, zinc, and molybdenum; and (ii) the increased processed volume of LXML's copper and the decreased grade.

The cost of sales of other business decreased by 17.8% from RMB225.4 million for the nine months ended September 30, 2023 to RMB185.3 million for the nine months ended September 30, 2024. This was mainly due to our adjustment of the volume of disassembled waste household appliances that qualify for government subsidy given the uncertainty in the evolving government policy on subsidies.

By origin of our products

The cost of sales of our PRC operations increased by 27.4% from RMB589.8 million for the nine months ended September 30, 2023 to RMB751.2 million for the nine months ended September 30, 2024. This was primarily due to: (i) increased material expenses in line with increase in sales volume of gold from 72.0 koz for the nine months ended September 30, 2023 to 81.8 koz for the nine months ended September 30, 2024; (ii) an increased cost of raw materials in line with the increased sales volume of zinc concentrate powder and lead concentrate powder of Hanfeng Mining due to increase in sales volume and material price; and (iii) low ore grade, the gold which led to increased cost during processing.

The cost of sales of our overseas operations decreased by 2.8% from RMB2,932.1 million for the nine months ended September 30, 2023 to RMB2,849.6 million for the nine months ended September 30, 2024, primarily attributable to our cost-cutting measures in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 70.2% from RMB1,540.4 million for the nine months ended September 30, 2023 to RMB2,622.0 million for the nine months ended September 30, 2024. Our gross profit margin increased from 30.4% for the nine months ended September 30, 2023 to 42.1% for the nine months ended September 30, 2024. This was mainly due to the increase of revenue of gold mining business arising from the increase in the average selling prices for our gold product from approximately RMB427.0 per gram for the nine months ended September 30, 2023 to RMB506.2 per gram for the nine months ended September 30, 2024.

By business nature

The gross profit of our gold mining business increased by 69.2% from RMB1,482.1 million for the nine months ended September 30, 2023 to RMB2,508.2 million for the nine months ended September 30, 2024. The gross profit margin of our gold mining business increased from 33.2% for the nine months ended September 30, 2023 to 45.1% for the nine months ended September 30, 2024. This was mainly due to the increase in the gold selling price increased from RMB427.0 per gram for the nine months ended September 30, 2023 to RMB506.2 per gram for the nine months ended September 30, 2024.

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The gross profit of our other Mineral Resources business increased by 236.5% from RMB27.3 million for the nine months ended September 30, 2023 to RMB91.7 million for the nine months ended September 30, 2024. The gross profit margin of our other Mineral Resources business increased from 8.1% for the nine months ended September 30, 2023 to 20.2% for the nine months ended September 30, 2024. This was mainly due to (i) the increase in the production capacity of non-ferrous metals and (ii) the decrease in unit sales costs attributable to the increased scale of production and sales of copper, lead, zinc, and molybdenum.

The gross profit of our other business decreased from RMB31.0 million for the nine months ended September 30, 2023 to RMB22.1 million for the nine months ended September 30, 2024. The gross profit margin of our resource recycling business decreased from 12.1% for the nine months ended September 30, 2023 to 10.7% for the nine months ended September 30, 2024. This was mainly due to the decreased disassembly volume.

By origin of our products

The gross profit margin of our PRC operations increased slightly from 54.7% for the nine months ended September 30, 2023 to 58.1% for the nine months ended September 30, 2024. This was mainly due to the gold selling price increased from approximately RMB448.0 per gram for the nine months ended September 30, 2023 to RMB540.9 per gram for the nine months ended September 30, 2024. This was partially offset by the increase in the cost of sales from RMB589.8 million for the nine months ended September 30, 2023 to RMB751.2 million for the nine months ended September 30, 2024.

The gross profit margin of our overseas operations increased from 22.0% for the nine months ended September 30, 2023 to 35.7% for the nine months ended September 30, 2024. This was mainly due to (i) an increase in the gold selling price from approximately RMB421.3 per gram for the nine months ended September 30, 2023 to RMB495.7 per gram for the nine months ended September 30, 2024 and (ii) a decrease in the cost of sales of our overseas operations by 2.8% from RMB2,932.1 million for the nine months ended September 30, 2023 to RMB2,849.6 million for the nine months ended September 30, 2024.

Other income and gains

Our other income and gains increased significantly by 200.2% from RMB90.6 million for the nine months ended September 30, 2023 to RMB272.0 million for the nine months ended September 30, 2024. This was primarily due to: (i) an increase in gains on disposal of derivative financial instruments of RMB108.5 million; and (ii) an increase in gains on disposal of investment in an associate of RMB71.1 million.

FINANCIAL INFORMATION

Our gains on disposal of derivative financial instruments increased significantly by 310.6% from RMB34.9 million for the nine months ended September 30, 2023 to RMB143.4 million for the nine months ended September 30, 2024. This was primarily because Jilong Mining conducted hedging business for gold leasing, purchased gold futures contracts, and recorded an investment income of RMB143.4 million from disposal of hedging instruments in 2024.

Our finance income increased significantly by 33.4% from RMB19.6 million for the nine months ended September 30, 2023 to RMB26.2 million for the nine months ended September 30, 2024. This was primarily due to an increase in Chijin Xiawu's bank deposits in the nine months ended September 30, 2024 compared to the same period in 2023, resulting in an increase in bank deposit interest income.

Selling and distribution expenses

Our selling expenses and distribution expenses decreased by 40.0% from RMB0.53 million for the nine months ended September 30, 2023 to RMB0.32 million the nine months ended September 30, 2024. This was primarily due to a decrease in salary and travel expenses of the sales department.

Administrative expenses

Our administrative expenses increased by 5.0% from RMB622.8 million for the nine months ended September 30, 2023 to RMB651.9 million for the nine months ended September 30, 2024. This was primarily due to inflation and the increase in labor costs, including wages and salaries, welfare expenses, social insurance, and other human resource expenses, as well as the increase in intermediary agency fees.

Research and development expenses

Our research and development expenses increased by 91.9% from RMB25.0 million for the nine months ended September 30, 2023, to RMB47.9 million for the nine months ended September 30, 2024. This was primarily due to the increase in the number of research and development projects on Jilong Mining's new geothermal mitigation technologies, underground mining-induced ground pressure disasters, and control methodologies, leading to a corresponding increase in research and development expenses.

Impairment losses on financial assets, net

We recorded net impairment losses on financial assets of RMB1.1 million for the nine months ended September 30, 2023, while we recorded net reversal of impairment on financial assets of RMB1.6 million for the nine months ended September 30, 2024. This was primarily due to the reversal of credit losses that had been provided for in 2023.

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Other expenses and losses

Our other expenses and losses increased by 118.9% from RMB86.8 million for the nine months ended September 30, 2023 to RMB189.9 million for the nine months ended September 30, 2024. This was primarily due to (i) an increase in loss on derecognition of financial liabilities of RMB51.5 million arising from our gold leasing transactions. and (ii) an increase in the loss on changes in fair value of financial liabilities at fair value through profit or loss of RMB59.9 million. This was partially offset by the decrease in the loss on changes in fair value of financial assets at fair value through profit or loss of RMB16.5 million.

Financial costs

Our financial costs increased by 15.0% from RMB143.3 million for the nine months ended September 30, 2023 to RMB164.8 million for the nine months ended September 30, 2024. This was primarily due to (i) an increase in interests on gold lease arrangements of RMB6.8 million arising from the new gold lease transactions for the nine months ended September 30, 2024; (ii) an increase in interest on loans of RMB4.5 million; and (iii) an increase of the interest on metal streaming arrangement of RMB8.6 million.

Share of (losses)/gain of associates

We recorded share of losses of associates of RMB6.7 million for the nine months ended September 30, 2023, while we recorded share of profits of associates of RMB7.2 million for the nine months ended September 30, 2024. This was primarily due to changes in our investment in an associate, namely, Tietto Minerals Limited, as a result of the changes in its net profit generated from our disposal of Tietto Minerals Limited.

Profit before tax

Our profit before tax increased by 143.7% from RMB758.3 million for the nine months ended September 30, 2023 to RMB1,848.0 million for the nine months ended September 30, 2024. This was primarily due to (i) the increase in the sales volume of our gold mines; and (ii) the increase in selling prices of our gold products.

Income tax expenses

Our income tax expenses increased by 197.2% from RMB196.2 million for the nine months ended September 30, 2023 to RMB583.3 million for the nine months ended September 30, 2024. This was in line with the increase of profit before tax.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 15.2% from RMB6,266.8 million for the year ended December 31, 2022 to RMB7,221.0 million for the year ended December 31, 2023. This increase was mainly due to an overall increase in revenue of our gold mining business.

By business nature

The revenue of our gold mining business increased by 19.2% from RMB5,304.7 million for the year ended December 31, 2022 to RMB6,322.3 million for the year ended December 31, 2023. This was mainly due to (i) the increase in average selling prices; and (ii) The increase in our gold sales volume from 445 koz in 2022 to 466 koz in 2023. This was primarily due to the increase in gold production of Wulong Gold Mine and Jilong Gold Mine attributable to the mine high feed grade in the period and on-schedule steady expansions. We recorded an increase in average selling prices for our gold product from approximately RMB382.9 per gram in 2022 to RMB435.7 per gram in 2023. The increase was generally in line with the increase in gold price globally during the same period.

The revenue of other Mineral Resources business decreased by 23.8% from RMB650.2 million for the year ended December 31, 2022 to RMB495.8 million for the year ended December 31, 2023. This was mainly due to Hanfeng Polymetallic Mine's suspension of operations in the first half of 2023 as a result of its safety improvement measures, which affected its production capacity.

The revenue of other businesses increased by 29.2% from RMB311.9 million for the year ended December 31, 2022 to RMB402.9 million for the year ended December 31, 2023. This was mainly due to the increased amount of waste electronic products and electrical appliances we sold through Guangyuan Technology.

By origin of our products

Revenue generated from our PRC operations increased by 37.2% from RMB1,477.5 million for the year ended December 31, 2022 to RMB2,026.8 million for the year ended December 31, 2023. This was primarily due to: (i) the increased gold production of Wulong Gold Mine and Jilong Gold Mine, which was attributed to their respective relatively high-level gold grades and on-schedule steady expansions; and (ii) higher average selling prices of gold, which was in line with the overall increase in gold price during this period in China. The average selling prices for our gold product in the PRC increased from approximately RMB396.4 per gram in 2022 to RMB455.9 per gram in 2023.

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Revenue generated from our overseas operations increased by 8.5% from RMB4,789.3 million for the year ended December 31, 2022 to RMB5,194.1 million for the year ended December 31, 2023. This reflected: (i) an increase in the average exchange rate of U.S. dollar against Renminbi in 2023; (ii) the Wassa Gold Mine's increased sales volume of gold from 157 koz to 166 koz; and (iii) the higher average selling prices for our gold product in 2023. The average selling prices for our overseas gold product increased from approximately RMB380.2 per gram in 2022 to RMB429.7 per gram in 2023.

Cost of sales

Our cost of sales increased by 8.9% from RMB4,471.9 million for the year ended December 31, 2022 to RMB4,868.1 million for the year ended December 31, 2023. This was mainly due to increases in the cost of sales of our gold mining business, as a result of: (i) our increase in sales volume of gold; and (ii) an increase in materials expenses, which was mainly due to rising raw material prices and our increased consumption of materials in line with the increased production volume.

By business nature

The cost of sales of our gold mining business increased by 5.9% from RMB3,838.9 million for the year ended December 31, 2022 to RMB4,065.6 million for the year ended December 31, 2023. This was mainly due to: (i) increased gold sales volume from 445 koz in 2022 to 467 koz in 2023; and (ii) the rising raw material prices.

The cost of sales of our other Mineral Resources business increased by 16.2% from RMB370.8 million for the year ended December 31, 2022 to RMB430.8 million for the year ended December 31, 2023. This was mainly due to: (i) the increased cost of producing copper cathodes resulting from the growing volume of copper ore processed; and (ii) a decline in average copper ore grade at Sepon Gold and Copper Mine.

The cost of sales of other business increased by 41.8% from RMB262.1 million for the year ended December 31, 2022 to RMB371.6 million for the year ended December 31, 2023. This was mainly due to the increased amount of waste home appliances we dismantled through Guangyuan Technology.

By origin of our products

The cost of sales of our PRC operations increased from RMB808.8 million for the year ended December 31, 2022 to RMB994.9 million for the year ended December 31, 2023. This was primarily due to: (i) increased expenses in line with increase in sales volume of gold as the gold sales volume was up from 75 koz in 2022 to 107 koz in 2023; (ii) increased costs in line with the increased sales volume of zinc concentrate powder and lead concentrate powder of Hanfeng Mining; and (iii) low ore grade of Jilong Mining, which led to increased processing cost.

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The cost of sales of our overseas operations increased from RMB3,663.1 million for the year ended December 31, 2022 to RMB3,873.2 million for the year ended December 31, 2023. This reflected the increased raw materials prices globally.

Gross Profit and Gross Profit Margin

Our gross profit increased by 31.1% from RMB1,794.9 million for the year ended December 31, 2022 to RMB2,352.9 million for the year ended December 31, 2023. Our gross profit margin increased from 28.6% for the year ended December 31, 2022 to 32.6% for the year ended December 31, 2023. This was mainly due to the increase of revenue of gold mining business arising from the increase in the average selling prices for our gold product and the cost of sales was effectively controlled in 2023.

By business nature

The gross profit of our gold mining business increased by 54.0% from RMB1,465.8 million for the year ended December 31, 2022 to RMB2,256.7 million for the year ended December 31, 2023. The gross profit margin of our gold mining business increased from 27.6% for the year ended December 31, 2022 to 35.7% for the year ended December 31, 2023. This was mainly due to the increase of revenue of gold mining business arising from the increase in the average selling prices for our gold product and the cost of sales was effectively controlled in 2023.

The gross profit of our other Mineral Resources business decreased by 76.8% from RMB279.4 million for the year ended December 31, 2022 to RMB64.9 million for the year ended December 31, 2023. The gross profit margin of our non-ferrous metal mining business decreased from 43.0% for the year ended December 31, 2022 to 13.1% for the year ended December 31, 2023.

This was mainly due to Hanfeng Mining's suspension of operations and a decline in average copper ore grade at Sepon Gold and Copper Mine.

The gross profit of our other business decreased from RMB49.7 million for the year ended December 31, 2022 to RMB31.3 million for the year ended December 31, 2023. The gross profit margin of our resource recycling business decreased from 15.9% for the year ended December 31, 2022 to 7.8% for the year ended December 31, 2023. This was mainly due to the changes in national government subsidy standards and the decrease of the number of disassembled substandard products.

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By origin of our products

The gross profit margin of our PRC operations increased slightly from 45.3% for the year ended December 31, 2022 to 50.9% for the year ended December 31, 2023. This was mainly due to the increase in the average selling prices of our PRC gold product from approximately RMB396.4 per gram in 2022 to RMB455.9 per gram in 2023, offset by an increase in the gold sales volume from 75 koz in 2022 to 107 koz in 2023.

The gross profit margin of our overseas operations increased from 23.5% for the year ended December 31, 2022 to 25.4% for the year ended December 31, 2023. This was mainly due to the increase in the average selling prices of our overseas gold product from approximately RMB380.2 per gram in 2022 to RMB429.7 per gram in 2023 and the increase in overseas raw materials expenses.

Other income and gains

Our other income and gains decreased by 3.0% from RMB142.1 million for the year ended December 31, 2022 to RMB137.8 million for the year ended December 31, 2023. This was primarily due to a decrease in gains on changes in fair value of financial assets at fair value through profit or loss of RMB17.9 million, partially offset by the increase in government subsidies of RMB12.9 million.

Selling and distribution expenses

Our selling expenses for the years ended December 31, 2022 and 2023 remained stable at RMB0.7 million.

Administrative expenses

Our administrative expenses increased by 8.1% from RMB786.4 million for the year ended December 31, 2022 to RMB850.4 million for the year ended December 31, 2023. This was primarily due to an increase in resources tax levied on our mining business of RMB105.0 million in line with the increase in sales volume of our gold and other Mineral Resources products, partially offset by the decrease in professional service expenses of RMB 47.1 million.

Research and development expenses

Our research and development expenses increased by 87.2% from RMB27.7 million for the year ended December 31, 2022 to RMB51.8 million for the year ended December 31, 2023. This was primarily due to: (i) an increase in the number of research and development personnel; and (ii) increased investments in technology improvement projects to enhance efficiency and strengthen security measures at Wulong Gold Mine and Jilong Gold Mine in 2023.

FINANCIAL INFORMATION

Impairment losses on financial assets, net

Our net impairment losses on financial assets increased by 278.9% from RMB0.6 million for the year ended December 31, 2022 to RMB2.4 million for the year ended December 31, 2023. This was primarily due to the provision of credit losses of other receivables.

Other expenses and losses

Our other expenses and losses increased by 45.8% from RMB119.0 million for the year ended December 31, 2022 to RMB173.5 million for the year ended December 31, 2023. This was primarily due to an increase in loss on derecognition of financial liabilities at fair value through profit or loss of RMB58.8 million attributable to our gold leasing transactions.

Finance costs

Our finance costs increased by 21.8% from RMB176.5 million for the year ended December 31, 2022 to RMB215.0 million for the year ended December 31, 2023. This was primarily due to: (i) an increase in interest on loans of RMB31.8 million as GSWL has taken on new long-term borrowing of USD90.0 million from May 2022; (ii) an increase of interest on gold lease arrangements and interest on lease liabilities of RMB4.4 million attributable to the gold leasing contracts with the bank; and (iii) an increase of interest on lease liabilities of RMB2.1 million. This was partially offset by (i) the decrease of the interest on mineral assets of RMB0.03 million; and (ii) the decrease of the interest on metal streaming arrangements of RMB0.3 million.

Share of (losses)/profits of associates

We recorded share of losses of associates of RMB4.1 million for the year ended December 31, 2022, while we recorded share of profits of associates of RMB10.0 million for the year ended December 31, 2023. This was primarily due to the previous investment of Tietto Minerals Limited which made a profit for the year ended December 31, 2023. As of the Latest Practicable Date, we sold all equity interests in Tietto Minerals Limited to an independent third party.

Profit before tax

Our profit before tax increased by 46.8% from RMB822.0 million for the year ended December 31, 2022 to RMB1,206.8 million for the year ended December 31, 2023. This was primarily due to: (i) the increase in gold selling price from approximately RMB382.9 per gram in 2022 to RMB435.7 per gram in 2023; (ii) the effective cost reduction and control measures; (iii) the stable ore grade of the mines; and (iv) the increase of gross profit margin of the gold mining business.

FINANCIAL INFORMATION

Income tax expenses

Our income tax expenses increased by 2.2% from RMB328.1 million for the year ended December 31, 2022 to RMB335.2 million for the year ended December 31, 2023. This was primarily due to an increase in current income tax expenses of RMB201.6 million as a result of the increase in the profit before tax. This was partially offset by a decrease in our deferred tax expenses of RMB194.5 million as a result of a decrease in deferred tax assets under Golden Star Resources.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 65.7% from RMB3,782.6 million for the year ended December 31, 2021 to RMB6,266.8 million for the year ended December 31, 2022. The increase was mainly due to increases in the revenue of our gold mining business as a result of our acquisition of Golden Star Resources in January 2022.

By business nature

The revenue of our gold mining business increased by 78.7% from RMB2,968.7 million for the year ended December 31, 2021 to RMB5,304.7 million for the year ended December 31, 2022. This was mainly due to: (i) the increase in production and sales volume of our gold mines; and (ii) the increase in the average selling prices of our gold products. Our acquisition of Golden Star Resources contributed a gold production of 162 koz in 2022. The gold production volume of Sepon Gold and Copper Mine increased from 193.0 koz in 2021 to 199.5 koz in 2022. This was primarily due to the increase of gold recovery rate as a result of a series of capital investments and operational improvements. Our gold production volume in China increased from 67.2 koz in 2021 to 74.6 koz of gold in 2022. This was primarily due to the completion of our technological upgrade and improvement in our mining and processing capacity and ore grade of Wulong Gold Mine. In line with the increased production volume, our total sales volume of gold increased from 251 koz in 2021 to 445 koz in 2022. We also experienced an increase in average selling prices for our gold product from approximately RMB380.8 per gram in 2021 to RMB382.9 per gram in 2022. This increase was generally in line with the increase in gold price globally during the same period.

The revenue of our other Mineral Resources business increased by 17.9% from RMB551.3 million for the year ended December 31, 2021 to RMB650.2 million for the year ended December 31, 2022. This was mainly due to the increased production volume of copper cathodes of the Sepon Gold and Copper Mine. In 2021 and 2022, our copper business in Laos produced 5,019.7 tonnes and 6,433.2 tonnes of copper cathodes, respectively, and the sales volume increased from 5,492.4 tonnes in 2021 to 6,592.6 tonnes of copper cathodes in 2022.

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The revenue of other business increased by 18.7% from RMB262.7 million for the year ended December 31, 2021 to RMB311.9 million for the year ended December 31, 2022. This was mainly due to the increased amount of waste electronic products and electrical appliances we sold through Guangyuan Technology.

By origin of our products

Revenue generated from our PRC operations increased by 17.3% from RMB1,259.7 million for the year ended December 31, 2021 to RMB1,477.5 million for the year ended December 31, 2022. This was primarily due to (i) an increase in sales volume of gold (mainly due to increase in gold sales volume of Wulong Mining from 28 koz in 2021 to 44 koz of gold in 2022 and partially offset by the decrease of gold sales volumes of Huatai Mining and Jilong Mining); (ii) an increase in average selling prices of gold, which was in line with the overall increase in gold price during this period in China. The average selling prices for our gold product in the PRC increased from approximately RMB376.0 per gram in 2021 to RMB396.4 per gram in 2022; and (iii) an increase in revenue from our domestic non-ferrous metal mining business, mainly attributable to increased sales volume of zinc concentrate powder from 19,932.9 tonnes in 2021 to 21,881.3 tonnes in 2022 and an increase in the average selling prices of zinc from RMB6,821 per tonne to RMB7,966 per tonne during the same period.

Revenue generated from our overseas operations increased by 89.8% from RMB2,522.9 million for the year ended December 31, 2021 to RMB4,789.3 million for the year ended December 31, 2022. First, this was primarily due to revenue generated from the gold mining business at GSWL, which we acquired in 2022. In 2022, the revenue generated from Golden Star Resources was RMB1,790.6 million, representing 28.6% of our total revenue for the same year. The sales volume of gold at the Wassa Gold Mine was 157 koz in 2022. For details of the acquisition, see “Business — Our Gold Production Business in Ghana”. Second, this was also attributable to the increase of gold production in Sepon Gold and Copper Mine in Laos. The gold production volume of the Sepon Gold and Copper Mine increased from 183 koz in 2021 to 214 koz in 2022. This was primarily due to the increase of gold recovery rate as a result of a series of capital investments and operational improvements.

Cost of sales

Our cost of sales increased by 77.1% from RMB2,525.1 million for the year ended December 31, 2021 to RMB4,471.9 million for the year ended December 31, 2022. This was mainly due to increases in the cost of sales of our gold mining business, as a result of: (i) our increase in sales volume of gold; (ii) our consolidation of the accounts of Golden Star Resources from February 1, 2022; and (iii) increase in materials expenses, which was mainly attributable to the rising raw material prices.

FINANCIAL INFORMATION

By business nature

The cost of sales of our gold mining business increased by 82.8% from RMB2,100.0 million for the year ended December 31, 2021 to RMB3,838.9 million for the year ended December 31, 2022. This was mainly due to: (i) increased gold production volume from 260.2 koz in 2021 to 436.2 koz in 2022, mainly attributable to our acquisition of Golden Star Resources in 2022. In line with the increase in production volume, our sales volume of gold increased from 251 koz in 2021 to 445 koz in 2022; and (ii) the rising raw material prices.

The cost of sales of our other Mineral Resources business increased by 72.1% from RMB215.5 million for the year ended December 31, 2021 to RMB370.8 million for the year ended December 31, 2022. This was mainly due to: (i) an increase in raw material prices and electricity fees; and (ii) the increased amount of copper cathodes and other non-ferrous metals we processed and produced in 2022 through Sepon Gold and Copper Mine and Hanfeng Polymetallic Mine.

The cost of sales of other business increased by 25.4% from RMB209.7 million for the year ended December 31, 2021 to RMB262.1 million for the year ended December 31, 2022. This was mainly due to the increased amount of waste home appliances we dismantled through Guangyuan Technology.

By origin of our products

The cost of sales of our PRC operations increased from RMB668.0 million for the year ended December 31, 2021 to RMB808.8 million for the year ended December 31, 2022. This was primarily due to (i) increased material expenses in line with increase in sales volume of gold. The gold sales volume of Wulong Mining was up from 28 koz in 2021 to 44 koz in 2022; (ii) an increase in the cost of raw materials in line with increased sales volume of zinc concentrate powder and lead concentrate powder of Hanfeng Mining; and (iii) low ore grade of Jilong Gold Mine, which led to increased cost.

The cost of sales of our overseas operations increased from RMB1,857.2 million for the year ended December 31, 2021 to RMB3,663.1 million for the year ended December 31, 2022. This was primarily due to (i) the cost of sales of Golden Star Resources, which we acquired in 2022; (ii) increased materials expenses in line with the increased sales volume of gold and copper cathodes; and (iii) increased raw material prices globally.

Gross profit and Gross profit margin

Our gross profit increased by 42.7% from RMB1,257.5 million for the year ended December 31, 2021 to RMB1,794.9 million for the year ended December 31, 2022. Our gross profit margin decreased from 33.2% for the year ended December 31, 2021 to 28.6% for the year ended December 31, 2022. This was mainly due to the increase of the raw material price and the acquisition of Golden Star Resources in 2022.

FINANCIAL INFORMATION

By business nature

The gross profit of our gold mining business increased by 69.2% from RMB868.7 million for the year ended December 31, 2021 to RMB1,465.8 million for the year ended December 31, 2022. The gross profit margin of our gold mining business decreased from 29.3% for the year ended December 31, 2021 to 27.6% for the year ended December 31, 2022. This was mainly due to the increase of the cost of sales attributable to the increase of the raw materials and the acquisition of Golden Star Resources in 2022.

The gross profit of our other Mineral Resources decreased by 15.8% from RMB335.8 million for the year ended December 31, 2021 to RMB279.4 million for the year ended December 31, 2022. The gross profit margin of our non-ferrous metal mining business decreased from 60.9% for the year ended December 31, 2021 to 43.0% for the year ended December 31, 2022. This was mainly due to the decrease in the average grade of the copper cathodes in LXML.

The gross profit of other business decreased by 7.7% from RMB53.0 million for the year ended December 31, 2021 to RMB49.7 million for the year ended December 31, 2022. The gross profit margin of our resource recycling business decreased from 33.2% for the year ended December 31, 2021 to 28.6% for the year ended December 31, 2022. This was mainly due to the decrease of dismantling volume of resources recycling business in 2022 and the change of the government subsidy standards due to the change in subsidy policies in 2022.

By origin of our products

The gross profit margin of our PRC operations decreased slightly from 47.0% for the year ended December 31, 2021 to 45.3% for the year ended December 31, 2022. This was mainly due to the increase in material prices and the decline in the grade of ore mined by Jilong Mining in 2022.

The gross profit margin of our overseas operations decreased slightly from 26.4% for the year ended December 31, 2021 to 23.5% for the year ended December 31, 2022. This was mainly due to (i) the increase in costs of sales attributable to the increase in the prices of raw materials of LXML, including the price of diesel oil driven by the rising international crude oil prices; and (ii) an increase in the amount of sulfuric acid used in 2022 by 60,000 tons compared to 2021.

Other income and gains

Our other income and gains increased by 57.0% from RMB90.5 million for the year ended December 31, 2021 to RMB142.1 million for the year ended December 31, 2022. This was primarily due to: (i) an increase in gains on disposal of derivative financial instruments of RMB57.8 million; and (ii) an increase in gains on changes in fair value of financial assets at fair value through profit or loss of RMB16.5 million.

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Our gains on disposal of derivative financial instruments increased by 231.5% from RMB25.0 million for the year ended December 31, 2021 to RMB82.9 million for the year ended December 31, 2022. This was primarily due to an investment income of RMB41.1 million derived from the disposal of gold lease hedging instruments and an investment income of RMB54.8 million arising from the disposal of gold forward sales contracts.

Our finance income increased by 37.5% from RMB20.4 million for the year ended December 31, 2021 to RMB28.1 million for the year ended December 31, 2022. This was primarily due to the increase in the interests income of RMB9.5 million arising from the acquisition of Golden Star Resources in 2022.

Selling and distribution expenses

Our selling expenses for the years ended December 31, 2021 and 2022 remained relatively stable at RMB0.8 million and RMB0.7 million, respectively.

Administrative expenses

Our administrative expenses increased by 100.1% from RMB393.0 million for the year ended December 31, 2021 to RMB786.4 million for the year ended December 31, 2022. This was primarily due to: (i) an increase in labor expenses due to our acquisition of Golden Star Resources in 2022; (ii) an increase in professional service expenses relating to our acquisition of Golden Star Resources in 2022; and (iii) an increase in taxes and levies on operation of RMB126.2 million due to an increase in resources tax levied on our mining business of RMB126.2 million associated with the increase in sales volume of our gold and other Mineral Resources products and acquisition of Golden Star Resources.

Research and development expenses

Our research and development expenses increased by 11.3% from RMB24.8 million for the year ended December 31, 2021 to RMB27.7 million for the year ended December 31, 2022. This was primarily due to increased investments in technology improvement projects to enhance efficiency in mining and beneficiation, mainly in relation to Wulong Mining in 2022.

Impairment losses on financial assets, net

Our net impairment losses on financial assets decreased by 67.5% from RMB2.0 million for the year ended December 31, 2021 to RMB0.6 million for the year ended December 31, 2022. This was primarily due to the reversal of credit losses that had been provided for in 2022.

Other expenses and losses

Our other expenses and losses decreased by 16.6% from RMB142.8 million for the year ended December 31, 2021 to RMB119.0 million for the year ended December 31, 2022. This was primarily due to (i) the decrease in the reversal of impairment losses on inventories of RMB149.9 million; and (ii) the decrease in the foreign exchange of RMB59.0 million. The decrease was partially offset by the increase in loss on changes in fair value of financial liabilities at fair value through profit or loss of RMB27.3 million.

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Finance costs

Our finance costs increased significantly by 1,140.6% from RMB14.2 million for the year ended December 31, 2021 to RMB176.5 million for the year ended December 31, 2022. This was primarily due to: (i) an increase in interest on loans of RMB123.9 million in 2022; (ii) an increase in amortization of unrecognized financing expenses of mining right of RMB3.8 million and the interest on metal streaming arrangement of RMB15.4 million; (iii) an increase in interest on lease liabilities of RMB10.0 million; and (iv) an increase of interest on gold lease business of RMB8.6 million arising from our gold lease transaction.

Share of (losses)/profits of associates

We recorded share of losses of associates of RMB0.01 million for the year ended December 31, 2021, while we recorded share of losses of associates of RMB4.1 million for the year ended December 31, 2022. This was primarily due to the then investment in Tietto Minerals Limited by our subsidiary Chijin HK, which resulted in a loss in 2022. As of Latest Practicable Date, we sold all equity interests in Tietto Minerals Limited to an independent third party.

Profit before tax

Our profit before tax increased by 6.7% from RMB770.4 million for the year ended December 31, 2021 to RMB822.0 million for the year ended December 31, 2022. This was primarily due to (i) the increase in gold selling price from approximately RMB381 per gram in 2021 to RMB383 per gram in 2022; (ii) the effective cost reduction and control measures; (iii) the stable ore grade of the mines; and (iv) the increase of gross profit margin of the gold mining business.

Income tax expenses

Our income tax expenses increased by 109.0% from RMB157.0 million for the year ended December 31, 2021 to RMB328.1 million for the year ended December 31, 2022. This was primarily due to an increase of our current income tax expenses of RMB161.0 million arising from: (i) high statutory income tax rates in Ghana (35.0%) and Laos (33.3%) in 2022, which had significant impacts on our profits from Ghana and Laos in 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been, and is expected to continue to be, cash generated from operating activities together with available credit facilities and bank borrowings. Our liquidity requirements primarily relate to funding our working capital requirements and our capital expenditures. We had cash and cash equivalents of RMB1,707.9 million, RMB1,052.5 million, RMB1,274.6 million and RMB2,094.1 million as of December 31, 2021, 2022, and 2023 and September 30, 2024, respectively. As of December 31, 2024, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB2,516.9 million.

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Sufficiency of Working Capital

Taking into account the financial resources available to us, including our cash and cash equivalents, available borrowings, and the estimated net proceeds from the Global Offering, our Directors are of the opinion, and the Sole Sponsor concurs, that we have sufficient working capital required for 125% of our present requirements, that is for at least the next 12 months from the date of this Prospectus. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our cash and cash equivalents, bank and other borrowings and net proceeds from the Global Offering. Other than the bank and other borrowings that we may obtain, we do not have any plans for material external debt financing. The majority of our projects under development are extension projects of our current mines. We believe that we are able to finance such projects using net operating cash flow from our existing operations. For the nine months ended September 30, 2024, the net cash flows from operating activities were RMB2,044.0 million and the capital expenditures were RMB1,125.4 million.

Net Current Assets

As of December 31, 2021, 2022 and 2023, September 30, 2024, and December 31, 2024, we recorded net current assets of RMB2,416.6 million, RMB829.6 million, RMB1,173.0 million, RMB1,727.4 million and RMB2,335.0 million, respectively.

The table below sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of September 30,	As of December 31,
	2021	2022	2023	2024	2024
	(RMB'000)				(unaudited)
Current assets					
Inventories	1,412,094	2,164,628	2,406,909	2,449,670	2,540,318
Trade receivables from comprehensive recycling of resources business	311,447	339,237	397,481	443,286	347,205
Trade receivables from other sales	25,260	29,637	115,732	163,455	239,961
Prepayments, other receivables and other assets	166,944	242,143	282,596	814,170	514,005
Financial assets at fair value through profit or loss	11,237	48,131	16,909	13,204	9,999
Derivative financial assets	6,436	584	13,470	43,438	5,252
Restricted cash	116,881	232,560	387,648	303,616	230,543
Cash and cash equivalents	1,707,868	1,052,545	1,274,635	2,094,141	2,516,899
Total current assets . . .	<u>3,758,167</u>	<u>4,109,465</u>	<u>4,895,380</u>	<u>6,324,980</u>	<u>6,404,182</u>

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	As of December 31,			As of September 30,	As of December 31,
	2021	2022	2023	2024	2024
	(RMB'000)				(unaudited)
Current liabilities					
Trade and notes					
payables	440,401	851,390	552,457	636,817	684,571
Contract liabilities	4,547	62,052	73,177	89,172	56,599
Financial liabilities at					
fair value through					
profit or loss	387,683	620,250	939,996	1,026,210	707,020
Derivative financial					
liabilities	1,831	–	–	17,002	–
Other payables and					
accruals	191,169	695,336	697,447	792,303	547,705
Income tax payables	102,438	177,082	267,693	455,815	548,456
Short-term loans	–	488,409	850,009	822,730	1,108,199
Current portion of					
long-term loans	25,530	333,770	218,315	641,778	282,333
Current portion of					
lease liabilities	1,424	31,177	38,083	38,204	37,840
Current portion of other					
non-current liabilities	186,589	10,849	9,485	5,717	5,786
Current portion of					
provisions	–	9,567	75,747	71,806	72,505
Total current liabilities	1,341,612	3,279,882	3,722,409	4,597,554	4,051,014
Net current assets	2,416,555	829,583	1,172,971	1,727,426	2,353,168

Our net current assets increased from RMB1,727.4 million as of September 30, 2024 to RMB2,353.2 million as of December 31, 2024. This was primarily due to (i) an increase in cash and cash equivalents by RMB422.8 million, attributable to higher gold prices and our operating cash inflow; and (ii) a decrease in the current portion of long-term loans by RMB359.4 million, as a result of loan repayments from GSWL and our Company.

Our net current assets increased from RMB1,173.0 million as of December 31, 2023 to RMB1,727.4 million as of September 30, 2024. This was primarily due to (i) the increase in the prepayments, receivables and other assets of RMB531.6 million attributable to prepayments made for rear earth purchases, and (ii) the increase in the increase in trade receivables from other business attributable to prepayments from government subsidy.

Our net current assets increased from RMB829.6 million as of December 31, 2022 to RMB1,173.0 million as of December 31, 2023. This was primarily due to: (i) an increase in inventories of RMB242.3 million, mainly due to an increase in work in progress at Sepon Gold and Copper Mine; (ii) an increase in in cash and cash equivalents of RMB222.1 million resulting from an increase in free cash flow from operations; (iii) a decrease in trade and notes

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payables of RMB298.9 million. The increase was partially offset by: (i) an increase in financial liabilities at fair value through profit or loss of RMB319.7 million resulting from the increase of gold leasing; and (ii) an increase in short-term loans of RMB361.6 million.

Our net current assets decreased significantly from RMB2,416.6 million as of December 31, 2021 to RMB829.6 million as of December 31, 2022. This was primarily due to: (i) a decrease in cash and cash equivalents of RMB655.3 million resulting from the acquisition of Golden Star Resources in 2022; (ii) an increase in other payables and accruals of RMB504.2 million mainly for construction projects and equipment; and (iii) an increase in short-term loans of RMB488.4 million associated with the acquisition of Golden Star Resources and a capacity expansion of Jilong Gold Mine. The decrease was partially offset by an increase in inventories resulting from our acquisition of Golden Star Resources and raw materials for Sepon Gold and Copper Mine's expanded production.

Cash Flows Analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Net cash flows from					
operating activities	755,149	1,090,133	2,203,080	1,205,363	2,043,988
Net cash flows used in					
investing activities	(277,873)	(3,984,047)	(1,771,119)	(1,443,021)	(677,127)
Net cash flows from/(used					
in) financing activities . .	55,905	2,225,143	(228,120)	257,705	(554,463)
Net increase/(decrease)					
in cash and cash					
equivalents	533,181	(668,771)	203,841	20,047	812,389
Cash and cash equivalents					
at beginning of					
year/period	1,176,419	1,707,868	1,052,545	1,052,545	1,274,635
Effect of foreign exchange					
rate changes, net	(1,732)	13,448	18,249	12,708	7,108
Cash and cash					
equivalents at the end					
of the year/period	1,707,868	1,052,545	1,274,635	1,085,300	2,094,141

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Net cash flows from operating activities

For the nine months ended September 30, 2024, we recorded net cash inflow from operating activities of RMB2,044.0 million. This was primarily due to our profit before tax of RMB1,848.0 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB687.5 million; (ii) amortization of other intangible assets of RMB226.0 million; and (iii) investment losses received from disposal of financial liabilities held for trading of RMB107.4 million. This was partially offset by: (i) an increase in inventories of RMB73.7 million; and (ii) a decrease in other payables and accruals of RMB148.0 million.

In 2023, we recorded inflow from operating activities of RMB2,203.1 million. This was primarily due to our profit before tax of RMB1,206.8 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB910.8 million; (ii) amortization of other intangible assets of RMB552.4 million; and (iii) increase in other payables and accruals of RMB160.9 million. This was partially offset by: (i) decrease in trade and notes payables of RMB262.1 million; and (ii) an increase in inventories of RMB143.8 million.

In 2022, we recorded inflow from operating activities of RMB1,090.1 million. This was primarily due to our profit before tax of RMB822.0 million, adjusted by non-cash and non-operating items, which primarily included (i) depreciation of property, plant and equipment of RMB761.2 million; (ii) amortization of other intangible assets of RMB582.2 million; and (iii) decrease in trade and notes payables of RMB218.0 million. This was partially offset by: (i) an increase in inventories of RMB329.0 million; and (ii) a decrease in other payables and accruals of RMB300.2 million.

In 2021, we recorded net cash inflow from operating activities of RMB755.1 million. This was primarily due to our profit before tax of RMB770.4 million, adjusted by non-cash and non-operating items, mainly comprising: (i) depreciation of property, plant and equipment of RMB455.7 million; (ii) amortization of other intangible assets of RMB315.9 million; and (iii) increase in trade and notes payables of RMB143.4 million. This was partially offset by: (i) an increase in inventories of RMB815.7 million; and (ii) an increase in prepayments, other receivables and other assets of RMB66.0 million.

Net cash flows from investing activities

For the nine months ended September 30, 2024, we recorded net cash outflow used in investing activities of RMB677.1 million. This was primarily due to: (i) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB1,113.4 million; and (ii) cash paid for futures contract of RMB254.8 million, which was partially offset by cash received from futures contract of RMB300.9 million.

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In 2023, we recorded net cash outflow used in investing activities of RMB1,771.1 million. This was primarily due to: (i) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB1,742.0 million; (ii) net cash paid for acquisition of a subsidiary of RMB18.1 million; and (iii) cash paid for futures contract of RMB279.8 million. This was partially offset by: (i) cash received from futures contract of RMB235.4 million; and (ii) proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets RMB19.9 million.

In 2022, we recorded net cash outflow used in investing activities of RMB3,984.0 million. This was mainly due to: (i) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB1,917.6 million; (ii) net cash paid for acquisition of a subsidiary of RMB1,958.4 million; and (iii) cash paid for futures contract of RMB369.3 million. This was partially offset by: (i) cash received from futures contract of RMB592.8 million; and (ii) cash received from bank deposits and interest of RMB100.1 million.

In 2021, we recorded net cash outflow used in investing activities of RMB277.9 million. This was primarily due to: (i) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB1,342.4 million; (ii) cash paid for large certificates of RMB1,740.1 million; and (iii) cash paid for equity investments of RMB14.6 million. This was partially offset by: (i) cash received from bank deposits and interest of RMB2,477.6 million; and (ii) net cash received from the disposal of a subsidiary of RMB288.8 million.

Net cash flows from financing activities

For the nine months ended September 30, 2024, we recorded net cash outflow used in financing activities of RMB554.5 million. This was mainly due to: (i) repayment of bank borrowings of RMB1,381.9 million; (ii) repayment of gold lease business of RMB706.4 million; (iii) repayment of loans from related parties RMB128.5 million; and (iv) cash paid for margin of gold lease business of RMB281.4 million. This was partially offset by: (i) new bank borrowings of RMB1,044.3 million; and (ii) new gold lease business of RMB599.3 million.

In 2023, we recorded net cash outflow used in financing activities of RMB228.1 million. This was mainly due to: (i) repayment bank borrowings of RMB1,013.7 million; (ii) repayment of gold lease business of RMB560.7 million; and (iii) cash paid for margin of gold lease business of RMB384.3 million. This was partially offset by (i) new bank borrowings of RMB1,151.1 million, and (ii) new gold lease business of RMB740.0 million.

In 2022, we recorded net cash inflow from financing activities of RMB2,225.1 million. This was primarily due to (i) new bank borrowings of RMB2,443.3 million, (ii) new loans from related parties of RMB1,537.2 million, and (iii) new gold lease business of RMB496.9 million. This was partially offset by: (i) repayment of gold lease business of RMB312.0 million; and (ii) repayment of loans from related parties of RMB1,126.3 million.

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In 2021, we recorded net cash inflow from financing activities of RMB55.9 million. This was primarily due to: (i) cash received from transfer of repurchased shares of RMB663.2 million; (ii) new loans from related parties of RMB620.0 million; and (iii) new gold lease business of RMB384.6 million. This was partially offset by: (i) cash paid for repurchasing shares of RMB663.2 million; and (ii) repayment of loans from related parties of RMB620.0 million.

CAPITAL EXPENDITURES

A key component of cash flows used in investing activities is capital expenditures. We calculate capital expenditures as purchases of fixed assets, construction in progress (“CIP”), purchase of intangible assets and others.

Our increasing capital expenditures during the Track Record Period reflected our expansion investments to fuel and support our expected future growth. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2021	2022	2023	2023	2024
	(RMB'000)			(unaudited)	
Purchase of fixed assets . . .	89,978	194,363	33,870	26,801	24,621
Purchase of CIP	779,987	1,118,629	1,354,306	1,067,910	1,085,705
Purchase of intangible assets	689,830	533,491	34,279	6,816	3,804
Others	72	56,613	64,917	650	11,283
Capital expenditures	<u>1,559,867</u>	<u>1,903,096</u>	<u>1,487,372</u>	<u>1,102,177</u>	<u>1,125,413</u>
Capital expenditures as % of revenue	41.2%	30.4%	20.6%	21.8%	18.1%

We may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

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CAPITAL COMMITMENTS

Our capital commitments during the Track Record Period primarily related to property, plant and equipment and investment commitment. As of December 31, 2021, 2022 and 2023 and September 30, 2024, the total amount of our outstanding capital commitments was RMB351 million, RMB552 million RMB487 million, and RMB557 million, respectively. The following table sets forth a summary of our capital commitments as of the dates indicated:

	Year Ended December 31,			Nine Month Ended September 30,
	2021	2022	2023	2024
	<i>(RMB'000)</i>			
	<i>(unaudited)</i>			
Contracted, but not provided for:				
Property, plant and equipment	98,016	233,730	230,173	234,385
Investment commitment . . .	<u>253,000</u>	<u>318,064</u>	<u>256,864</u>	<u>322,901</u>
Total	<u>351,016</u>	<u>551,794</u>	<u>487,037</u>	<u>557,286</u>

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FORECASTED OPERATING COSTS

According to the Independent Technical Report, our total operating cash cost is estimated at RMB3,141 million, with an estimated unit cash operating cost of RMB510 per milled ore tonnes in 2024. Our total operating cash cost is estimated at RMB15,949 million, with an estimated unit cash operating cost of RMB535 per milled ore tonnes. SRK has developed a unit sustaining capital forecast based on the average expenditures for 2022 and 2023.

The table below sets forth a summary of the forecasted operating costs between 2024 and 2053 as stated in the Independent Technical Report:

2024	LOM	Unit	Total																																	
				Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053			
Physicals																																				
			Total Ore Mined	kt	26,170	3,009	7,608	5,341	3,303	1,811	1,217	827	731	678	267	199	94	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	50		
			Gold Produced	koz	1,686	110	336	327	251	138	92	61	51	35	29	21	15	10	9	11	13	12	11	13	11	16	19	17	17	14	14	13	8	6		
			Copper Produced	kt	5	2	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
			Zinc Produced	kt	152	-	19	18	19	14	24	25	18	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Operating Cash Cost																																				
			Labor	Million RMB	4,349	342	921	745	543	304	200	173	154	136	81	66	57	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	29			
			Material	Million RMB	6,273	916	2,143	1,472	813	407	214	77	59	52	27	19	14	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3		
			Electricity	Million RMB	1,293	149	374	274	168	86	51	32	27	24	11	9	8	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4			
			Contractors	Million RMB	275	25	86	69	46	18	7	7	6	6	2	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
			Engineering	Million RMB	640	30	103	94	70	36	23	22	21	20	13	12	11	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	9		
			Service	Million RMB	204	12	38	34	26	15	10	10	9	9	7	5	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
			Safety	Million RMB	94	4	10	11	11	8	6	6	5	4	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
			Repairment	Million RMB	31	1	3	3	4	3	2	2	2	2	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
			Others	Million RMB	108	11	38	30	20	6	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
			Taxes and surcharges	Million RMB	1,262	150	366	264	170	86	46	30	24	19	10	8	7	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4			
			Selling costs	Million RMB	3	0	1	1	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
			G&A costs	Million RMB	1,902	162	419	331	233	125	75	60	53	45	30	26	21	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	15			
			R&D costs	Million RMB	173	13	30	29	31	20	13	13	10	7	3	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

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DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

The following table sets forth our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	September 30,
				2024
	(RMB'000)			
Non-current assets				
Property, plant and equipment	3,159,699	5,994,266	6,521,646	6,894,292
Right-of-use assets	43,887	278,571	332,756	313,197
Other intangible assets	856,450	6,562,718	6,323,009	6,042,442
Goodwill	41,969	41,969	41,969	41,969
Investments in associates	1,989	357,819	373,481	2,050
Deferred tax assets	5,215	53,978	17,482	55,555
Other non-current assets	186,230	145,508	212,070	220,683
Total non-current assets	4,295,439	13,434,829	13,822,413	13,570,188
Current assets				
Inventories	1,412,094	2,164,628	2,406,909	2,449,670
Trade receivables from comprehensive recycling of resources business	311,447	339,237	397,481	443,286
Trade receivables from other sales	25,260	29,637	115,732	163,455
Prepayments, other receivables and other assets	166,944	242,143	282,596	814,170
Financial assets at fair value through profit or loss	11,237	48,131	16,909	13,204
Derivative financial assets	6,436	584	13,470	43,438
Restricted cash	116,881	232,560	387,648	303,616
Cash and cash equivalents	1,707,868	1,052,545	1,274,635	2,094,141
Total current assets	3,758,167	4,109,465	4,895,380	6,324,980
Total assets	8,053,606	17,544,294	18,717,793	19,895,168
Current liabilities				
Trade and notes payables	440,401	851,390	552,457	636,817
Contract liabilities	4,547	62,052	73,177	89,172
Financial liabilities at fair value through profit or loss	387,683	620,250	939,996	1,026,210
Derivative financial liabilities	1,831	—	—	17,002
Other payables and accruals	191,169	695,336	697,447	792,303
Income tax payables	102,438	177,082	267,693	455,815

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	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Short-term loans	–	488,409	850,009	822,730
Current portion of Long-term loans	25,530	333,770	218,315	641,778
Current portion of lease liabilities	1,424	31,177	38,083	38,204
Current portion of other non-current liabilities	186,589	10,849	9,485	5,717
Current portion of provisions	–	9,567	75,747	71,806
Total current liabilities	1,341,612	3,279,882	3,722,409	4,597,554
Net current assets	2,416,555	829,583	1,172,971	1,727,426
Long-term loans	–	1,513,781	1,421,974	681,614
Contract liabilities	–	606,298	576,999	538,996
Lease liabilities	2,975	230,805	207,219	185,340
Deferred tax liabilities	1,916	2,455,981	2,314,654	2,245,052
Provisions	1,631,259	1,984,834	1,868,099	1,781,346
Other non-current liabilities .	74,813	64,410	64,231	65,368
Total net-current liabilities .	1,710,963	6,856,109	6,453,176	5,497,716
Net assets	5,001,031	7,408,303	8,542,208	9,799,898

Property, plant and equipment

Our property, plant and equipment comprised buildings, machinery, vehicles, electronic equipment and others, mineral and construction in progress. The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Buildings	292,763	390,872	594,850	747,680
Machinery	1,017,790	1,473,615	1,411,342	1,298,021
Mobile equipment	96,293	226,248	197,961	167,532
Electronic Equipment and others	16,929	23,986	27,684	25,746
Mineral assets	1,300,299	3,202,712	3,697,496	3,438,586
Construction in progress . .	435,625	676,833	592,313	1,216,727
Total	3,159,699	5,994,266	6,521,646	6,894,292

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Our property, plant and equipment increased by 89.7% from RMB3,159.7 million as of December 31, 2021 to RMB5,994.3 million as of December 31, 2022. This was primarily due to: (i) an increase in mineral assets of RMB1,902.4 million, resulting from the acquisition of Golden Star Resources and our constructions in progress at Wulong Gold Mine and Wassa Gold Mine; and (ii) an increase in machinery of RMB455.8 million, resulting from constructions in progress at Wulong Gold Mine and Sepon Gold and Copper Mine.

Our property, plant and equipment increased by 8.8% from RMB5,994.3 million as of December 31, 2022 to RMB6,521.6 million as of December 31, 2023. This was primarily due to: (i) an increase in mineral assets of RMB494.8 million resulting from capital expenses in relation to the construction and auxiliary facilities at the Sepon Gold and Copper Mine and Wassa Gold Mine; and (ii) an increase in buildings of RMB204.0 million, mainly resulting from the increased value of real estate and buildings at the Sepon Gold and Copper Mine.

Our property, plant and equipment slightly increased by 5.7% from RMB6,521.6 million as of December 31, 2023 to RMB6,894.3 million as of September 30, 2024. This was primarily due to an increase in construction in progress of RMB624.4 million, resulting from construction of mining projects at the Wassa Gold Mine and the Sepon Gold and Copper Mine. This was partially offset by the decrease in mineral assets of RMB258.9 million.

Right-of-use assets

Our right-of-use assets represent our entitlement to use buildings, machinery and vehicles and leasehold land. The following table sets forth a breakdown of right-of-use assets as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Buildings	298	10,789	4,571	3,246
Machinery and vehicles	–	185,835	167,836	147,316
Leasehold land	43,589	81,947	160,349	162,635
Total	43,887	278,571	332,756	313,197

Our right-of-use assets increased significantly by 534.7% from RMB43.9 million as of December 31, 2021 to RMB278.6 million as of December 31, 2022. This was primarily due to an increase in machinery and vehicles of RMB185.8 million arising from our acquisition of Golden Star Resources in 2022.

Our right-of-use assets increased by 19.5% from RMB278.6 million as of December 31, 2022 to RMB332.8 million as of December 31, 2023. This was primarily due to an increase in leasehold land of RMB78.4 million, which was mainly due to: (i) our acquisition of Xinhenghe Mining; (ii) the addition of the land use right of Wulong Mining for a lease term of 50 years; and (iii) the addition of the land use right of Jilong Mining for a lease term of 50 years.

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Our right-of-use assets decreased by 5.9% from RMB332.8 million as of December 31, 2023 to RMB313.2 million as of September 30, 2024. This was primarily due to a decrease in machinery and vehicles of RMB20.5 million, resulting from a decrease in book value and the depreciation of right-of-use assets.

Other intangible assets

Our other intangible assets comprised exploration and mining rights, patent and others. The following table sets forth a breakdown of the net book value of our other intangible assets as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Exploration and mining rights	752,396	6,475,487	6,208,148	5,926,714
Patent	3,973	3,422	2,749	2,317
Exploration and evaluation assets	97,118	64,844	97,326	100,104
Others	2,963	18,965	14,786	13,307
Total	856,450	6,562,718	6,323,009	6,042,442

Our other intangible assets increased significantly by 666.3% from RMB856.5 million as of December 31, 2021 to RMB6,562.7 million as of December 31, 2022. This was primarily due to an increase in exploration and mining rights of RMB5,723.1 million resulting from our acquisition of Golden Star Resources in 2022.

Our other intangible assets decreased by 3.7% from RMB6,562.7 million as of December 31, 2022 to RMB6,323.0 million as of December 31, 2023. This was primarily due to a decrease in exploration and mining rights of RMB267.3 million mainly associated with the Sepon Gold and Copper Mine and Wassa Gold Mine, resulting from our normal amortization.

Our other intangible assets decreased by 4.4% from RMB6,323.0 million as of December 31, 2023 to RMB6,042.4 million as of September 30, 2024. This was primarily due to a decrease in exploration and mining rights of RMB281.4 million mainly associated with Sepon Gold and Copper Mine and Wassa Gold Mine, resulting from our normal amortization. The exploration expenditure was RMB38.3 million, RMB40.2 million, RMB32.5 million, and RMB2.8 million for 2021, 2022, 2023 and the nine months ended September 30, 2024, respectively. These amounts have all been capitalized and were recorded under exploration and evaluation assets.

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Goodwill

As of December 31, 2021, 2022 and 2023 and September 30, 2024, our book value of goodwill remained stable at RMB42.0 million, RMB42.0 million, RMB42.0 million and RMB42.0 million, respectively, which was contributed by our acquisition of Guangyuan Technology in 2015.

Goodwill acquired through business combinations is allocated to the recycling and utilisation CGU for impairment testing. The recoverable amount of the recycling and utilisation CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As of 31 December 2021, 2022 and 2023 and 30 September 2024, the pre-tax discount rates applied to the cash flow projections are 13.46%, 11.89%, 9.21% and 8.79%, respectively. The growth rate used to extrapolate the cash flows of the recycling and utilisation CGU beyond the five-year period is 0%.

Assumptions were used in the value in use calculation of the recycling and utilisation cash-generating CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

1. **The expected future sales volume** – The management forecasted disassembly volume based on the disassembly volume capacity and the expected five years' production schedule of the CGU.
2. **The price of the dismantled product** – The management forecasted the price of the dismantled product based on the actual sales unit price of the previous year with its expectations on market development.
3. **The collection period of the fund subsidy income** – The management forecasted the collection period of the fund subsidy income based on the historical collection period with its expectations on market development.
4. **Discount rate** – The discount rates used are before tax and reflect specific risks relating to the relevant CGU.

Management determined these assumptions based on past performance and its expectations on market development. The discount rates used reflect specific risks relating to the individual CGU. The recoverable amount is determined based on the present value of the estimated future cash flows of the asset group portfolio. According to the five-year financial forecast approved by the management, the growth rates of the dismantling volume of waste electronic products and electrical appliances from 2024 to 2028 during the forecast period are projected to be 3%, 6%, 10%, 5%, and 3%, respectively, and the dismantling volume of waste electronic products and electrical appliances will remain stable from 2029 onwards. Based on the impairment assessments, there was no impairment of goodwill as of December 31, 2021, 2022 and 2023 and September 30, 2024. For the goodwill allocated to the CGU, future sales

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volume and price of the dismantled product are two of the most sensitive key assumptions: (i) as of 31 December 2021, 2022 and 2023 and September 30, 2024, if future sales volume had decreased by 1% from management's estimates, while other variables were held constant with the expectations, we would have to recognize impairment losses against goodwill by approximately nil, nil, nil and nil, respectively; if future sales volume had decreased by 5% from the management's estimates, while other variables were held constant with the expectations, we would have to recognize impairment losses against goodwill by approximately nil, nil, nil and RMB42 million, respectively; and (ii) if the price of the dismantled product had decreased by 1% from the estimates, while other variables were held constant with the expectations, we would have to recognize impairment losses against goodwill by approximately nil, nil, RMB25 million and RMB22 million, respectively; if the price of the dismantled product had decreased by 5% from management's estimates, while other variables were held constant with the management's expectations, we would have to recognize impairment losses against goodwill by approximately nil, nil, RMB42 million and RMB42 million, respectively.

As of December 31, 2021, 2022 and 2023 and September 30, 2024, when the aforementioned key assumption parameters were applied in the impairment testing, the headroom (i.e., the excess of the recoverable amount over the carrying amount of the CGU) was RMB82 million, RMB88 million, RMB17 million, and RMB19 million, respectively.

Investments in associates

Our investments in associates comprised share of the associates' profit for the period, investment costs and share of the associates' total comprehensive income. The following table sets forth a breakdown of our investments in associates as of the dates indicated:

Our investments in associates increased significantly by 17,889.9% from RMB2.0 million as of December 31, 2021 to RMB357.8 million as of December 31, 2022, and increased by 4.4% to RMB373.5 million as of December 31, 2023, and further decreased by 99.5% to RMB2.1 million as of September 30, 2024, as a result of our previous investments in Tietto Minerals Limited. As of the Latest Practicable Date, we had disposed of all our equity interests in Tietto Minerals Limited during the ordinary course of business. For more details, See "History, Development and Corporate Structure — Post-Track Record Period Acquisition".

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Deferred tax assets

Our deferred tax assets comprised impairment of assets, provision for bad debts on receivables, provision for inventory impairment, provision for contingent liabilities, deferred income, deductible losses, changes in fair value, lease liabilities, equity interest with taking into consideration the offsetting of balance within the same tax jurisdiction. The following table sets forth a breakdown of our deferred tax assets as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Impairment of assets	721	—	—	—
Provision for bad debts on receivables	688	829	1,124	821
Provision for inventory impairment	893	982	2,696	981
Provision for contingent liabilities	1,143	55,100	54,906	53,472
Deferred income	219	297	251	1,028
Deductible losses	1,084	2,448	2,659	—
Changes in fair value	467	5,029	14,543	29,539
Lease liabilities	—	70,052	63,732	58,033
Depreciation and amortization differences with tax	—	—	—	33,919
Others	—	12,492	11,505	9,925
Total deferred income tax assets before offset	5,215	147,229	151,416	187,718
Amount of offset between deferred income tax assets and liabilities	—	93,251	133,934	132,163
Deferred income tax assets presented net of offset . .	5,215	53,978	17,482	55,555

Our deferred tax assets increased significantly by 935.1% from RMB5.2 million as of December 31, 2021 to RMB54.0 million as of December 31, 2022. This was primarily due to an increase in lease liabilities of RMB70.1 million resulting from our acquisition of Golden Star Resources.

Our deferred tax assets decreased by 67.6% from RMB54.0 million as of December 31, 2022 to RMB17.5 million as of December 31, 2023. This was primarily due to the increase in fair value of Jilong Mining being offset by deferred tax liabilities.

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Our deferred tax assets increased by 217.8% from RMB17.5 million as of December 31, 2023 to RMB55.6 million as of September 30, 2024. This was primarily due to an increase in depreciation and amortization differences with tax of RMB33.9 million mainly resulting from different depreciation methods used for tax and accounting basis in LXML.

Other non-current assets

Our other non-current assets comprised advance payment for engineering construction and equipment, mine geological environment treatment and restoration fund, large certificate of bank deposits and interest and others. The following table sets forth a breakdown of our other non-current assets as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Advance payment for engineering construction and equipment	26,819	56,402	105,810	41,674
Funds for land restoration and environmental rehabilitation after mine closure	98,384	83,130	102,974	110,208
Large certificate of bank deposits and interest. . . .	42,118	42,118	—	—
Prepayment for equity acquisition	—	—	—	66,844
Others	18,909	5,976	3,286	1,957
Subtotal	186,230	187,626	212,070	220,683
Less: amount due within one year.	—	42,118	—	—
Total	186,230	145,508	212,070	220,683

Our other non-current assets decreased by 21.9% from RMB186.2 million as of December 31, 2021 to RMB145.5 million as of December 31, 2022. This was primarily due to a decrease in large certificate of bank deposits and interest of RMB42.1 million, as the large certificates of bank deposit maturing in 2023 were reclassified as other non-current assets maturing within one year.

Our other non-current assets increased by 45.7% from RMB145.5 million as of December 31, 2022 to RMB212.1 million as of December 31, 2023. This was primarily due to an increase in advance payment for engineering construction and equipment of RMB49.4 million, resulting from the prepayment for the expansion of the selection plant of Shandong Changlong Sanhui Construction Engineering Co., Ltd.

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Our other non-current assets increased by 4.1% from RMB212.1 million as of December 31, 2023 to RMB220.7 million as of September 30, 2024. This was primarily due to an increase in prepayment for equity acquisition of RMB66.8 million, resulting from the advance payment for the investment in China Investment Mining (Laos) Sole Co., Ltd.

Inventories

Our inventories primarily consist of raw materials, consumable materials, work in progress and finished goods with taking into consideration the impairment provision. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Raw materials	516,090	951,720	971,389	971,689
Consumable materials	1,486	680	610	545
Work in progress	1,112,679	1,288,300	1,457,052	1,567,218
Finished goods	80,577	174,052	168,779	106,280
Subtotal	<u>1,710,832</u>	<u>2,414,752</u>	<u>2,597,830</u>	<u>2,645,732</u>
Impairment provision				
Raw materials	(127,331)	(143,175)	(178,411)	(194,212)
Work in progress	(170,777)	(90,588)	(906)	–
Finished goods	(630)	(16,361)	(11,604)	(1,850)
Subtotal	<u>(298,738)</u>	<u>(250,124)</u>	<u>(190,921)</u>	<u>(196,062)</u>
Total	<u>1,412,094</u>	<u>2,164,628</u>	<u>2,406,909</u>	<u>2,449,670</u>

Our inventories increased by 53.3% from RMB1,412.1 million as of December 31, 2021 to RMB2,164.6 million as of December 31, 2022. This was primarily due to an increase in raw materials of RMB435.6 million arising from (i) our acquisition of Golden Star Resources, and (ii) an increase in raw materials at the Sepon Gold and Copper Mine for its expanded ore processing and production volume.

Our inventories increased by 11.2% from RMB2,164.6 million as of December 31, 2022 to RMB2,406.9 million as of December 31, 2023. This was primarily due to an increase in work in progress of RMB168.8 million, mainly due to an increase in work in progress at the Sepon Gold and Copper Mine for its expanded mined and processing volume of gold ore.

Our inventories increased by 1.8% from RMB2,406.9 million as of December 31, 2023 to RMB2,449.7 million as of September 30, 2024. This was primarily due to an increase in work in progress of RMB110.2 million, attributable to the increase in the balance of semi-finished gold ore inventory in Laos by RMB78.7 million as of September 30, 2024.

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Our impairment provision decreased by 16.3% from RMB298.7 million as of December 31, 2021 to RMB250.1 million as of December 31, 2022. This was primarily due to the decreased impairment losses related to the semi-finished products of certain gold mines, as a result of the rising gold price, offset by the increased impairment losses due to the obsolescence of raw materials.

Our impairment provision decreased by 23.7% from RMB250.1 million as of December 31, 2022 to RMB190.9 million as of December 31, 2023. This was primarily due to the decreased impairment losses related to the products and semi-finished products of certain gold mines, as a result of the rising gold price, offset by (i) the increased impairment losses due to the obsolescence of raw materials and (ii) the increased impairment of molybdenum-related finished goods as a result of the decreased molybdenum price.

Our impairment provision increased by 2.7% from RMB190.9 million as of December 31, 2023 to RMB196.1 million as of September 30, 2024, primarily due to the obsolescence of raw materials.

The obsolescence of raw materials is primarily due to the obsolescence of some spare parts and components for production machinery and maintenance equipment of LXML, which were purchased for the open-pit mining for LXML. They have long turnover days as they will only be used to replace the original parts and components when the original parts and components are damaged. Since the commencement of the transferring open-pit mining to underground mining in 2022, these spare parts and components for the production machinery and maintenance equipment have been held in storage. In contrast, consumables in other raw materials, such as explosive materials and diesel, generally have shorter turnover days.

The following table sets forth an aging analysis of inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Less than 1 year	1,063,523	2,009,231	1,889,009	1,481,260
1 to 2 years	237,658	60,963	392,590	642,312
2 to 3 years	77,709	37,474	30,758	222,855
Over 3 years	33,204	56,960	94,552	103,243
Total	<u>1,412,094</u>	<u>2,164,628</u>	<u>2,406,909</u>	<u>2,449,670</u>

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The following table sets forth the turnover days of our inventories for the years/periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,
	2021	2022	2023	2024
Inventory turnover days	158	146	171	185
Total	158	146	171	185

Note:

1. Inventory turnover days are equal to the average balance of inventory at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

Our inventory turnover days were 158 days, 146 days, 171 days, and 185 days in 2021, 2022, 2023 and for the nine months ended September 30, 2024, respectively. The decrease in our inventory turnover days in 2022 was primarily attributable to (i) the acquisition of Golden Star Resources, which led to an increase in the inventory in 2022; (ii) the increase of the operation costs arising from the increase of gold selling volume; and (iii) the increase in demand in the gold market and the improvement in our production efficiency, which led to a reduction in the inventory turnover days. The increase in our inventory turnover days in 2023 was primarily due to the new underground mining at the Sepon Gold and Copper Mine, contributing to the increase of the unit cost of mining. The increase in our inventory turnover days for the nine months ended September 30, 2024 was mainly due to the increase in the volume of ore at Sepon Gold and Copper Mine.

As of January 31, 2025, RMB1,258.9 million or 51.4% of the inventories as of September 30, 2024 had been subsequently utilized. The majority of our inventory comprises work-in-progress products sourced from LXML, primarily because (i) post our acquisition of LXML in 2018, we consolidated the accounts of LXML which accumulated a substantial amount of gold ore, coupled with the ongoing processing of such gold ores; and (ii) we managed our inventory driven by commercial considerations, which involves blending based on grade variations. Therefore, we believe there are no major concerns in the recoverability of our inventories.

Trade receivables from gold and commodities sales

Our trade receivables from gold and commodities sales refer to our trade receivables other than the comprehensive recycling of resources business conducted through Guangyuan Technology. Impairment losses in respect of trade debtors are recorded using an allowance account unless we are satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

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Our trade receivables from gold and commodities sales increased by 17.3% from RMB25.3 million as of December 31, 2021 to RMB29.6 million as of December 31, 2022, and further increased by 290.5% to RMB115.7 million as of December 31, 2023. Trade receivables from gold and commodities sales increased by 41.3% from RMB115.7 million as of December 31, 2023 to RMB163.5 million as of September 30, 2024. This was primarily due to the receivables from customers at the end of the period, generated by our sales of gold products, copper concentrate powder, zinc concentrate powder, and copper cathodes.

We maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management.

Our trade receivables from gold and commodities sales are typically due within 60 days. No interests are charged on the trade receivables from other sales. The following table sets forth an aging analysis of trade receivables from other sales, based on invoice dates as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Less than 1 year	25,210	29,637	115,732	163,455
1 to 2 years	—	—	—	—
2 to 3 years	50	—	—	—
Over 3 years	—	—	—	—
Total	<u>25,260</u>	<u>29,637</u>	<u>115,732</u>	<u>163,455</u>

The following table sets forth the turnover days of our trade receivables from gold and commodities sales for the years/periods indicated:

	Year ended December 31,			Nine Months ended September 30,
	2021	2022	2023	2024
Trade receivables turnover				
days	2	2	4	5
Total	2	2	4	5

Note:

- Trade receivables turnover days are equal to the average balance of trade receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

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Trade receivables from comprehensive recycling of resources business

Our trade receivables from our comprehensive recycling of resources business conducted through Guangyuan Technology refers to our receivable government subsidies, which is generally associated with low recovery risks.

Trade receivables from our comprehensive recycling of resources business increased by 8.9% from RMB311.4 million as of December 31, 2021 to RMB339.2 million as of December 31, 2022 and further increased by 17.2% from RMB339.2 million as of December 31, 2022 to RMB397.5 million as of December 31, 2023, resulting from the delayed subsidy disbursements from PRC Government.

Trade receivables from our comprehensive recycling of resources business increased by 11.5% from RMB397.5 million as of December 31, 2023 to RMB443.3 million as of September 30, 2024, primarily due to additional government subsidies.

The following table sets forth an aging analysis of trade receivables from comprehensive recycling of resources business, based on invoice dates as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Less than 1 year	69,680	74,704	92,642	69,890
1 to 2 years	83,630	69,680	74,704	88,476
2 to 3 years	158,121	83,630	69,680	73,895
Over 3 years	16	111,223	160,455	211,025
Total	311,447	339,237	397,481	443,286

The following table sets forth the turnover days of our trade receivables for the years/periods indicated:

	Year ended December 31,			Nine Months ended September 30,
	2021	2022	2023	2024
Trade receivables turnover days	31	21	22	25
Total	31	21	22	25

Note:

- Trade receivables turnover days are equal to the average balance of trade receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

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Our trade receivables turnover days were 2 days, 11 days, 22 days and 25 days in 2021, 2022 and 2023 and for the nine months ended September 30, 2024, respectively. The increase in our trade receivables turnover days during Track Record Period was primarily due to the government subsidies of Guangyuan Technology which needs certain time to process.

As of January 31, 2025, RMB260.3 million or 42.9% of the trade receivables as of September 30, 2024 had been subsequently settled. In the case of trade receivables from the comprehensive resource recycling and utilization, the predominant portion consists of the allowances specified in the government policies from Guangyuan Technology. The extended approval timeline mandated by the authorities contributes to a lower settlement rate. We believe that the expected credit losses are limited because the trade receivable balances are due from the Ministry of Ecology and Environment of the PRC, which has high credibility and historically we did not incur any actual loss with this organization. Additionally, there was a minor component of accounts receivable from gold and commodities sales. Trade receivables can be collected within one week after the delivery of the products. Therefore, we believe there are no major concerns in the recoverability of our trade receivables.

Prepayments, other receivables, and other assets

Our prepayments, other receivables, and other assets consist of prepayments, deposits and other receivables, large certificates of bank deposits and interest and others. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Prepayments	50,037	99,560	83,944	240,266
Deposits and other receivables	120,194	58,134	180,497	202,593
Receivable from disposal of the shares of Phase II ESOP	—	—	—	323,647
Large certificates of bank deposits and interest. . . .	—	42,118	—	—
Others	51	46,471	25,177	53,080
Less: Impairment of other receivables	(3,338)	(4,140)	(7,022)	(5,416)
Total	<u>166,944</u>	<u>242,143</u>	<u>282,596</u>	<u>814,170</u>

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Our prepayments, other receivables and other assets increased by 45.0% from RMB166.9 million as of December 31, 2021 to RMB242.1 million as of December 31, 2022. This was primarily due to an increase in prepayments of RMB49.5 million, which is attributed to our acquisition of Golden Star Resources.

Our prepayments, other receivables and other assets increased by 16.7% from RMB242.1 million as of December 31, 2022 to RMB282.6 million as of December 31, 2023. This was primarily due to an increase in deposits and other receivables of RMB122.4 million, resulting from (i) a decrease in prepayments of RMB15.6 million; (ii) an increase of other receivables of RMB45.0 million attributable to the increase in gold selling price in 2023 and increase of funds in gold futures account at GSWL and LXML; (iii) the utilisation of the futures margin; and (iv) decrease in deductible input tax of RMB21.3 million.

Our prepayments, other receivables and other assets increased by 188.1% from RMB282.6 million as of December 31, 2023 to RMB814.2 million as of September 30, 2024. This was primarily due to (i) an increase in prepayments of RMB156.3 million attributable to the prepayments for rare earth products by Chijin Xiawu; and (ii) an increase in deposits and other receivables of RMB345.7 million attributable to the receivables from securities companies upon the sale of stocks in the Phase II ESOP. As the stocks under the Phase II ESOP was sold on September 30, 2024, the payment related to the equity interests had not yet been transferred back to our Company's accounts from the securities companies' accounts as of September 30, 2024. See paragraph headed "C. Further Information about our Directors, Supervisors and Substantial Shareholders — 4. Employee Stock Ownership Plans" in Appendix VII to this Prospectus for details.

As of January 31, 2025, RMB514.4 million or 63.2% of the prepayments, deposits and other assets as of September 30, 2024 had been subsequently settled.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer to listed equity investments at fair value.

Our financial assets at fair value through profit or loss increased by 328.3% from RMB11.2 million as of December 31, 2021 to RMB48.1 million as of December 31, 2022. This was mainly due to an increase in equity investment in 2022, as a result of the increase in stock price of our investees.

Our financial assets at fair value through profit or loss decreased by 64.9% from RMB48.1 million as of December 31, 2022 to RMB16.9 million as of December 31, 2023, associated with our disposal of equity investments in 2023.

Our financial assets at fair value through profit or loss further decreased by 21.9% from RMB16.9 million as of December 31, 2023 to RMB13.2 million as of September 30, 2024. This was primarily due to a decrease in the stock price of our investee.

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We have formulated a set of investment management measures which states the investment management organizational structure, responsibilities and authorities, investment decision-making management, investment process management, investment outcome evaluation, and investment assessment, rewards and penalties.

Our management has extensive experience in financial investment. Our vice president, Mr. Chen Zhiyong, served as a Deputy General Manager of Soremi Investment Company Limited (索瑞米投資有限公司) from February 2014 to August 2018. Our non-executive director, Mr. Zhang Xudong, was Chairman and CEO of Anjia Group/Shanghai Anjia Investment Management Co., Ltd, an investment advisory and asset management services firm, from March 2007 to August 2009. He also served as Managing Director, Head of the Institutional Client Group, Debt and Equity for China and Head of Global Markets Equity for China at Deutsche Bank AG.

Investments exceeding RMB30 million shall be approved by the Board. With the Board's authorization, those not exceeding RMB30 million can be reviewed and approved by the Executive Committee chaired by the Chairman.

Derivative financial assets

Our derivative financial assets refer to hedging instruments for cash flow hedge and fair value hedge.

Our derivative financial assets decreased by 90.9% from RMB6.4 million as of December 31, 2021 to RMB0.6 million as of December 31, 2022. This was primarily due to a decrease in the fair value of futures contracts arising from the closing of zinc futures positions in Hanfeng Mining.

Our derivative financial assets increased by 2,206.5% from RMB0.6 million as of December 31, 2022 to RMB13.5 million as of December 31, 2023. This was primarily due to increase in fair value of futures contracts arising from fair value of gold futures contracts in Jilong Mining.

Our derivative financial assets increased by 222.5% from RMB13.5 million as of December 31, 2023 to RMB43.4 million as of September 30, 2024. This was primarily due to an increase in fair value of gold futures contracts in Jilong Mining due to the increase of the gold price.

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Restricted cash

Our restricted cash consist of bank deposits for loans, special fund deposits for environmental rehabilitation and restoration, bank deposits for gold lease business, certificates of deposit due within one year and deposits for investment funds. The following table sets forth a breakdown of our restricted cash as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Bank deposits for loans . . .	–	13,965	13,965	–
Deposits for notes payable .	–	20,400	–	–
Special fund deposits for environmental rehabilitation and restoration	6,050	18,194	9,825	6,619
Bank deposits for the gold lease business	8,003	100,001	263,858	296,997
Certificates of deposit due within one year	100,095	80,000	100,000	–
Deposits for investment funds	2,733	–	–	–
Total	116,881	232,560	387,648	303,616

Our restricted cash increased by 99.0% from RMB116.9 million as of December 31, 2021 to RMB232.6 million as of December 31, 2022. This was primarily due to an increase in bank deposits for gold lease business of RMB92.0 million, which is attributed to in the scale of our gold leasing requiring a corresponding increase in deposits.

Our restricted cash increased by 66.7% from RMB232.6 million as of December 31, 2022 to RMB387.6 million as of December 31, 2023. This was primarily due to an increase in bank deposits for gold lease business of RMB163.9 million, which is attributed to in the scale of our gold leasing requiring a corresponding increase in deposits.

Our restricted cash decreased by 21.7% from RMB387.6 million as of December 31, 2023 to RMB303.6 million as of September 30, 2024. This was primarily due to an increase in bank deposits for gold lease business of RMB33.1 million, which is attributed to in the scale of our gold leasing requiring a corresponding increase in deposits.

FINANCIAL INFORMATION

Trade and notes payables

Our trade and notes payables consist of trade payables and notes payables. The following table sets forth a breakdown of our trade and notes payables as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Trade payables	440,401	693,390	552,457	636,817
Notes payables	—	158,000	—	—
Total	440,401	851,390	552,457	636,817

Our trade and notes payables increased by 93.3% from RMB440.4 million as of December 31, 2021 to RMB851.4 million as of December 31, 2022. This was primarily due to an increase in trade payables of RMB253.0 million and an increase in notes payables of RMB158.0 million, resulting from: (i) our acquisition of Golden Star Resources; and (ii) a note payable issued by Wulong Mining to an independent third party to pay for certain mining and excavation project costs.

Our trade and notes payables decreased by 35.1% from RMB851.4 million as of December 31, 2022 to RMB552.5 million as of December 31, 2023 due to a decrease in trade payables of RMB140.9 million. This was primarily because: (i) Golden Star Resources entered into a revised materials procurement agreements with a lower purchase price for materials; and (ii) the Sepon Gold and Copper Mine completed certain expansion projects, resulting in a substantial decrease in payables.

Our trade and notes payables increased by 15.0% from RMB552.5 million as of December 31, 2023 to RMB636.8 million as of September 30, 2024. This was primarily due to the increase in payables in connection with purchases from suppliers and payments to contractors of engineering services.

All of our trade and notes payables are aged less than one year. The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Less than 1 year	440,401	851,390	552,457	636,817
Total	440,401	851,390	552,457	636,817

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The following table sets forth the turnover days of our trade and notes payables for the years/periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,
	2021	2022	2023	2024
Trade and notes payables turnover days	<u>50</u>	<u>53</u>	<u>53</u>	<u>36</u>
Total	<u>50</u>	<u>53</u>	<u>53</u>	<u>36</u>

Note:

1. Trade and notes payables turnover days are equal to the average balance of trade and notes payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

Our trade and notes payables turnover days increased from 50 days as of December 31, 2021 to 53 days as of December 31, 2022, primarily due to our acquisition of Golden Star Resources in 2022 which substantially increased our trade payable. Our trade and notes payables turnover days decreased from 53 days as of December 31, 2023 to 36 days as of September 30, 2024. This was primarily because we shortened payment period for our suppliers to fully utilize the Ghana Cedis we have on hand to manage foreign exchange risk, as Ghana Cedis depreciated.

As of January 31, 2025, RMB420.5 million or 66.0% of the trade and notes payables as of September 30, 2024 had been subsequently settled.

Contract liabilities

The contract liabilities mainly consist of metal streaming and the advance payments received for the sale of metals. We require certain customers to pay in advance of delivery. The receipts in advance are recognized as a contract liability until the products are delivered to the customer. In 2021, 2022 and 2023 and for the nine months ended September 30, 2024, RMB4.5 million, RMB1.2 million, RMB9.2 million and RMB17.3 million or 100%, 100%, 100%, 100%, of the advance payments for metal sales, respectively, were subsequently settled and recognized as revenue.

As of January 31, 2025, RMB31.4 million or 5.0% of contract liabilities as of September 30, 2024 had been were subsequently settled and recognized as revenue.

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The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Short-term advances				
received from customers				
Sale of goods	4,547	1,227	9,162	17,323
Metal Streaming				
Arrangement	–	60,825	64,015	71,849
Sub-total	4,547	62,052	73,177	89,172
Long-term advances				
received from				
customers				
Metal Streaming				
Arrangement	–	606,298	576,999	538,996
Total	4,547	668,350	650,176	628,168

Note: We acquired Golden Star Resources in January 2022. In May 2015, Golden Star Resources, through its subsidiary Caystar Finance, engaged in a gold purchase and sale agreement with RGLD Gold AG. Under this arrangement, Golden Star Resources received US\$145,000,000 from RGLD Gold AG as the purchase price. Golden Star Resources is obligated to supply future gold production from its subsidiaries at a cash purchase price equivalent to 20% of the spot gold price until delivering 240,000 ounces. Subsequently, 5.5% of the gold production will be supplied at a cash purchase price of 30% of the spot gold price. As of September 30, 2024, Golden Star Resources had delivered approximately 185 koz accumulated amount of gold to RGLD Gold AG.

Our contract liabilities increased by 14,598.7% from RMB4.5 million as of December 31, 2021 to RMB668.4 million as of December 31, 2022. This was primarily due to an increase in short-term and long-term advances received from customers arising from gold streaming transactions of GSWL since our acquisition of Golden Star Resources.

Our contract liabilities decreased by 2.7% from RMB668.4 million as of December 31, 2022 to RMB650.2 million as of December 31, 2023. This was primarily due to a decrease in long-term advances received from customers arising from gold streaming transactions of GSWL. The decrease was partially offset by an increase in short-term advances received from customers arising from sales of goods at Hanfeng Mining.

Our contract liabilities decreased by 3.4% from RMB650.2 million as of December 31, 2023 to RMB628.2 million as of September 30, 2024, primarily due to the decrease in advance receipts from the metal stream transaction of GSWL.

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Derivative financial liabilities

Our derivative financial liabilities are related to hedging instruments for cash flow hedge arising from commodity future contracts.

Our derivative financial liabilities were RMB1.8 million, nil, nil and RMB17 million as of December 31, 2021, 2022 and 2023 and September 30, 2024, respectively.

Other payables and accruals

Our other payables and accruals consist of amounts due to related parties, payables to contractors, consideration payables for acquiring a subsidiary, engineering quality guarantee deposit, safety deposit, salaries, wages and benefits payables, taxes other than income tax payables and others. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Amounts due to related parties				
– trade	–	41	22	2
– non-trade	–	410,940	128,525	–
Payables to contractors	2,926	6,319	85,195	116,158
Consideration payables for				
acquiring a subsidiary	–	–	40,800	40,800
Engineering Quality Guarantee				
Deposit	27,803	33,507	40,984	39,885
Salaries, wages and benefits				
payables	104,693	114,454	174,859	111,078
Taxes other than income tax				
payables	53,999	93,558	205,293	142,504
Payables for Phase II ESOP . . .	–	–	–	323,647
Others	1,748	36,517	21,769	18,229
Total	191,169	695,336	697,447	792,303

Our other payables and accruals increased by 263.7% from RMB191.2 million as of December 31, 2021 to RMB695.3 million as of December 31, 2022. This was primarily due to an increase in amounts due to related parties of RMB411.0 million, resulting from the financial support provided by the member of the Single Largest Shareholder Group, Ms. Li Jinyang, which led to an increase in the amount payable to the related party.

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Our other payables and accruals increased by 0.3% from RMB695.3 million as of December 31, 2022 to RMB697.4 million as of December 31, 2023. This was primarily due to: (i) an increase in taxes other than income tax payables of RMB111.7 million, which is attributed the increase in sales revenue of gold, leading to an increase in the resource tax payable; and (ii) an increase in payable to contractors of RMB78.9 million. The increase was partially offset by a decrease in amounts due to related parties of RMB282.4 million because of the repayment of the financial support provided by the member of the Single Largest Shareholder Group, Ms. Li Jinyang.

Our other payables and accruals increased by 13.6% from RMB697.4 million as of December 31, 2023 to RMB792.3 million as of September 30, 2024. This was primarily due to (i) a decrease in amounts due to related parties of RMB128.6 million for repayment of the funds provided by the member of the Single Largest Shareholder Group, Ms. Li Jinyang; and (ii) an increase in payables for Phase II ESOP of RMB323.6 million.

As of January 31, 2025, RMB713.9 million or 93.5% of other payables and accruals as of September 30, 2024 had been subsequently settled.

Income tax payables

Our income tax payables increased by 72.9% from RMB102.4 million as of December 31, 2021 to RMB177.1 million as of December 31, 2022, mainly due to our acquisition of Golden Star Resources in January 2022.

Our income tax payables increased by 51.2% from RMB177.1 million as of December 31, 2022 to RMB267.7 million as of December 31, 2023, mainly due to the increase in profit before tax for the increase in gold sales volumes and unit selling prices.

Our income tax payables increased by 70.3% from RMB267.7 million as of December 31, 2023 to RMB455.8 million as of September 30, 2024, which is attributed to the income tax not yet paid.

Lease liabilities

Our lease liabilities consist of current lease liabilities and non-current liabilities. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Current	1,424	31,177	38,083	38,204
Non-current	2,975	230,805	207,219	185,340
Total	4,399	261,982	245,302	223,544

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Our current portion of lease liabilities increased by 2,089.4% from RMB1.4 million as of December 31, 2021 to RMB31.2 million as of December 31, 2022. This was mainly due to the increased lease liabilities due to the acquisition of Golden Star Resources in 2022.

Our current portion of lease liabilities increased by 22.2% from RMB31.2 million as of December 31, 2022 to RMB38.1 million as of December 31, 2023. This was mainly due to the increased lease liabilities within one year arising from the acquisition of Jintai Mining and difference of rental payment arrangements.

Our current portion of lease liabilities increased by 0.3% from RMB38.1 million as of December 31, 2023 to RMB38.2 million as of September 30, 2024. This was attributable to the rent paid by Chijin HK and GSWL in 2024 and the reclassification of non-current lease liabilities to current lease liabilities.

Our non-current portion of lease liabilities increased by 7,658.2% from RMB3.0 million as of December 31, 2021 to RMB230.8 million as of December 31, 2022. This was mainly due to our acquisition of Golden Star Resources in 2022.

Our non-current portion of lease liabilities decreased by 10.2% from RMB230.8 million as of December 31, 2022 to RMB207.2 million as of December 31, 2023. This was mainly due to the increase in lease liabilities of RMB26.0 million arising from our acquisition of Xinhenghe Mining in 2023, offset by rent payment of RMB58.1 million for the period.

Our non-current portion of lease liabilities decreased by 10.6% from RMB207.2 million as of December 31, 2023 to RMB185.3 million as of September 30, 2024. This was attributable to the reclassification of non-current lease liabilities to current lease liabilities.

Deferred tax liabilities

Our deferred tax liabilities consist of fair value adjustments on financial assets at fair value through profit or loss, Accelerated depreciation of property, plant and equipment, environmental rehabilitation, fair value adjustment arising from acquisition of subsidiaries, right-of-use assets and others. The following table sets forth a breakdown of our deferred tax liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Fair value adjustments on financial assets at fair value through profit or loss	966	88	2,108	6,516

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	As of December 31,			As of
	2021	2022	2023	September 30,
				2024
	(RMB'000)			
Accelerated depreciation of property, plant and equipment	950	378,810	357,796	371,795
Environmental rehabilitation	–	11,045	11,869	11,435
Fair value adjustment arising from acquisition of subsidiaries	–	2,080,068	2,004,421	1,925,417
Right-of-use assets	–	65,554	58,817	51,561
Others	–	13,667	13,577	10,491
Total deferred tax liabilities before offset	1,916	2,549,232	2,448,588	2,377,215
Amount of offset between deferred tax assets and liabilities	–	93,251	133,934	132,163
Deferred tax liabilities presented net of offset	1,916	2,455,981	2,314,654	2,245,052

Our deferred tax liabilities increased by 128,082.7% from RMB1.9 million as of December 31, 2021 to RMB2,456.0 million as of December 31, 2022. This was mainly due to an increase of RMB2,080.1 million, from assets appreciation resulting from the acquisition of Golden Star Resources in 2022.

Our deferred tax liabilities decreased by 5.8% from RMB2,456.0 million as of December 31, 2022 to RMB2,314.7 million as of December 31, 2023. This was mainly due to a decrease of RMB75.6 million, which is attributed to: (i) amortization of the assessed appreciation of GSWL's mining rights; and (ii) depreciation and amortization of fixed and intangible assets of RMB19.6 million.

Our deferred tax liabilities decreased by 3.0% from RMB2,314.7 million as of September 30, 2023 to RMB2,245.1 million as of September 30, 2024. This was primarily due to amortization of the assessed appreciation of Golden Star Resources resulting from business combinations not under common control.

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Provisions

Our provisions consist of environmental rehabilitation and restoration. The following table sets forth a breakdown of our provisions as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Current	–	9,567	75,747	71,806
Non-current	1,631,259	1,984,834	1,868,099	1,781,346
Total	1,631,259	1,994,401	1,943,846	1,853,152

Our current provisions increased from nil as of December 31, 2021 to RMB9.6 million as of December 31, 2022, mainly due to the acquisition of GSWL. Our current provisions increased by 691.8% from RMB9.6 million as of December 31, 2022 to RMB75.7 million as of December 31, 2023. This was mainly due to the amendment of environmental rehabilitation and restoration plan by Sepon Gold and Copper Mine in 2023.

Our current provisions slightly decreased by 5.2% from RMB75.7 million as of December 31, 2023 to RMB71.8 million as of September 30, 2024. This was mainly due to the normal environmental rehabilitation and restoration expenditure.

Our non-current provisions increased by 21.7% from RMB1,631.3 million as of December 31, 2021 to RMB1,984.8 million as of December 31, 2022. This was mainly due to (i) an increase in exchange differences of RMB155.9 million, and (ii) the acquisition of GSWL. Our non-current provisions decreased by 5.9% from RMB1,984.8 million as of December 31, 2022 to RMB1,868.1 million as of December 31, 2023. This was mainly due to the expenditure on reclamation obligations. Our non-current provisions decreased by 4.6% from RMB1,868.1 million as of December 31, 2023 to RMB1,781.3 million as of September 30, 2024. This was mainly due to the normal reclamation expenditure.

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Other non-current liabilities

Our other non-current liabilities of payables for mining rights, payables for equity transfer and deferred government grants. The following table sets forth a breakdown of our other non-current liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2021	2022	2023	2024
	(RMB'000)			
Payables for mining rights	85,716	73,186	71,960	64,167
Payables for equity transfer	173,566	—	—	—
Deferred government grants	2,120	2,073	1,756	6,918
Total	261,402	75,259	73,716	71,085
Current portion	186,589	10,849	9,485	5,717
Non-current portion	74,813	64,410	64,231	65,368

Our other non-current liabilities decreased by 13.9% from RMB74.8 million as of December 31, 2021 to RMB64.4 million as of December 31, 2022. This was mainly due to an decrease in payables for equity transfer of RMB173.6 million, resulting from the acquisition of LXML in 2018, for which payments were due to the original shareholder MMG Limited (“MMG”). The equity transfer payment due to MMG had been fully made in 2022.

Our other non-current liabilities decreased by 0.3% from RMB64.4 million as of December 31, 2022 to RMB64.2 million as of December 31, 2023. This was mainly due to a decrease in payables for mining rights of RMB1.2 million and a decrease in deferred government grants of RMB0.3 million, mainly resulting from: (i) the payment of mining rights transfer fees and interest expenses in 2023; and (ii) a reduction in government subsidies received in 2023.

Our other non-current liabilities increased by 1.8% from RMB64.2 million as of December 31, 2023 to RMB65.4 million as of September 30, 2024. This was primarily attributable to (i) the payment of mining rights transfer fees and interest expenses in 2024; and (ii) deferred grant received from the government.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted of short-term loans, financial liabilities at fair value through profit or loss, other payables and accruals. The significant increase in our Company’s indebtedness compared to 2021 is primarily attributed to the acquisition of Golden Star Resources at the beginning of 2022.

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The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2021	2022	2023	2024	2024
	(RMB'000)				(unaudited)
Short-term					
Short-term loans	–	488,409	850,009	822,730	1,108,199
Financial liabilities at fair value through profit or loss	387,683	620,250	939,996	1,026,210	707,020
Amounts due to related parties (non-trade) . . .	–	410,940	128,525	–	–
Payables for Phase II ESOP	–	–	–	323,647	–
Other payables and accruals-amounts due to non-controlling shareholders of our subsidiary	–	–	10,706	11,420	11,545
Current portion of long- term loans	25,530	333,770	218,315	641,778	282,333
Current portion of lease liabilities	1,424	31,177	38,083	38,204	37,840
Current portion of other non-current liabilities – Payables for mining rights	13,023	10,849	9,485	5,717	5,786
Current portion of other non-current liabilities – Payables for equity transfer	173,566	–	–	–	–
Long-term					
Long-term loans	–	1,513,781	1,421,974	681,614	599,503
Lease liabilities	2,975	230,805	207,219	185,340	179,596
Other non-current liabilities – Payables for mining rights	72,693	62,337	62,475	58,450	59,168
Total	676,894	3,702,318	3,886,787	3,795,110	2,990,990

The agreements under our bank loans and other borrowings do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we did not have any default in payment of trade payables, bank loans and other borrowings, and did not breach any of the covenants in relation to the bank loans and other borrowings mentioned above, during the Track Record Period and up to the Latest Practicable Date. We did not experience any difficulty in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date, and there has not been any material change in our indebtedness since December 31, 2024 and up to the date of this Prospectus.

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Short-term loans

Our short-term loans consist of unsecured and secured and short-term loans, and based on their maturity dates, they are classified as current. The following table sets forth a breakdown of our short-term loans as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2021	2022	2023	2024	2024
	(RMB'000)				(unaudited)
Short-term loans –					
unsecured	–	236,636	850,009	822,730	1,108,199
Short-term loans –					
secured	–	251,773	–	–	–
Total	–	488,409	850,009	822,730	1,108,199

Secured short-term loans accounted for nil, 51.6%, nil, nil, and nil of our total short-term loans as of December 31, 2021, 2022 and 2023, and September 30, 2024 and December 31, 2024, respectively. All of our secured short-term loans during the Track Record Period were at fixed interest rates of 3.7% per annum.

Unsecured short-term loans accounted for nil, 48.5%, 100.0%, 100.0%, and 100% of our total short-term loans as of December 31, 2021, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively, at interest rates of nil, 2.6%-3.9%, 2.5%-7.5%, 2.5%-4.5% and 2.4%-5.7% per annum, respectively.

Our short-term loans increased by 74.0% from RMB488.4 million as of December 31, 2022 to RMB850.0 million as of December 31, 2023. This was mainly due to the increase in profit before tax arising from our acquisition of Golden Star Resources and the expansion project of Jilong Gold Mine.

Our short-term loans decreased by 3.2% from RMB850.0 million as of December 31, 2023 to RMB822.7 million as of September 30, 2024, attributable to a combined effect of (i) the repayment of short-term borrowings upon maturity and (ii) our new short-term borrowings.

Our short-term loans increased by 34.7% from RMB822.7 million as of September 30, 2024 to RMB1,108.2 million as of December 31, 2024, primarily due to our optimization of the borrowing model of the gold leasing, which resulted in an increase in short-term borrowings by RMB285.5 million, and a decrease in financial liabilities at fair value through profit or loss by RMB319.2 million. The overall short-term debt level remained stable as a netting effect of these adjustments.

As of December 31, 2024, we had unutilized short-term credit facilities of RMB4,002 million.

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Long-term loans

Our long-term loans consist of unsecured and secured and long-term loans, and based on their maturity dates, they are classified as current or non-current. The following table sets forth a breakdown of our long-term loans as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2021	2022	2023	2024	2024
	(RMB'000)				(unaudited)
Current					
Current portion of long-term bank loans –					
secured	–	245,850	129,456	531,580	170,325
Current portion of long-term bank loans –					
unsecured	25,530	87,920	88,859	110,198	112,008
Subtotal	25,530	333,770	218,315	641,778	282,333
Non-current					
Long-term loans –					
secured	–	1,386,724	1,381,994	485,047	433,882
Long-term loans –					
unsecured	–	127,057	39,980	196,567	165,621
Subtotal	–	1,513,781	1,421,974	681,614	599,503
Total	25,530	1,847,551	1,640,289	1,323,392	881,836

Secured long-term loans accounted for nil, 88.4%, 92.1%, 76.8% and 68.5% of our total long-term loans as of December 31, 2021, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively, at fixed interest rates of nil, 4.1%-5.0%, 4.0%-9.2%, 4.0%-9.1% and 3.7%-4.3% per annum, respectively.

On the other hand, unsecured long-term loans accounted for 100%, 11.6%, 7.9%, 23.2% and 31.5% of our total long-term loans as of December 31, 2021, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively, at fixed interest rates of 3.5%, 3.5%-4.0%, 3.5%-4.1%, 3.5%-6.3% and 3.5%-5.7% per annum, respectively.

Our long-term loans increased by 7,136.8% from RMB25.5 million as of December 31, 2021 to RMB1,847.6 million as of December 31, 2022 mainly due to the loan for the acquisition of Golden Star Resources in 2022. The principal amount of the loan is RMB1.2 billion for a term of 5 years, with an interest rate of 4.95% in 2022, which was adjusted to 4.35% since June 2023. The repayment plan involves repaying the principal every six months, with interest accrued and paid quarterly.

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Our long-term loans decreased by 11.2% from RMB1,847.6 million as of December 31, 2022 to RMB1,640.3 million as of December 31, 2023, resulting from the partial repayment of long-term loans.

Our long-term loans decreased by 19.3% from RMB1,640.3 million as of December 31, 2023 to RMB1,323.4 million as of September 30, 2024, primarily due to (i) the repayment of long-term loans by GSWL and our Company, and (ii) LXML's new long-term loans.

Our long-term loans decreased by 33.4% from RMB1,323.4 million as of September 30, 2024 to RMB881.8 million as of December 31, 2024, primarily due to further repayment of the long-term loans by GSWL and our Company.

As of September 30, 2024, we had no unutilized long-term credit facilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise of gold leasing.

Our financial liabilities at fair value through profit or loss increased by 60.0% from RMB387.7 million as of December 31, 2021 to RMB620.3 million as of December 31, 2022, further increased by 51.6% to RMB940.0 million as of December 31, 2023, resulting from an increase in gold leasing.

Our financial liabilities at fair value through profit or loss increased by 9.2% from RMB940.0 million as of December 31, 2023 to RMB1,026.2 million as of September 30, 2024, resulting from a decrease in gold leasing outstanding balance.

Most of our outstanding bank borrowings are denominated in RMB and U.S. dollars. During the Track Record Period, certain of our outstanding bank loans were secured by the pledge of fixed assets and mining rights.

Except for our indebtedness as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of September 30, 2024, being the latest practicable date for our indebtedness statement.

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RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with certain related parties. For details, please refer to Note 46 to the Accountants' Report included in Appendix I to this Prospectus. Our Directors confirm that these transactions were conducted on arm's length basis and entered into in the ordinary course of business and would not distort our track record results or make our historical results not reflective of our future performance. The amounts due to related parties and outstanding balances with related parties include lease fees and property fees payable to Beijing Eagleleap and interest-bearing fund loans payable to the member of the Single Largest Shareholder Group, Ms. Li Jinyang, which is to maintain our daily operation. The non-trade outstanding balances with related parties, which was the loan of RMB1,074.2 million from the Single Largest Shareholder Group, was fully repaid in January 2024. Certain related party transactions entered into by our Group during the Track Record Period are set out below.

Loans received from the related parties (non-trade)

	Year Ended December 31,			Nine Months Ended/As of September 30
	2021	2022	2023	2024
	(RMB'000)			
Mr. Wang Jianhua	620,000	463,000	—	—
Ms. Li Jinyang	—	1,074,240	—	—
Total	620,000	1,537,240	—	—

New loans repaid to the related parties (non-trade)

	Year Ended December 31,			Nine Months Ended/As of September 30
	2021	2022	2023	2024
	(RMB'000)			
Mr. Wang Jianhua	620,000	463,000	—	—
Ms. Li Jinyang	—	663,300	300,040	128,546
Total	620,000	1,126,300	300,040	128,546

Outstanding balances with related parties:

	Year Ended December 31,			Nine Months Ended/As of September 30
	2021	2022	2023	2024
	(RMB'000)			
Other payables and accruals				
Ms. Li Jinyang (non-trade).	—	410,940	128,525	—
Beijing Eagleleap (trade)	—	41	22	2
	—	410,981	128,547	2
Lease Liabilities				
Beijing Eagleleap (trade)	—	9,535	4,385	2,271

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year Ended December 31,			Nine Months Ended/As of September 30,
	2021	2022	2023	2024
Rates of return				
Return on assets	7.6%	2.8%	4.7%	6.4%
Return on equity	12.3%	6.7%	10.2%	12.9%
Liquidity ratios				
Current ratio	2.8	1.3	1.3	1.4
Quick ratio	1.7	0.6	0.7	0.8
Gearing ratio	0.6%	35.1%	32.0%	24.2%

Notes:

1. Return on assets ratio is calculated using net profit divided by total assets at the end of the year, multiplied by 100%.
2. Return on equity ratio is calculated using net profit divided by total equity at the end of the year, multiplied by 100%.
3. Current ratio is calculated using total current assets divided by total current liabilities.
4. Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
5. Gearing ratio is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. These risks and the manner in which we seek to mitigate them are summarized below and described in more details in Note 49 to the Accountants' Report included in Appendix I to this Prospectus for more details. Thereto, please also see section headed "Risk Factors".

Market Risk

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our debt obligations with a floating interest rate.

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Exchange rate risk

We have transactional exchange rate risk exposures mainly arising from sales or purchases by operating units in currencies other than the units' functional currencies. We have subsidiaries using U.S. dollars and Renminbi as their recording currency. These subsidiaries have transactions in currencies other than their recording currency. In addition, we have exchange rate exposures arising from foreign currency borrowings. We adopt an overall management on their foreign exchange businesses and reduce their exchange rate exposures using forward foreign exchange contracts based on the market trend as necessary.

Commodity price risk

We are mainly exposed to the risk of changes in major metals' prices in the future, including gold, copper, zinc, silver and copper cathodes. The fluctuations in these products' prices may affect our operating performance.

We use commodity futures contracts to manage risk in the sale of gold, copper, zinc, silver and copper cathodes. The management keeps an eye on the changes in prices of commodity futures contracts.

Price risk of equity instrument investments

Price risk of equity instrument investments refers to the risk that the fair value of equity securities is reduced due to changes in the level of the stock index and the value of individual securities. As of September 30, 2024, we were exposed to the price risk of individual equity instrument investments due to the classification as equity instrument investments at fair value through profit or loss.

Credit Risk

We only deal with approved and reputable third parties. According to our policy, all customers who require credit transactions are subject to a credit review. In addition, we continuously monitor the balance of trade receivable to ensure that the Group is not exposed to significant bad debt risks.

Since counterparties of cash and cash equivalents and derivatives are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of our Company include equity instrument investments, trade receivable and some derivatives. The credit risk on these financial assets arises from the default of counterparties, with a maximum exposure equal to carrying amounts of these instruments.

Our maximum exposure to credit risk at each balance sheet date is the total amount charged to the customers less the amount of the provision for impairment.

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Liquidity Risk

We use a revolving liquidity planning tool to manage the risk of funding shortfalls. This tool considers both the maturity of its financial instruments and the expected cash flows generated from our operations.

Our objective is to maintain a balance between continuity and flexibility of funding through the use of financing including long-term loans and short-term loans.

Financial Risk

We implement a combination of short-term financing through gold leasing contracts and we engage in hedging transactions in the futures market to transfer and mitigate price risks. Also, fluctuations in the market prices of gold and other Mineral Resources, which have historically exhibited considerable volatility, impact our profitability and cash flow from operations. Due to the international pricing of gold in U.S. dollars, and the fact that our operating costs of overseas mining and expenditures are denominated in various currencies, we are exposed to risks associated with exchange rate fluctuations.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited *pro forma* adjusted consolidated net tangible assets, see Appendix IIA to this Prospectus.

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Cash Operating and Production Costs

Cash operating costs for our PRC Gold Mines primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per gram of gold produced of our PRC Gold Mines for the years indicated.

The anticipated fluctuations in future cash operating costs are primarily driven by several factors, which vary across the gold mines. For some mines, the expansion of mining capacity is expected to increase gold production, thereby reducing unit costs. In others, higher gold grades in the deeper zones contribute to greater gold output and further reductions in unit costs. Specifically, the production schedule of each of Wulong Gold Mine and Jilong Gold Mine in the SRK Report solely focuses on stope production and excludes ore from comprehensive utilization as recorded in historical data. As a result, it is anticipated that gold production of these two mines will be lower compared to previous figures, thus leading to an increase in unit costs.

Wulong Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Gold Produced	kg	791	1,222	1,824	1,477	6,538 ²	153	678	785	687	668	717	741	668	535	465	303	139
Labor	RMB/g	101.31	77.62	76.70	73.14	100.89 ³	120.61	97.55	84.66	95.50	99.54	100.62	98.06	102.46	126.27	95.11	97.10	159.12
Material	RMB/g	24.02	46.03	46.62	33.25	49.95 ³	59.72	48.30	41.92	47.28	49.28	49.82	48.55	50.73	62.51	47.09	48.07	78.78
Electricity	RMB/g	35.54	34.25	21.05	22.44	15.06 ³	18.00	14.56	12.64	14.26	14.86	15.02	14.64	15.29	18.85	14.20	14.49	23.75
Contractors	RMB/g	9.11	—	—	—	2.84 ³	3.39	2.75	2.38	2.69	2.80	2.83	2.76	2.88	3.55	2.68	2.73	4.48
Engineering	RMB/g	10.54	—	—	1.19	3.28 ³	3.93	3.18	2.76	3.11	3.24	3.28	3.19	3.34	4.11	3.10	3.16	5.18
Service	RMB/g	1.21	6.69	4.47	16.43	7.11 ³	8.50	6.88	5.97	6.73	7.02	7.09	6.91	7.22	8.90	6.71	6.85	11.22
Safety	RMB/g	—	—	—	—	— ³	—	—	—	—	—	—	—	—	—	—	—	—
Repairment	RMB/g	3.91	1.80	1.20	2.17	1.22 ³	1.46	1.18	1.02	1.15	1.20	1.22	1.19	1.24	1.53	1.15	1.17	1.92
Others	RMB/g	—	—	—	—	— ³	—	—	—	—	—	—	—	—	—	—	—	—
Taxes and surcharges	RMB/g	16.04	16.83	17.37	20.47	8.86 ³	10.59	8.57	7.44	8.39	8.74	8.84	8.61	9.00	11.09	8.35	8.53	13.98
Selling costs	RMB/g	—	—	—	—	— ³	—	—	—	—	—	—	—	—	—	—	—	—
G&A costs	RMB/g	27.17	36.18	15.48	9.55	15.91 ³	19.02	15.38	13.35	15.06	15.70	15.87	15.46	16.16	19.91	15.00	15.31	25.09
R&D costs	RMB/g	14.05	13.26	14.70	17.79	7.70 ³	9.21	7.45	6.46	7.29	7.60	7.68	7.48	7.82	9.64	7.26	7.41	12.14
Total	RMB/g	242.90	232.66	197.59	196.42	212.83⁴	254.44	205.79	178.60	201.46	209.99	212.25	206.86	216.14	266.36	200.63	204.83	335.66

Notes:

- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.

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3. Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.

4. “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

Jilong Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032
Gold Produced	kg				795	7,782 ²	754	1,327	1,142	1,444	973	687	695	549	211
Labor	RMB/g	1,048	811	1,390	81.16	73.23 ³	72.02	85.87	97.80	83.38	69.61	52.78	48.84	42.36	39.66
Material	RMB/g	56.20	77.88	43.98	34.06	27.27 ³	26.82	31.97	36.42	31.05	25.92	19.65	18.19	15.77	14.77
Electricity	RMB/g	18.31	30.18	17.44	16.90	9.44 ³	9.28	11.07	12.61	10.75	8.97	6.80	6.30	5.46	5.11
Contractors	RMB/g	10.54	13.25	7.74	—	— ³	—	—	—	—	—	—	—	—	—
Engineering	RMB/g	—	—	—	—	3.66 ³	3.60	4.30	4.89	4.17	3.48	2.64	2.44	2.12	1.98
Service	RMB/g	4.25	5.17	2.63	2.39	1.56 ³	1.53	1.83	2.08	1.78	1.48	1.12	1.04	0.90	0.84
Safety	RMB/g	1.80	2.49	0.47	0.11	4.86 ³	4.78	5.69	6.49	5.53	4.62	3.50	3.24	2.81	2.63
Repairment	RMB/g	3.78	4.93	2.20	8.69	1.30 ³	1.28	1.53	1.74	1.49	1.24	0.94	0.87	0.75	0.71
Others	RMB/g	1.36	2.06	1.21	0.31	0.42 ³	0.42	0.50	0.57	0.48	0.40	0.31	0.28	0.25	0.23
Taxes and surcharges	RMB/g	0.49	0.65	0.15	0.12	22.05 ³	21.69	25.86	29.45	25.11	20.96	15.89	14.71	12.75	11.94
Selling costs	RMB/g	16.19	19.69	45.53	23.90	0.09 ³	0.09	0.11	0.12	0.10	0.09	0.06	0.06	0.05	0.05
G&A costs	RMB/g	0.08	0.12	0.08	0.00	33.37 ³	32.82	39.13	44.57	37.99	31.72	24.05	22.26	19.30	18.07
R&D costs	RMB/g	28.82	37.55	31.02	36.43	15.74 ³	15.47	18.45	21.02	17.92	14.96	11.34	10.49	9.10	8.52
Total	RMB/g	9.72	10.34	14.63	20.58	193.00⁴	189.80	226.30	257.75	219.74	183.46	139.10	128.72	111.63	104.52
		151.53	204.32	167.07	224.65										

Notes:

1. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

2. “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.

3. Each of the cost of this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.

4. “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

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Huatai Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Gold Produced kg		133	48	4	-	9,796 ²	-	-	317	295	264	298	316	312	277	300	288	314	306	291	334	389	361	342	419	334	497	576	518	519	427	446	401	237	239	180
Labor RUB/kg		211.65	98.39	899.07	-	99.59 ³	-	-	109.55	118.66	132.97	117.52	110.98	112.38	126.66	116.77	121.86	111.62	114.68	120.61	105.05	90.12	97.47	102.64	83.69	104.98	70.72	60.90	67.65	67.58	82.24	78.63	87.44	148.11	146.09	160.29
Material RUB/kg		2040	33.07	11.20	-	9.46 ³	-	-	10.40	11.27	12.63	11.16	10.54	10.67	12.03	11.09	11.57	10.60	10.89	11.45	9.97	8.56	9.25	9.75	7.95	9.97	6.72	5.78	6.42	6.42	7.81	7.47	8.30	14.06	13.96	15.22
Electricity RUB/kg		32.73	40.72	71.34	-	12.84 ³	-	-	14.12	15.29	17.14	15.15	14.30	14.48	16.32	15.05	15.70	14.38	14.78	15.54	13.54	11.61	12.56	13.23	10.79	13.53	9.11	7.85	8.72	8.71	10.60	10.13	11.27	19.09	18.94	20.66
Contractors RUB/kg		-	-	-	-	³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering RUB/kg		75.26	214.92	407.21	-	29.51 ³	-	-	32.46	35.16	39.40	34.83	32.89	33.30	37.53	34.60	36.11	33.08	33.98	35.74	31.13	26.71	28.88	30.42	24.80	31.11	20.96	18.05	20.05	20.03	24.37	23.30	25.91	43.89	43.56	47.50
Service RUB/kg		6.89	9.77	6.30	-	4.24 ³	-	-	4.66	5.05	5.66	5.00	4.72	4.78	5.39	4.97	5.19	4.75	4.88	5.13	4.47	3.84	4.15	4.37	3.56	4.47	3.01	2.59	2.88	2.88	3.50	3.35	3.72	6.30	6.26	6.82
Safety RUB/kg		10.09	6.27	7.40	-	3.96 ³	-	-	4.35	4.71	5.28	4.67	4.41	4.46	5.03	4.64	4.84	4.43	4.55	4.79	4.17	3.58	3.87	4.08	3.32	4.17	2.81	2.42	2.69	2.68	3.27	3.12	3.47	5.88	5.84	6.37
Repairment RUB/kg		2.91	2.64	0.27	-	1.15 ³	-	-	1.26	1.37	1.53	1.35	1.28	1.30	1.46	1.35	1.40	1.29	1.32	1.39	1.21	1.04	1.12	1.18	0.96	1.21	0.82	0.70	0.78	0.78	0.95	0.91	1.01	1.71	1.69	1.85
Others RUB/kg		0.08	0.08	3.29	-	0.06 ³	-	-	0.06	0.07	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.05	0.06	0.06	0.05	0.06	0.05	0.06	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.09	0.09	0.09	
Taxes and surcharges . RUB/kg		33.32	60.38	688.86	-	13.07 ³	-	-	14.37	15.57	17.45	15.42	14.56	14.74	16.62	15.32	15.99	14.64	15.05	15.82	13.78	11.82	12.79	13.47	10.98	13.77	9.28	7.99	8.88	8.87	10.79	10.32	11.47	19.43	19.28	21.03
Selling costs RUB/kg		-	-	-	-	³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A costs RUB/kg		108.61	573.59	4,555.80	-	51.11 ³	-	-	56.22	60.89	68.23	60.31	56.95	57.67	65.00	59.92	62.33	57.28	58.85	61.89	53.90	46.24	50.01	52.67	42.95	53.87	36.29	31.25	34.72	34.68	42.20	40.35	44.87	76.00	75.43	82.25
R&D costs RUB/kg		-	-	-	-	³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total RUB/kg		501.94	1,039.83	6,650.73	-	224.97 ⁴	-	-	247.47	268.05	300.37	265.47	250.49	253.86	286.12	263.77	275.26	252.13	259.06	272.45	237.29	203.57	220.16	231.85	189.06	237.13	159.75	137.57	152.82	152.66	185.78	177.61	197.51	334.57	332.03	362.07

Notes:

- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
- Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.
- “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

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Jintai Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Gold Produced	kg	-	-	75	204	796 ²	17	62	68	110	65	61	83	54	66	140	69
Labor	RMB/g	-	-	23.81	35.67	265.25 ³	6.47	27.14	27.07	27.17	27.10	26.52	26.61	25.62	26.18	27.10	18.26
Material	RMB/g	-	-	25.00	71.87	278.53 ³	6.80	28.50	28.42	28.53	28.46	27.85	27.94	26.91	27.50	28.46	19.17
Electricity	RMB/g	-	-	0.93	8.05	27.27 ³	0.67	2.79	2.78	2.79	2.79	2.73	2.74	2.63	2.69	2.79	1.88
Contractors	RMB/g	-	-	13.93	14.43	155.20 ³	3.79	15.88	15.84	15.90	15.86	15.52	15.57	14.99	15.32	15.86	10.68
Engineering	RMB/g	-	-	14.40	55.57	183.34 ³	4.60	19.27	19.22	19.29	19.24	18.83	18.90	18.19	18.59	19.24	12.96
Service	RMB/g	-	-	20.09	85.78	290.72 ³	7.09	29.75	29.66	29.78	29.70	29.07	29.17	28.09	28.70	29.70	20.01
Safety	RMB/g	-	-	8.25	22.13	91.95 ³	2.24	9.41	9.38	9.42	9.39	9.19	9.23	8.88	9.08	9.40	6.33
Repairment	RMB/g	-	-	-	-	- ³	-	-	-	-	-	-	-	-	-	-	-
Others	RMB/g	-	-	-	-	- ³	-	-	-	-	-	-	-	-	-	-	-
Taxes and surcharges	RMB/g	-	-	16.47	0.44	183.48 ³	4.48	18.77	18.72	18.80	18.75	18.35	18.41	17.72	18.11	18.75	12.63
Selling costs	RMB/g	-	-	0.59	1.46	6.59 ³	0.16	0.67	0.67	0.67	0.67	0.66	0.66	0.64	0.65	0.67	0.45
G&A costs	RMB/g	-	-	59.71	85.80	665.28 ³	16.23	68.07	67.88	68.16	67.97	66.52	66.74	64.27	65.67	67.97	45.79
R&D costs	RMB/g	-	-	-	-	- ³	-	-	-	-	-	-	-	-	-	-	-
Total	RMB/g	-	-	183.17	381.18	2,152.62 ⁴	52.52	220.25	219.65	220.53	219.93	215.24	215.96	207.95	212.50	219.94	148.15

Notes:

- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
- Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.
- “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

Cash operating costs for our Hanfeng Polymetallic Mine primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per tonnes of comprehensive metal produced of our Hanfeng Polymetallic Mine for the years indicated.

FINANCIAL INFORMATION

At the Hanfeng Polymetallic Mine, historical costs have been calculated based on operations conducted in the upper zone of the mine. In contrast, the design presented in the SRK Report focuses on the lower zone. This difference in the production zones is expected to result in variations in metal output, which, in turn, is anticipated to lead to discrepancies in unit cash costs.

Hanfeng Polymetallic Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030	2031	2032
Comprehensive Metal Produced	t	12	13	8	7	152 ³	-	19	18	19	14	24	25	18	15
Labor	RMB/t	2,144	2,899	3,321	11,179	1,391 ⁴	-	1,468	1,513	1,465	1,600	1,216	1,123	1,418	1,529
Material	RMB/t	1,440	1,795	1,548	2,544	587 ⁴	-	620	639	618	676	514	474	598	645
Electricity	RMB/t	1,192	1,518	1,785	1,824	505 ⁴	-	533	549	532	581	442	408	515	555
Contractors	RMB/t	-	-	-	3,087	179 ⁴	-	189	194	188	206	156	144	182	196
Engineering	RMB/t	1,174	1,091	1,223	2	316 ⁴	-	333	344	333	363	276	255	322	347
Service	RMB/t	80	63	34	86	22 ⁴	-	23	24	23	26	19	18	23	24
Safety	RMB/t	181	127	175	477	71 ⁴	-	75	77	75	82	62	57	72	78
Repairment	RMB/t	49	31	38	26	12 ⁴	-	13	13	13	14	11	10	13	14
Others	RMB/t	104	72	86	82	29 ⁴	-	30	31	30	33	25	23	29	32
Taxes and surcharges	RMB/t	643	776	493	1,708	280 ⁴	-	295	304	295	322	245	226	285	308
Selling costs	RMB/t	10	12	15	-	3 ⁴	-	3	4	3	4	3	3	3	4
G&A costs	RMB/t	1,279	986	1,957	1,859	469 ⁴	-	495	510	494	540	410	379	478	516
R&D costs	RMB/t	-	-	-	-	- ⁴	-	-	-	-	-	-	-	-	-
Total	RMB/t	8,296	9,370	10,674	22,875	3,864⁵	-	4,079	4,203	4,071	4,446	3,380	3,120	3,939	4,247

Notes:

- Hanfeng Mining operates two mines: the Lishan Mine and the Dongfeng Mine. Only the Lower Part (Stage 1) of the Lishan Mine was considered in Ore Reserves estimation. Currently, this Lower Part is under construction and has no production. The data of the Upper Part of the Lishan Mine and the Dongfeng Mine is referenced for the economic analysis of the Lower Part of the Lishan Mine. Comprehensive Metal includes Copper, Lead and Zinc.
- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Comprehensive Metal Produced” is the total comprehensive metal production over the LOM, as the aggregated volume of all the annual production volume.
- Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total comprehensive metal production.
- “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

FINANCIAL INFORMATION

Cash operating costs for our Sepon Gold and Copper Mine primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per tonnes of gold and copper produced of our Sepon Gold and Copper Mine for the years indicated.

At the Sepon Gold and Copper Mine, future cost differences are anticipated to primarily arise from a shift in mining methods. In contrast to historical operations, which have combined both open-pit and underground mining, future production is expected to rely solely on underground mining. This transition is anticipated to lead to significant changes in operating costs.

Sepon Gold and Copper Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030
Gold Produced	kg	5,982.85	6,629.29	6,009.04	3,948.67	15,962.97 ³	1,568.18	5,151.72	4,912.44	1,803.41	1,353.15	1,108.47	65.61
Copper Produced	kt	4.31	6.88	6.17	3.67	4.97 ⁴	1.83	3.14	-	-	-	-	-
<i>Gold Operation</i>													
Labor	USD/g	4.75	3.42	3.84	4.62	4.45 ⁵	8.23	4.90	3.50	3.84	3.63	3.26	4.31
Material	USD/g	18.02	26.94	23.32	22.63	25.23 ⁵	46.66	27.75	19.82	21.76	20.59	18.47	24.45
Electricity	USD/g	2.23	1.84	3.06	3.75	3.46 ⁵	6.40	3.81	2.72	2.99	2.83	2.54	3.36
Contractors	USD/g	0.01	0.01	0.00	0.00	0.01 ⁵	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Engineering	USD/g	0.00	0.00	0.00	0.00	0.00 ⁵	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service	USD/g	0.00	0.00	0.00	0.00	0.00 ⁵	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Safety	USD/g	-	-	-	-	- ⁵	-	-	-	-	-	-	-
Repairment	USD/g	-	-	-	-	- ⁵	-	-	-	-	-	-	-
Others	USD/g	0.00	0.00	0.00	0.00	0.00 ⁵	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Copper Operation</i>													
Labor	USD/g	496.89	417.28	651.56	794.16	2,145.95 ⁵	2,197.48	2,115.92	-	-	-	-	-
Material	USD/g	1,720.05	3,226.50	3,895.73	3,868.71	7,153.18 ⁵	7,324.95	7,053.07	-	-	-	-	-
Electricity	USD/g	236.50	206.87	545.01	625.98	953.76 ⁵	976.66	940.41	-	-	-	-	-
Contractors	USD/g	0.71	0.48	0.52	0.56	2.85 ⁵	2.92	2.81	-	-	-	-	-
Engineering	USD/g	0.08	0.06	0.06	0.07	0.31 ⁵	0.32	0.30	-	-	-	-	-
Service	USD/g	0.02	0.03	0.06	0.06	0.08 ⁵	0.08	0.08	-	-	-	-	-
Safety	USD/g	-	-	-	-	- ⁵	-	-	-	-	-	-	-

FINANCIAL INFORMATION

Sepon Gold and Copper Mine ¹	Unit	2021	2022	2023	2024Q1-Q3	LOM ²	2024Q4	2025	2026	2027	2028	2029	2030
Repairment	USD/g	—	—	—	—	— ⁵	—	—	—	—	—	—	—
Others	USD/g	0.04	0.04	0.06	0.15	0.15 ⁵	0.15	0.15	—	—	—	—	—
Taxes and surcharges	USD/g	2.88	3.01	3.60	4.23	3.41⁵	7.20	4.12	2.33	2.56	2.42	2.17	2.88
Selling costs	USD/g	0.01	0.01	0.01	0.01	0.01 ⁵	0.02	0.01	0.01	0.01	0.01	0.01	0.01
G&A costs	USD/g	2.82	0.68	3.07	3.31	2.84 ⁵	6.00	3.44	1.94	2.13	2.02	1.81	2.40
R&D costs	USD/g	—	—	—	—	—	—	—	—	—	—	—	—
Total	USD/g	30.72	35.91	36.91	38.54	39.42⁶	74.54	44.04	30.33	33.30	31.51	28.27	37.42

Notes:

1. All costs at the company level of LXML are borne by the gold mine of the Sepon Gold and Copper Mine.
2. LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
3. “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
4. “Copper Produced” is the total copper production over the LOM, as the aggregated volume of all the annual production volume.
5. Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold and copper production.
6. “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

FINANCIAL INFORMATION

Cash operating costs for our Wassa Gold Mine primarily consist of labor cost, material cost, electricity cost and some other costs. The table below is based on the SRK Report and sets forth a summary of historical and forecast of the cash operating costs and cash operating costs per gram of gold produced of our Wassa Gold Mine for the years indicated.

At the Wassa Gold Mine, anticipated future cost differences are expected to primarily result from a transition in mining methods. Specifically, whereas historical operations have integrated both open-pit and underground mining, future production is projected to be conducted exclusively through underground mining. This shift is expected to give rise to significant changes in operating costs.

Wassa Gold Mine	Unit	2021	2022	2023	2024Q1-Q3	LOM ¹	2024Q4	2025	2026	2027	2028
Gold Produced					5,022	17,955 ²	1,981	6,000	5,533	3,474	967
Labor	kg	—	4,835	5,310	6	10 ³	10	11	10	10	11
Material	USD/g	—	12	11	14	19 ³	19	20	17	18	19
Electricity	USD/g	—	2	4	2	4 ³	4	4	4	4	4
Contractors	USD/g	—	0	2	1	2 ³	2	2	2	2	2
Engineering	USD/g	—	1	2	1	2 ³	2	2	2	2	2
Service	USD/g	—	0	0	1	1 ³	1	1	1	1	1
Safety	USD/g	—	—	—	—	— ³	—	—	—	—	—
Repairment	USD/g	—	—	—	—	— ³	—	—	—	—	—
Others	USD/g	—	1	—	0	1 ³	1	1	1	1	1
Taxes and surcharges	USD/g	—	3	4	4	4 ³	4	4	3	3	4
Selling costs	USD/g	—	—	—	—	— ³	—	—	—	—	—
G&A costs	USD/g	—	4	4	3	5 ³	5	5	4	4	5
R&D costs	USD/g	—	—	—	—	— ³	—	—	—	—	—
Total	USD/g	—	30	34	30	46⁴	46	50	42	43	47

Notes:

- LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.
- “Gold Produced” is the total gold production over the LOM, as the aggregated volume of all the annual production volume.
- Each of the cost in this column is the average cost over the LOM, which is calculated as the total cost over the LOM divided by the total gold production.
- “Total” is derived by applying the adjusted historical per-ton cost to the forecasted ore ton each year and then summing over the LOM.

FINANCIAL INFORMATION

Cash operating costs for our Mengkham Rare Earth Element Project primarily consist of workforce employment costs, consumable costs, fuel, electricity, water and other services and non-income taxes, royalties and governmental charges. The table below is based on the SRK Report and sets forth a summary of forecast of the cash operating costs and cash operating costs per tonnes of run of mine (“RoM”) and rare earth oxides (“REO”) produced of our Mengkham Rare Earth Element Project for the years indicated.

Mengkham Rare Earth Element Project	Unit	2021	2022	2023	2024Q1-Q3	LOM	2024Q4	2025	2026	2027	2028	2029	2030	2031
Workforce employment	RMB/t RoM	-	-	-	-	1.09	1.13	1.06	1.15	1.06	1.06	0.83	1.09	1.70
	RMB/t REO	-	-	-	-	5,929.88	6,593.74	5,157.11	6,344.00	5,805.71	6,294.58	4,903.81	5,351.23	8,987.67
Consumables	RMB/t RoM	-	-	-	-	14.64	14.65	15.71	13.86	15.35	13.90	13.88	15.04	14.99
	RMB/t REO	-	-	-	-	79,448.33	85,812.35	76,724.73	76,277.13	83,933.69	82,660.65	81,885.70	74,119.00	79,472.29
Fuel, electricity, water and other services	RMB/t RoM	-	-	-	-	1.11	1.03	1.24	1.10	1.11	1.02	1.02	1.23	1.14
	RMB/t REO	-	-	-	-	6,041.95	6,035.80	6,042.25	6,042.05	6,042.96	6,043.40	6,042.53	6,040.72	6,040.75
On and off-site administration	RMB/t RoM	-	-	-	-	0.21	0.22	0.21	0.23	0.21	0.21	0.16	0.21	0.33
	RMB/t REO	-	-	-	-	1,166.02	1,296.56	1,014.07	1,247.45	1,141.60	1,237.73	964.26	1,052.24	1,767.29
Environmental protection and monitoring	RMB/t RoM	-	-	-	-	0.22	0.21	0.25	0.22	0.22	0.20	0.20	0.24	0.23
	RMB/t REO	-	-	-	-	1,200.13	1,204.62	1,200.02	1,198.65	1,200.22	1,201.42	1,200.02	1,198.88	1,201.24
Transportation of workforce	RMB/t RoM	-	-	-	-	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.04	0.06
	RMB/t REO	-	-	-	-	215.53	239.66	187.44	230.58	211.02	228.78	178.23	194.50	326.67
Product marketing and transport	RMB/t RoM	-	-	-	-	0.28	0.26	0.31	0.27	0.27	0.25	0.25	0.30	0.28
	RMB/t REO	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Non-income taxes, royalties and governmental charges	RMB/t RoM	-	-	-	-	11.69	10.84	12.99	11.53	11.61	10.67	10.76	12.88	11.97
	RMB/t REO	-	-	-	-	63,451.33	63,451.33	63,451.33	63,451.33	63,451.33	63,451.33	63,451.33	63,451.33	63,451.33
Contingency allowances	RMB/t RoM	-	-	-	-	1.61	1.53	1.74	1.61	1.59	1.49	1.43	1.74	1.83
	RMB/t REO	-	-	-	-	8,743.44	8,952.88	8,499.64	8,874.09	8,704.27	8,858.50	8,419.73	8,560.89	9,708.13
Total	RMB/t RoM	-	-	-	-	30.90	29.90	33.54	30.01	31.46	28.83	28.58	32.77	32.53
	RMB/t REO	-	-	-	-	167,697	175,087	163,777	165,165	171,991	171,476	168,546	161,469	172,455

Note: LOM is calculated by deducting the forecasted production volume from the Ore Reserves each year since September 30, 2024, until all Ore Reserves are extracted in the final year. The forecasted production volume is estimated based on the designed mining capacity, scheduling strategy and expansion timelines. For details, please refer to the mine schedule set forth in “Business — Development Plan and Planned Production Schedule — Planned Production Schedule”.

FINANCIAL INFORMATION

DIVIDEND

We declared and dividends to our Shareholders of nil, nil, RMB82.4 million and nil respectively, for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024.

According to a Board resolution dated March 29, 2024 and a Shareholder resolution dated April 19, 2024, with a total share capital of 1,663,911,378 shares at the end of 2023, after deducting the 15,182,600 shares held in our dedicated securities account for repurchases, the base for profit distribution was 1,648,728,778 shares. A cash dividend of RMB0.50 per 10 shares (including tax) was paid to all shareholders, totalling RMB82,436,438.90.

Subject to our constitutional documents and the Company Law, we have adopted a general annual dividend policy, according to which we may declare dividend by way of cash dividends, stock dividends, or a combination of cash and stock dividends. We prioritize cash dividends. Other than under certain special circumstances, the accumulated profit distributed in cash in any three consecutive years shall not be less than 30% of the annual distributable profit realized in the same three years. The abovementioned special circumstances include: (i) our Company's net cash flow from operating activities in the year of the consolidated statement of accounts is negative; (ii) the single amount of investment projects such as proposed internal investment, external investment or assets acquisition in the current year or within the next twelve months reaches or exceeds 10% of our Company's latest audited net assets.

There is no guarantee, representation or indication that our Directors must or will recommend and that we must or will declare and pay dividends at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately HK\$189.2 million, representing approximately 4.4% of the gross proceeds from the Global Offering (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised). The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately HK\$128.4 million underwriting-related fees and approximately HK\$60.8 million non-underwriting-related fees (including fees and expenses of legal advisors and the reporting accountant of approximately HK\$28.5 million and other fees and expenses of approximately HK\$32.3 million). Among the total listing expenses which we expect to incur, approximately HK\$172.1 million will be directly attributable to the issue of our Shares and deducted from equity, and the remaining HK\$17.1 million will be expensed upon Listing. Our Directors do not expect such expenses to materially impact our results of operations in 2024.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since September 30, 2024.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2024

On the basis set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, we estimate our consolidated profit attributable to owners of our Company for the year ended December 31, 2024 to be not less than RMB1,730.0 million (equivalent to approximately HK\$1,879.4 million). For details about our consolidated profit attributable to owners of our Company for the year ended December 31, 2024, see “Appendix IIB — Profit Estimate.”

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FINANCIAL INFORMATION OF GOLDEN STAR RESOURCES

This following is a discussion of Golden Star Resources’ results of operation for (i) the period from January 1, 2021 to January 31 2021, (ii) the year ended December 31, 2021, and (iii) the period from January 1, 2022 to January 31, 2022, the acquisition date.

Consolidated Income Statements

The table below sets forth the consolidated statements of profit or loss of Golden Star Resources from January 1, 2021 to January 31, 2022 (acquisition date) derived from the consolidated statements of profit or loss of Golden Star Resources set out in the Accountants’ Report included in Appendix IB to this Prospectus:

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Revenue	1,671,379	120,733	111,476
Cost of sales	<u>(877,076)</u>	<u>(65,921)</u>	<u>(71,197)</u>

FINANCIAL INFORMATION

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Gross profit	794,303	54,812	40,279
Other income and gains	22,312	9,519	95
Administrative expenses	(629,067)	(19,282)	(430,078)
Other expenses	(4,412)	(829)	(15,353)
Finance costs	(64,419)	(7,954)	(5,520)
Profit/(loss) before tax	118,717	36,266	(410,577)
Income tax expenses	(224,257)	(18,475)	57,154
(Loss)/Profit for the year/period	(105,540)	17,791	(353,423)
Total comprehensive income for the year/period	(184,369)	(58,305)	(344,400)

Discussion of Certain Key Income Statements Items

Revenue

Revenue of Golden Star Resources was approximately RMB1,671.4 million, RMB120.7 million and RMB111.5 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

Revenue primarily consists of revenue from contracts with customers. The following table sets forth the components of Golden Star Resources for the period indicated.

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Revenue from contracts with customers	1,671,379	120,733	111,476
Total	1,671,379	120,733	111,476

FINANCIAL INFORMATION

Cost of Sales

Cost of sales of Golden Star Resources consist of (i) direct operating cost including salaries, fuel, electricity and consumables as well as (ii) overheads associated with the mining and processing of gold. Cost of sales of Golden Star Resources was approximately RMB877.1 million, RMB65.9 million and RMB71.2 million for the years ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

Gross profit

Gross profit represents revenue less cost of sales. Gross profit of Golden Star Resources was approximately RMB794.3 million, RMB54.8 million and RMB40.3 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

Other income and gains

Other income and gains primarily consist of gains on changes in fair value of derivative financial instruments, interest income and others. The following table sets forth the components of other income and gains for the period indicated.

Other income and gains of Golden Star Resources was approximately RMB22.3 million, RMB9.5 million and RMB0.1 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Gains on changes in fair value of			
derivative financial instruments	20,946	9,239	–
Interest income	1,090	175	62
Others	276	105	33
Total	<u>22,312</u>	<u>9,519</u>	<u>95</u>

Administrative expenses

Administrative expenses primarily consist of corporate office salaries, severance and other related cost due to the acquisition of Golden Star Resources in January 2022, consultancy costs, management fees and corporate overheads. Administrative expenses of Golden Star Resources was approximately RMB629.1 million, RMB19.3 million and RMB430.1 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

FINANCIAL INFORMATION

Other expenses

Other expenses primarily consist of loss on disposal of non-current assets and bank fees. The following table sets forth the components of other expenses and losses for the period indicated. Other expenses of Golden Star Resources was approximately RMB4.4 million, RMB0.8 million and RMB15.4 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Foreign exchange losses, net	3,777	819	1,534
Other	635	10	13,819
Total	<u>4,412</u>	<u>829</u>	<u>15,353</u>

Finance costs

Finance costs primarily represent the interest expense. The following table sets forth the components of finance costs for the period indicated.

Finance costs of Golden Star Resources was approximately RMB64.4 million, RMB8.0 million and RMB5.5 million for the year ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

An analysis of finance costs is as follows:

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Interest on loans	36,784	5,663	3,255
Interest on metal streaming arrangement	16,662	1,412	1,313
Accretion of interest of provisions. . . .	509	27	125
Interest on lease liabilities	10,464	852	827
	<u>64,419</u>	<u>7,954</u>	<u>5,520</u>

FINANCIAL INFORMATION

Income tax expenses

Income tax expenses primarily consist of: (i) current tax expenses; and (ii) deferred tax expense. The following table sets forth the components of income tax expenses for the period indicated.

Income tax expenses of Golden Star Resources was approximately RMB224.3 million, RMB18.5 million and RMB57.2 million for the years ended December 31, 2021, one month ended January 31, 2021 and one month ended January 31, 2022.

	Year ended December 31,	One month Ended January 31,	One month Ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Current	185,597	14,753	6,910
Deferred	38,660	3,722	(64,064)
Total	<u>224,257</u>	<u>18,475</u>	<u>(57,154)</u>

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

One Months Ended January 31, 2022 Compared to One Months Ended January 31, 2021

Revenue

Revenue decreased by 7.7% from RMB120.7 million for the one month ended January 31, 2021 to RMB111.5 million for the one month ended January 31, 2022, primarily due to the decrease of 4% in average gold price recorded in January 2022.

Cost of Sales

Cost of sales increased by 8.0% from RMB65.9 million for the one month ended January 31, 2021 to RMB71.2 million for the one month ended January 31, 2022, primarily due to the increase in staff cost and change in inventory.

Gross Profit and Gross Profit Margin

Gross profit decreased by 26.5% from RMB54.8 million for the one month ended January 31, 2021 to RMB40.3 million for the one month ended January 31, 2022 due to the higher staff cost incurred in 2022.

FINANCIAL INFORMATION

Other income and gains

Other income and gains decreased significantly by 99.0% from RMB9.5 million for the one month ended January 31, 2021 to RMB0.1 million for the one month ended January 31, 2022, primarily due to the unrealized gain on gold hedge and the gain on fair value of derivative financial instruments of RMB9.2 million in 2021, while the gold hedge agreements was terminated in January 2022.

Administrative expenses

Administrative expenses increased significantly by 2,130.5% from RMB19.3 million for the one month ended January 31, 2021 to RMB430.1 million for the one month ended January 31, 2022, primarily due to severance and acquisition of control cost due to the acquisition of Golden Star Resources in January 2022.

Other expenses

Other expenses increased significantly by 1,752.0% from RMB0.8 million for the one month ended January 31, 2021 to RMB15.4 million for the one month ended January 31, 2022. The other expenses for the one month ended January 31, 2022 mainly represented exchange loss and the bank charge for the period.

Finance costs

Finance costs decreased by 30.6% from RMB8.0 million for the one month ended January 31, 2021 to RMB5.5 million for the one month ended January 31, 2022, primarily due to the settlement of a convertible debenture and a loan from a financial institution in August 2021 and January 2022, respectively. These settlements were partially offset by receiving a revolving loan from Chijin HK in January 2022.

Profit/(loss) before tax

Profit before tax decreased significantly by 1,232.1% from RMB36.3 million for the one month ended January 31, 2021 to loss before tax approximately RMB410.6 million for the one month ended January 31, 2022, primarily due to the severance and acquisition of control cost due to the acquisition of GSR in January 2022.

Income tax expenses

Golden Star Resources recorded income tax expenses of RMB18.5 million for the one month ended January 31, 2021 and we record income tax credit of RMB57.2 million for the one month ended January 31, 2022, primarily due to the increase of deferred tax assets related to the tax losses recognized during the acquisition of Golden Star Resources.

FINANCIAL INFORMATION

Profit for the year/period

Golden Star Resources recorded profit for the year/period of RMB17.8 million for the one month ended January 31, 2021 and Golden Star Resources recorded loss for the one month ended January 31, 2022 of RMB353.4 million, primarily due to severance and acquisition of control cost arising from the acquisition of Golden Star Resources in January 2022.

Discussion of Certain Key Financial Position Items

The following table sets forth Golden Star Resources' consolidated statements of financial position as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	1,441,764	1,456,297
Right-of-use assets	193,934	192,027
Other intangible assets	28,781	28,553
Other non-current assets	14,762	14,759
Deferred tax assets	–	66,828
Total non-current assets	1,679,241	1,758,464
Current assets		
Inventories	190,444	195,531
Trade receivables	1,589	6,500
Prepayments, other receivables and other assets	87,696	92,390
Financial assets at fair value through profit or loss	158	158
Cash and cash equivalents	224,335	70,007
Total current assets	504,222	364,586
Total assets	2,183,463	2,123,050
Current liabilities		
Trade and notes payables	146,316	172,763
Contract liabilities	50,619	50,610
Other payables and accruals	117,991	903,498
Income tax payables	5,585	10,587
Current portion of long-term loans	4,798	–
Current portion of lease liabilities	20,361	20,291
Current portion of derivative financial liabilities	188	–
Current portion of provisions	6,797	6,796
Total current liabilities	352,655	1,164,545
Net Current Assets/(Liabilities)	151,567	(799,959)

FINANCIAL INFORMATION

	As of December 31,	As of January 31,
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Total Assets less Current liabilities	1,830,808	958,505
Non-current liabilities		
Long-term loans	529,656	–
Derivative financial liabilities	11,153	–
Contract liabilities	591,866	590,143
Lease liabilities	188,832	186,845
Deferred tax liabilities	236,487	239,044
Provisions	102,348	102,004
Total non-current liabilities	1,660,342	1,118,036
Net Assets	170,466	(159,531)
Equity		
Equity attributable to owners of the parent		
Share capital	6,906,459	6,906,459
Reserves	(6,901,831)	(7,251,897)
Non-controlling interests	165,838	185,907
Total equity	170,466	(159,531)

Property, plant and equipment

Property, plant and equipment consist of comprised buildings, machinery, mobile equipment, electronic equipment and others, mineral assets and construction in progress. As of January 31, 2022, Golden Star Resources recorded property, plant and equipment of RMB1,456.3 million.

Right-of-use assets

Right-of-use assets represent buildings and machinery and vehicles. As of January 31, 2022, Golden Star Resources recorded right-of-use assets of RMB192.0 million.

Other intangible assets

Other intangible assets represent exploration and mining rights and others. As of January 31, 2022, Golden Star Resources recorded intangible assets of RMB28.6 million.

Other non-current assets

Golden Star Resources' other non-current assets represent funds for land restoration and environmental rehabilitation after mine closure. As of January 31, 2022, Golden Star Resources recorded other non-current assets of RMB14.8 million.

FINANCIAL INFORMATION

Inventories

Golden Star Resources' inventories primarily consist of raw materials, work in progress and finished goods. As of January 31, 2022, Golden Star Resources recorded inventories of RMB195.5 million. The following table sets forth a breakdown of Golden Star Resources' inventories as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Raw materials	156,456	161,057
Work in progress	19,832	34,436
Finished goods	14,156	38
Total	<u>190,444</u>	<u>195,531</u>

Trade receivables

The trade receivables for Golden Star Resources represented trade receivables and impairment were RMB1.6 million and RMB6.5 million as of December 31, 2021 and January 31, 2022.

Prepayments, other receivables, and other assets

Golden Star Resources' prepayments, other receivables, and other assets consist of prepayments and deposits and other receivables. As of January 31, 2022, Golden Star Resources recorded inventories of RMB92.4 million. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Prepayments	46,852	54,712
Deposits and other receivables	40,844	37,678
Less: Impairment of other receivables	—	—
Total	<u>87,696</u>	<u>92,390</u>

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer to listed equity investment. As of January 31, 2022, Golden Star Resources recorded financial assets at fair value through profit or loss of RMB0.2 million.

FINANCIAL INFORMATION

Cash and cash equivalents

Golden Star Resources' cash and cash equivalents consist of cash and bank balances and cash and cash equivalents. As of January 31, 2022, Golden Star Resources recorded cash and cash equivalents of RMB70.0 million.

Trade and notes payables

Golden Star Resources' trade and notes payables consist of trade payables. As of January 31, 2022, Golden Star Resources recorded trade and notes payables of RMB172.8 million.

The following table sets forth a breakdown of Golden Star Resources' trade and notes payables as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Trade payables	146,316	172,763
Total	146,316	172,763

All of Golden Star Resources' trade and notes payables are aged less than one year. The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Less than 1 year	146,316	172,763
Total	146,316	172,763

FINANCIAL INFORMATION

Contract liabilities

As of January 31, 2022, Golden Star Resources recorded contract liabilities of RMB640.8 million. The following table sets forth a breakdown of Golden Star Resources' contract liabilities as of the dates indicated:

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Short-term advances received from customers		
Metal Streaming Arrangement	50,619	50,610
Long-term advances received from customers		
Metal Streaming Arrangement	591,866	590,143
Total	<u>642,485</u>	<u>640,753</u>

Other payables and accruals

Golden Star Resources' other payables and accruals consist of retention payables to contractors, salaries, wages and benefits payables, taxes other than income tax payables and others.

	As of December 31,	As of January 31,
	2021	2022
	(RMB'000)	
Payable to Chijin	–	598,185
Payables to contractors	76,940	65,864
Salaries, wages and benefits payables	31,230	229,603
Taxes other than income tax payables	9,552	9,698
Others	269	148
Total	<u>117,991</u>	<u>903,498</u>

We recorded payable to Chijin of RMB598.2 million which represents the GSWL's outstanding balance due to Chijin HK as of January 31, 2022. This balance is unsecured, interest-free and has no fixed terms of repayment.

Income tax payables

As of January 31, 2022, Golden Star Resources recorded income tax payables of RMB10.6 million.

FINANCIAL INFORMATION

Long-term loans

As of January 31, 2022, Golden Star Resources recorded nil long-term loans.

Lease liabilities

As of January 31, 2022, Golden Star Resources recorded lease liabilities of RMB186.8 million.

Derivative financial liabilities

As of January 31, 2022, Golden Star Resources recorded nil derivative financial liabilities.

Provisions

As of January 31, 2022, Golden Star Resources recorded provisions of RMB102.0 million.

Discussion of Certain Key Cash Flows Items

The following table sets forth a summary of Golden Star Resources' statements of cash flow for the period indicated.

	Year ended December 31,	One month ended January 31,	One month ended January 31,
	2021	2021	2022
		(RMB'000)	
		(unaudited)	
Net cash flows from/(used in) operating activities	295,894	(108,796)	(111,641)
Net cash flows used in investing activities	(399,994)	(18,686)	(64,614)
Net cash flows from/(used in) financing activities	(120,978)	(2,435)	22,345
Net increase/(decrease) in cash and equivalents	(165,078)	(130,099)	(153,910)
Cash and cash equivalents at the end of the year	224,335	263,511	70,007

FINANCIAL INFORMATION

Net cash flows from/(used in) operating activities

Net cash flows from operating activities from January 1, 2021 to January 31, 2022 was RMB184.3 million reflecting net cash inflows generated from sales of gold during the period.

Net cash flows used in investing activities

Net cash flows used in investing activities from January 1, 2021 to January 31, 2022 was RMB464.6 million reflecting exploration and acquisition of mining equipment during the period. This is primarily attributable to increased underground/surface mine development and acquisition of additional property, plant and equipment.

Net cash flows from/(used in) financing activities

Net cash flows used in financing activities from January 1, 2021 to January 31, 2022 was RMB98.6 million. This is primarily due to the settlement of a convertible debenture and a loan from a financial institution in August 2021 and January 2022, respectively. These settlements were partially offset by receiving a revolving loan from Chijin HK in January 2022.

CORNERSTONE INVESTMENT

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) that may be purchased for an aggregate amount of HK\$744.87 million, calculated based on an exchange rate of RMB0.9221 : HK\$1.0000 and USD1.0000 : HK\$7.7770) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee) (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$15.83 per Offer Share, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 47,054,200. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
22.88%	2.52%	19.90%	2.48%	19.90%	2.48%	17.30%	2.43%

CORNERSTONE INVESTMENT

Based on the Offer Price of HK\$14.78 per Offer Share, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 50,397,000. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
24.51%	2.70%	21.32%	2.65%	21.32%	2.65%	18.54%	2.60%

Based on the Offer Price of HK\$13.72 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 54,290,800. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
26.40%	2.90%	22.96%	2.86%	22.96%	2.86%	19.96%	2.80%

CORNERSTONE INVESTMENT

We believe that the Cornerstone Placing signifies our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network, or through introduction by the Company's business partners or the Joint Global Coordinators of the Global Offering.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent from the Hong Kong Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide.

To the best knowledge of our Company, each of the Cornerstone Investors is (i) not accustomed to take instructions from our Company or any of our Directors, Supervisors, chief executive, the Single Largest Shareholder Group, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (ii) not financed by our Company or any of our Directors, Supervisors, chief executive of our Company, the Single Largest Shareholder Group, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) save that Zijin Mining Group Co., Ltd. ("**Zijin Mining**"), the holding company of Gold Mountains (H.K.) International Mining Company Limited ("**Gold Mountains**"), held approximately 19% equity interest in Zhaojin Mining Industry Company Limited ("**Zhaojin Mining**"), the holding company of Sparky International Company Limited ("**Sparky**") as of the Latest Practicable Date, independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of our Group. In addition, to the best knowledge of our Company, (i) each of the Cornerstone Investors is independent from each other and makes independent investment decisions; and (ii) no specific approval from any stock exchange (if relevant) or its shareholders is required for the investment by each Cornerstone Investor in our Company as described in this section. Furthermore, we confirm that (i) none of the Cornerstone Investors has the right to nominate any Director nor has any representative on our Board; and (ii) none of the Cornerstone Investors is expected to be involved in the management of the business of our Company.

CORNERSTONE INVESTMENT

Although Zijin Mining Group Co., Ltd. (“**Zijin Mining**”) holds approximately 19% of the equity interest in Zhaojin Mining Industry Co., Ltd. (“**Zhaojin Mining**”), the Cornerstone Investors are independent from each other taking into account the following reasons:

(i) Distinct Ownership Structures

Shandong Zhaojin Group Company Limited (山東招金集團有限公司) is the largest shareholder of Zhaojin Mining, holding approximately 35.63% of the equity interest in Zhaojin Mining. Meanwhile, the largest shareholder of Zijin Mining is Minxi Xinghang State-owned Assets Investment Co. Ltd. (閩西興杭國有資產投資經營有限公司) holding 22.89% of its equity interest. Accordingly, there is no overlap in terms of the control of the two companies.

(ii) Operational and Managerial Independence

Based on the public disclosure of Zijin Mining, a company listed on the Hong Kong Stock Exchange (stock code: 2899) and the Shanghai Stock Exchange (stock code: 601899), and Zhaojin Mining, a company listed on the Hong Kong Stock Exchange (stock code: 1818), to the best of the Company’s knowledge, there is nothing to indicate that the two listed companies, or Gold Mountains *vis-à-vis* Sparky, are not independent of each other in terms of their operations and management.

(iii) Separate Negotiations for Cornerstone Investments

The cornerstone investment agreements with Gold Mountains and Sparky were negotiated and concluded independently. Specifically:

- **Independent Decision-Making:** The negotiations of the Cornerstone Investment Agreement with each of the Cornerstone Investors were conducted separately with their respective management members, and to the best knowledge of the Company having made reasonable enquiries, each of the Cornerstone Investors had undergone their respective internal approval procedures to approve the transaction under the respective Cornerstone Investment Agreement; and
- **Self-Funded Commitments:** To the best knowledge of the Company having made reasonable enquiries, the subscription obligations under the respective Cornerstone Investment Agreement is to be fulfilled using each investor’s internal financial resources, with no shared funding arrangements.

Accordingly, despite the shareholding relationship as mentioned above, the Company considers that the Cornerstone Investors are independent of each other.

CORNERSTONE INVESTMENT

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, each of the Cornerstone Investors make independent investment decisions. The subscription under the Cornerstone Placing by each of the Cornerstone Investors would be financed by its own internal financial resources and it has sufficient funds to settle its investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Hong Kong Stock Exchange. Each of the Cornerstone Investors has agreed that our Company and the Overall Coordinators or the Joint Global Coordinators (as the case maybe) in their sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to a date later than the Listing Date. Where delayed delivery takes place, such Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless fully pay for the relevant Offer Shares before the Listing. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by all Cornerstone Investors under the Cornerstone Placing. There will be no delayed delivery if there is no over-allocation in the International Offering. The delayed delivery arrangements relate only to the delay in the delivery of the Offer Shares to such Cornerstone Investor on the condition that the Offer Price for the Offer Shares allocated to such Cornerstone Investor will be fully paid before the Listing, and thus there will be no delayed settlement of payment no matter whether there is delayed delivery or not. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, please refer to the paragraphs headed “— Over-allotment Option” and “— Stabilization” in the section headed “Structure of the Global Offering” in this Prospectus, respectively.

To the best knowledge of the Company and the Joint Global Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this Prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Hong Kong Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide. Whether such Cornerstone Investors and/or the Single Largest Shareholder Group close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this Prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Friday, March 7, 2025.

CORNERSTONE INVESTMENT

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

Assuming an Offer Price of HK\$15.83 per H Share (being the high-end of the Offer Price range)											
				Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount	Subscription Amount	Number of Offer Shares ⁽²⁾	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital
	(in million)	HK\$ (in million) ⁽¹⁾									
Gold Mountains (H.K.) International Mining Company Limited . . .	US\$40.00	311.08	19,651,200	9.56%	1.05%	8.31%	1.03%	8.31%	1.03%	7.23%	1.02%
Sparky International Company Limited . . .	RMB400.00	433.79	27,403,000	13.32%	1.47%	11.59%	1.44%	11.59%	1.44%	10.08%	1.42%
Total		<u>744.87</u>	<u>47,054,200</u>	<u>22.88%</u>	<u>2.52%</u>	<u>19.90%</u>	<u>2.48%</u>	<u>19.90%</u>	<u>2.48%</u>	<u>17.30%</u>	<u>2.43%</u>

Assuming an Offer Price of HK\$14.78 per H Share (being the mid-point of the Offer Price range)											
				Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount	Subscription Amount	Number of Offer Shares ⁽²⁾	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital
	(in million)	HK\$ (in million) ⁽¹⁾									
Gold Mountains (H.K.) International Mining Company Limited . . .	US\$40.00	311.08	21,054,400	10.24%	1.13%	8.90%	1.11%	8.90%	1.11%	7.74%	1.09%
Sparky International Company Limited . . .	RMB400.00	433.79	29,359,800	14.28%	1.57%	12.41%	1.54%	12.41%	1.54%	10.80%	1.52%
Total		<u>744.87</u>	<u>50,397,000</u>	<u>24.51%</u>	<u>2.70%</u>	<u>21.32%</u>	<u>2.65%</u>	<u>21.32%</u>	<u>2.65%</u>	<u>18.54%</u>	<u>2.60%</u>

CORNERSTONE INVESTMENT

Assuming an Offer Price of HK\$13.72 per H Share (being the low-end of the Offer Price range)											
				Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount	Subscription Amount	Number of Offer Shares ⁽²⁾	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital	Approx. % of the Offer Shares	Approximate % of the issued share capital
	(in million)	HK\$ (in million) ⁽¹⁾									
Gold Mountains (H.K.) International Mining Company Limited . . .	US\$40.00	311.08	22,673,400	11.03%	1.21%	9.59%	1.19%	9.59%	1.19%	8.34%	1.17%
Sparky International Company Limited . . .	RMB400.00	433.79	31,617,400	15.37%	1.69%	13.37%	1.66%	13.37%	1.66%	11.63%	1.63%
Total		<u>744.87</u>	<u>54,290,800</u>	<u>26.40%</u>	<u>2.90%</u>	<u>22.96%</u>	<u>2.86%</u>	<u>22.96%</u>	<u>2.86%</u>	<u>19.96%</u>	<u>2.80%</u>

Notes:

- (1) Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this Prospectus.
- (2) Subject to rounding down to the nearest whole board lot of 200 Offer Shares.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Gold Mountains (H.K.) International Mining Company Limited

Gold Mountains (H.K.) International Mining Company Limited (“**Gold Mountains**”) was incorporated in Hong Kong in 2004. Gold Mountains is a wholly-owned subsidiary of Zijin Mining, a joint stock company listed on the Hong Kong Stock Exchange (stock code: 2899) and the Shanghai Stock Exchange (stock code: 601899). Zijin Mining is a sizeable multinational mining group dedicated to exploration and development of copper, gold, zinc, lithium, silver, molybdenum and other metallic mineral resources globally, research, design and application of mining engineering, etc.

Sparky International Company Limited

Sparky International Company Limited (“**Sparky**”) is a company incorporated in Hong Kong and is ultimately controlled by Zhaojin Mining Industry Company Limited, a company listed on the Hong Kong Stock exchange (stock code: 1818) (“**Zhaojin Mining**”). Zhaojin Mining is a joint stock limited company incorporated in the PRC and is primarily engaged in the exploration, mining, ore processing, smelting and sale of gold products and other metallic products.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (ii) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (iv) the CSRC having accepted the CSRC filings and published the filing results in respect of the CSRC filings on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (v) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

CORNERSTONE INVESTMENT

- (vi) the respective agreements, representations, warranties, undertakings, acknowledgements and confirmations of the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate, true and complete in all respects and not misleading or deceptive and that there is no breach of this Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement (the “**Lock-up Undertaking**”), save for certain limited circumstances, such as, (i) in respect of Gold Mountains, transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction; and (ii) in respect of Sparky, transfers to any of its wholly-owned subsidiaries, and/or Zhaojin Mining, and/or subsidiaries of Zhaojin Mining which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Business Strategies” in this Prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$14.78 per Share (being the mid-point of the indicative Offer Price range of HK\$13.72 and HK\$15.83), we estimate that we will receive net proceeds of approximately HK\$2,886.8 million from the Global Offering.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below, subject to adjustments based on our evolving business needs and changing market conditions:

- (i) Approximately 50% of the net proceeds, or HK\$1,443.4 million, is expected to be used over the next five years for the upgrade and exploration of existing mines to fully realize our growth potential. We will continue enhancing geological exploration efforts and expanding exploration activities within existing mines while exploring new mines on the outskirts of our mineralization areas. See “Business — Development and Expansion” for details of our development and expansion plan.
- Approximately 30% or HK\$866.0 million is expected to be allocated to our operations in the PRC for exploration and mine development, including, but not limited to, exploration projects in the deep and peripheral areas, construction of shafts and access, purchase of equipment and machinery, technical upgrades, construction of processing plants, expansion of open-pit production, and other further expansion of mines for the years from 2025 to 2027. Specifically, this would include our expansion project of Jilong Gold Mine for various types of exploration projects, the expansion projects of Huatai Gold Mine, the phase II construction of Jintai Gold Mine, construction of the new mining areas of the Wulong Gold Mine, and the expansion and renovation projects of Hanfeng Polymetallic Mine. Such undertakings are expected to increase our Reserves and extend LOMs, expand ore processing capacity and production volume, further optimize our operating and capital costs, and improve our operating efficiency and productivity.
- Approximately 20% or HK\$577.4 million is expected to be allocated to our operations in Laos and Ghana, including, but not limited to, construction of the new power generation plants, exploration projects in the deep and peripheral areas, construction of shafts, declines and access, purchase of equipment and machinery, upgrades and expansion of existing processing plants, extending open-pit mining to underground mining and other further expansions of mines

FUTURE PLANS AND USE OF PROCEEDS

for the years from 2025 to 2027. For Sepon Gold and Copper Mine, we aim to extend the LOM of the underground mine, purchase equipment and exploration, renovate of the copper series and construct new energy power generation. For Wassa Gold Mine, we target to use for the engineering costs and other construction projects. Such undertakings are expected to expand ore processing capacity and production volume, provide stable power sources to our mining facilities, increase our Reserves and extend LOMs, to reduce our carbon footprint and environmental impact, solidify our competitive edge, enhance our operational efficiency, achieve economies of scale, and improve overall profitability.

- (ii) Approximately 40% of the net proceeds, or HK\$1,154.7 million, is expected to be used over the next three years to acquire sizable, high-quality mining assets preferably with open-pit mines in countries with mature mining industries and stable policies on mining industries. Our preferred potential mining acquisition targets are expected to generate an annual production over 128 koz of gold. For more details of our strategies of potential acquisition and criteria of identifying potential acquisition targets, see “Business — Business Strategies — Continue to obtain resources and reserves and increase production volume through domestic and overseas acquisitions of high-quality gold assets for robust and sustainable growth.” According to Frost & Sullivan, it is estimated that less than 60 potential acquisition targets available in the global market meet our selection criteria. These potential acquisition targets are located in regions such as Oceania, West Africa, Eastern and Northern Europe, Central Asia, etc. We expect such acquisition would secure valuable resources, increase our revenue and enhance financial performance, diversify and reduce customer concentration risk and improve our competitive edge in the market. Currently, we are still in the process of searching for potential targets and have not identified any specific target, or participated in any commercial negotiation or entered into any memorandum of understanding or letter of intent with respect to any potential target. For future acquisition activities, we will comply with relevant regulatory requirements.

- (iii) Approximately 10% of the net proceeds, or HK\$288.7 million, is expected to be used for general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase by approximately HK\$210.4 million or decrease by approximately HK\$210.5 million.

The additional net proceeds that we would receive if the Over-allotment Option was to be exercised in full would be: (i) HK\$410.5 million (assuming an Offer Price of HK\$15.83 per Share, being the maximum Offer Price of the indicative Offer Price range); (ii) HK\$442.0 million (assuming an Offer Price of HK\$14.78 per Share, being the mid-point of the indicative Offer Price range); and (iii) HK\$473.6 million (assuming an Offer Price of HK\$13.72 per Share, being the minimum Offer Price of the indicative Offer Price range).

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the aforementioned purposes, we will only deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance, or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

As of the Latest Practicable Date, we believe that the future plans and use of proceeds are still within the estimated range of our operational and financial needs and would not incur any material adverse impact on the future business operation and financial performance. If any part of our development plan does not proceed as planned for any reasons, such as changes in government policies that would hinder the development of any of our projects or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering accordingly. We will issue an appropriate announcement if there is any material change to the proposed use of proceeds in accordance with the Hong Kong Listing Rules.

UNDERWRITING

HONG KONG UNDERWRITERS

CLSA Limited
Macquarie Capital Limited
China International Capital Corporation Hong Kong Securities Limited
ABCI Securities Company Limited
BOCI Asia Limited
ICBC International Securities Limited
Huatai Financial Holdings (Hong Kong) Limited
CCB International Capital Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited
Shenwan Hongyuan Securities (H.K.) Limited
Victory Securities Company Limited
Star River Securities Limited
Tiger Brokers (HK) Global Limited
First Shanghai Securities Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 20,565,200 Hong Kong Offer Shares and the International Offering of initially 185,086,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this Prospectus as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), on the Main Board of the Stock Exchange and such approval not

UNDERWRITING

having been withdrawn; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for itself and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any new Law or any change or development involving a prospective change (whether or not permanent) or any event or series of events or circumstance likely to result in any change or development involving a prospective change (whether or not permanent) in existing Law, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any of its members), Japan, Singapore, Australia or any other jurisdiction where any member of the Group is incorporated or established or operates or any other jurisdiction relevant to any member of the Group or the Global Offering (each a “**Relevant Jurisdiction**”); or
 - (ii) any change or development involving a prospective change (whether or not permanent) or development, or any event or series of events likely to result in or representing a change or development, or prospective change (whether or not permanent) or development, in local, national, regional or international financial, legal, political, military, industrial, economic, trading, currency market, fiscal or regulatory market conditions, securities, exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, inter-bank markets and credit markets) in or affecting any Relevant Jurisdiction; or

UNDERWRITING

- (iii) any event or circumstance or a series of events or circumstances, in the nature of force majeure (including, without limitation, any act of government or order of any courts, strike, calamity, crisis, lock-out, fire, explosion, flooding, earthquake, civil commotion, act of war, outbreak or escalation of hostilities (whether or not war is declared), act of God, act of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riot, public disorder, outbreak of diseases, pandemics or epidemics, outbreak or escalation of disease (including infectious disease, including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/mutated forms) in each case beyond the control of the Hong Kong Underwriters; or
- (iv) the imposition or declaration of any moratorium, suspension or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange or the Tokyo Stock Exchange; or
- (v) (a) any change or prospective change in or affecting taxation, foreign exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies) or the implementation of any exchange control, or (b) any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or
- (vi) any general moratorium on commercial banking activities in or affecting any of any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdictions; or
- (vii) the imposition of economic sanctions, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any jurisdiction relevant to the business operations of any member of the Group; or
- (viii) any demand by creditors for repayment of indebtedness or an order or petition being presented for the winding-up or liquidation of any Group Company or any Group Company making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the

UNDERWRITING

winding-up of any Group Company or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

- (ix) any change, development or event involving a prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in the Prospectus; or
- (x) that any certificate given by the Company or any of its respective officers under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading; or
- (xi) the commencement by any Authority or other regulatory or political body or organization of any action or investigation against any Group company, any of the Single Largest Shareholder Group or any Director or Supervisor or the chief executive officer or the chief financial officer of the Company or an announcement by any authority or regulatory or political body or organization that it intends to take any such action or investigation; or
- (xii) any non-compliance of the Prospectus, the CSRC filings (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Companies (WUMP) Ordinance, the Listing Rules, the CSRC Rules or any other applicable Laws; or
- (xiii) that any statement contained in any notice, announcement, advertisement, communication issued or used (by or on behalf of the Company) in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, inaccurate, incorrect or misleading or deceptive, or any forecast, estimate, expression of opinion, intention or expectation expressed in any notice, announcement, advertisement, communication so issued or used is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
- (xiv) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission from any notices, announcements, advertisements, communications or other documents arising out of, relating to or connected with the Company, the Group or the Global Offering (whether or not approved by any Hong Kong Underwriter), or any amendment or supplement thereto; or

UNDERWRITING

(xv) any contravention by any Group Company, any member of the Single Largest Shareholder Group, or any Director or any Supervisor or the chief executive officer or the chief financial officer of the Company of the Companies Ordinance, the PRC Company Law or other applicable Laws; or

(xvi) any litigation, dispute, legal action, claim, investigation or other action (including arrest or detainment) or proceedings being commenced, threatened or instigated against any of the Company, its Subsidiaries, any member of the Single Largest Shareholder Group or any Director or Supervisor or any member of the Group's senior management,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(1) is, will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, prospects, shareholder's equity, profitability, results of operations, position or condition (financial, operational, trading or otherwise), or performance or prospects of the Group as a whole; or

(2) has, will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of Offer Shares being applied for, under the Hong Kong Public Offering or the level of interest under the International Offering or anticipated dealings in the H Shares in the secondary market; or

(3) makes, will make it or may make it impracticable or inadvisable or incapable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the formal notice, the preliminary offering circular or the final offering circular; or

(4) would have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there comes to the notice of the Overall Coordinators as at or after the date of the Hong Kong Underwriting Agreement:

(i) a governmental, regulatory or other prohibition on the Company for whatever reason from issuing, selling the H Shares (including the Option Shares) pursuant to the terms of the Global Offering; or

UNDERWRITING

- (ii) that any statement contained in any of the Hong Kong public offering documents, the Application Proof Prospectus, the Post Hearing Information Pack (“**PHIP**”) and the Formal Notice was or has become untrue, incomplete, inaccurate, incorrect or misleading or deceptive, or any forecast, estimate, expression of opinion, intention or expectation expressed in any of the Hong Kong public offering documents, the application proof of the Prospectus (“**Application Proof Prospectus**”), the PHIP and the Formal Notice is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
- (iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission from any of the Offering Documents, the Application Proof Prospectus, the PHIP, the Formal Notice, or any amendment or supplement thereto; or
- (iv) any contravention by any Group Company, any member of the Single Largest Shareholder Group, or any Director or any Supervisor or the chief executive officer or the chief financial officer of the Company of the Companies (WUMP) Ordinance, the PRC Company Law, the CSRC Rules or the Listing Rules; or
- (v) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription of the Offer Shares) or any aspect of the Global Offering with the Companies (WUMP) Ordinance or the Listing Rules; or
- (vi) either (a) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or (b) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, inaccurate or misleading; or
- (vii) any of the experts named in the Prospectus (except the Sole Sponsor) has withdrawn its consent to the issue of the Prospectus with the inclusion of its reports, letters, summaries or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

UNDERWRITING

- (viii) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (ix) any breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (x) a significant portion of the orders in the book-building process at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of the Cornerstone Investor Agreements, has been withdrawn, terminated or cancelled; or
- (xi) the Company has withdrawn the Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (xii) any member of the Single Largest Shareholder Group, any Director or any Supervisor or any member of the Group's senior management being charged with an indictable offence or prohibited by Laws or otherwise disqualified from taking part in the management of a company; or
- (xiii) any of the Director, chairman, the president, the chief executive officer or the chief financial officer or member of senior management of the Group vacating his office; or
- (xiv) any material adverse change or any development involving a prospective adverse change in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profitability, results of operations, position or condition (financial or otherwise) or performance, of any Group Company or the Group as a whole; or
- (xv) the issue or requirement to issue by the Company of a supplemental or amendment to the Prospectus, preliminary offering circular or Offering Circular or other documents in connection with the offer and sale of the H Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC, in circumstances where the matter to be disclosed could, in the sole and absolute opinion of the Overall Coordinators, materially and adversely affect the marketing for or implementation of the Global Offering; or

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- (xvi) any material adverse change, or any development or any prospective adverse change or development, in the condition (financial or otherwise) or in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
- (xvii) the Admission is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld.

Offer Size Adjustment Option

As part of the Global Offering, the Company has the Offer Size Adjustment Option under the Hong Kong Underwriting Agreement, pursuant to which, the Company may issue and allot any number of up to an aggregate of 30,847,800 H Shares, representing approximately 15% of the Offer Shares initially offered under the Global Offering, at the Offer Price, to cover additional market demand, if any. The Offer Size Adjustment Option may be exercised jointly by the Company and the Overall Coordinators prior to the execution of the International Underwriting Agreement and will expire upon execution of the International Underwriting Agreement. These additional Offer Shares (the “**Offer Size Adjustment Option Shares**”), if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering following the application of the reallocation arrangement described in “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” below and the Sponsor-Overall Coordinator shall allocate additional new H Shares to be offered by the Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for (a) pursuant to the Global Offering (including the Over-allotment Option); or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

UNDERWRITING

Undertakings by our Single Largest Shareholder Group

Each member of our Single Largest Shareholder Group has voluntarily undertaken to us and that except pursuant to the Global Offering (including the Offer Size Adjustment Option and the Over-allotment Option), he/she/it will not, and will procure that the relevant registered holder(s) will not, without the prior written consent of the Overall Coordinators and unless otherwise in compliance with the applicable requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this Prospectus and ending on the date which is six months from the Listing Date, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that he/she/it is shown to beneficially own in this Prospectus (the “**Relevant Shares**”); or
- (b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would together with other members of our Single Largest Shareholder Group cease to be the Single Largest Shareholder Group of our Company.

Each member of our Single Largest Shareholder Group has further undertaken to us that, within the period commencing on the date by reference to which disclosure of his/her/its shareholdings in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will and will procure that the relevant registered holder(s) will:

- (a) when he/she/it pledges or charges any securities in our Company beneficially owned by him/her/it in favor of an authorized institution, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by him/her/it will be disposed of, immediately inform us in writing of such indications.

Our Company will, as soon as we have been informed of the matters referred to in paragraphs (a) and (b) above (if any) by any member of our Single Largest Shareholder Group and subject to the then requirements of the Listing Rules, disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, save for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the “**First Six-Month Period**”), our Company has undertaken to each of the Sole Sponsor, the Overall Coordinators, the Joint Bookrunner, the Joint Lead Manager, the Hong Kong Underwriters and the Capital Market Intermediaries not to, without the prior written consent of the Sole Sponsor and Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of our Company or any shares or other equity securities of members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any Shares or any other share capital or other equity securities of our Company or members of our Group, as applicable), or deposit any share capital or other equity securities of our Company or any member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of our H Shares or any other equity securities of our Company or any shares or other equity securities of any members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other equity securities of our Company or any shares or any other equity securities of any members of our Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

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- (d) offer to or agree to do any of the foregoing or announce any intention to do so, in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six Month Period). Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

Hong Kong Underwriters’ Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of our H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and our Single Largest Shareholder Group expect to enter into the International Underwriting Agreement with the Overall Coordinators and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See “Structure of the Global Offering — The International Offering”.

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Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 30,847,800 H Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 35,474,800 additional H Shares (representing approximately 15% of the total number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price, to cover over-allocations in the International Offering, if any. See “Structure of the Global Offering — Over-allotment Option.”

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 1.8% of the aggregate Offer Price of all the Offer Shares (the “**Fixed Fee**”), including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option, out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of up to 1.2% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the “**Discretionary Fee**”). The ratio of the Fixed Fee and the Discretionary Fee (if fully paid) payable to all Underwriters is therefore 46.5:53.5. The incentive fee is discretionary in nature and the payment of such is subject to the sole discretion of our Company.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (based on the Offer Price of HK\$14.78 per Offer Share, which is a mid-point of the Offer Price Range, and assuming the full payment of the Discretionary Fee and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in full) will be approximately HK\$120.6 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$181.1 million (based on the Offer Price

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of HK\$14.78 per Offer Share, which is the mid-point of the Offer Price Range, and assuming the full payment of the Discretionary Fee and assuming the Offer Size Adjustment Option and the Over-allotment Option is exercised in full), which will be made by our Company.

Sole Sponsor's Fee

An amount of US\$500,000 is payable by our Company as sponsor fee to the Sole Sponsor.

Indemnity

Each member of our Company and our Single Largest Shareholder Group has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and any member of our Single Largest Shareholder Group of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to our H Shares, those activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of our H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in our H Shares and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have our H Shares as their underlying assets or part of their underlying assets. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our H Shares, which may have a negative impact on the trading price of our H Shares. All such

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activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our H Shares as their or part of their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering.” Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

INDEPENDENCE AND INTERESTS OF THE SOLE SPONSOR

As of the Latest Practicable Date, the Sole Sponsor satisfied the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. As of the Latest Practicable Date, the Sole Sponsor and its affiliates had no interest in our Group.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CITIC Securities (Hong Kong) Limited is the Sole Sponsor and CLSA Limited is the Sponsor-Overall Coordinator of the Global Offering, and Macquarie Capital Limited as one of the Overall Coordinators of the Global Offering.

The Listing of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this Prospectus.

205,652,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 20,565,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) in Hong Kong as described in the sub-section “— The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of initially 185,086,800 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed “— The International Offering” in this section below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 11.0% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the Offer Shares will represent approximately 14.3% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering.

References in this Prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 20,565,200 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.1% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed “— Conditions of the Global Offering” in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 10,282,600 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is at the discretion of the Overall Coordinators, subject to reallocation. According to Chapter 4.14 (Offering-related Mechanisms) of the Guide and paragraph 4.2 of Practice Note 18 of the Listing Rules, a clawback mechanism shall be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below.

20,565,200 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10.0% of the Offer Shares initially available for subscription under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation and assuming the Offer Size Adjustment Option is not exercised, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 61,695,600 Offer Shares (in the case of (a)), 82,260,800 Offer Shares (in the case of (b)) and 102,826,000 Offer Shares (in the case of (c)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before the exercise of the Over-allotment Option) (the “**PN18 Clawback**”). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deems appropriate.

In addition, the Overall Coordinators may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as they deem appropriate.

The Overall Coordinators may, at its discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, and provided that the Offer Price would be set at HK\$13.72 (low-end of the Offer Price range), up to 20,565,200 Offer Shares (assuming the Offer Size Adjustment Option is not exercised) may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be the lesser of: (i) double of initial allocation under the Hong Kong Public Offering; and (ii) 30% of the total offering (assuming the Offer Size Adjustment Option is not exercised) (the “**Allocation Cap**”).

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators, subject to the PN18 Clawback and the Allocation Cap (as applicable).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant’s application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,197.93 for one board lot of 200 H Shares. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum Offer Price, appropriate refund payments (including the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this Prospectus.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 185,086,800 H Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 9.9% of the enlarged share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercise).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the sub-section headed “Pricing and Allocation” below in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares and/or hold or sell its Offer Shares after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and the Shareholders as a whole.

The Overall Coordinators (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection “— The Hong Kong Public Offering — Reallocation” in this section above, the exercise of the Offer Size Adjustment Option in whole or in part as described in the subsection headed “— Offer Size Adjustment Option” and the exercise of the Over-allotment Option in whole or in part as described in the subsection headed “— Over-allotment Option” and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

OFFER SIZE ADJUSTMENT OPTION

As part of the Global Offering, the Company has the Offer Size Adjustment Option under the Hong Kong Underwriting Agreement. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand, if any. The Offer Size Adjustment Option may be exercised jointly by the Company and the Overall Coordinators prior to the execution of the International Underwriting Agreement and will expire upon execution of the International Underwriting Agreement.

Under the Offer Size Adjustment Option, the Company may issue any number of H Shares up to an aggregate of 30,847,800 additional Offer Shares at the Offer Price. These Offer Size Adjustment Option Shares, if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering following the application of the reallocation arrangement described in the subsection headed “— The Hong Kong Public Offering — Reallocation” and the Sponsor-Overall Coordinator shall allocate additional new H Shares to be offered by the Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality.

If the Offer Size Adjustment Option is exercised in full, the Offer Size Adjustment Option Shares to be issued pursuant thereto will represent approximately 1.6% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the exercise of the Offer Size Adjustment Option.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital of the Offer Shares initially offered before the exercise of the Offer Size Adjustment Option	Number of H Shares issued under the Global Offering after the full exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital of the Offer Shares initially offered after the full exercise of the Offer Size Adjustment Option
205,652,000	11.0%	236,499,800	12.4

The Offer Size Adjustment Option will not be used for price stabilisation purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilisation) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

STRUCTURE OF THE GLOBAL OFFERING

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or confirm that if the Offer Size Adjustment Option has not been exercised prior to the execution of the International Underwriting Agreement which is expected to be on or before Thursday, March 6, 2025, it will lapse and cannot be exercised at any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 30,847,800 additional H Shares, representing 15% of the total number of Offer Shares available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 35,474,800 additional H Shares (representing approximately 15% of the total number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Offer Size Adjustment Option is not exercised and Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 1.6% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares will represent approximately 1.8% of the total number of shares in issue immediately following completion of the Global Offering and the exercise of the Over-allotment Option. We will make an announcement if the Over-allotment Option is exercised.

OFFER SIZE

The allocation and the total number of Offer Shares under the Global Offering will be determined in the following manner:

The allocation of Offer Shares between the International Offering and the Hong Kong Public Offering will be subject to a reallocation adjustment depending on the number of Offer Shares validly applied for under the Hong Kong Public Offering. See “— The Hong Kong Public Offering — Reallocation” above for details.

STRUCTURE OF THE GLOBAL OFFERING

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares made available as a result, representing approximately 15% of the number of Offer Shares initially being offered under the Global Offering, will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering on a post-reallocation basis. The Offer Size Adjustment Option will lapse if it is not exercised prior to the execution of the International Underwriting Agreement. See “— Offer Size Adjustment Option” above for details.

The number of Offer Shares to be made available under the International Offering may be further increased if the Over-allotment Option is exercised. The maximum number of additional International Offer Shares to be offered pursuant to the exercise of the Over-allotment Option will represent approximately 15% of the number of Offer Shares being offered under the Global Offering (including the Offer Shares offered pursuant to the exercise of the Offer Size Adjustment Option, if any). See “— Over-allotment Option” above for details.

The table below sets out a summary of the total number of Hong Kong Offer Shares and International Offer Shares being offered in the Global Offering under different scenarios, depending on (a) whether a reallocation pursuant to the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” above occurs and (b) whether any of the Offer Size Adjustment Option and the Over-allotment Option is exercised at all and/or in full.

	<u>No clawback reallocation</u>	<u>30% clawback reallocation</u>	<u>40% clawback reallocation</u>	<u>50% clawback reallocation</u>
Total number of Offer	20,565,200	61,695,600	82,260,800	102,826,000
Shares before the exercise	Hong Kong	Hong Kong	Hong Kong	Hong Kong
of the Offer Size	Offer Shares	Offer Shares	Offer Shares	Offer Shares
Adjustment Option and				
the Over-allotment	185,086,800	143,956,400	123,391,200	102,826,000
Option	International	International	International	International
	Offer Shares	Offer Shares	Offer Shares	Offer Shares
 Total number of Offer	 23,650,000	 70,950,000	 94,600,000	 118,250,000
Shares following the full	Hong Kong	Hong Kong	Hong Kong	Hong Kong
exercise of the Offer Size	Offer Shares	Offer Shares	Offer Shares	Offer Shares
Adjustment Option only				
(assuming the Over-	212,849,800	165,549,800	141,899,800	118,249,800
allotment Option is not	International	International	International	International
exercised)	Offer Shares	Offer Shares	Offer Shares	Offer Shares

STRUCTURE OF THE GLOBAL OFFERING

	<u>No clawback reallocation</u>	<u>30% clawback reallocation</u>	<u>40% clawback reallocation</u>	<u>50% clawback reallocation</u>
Total number of Offer	20,565,200	61,695,600	82,260,800	102,826,000
Shares following the	Hong Kong	Hong Kong	Hong Kong	Hong Kong
exercise of the Over-	Offer Shares	Offer Shares	Offer Shares	Offer Shares
allotment Option				
(assuming the Offer Size	215,934,600	174,804,200	154,239,000	133,673,800
Adjustment Option is not	International	International	International	International
exercised)	Offer Shares	Offer Shares	Offer Shares	Offer Shares
Total number of Offer	23,650,000	70,950,000	94,600,000	118,250,000
Shares following the full	Hong Kong	Hong Kong	Hong Kong	Hong Kong
exercise of both the Offer	Offer Shares	Offer Shares	Offer Shares	Offer Shares
Size Adjustment Option				
and the Over-allotment	248,324,600	201,024,600	177,374,600	153,724,600
Option	International	International	International	International
	Offer Shares	Offer Shares	Offer Shares	Offer Shares

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager (or any person acting for it) reasonably regards as the best interest of our Company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Offer Size Adjustment Option and the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in clauses (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Friday, April 4, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager may arrange cover of up to an aggregate of 30,847,800 H Shares (representing up to 15% of the total number of Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 35,474,800 H Shares (representing approximately 15% of the total number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International

STRUCTURE OF THE GLOBAL OFFERING

Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid before the Listing Date. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

Our Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among others, exercising the Offer Size Adjustment Option and the Over-allotment Option in full or in part, using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Determining the Pricing of the Offer Price

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Thursday, March 6, 2025 and, in any event, no later than 12:00 noon on Thursday, March 6, 2025, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$15.83 per Offer Share and is expected to be not less than HK\$13.72 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, amounting to a total of HK\$3,197.93 for one board lot of 200 Offer Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this document.**

STRUCTURE OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the prior consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range as stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at cfgold.com and www.hkexnews.hk, respectively, notices of the reduction. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this document, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this document.

Announcement of Offer Price

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results."

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Overall Coordinators (for itself and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange (including any H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offering;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this Prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at cfgold.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — (F) Refund of Application Monies” in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Monday, March 10, 2025, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, March 10, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, March 10, 2025.

The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 6693.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at cfgold.com.

The contents of this Prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (*for the White Form eIPO service only*); and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of our Company;
- are a Director, Supervisor or chief executive of our Company and/or a director, supervisor or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, February 28, 2025 and end at 12:00 noon on Wednesday, March 5, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service . .	www.eipo.com.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, February 28, 2025 to 11:30 a.m. on Wednesday, March 5, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, March 5, 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The **White Form eIPO** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions, and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this Prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this Prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual or Joint Applicants	For Corporate Applicants
• Full name(s)⁽²⁾ as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and • Identity document number	• Full name(s)⁽²⁾ as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and • Identity document number

Notes:

- (1) If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
- (2) The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice. The maximum number is subject to change, if our Company's Articles of Incorporation and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 200 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$15.83 per H Share.

If you are applying through the HKSCC EIPO channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
200	3,197.93	4,000	63,958.58	60,000	959,378.72	2,000,000	31,979,291.10
400	6,395.86	5,000	79,948.23	70,000	1,119,275.19	2,500,000	39,974,113.88
600	9,593.79	6,000	95,937.87	80,000	1,279,171.64	3,000,000	47,968,936.66
800	12,791.72	7,000	111,927.52	90,000	1,439,068.11	3,500,000	55,963,759.43
1,000	15,989.64	8,000	127,917.17	100,000	1,598,964.55	4,000,000	63,958,582.20
1,200	19,187.57	9,000	143,906.81	200,000	3,197,929.11	4,500,000	71,953,404.98
1,400	22,385.50	10,000	159,896.45	300,000	4,796,893.66	5,000,000	79,948,227.76
1,600	25,583.43	20,000	319,792.91	400,000	6,395,858.22	6,000,000	95,937,873.30
1,800	28,781.36	30,000	479,689.36	500,000	7,994,822.78	7,000,000	111,927,518.86
2,000	31,979.29	40,000	639,585.83	1,000,000	15,989,645.56	8,000,000	127,917,164.40
3,000	47,968.93	50,000	799,482.28	1,500,000	23,984,468.33	10,282,600 ⁽¹⁾	164,415,129.34

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this Prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this Prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (v) confirm that you have read this Prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this Prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— G. Personal Data — 3. Purposes and 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the Directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that; (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (b) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

1. Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through White Form eIPO service or HKSCC EIPO channel:	
Website The designated results of allocation at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a “search by ID Number” function.	24 hours, from 11:00 p.m. on Friday, March 7, 2025 to 12:00 midnight on Thursday, March 13, 2025.
The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the White Form eIPO service at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).	
The Stock Exchange’s website at www.hkexnews.hk and our website at cfgold.com which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Friday, March 7, 2025 (Hong Kong time).
Telephone . . . +852 2862 8555 – the allocation results telephone enquiry line provided by the H Share Registrar.	between 9:00 a.m. and 6:00 p.m., from Monday, March 10, 2025 to Thursday, March 13, 2025 (Hong Kong time) on a business day.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, March 6, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, March 6, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

2. Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at cfgold.com by no later than 11:00 p.m. on Friday, March 7, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list our H Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the H Share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, March 10, 2025 (Hong Kong time), provided that the Global Offer has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of H Share certificate¹		
For physical share certificates of 1,000,000 or more Hong Kong Offer Shares issued under your own name . .	Collection in person from H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Time: from 9:00 a.m. to 1:00 p.m. on Monday, March 10, 2025. If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account. No action by you is required.

¹ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an Extreme Conditions announcement in force in Hong Kong in the morning on Friday, 7 March 2025, rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. Please refer to “ – E. Severe Weather Arrangements” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

White Form eIPO service

HKSCC EIPO channel

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

For physical share certificates of 1,000,000 or more Hong Kong Offer Shares issued under your own name . .

Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.

Time: Friday,
March 7, 2025

Refund mechanism for surplus application monies paid by you

Date	Monday, March 10, 2025	Subject to the arrangement between you and your broker or custodian.
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account.	White Form e-Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.

HOW TO APPLY FOR HONG KONG OFFER SHARES

	White Form eIPO service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

1. The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, March 5, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 5, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this Prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at cfigold.com of the revised timetable.

If a Severe Weather Signal is hoisted on Friday, March 7, 2025 the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Monday, March 10, 2025.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a Severe Weather Signal is hoisted on Friday, March 7, 2025:

- for physical H share certificates of 1,000,000 or more Offer Shares issued under your own name, you may pick them up from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, March 7, 2025 or on Monday, March 10, 2025).

If a Severe Weather Signal is hoisted on Monday, March 10, 2025:

- for physical H share certificates of less than 1,000,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, March 10, 2025 or on Tuesday, March 11, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instructions payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential, but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers, etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed “Corporate information” in this Prospectus or as notified from time to time, for the attention of our company secretary, or the H Share Registrar for the attention of the privacy compliance officer.



赤峰吉隆黃金礦業股份有限公司
Chifeng Jilong Gold Mining Co., Ltd.



赤峰吉隆黃金礦業股份有限公司

Chifeng Jilong Gold Mining Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6693

GLOBAL OFFERING

Volume 2



This Prospectus is printed in three parts that together form the Prospectus. You should read each part of the Prospectus in conjunction with the other parts in order to understand the matters to which the Prospectus relates, including, without limitation, the Hong Kong Public Offering and the International Offering. Prospective investors should read each part of the Prospectus before making any application in response to the Hong Kong Public Offering. We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at cfgold.com. You may download and print from these website addresses if you want a printed copy of this Prospectus.

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHIFENG JILONG GOLD MINING CO., LTD. AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

We report on the historical financial information of Chifeng Jilong Gold Mining Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IA-4 to IA-109, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023, and the nine months ended 30 September 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 30 September 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages IA-4 to IA-109 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 February 2025 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022 and 2023 and 30 September 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in

accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-4 have been made.

Dividends

We refer to Note 16 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

28 February 2025

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing issued by the IAASB (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	3,782,624	6,266,787	7,220,952	5,062,293	6,222,831
Cost of sales		(2,525,121)	(4,471,868)	(4,868,078)	(3,521,863)	(3,600,815)
Gross profit		1,257,503	1,794,919	2,352,874	1,540,430	2,622,016
Other income and gains	10	90,512	142,088	137,770	90,608	271,985
Selling and distribution expenses		(777)	(720)	(689)	(526)	(317)
Administrative expenses		(393,035)	(786,368)	(850,390)	(622,849)	(651,899)
Research and development expenses		(24,847)	(27,652)	(51,753)	(24,952)	(47,893)
Impairment losses on financial assets, net .		(1,984)	(644)	(2,440)	(1,119)	1,624
Other expenses and losses	11	(142,760)	(119,022)	(173,501)	(86,769)	(189,905)
Finance costs	12	(14,226)	(176,485)	(215,026)	(143,290)	(164,773)
Share of (losses)/profits of associates		(11)	(4,104)	9,950	6,721	7,197
PROFIT BEFORE TAX	13	770,375	822,012	1,206,795	758,254	1,848,035
Income tax expenses . .	14	(156,967)	(328,132)	(335,210)	(196,234)	(583,266)
PROFIT FOR THE YEAR/PERIOD		613,408	493,880	871,585	562,020	1,264,769
Attributable to:						
Owners of the parent		581,949	450,976	804,471	526,655	1,115,256
Non-controlling interests		31,459	42,904	67,114	35,365	149,513
		613,408	493,880	871,585	562,020	1,264,769
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic						
– For profit for the year/period (RMB)	15	0.35	0.27	0.49	0.32	0.68
Diluted						
– For profit for the year/period (RMB)		0.35	0.27	0.49	0.32	0.68

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR/PERIOD	<u>613,408</u>	<u>493,880</u>	<u>871,585</u>	<u>562,020</u>	<u>1,264,769</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:					
Exchange differences on translation of foreign operations	<u>(59,166)</u>	<u>563,016</u>	<u>109,453</u>	<u>200,559</u>	<u>(79,944)</u>
Cash flow hedges:					
Effective portion of changes in fair value of hedging instruments	<u>3,639</u>	<u>(3,639)</u>	<u>—</u>	<u>—</u>	<u>(11,299)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>(55,527)</u>	<u>559,377</u>	<u>109,453</u>	<u>200,559</u>	<u>(91,243)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u><u>557,881</u></u>	<u><u>1,053,257</u></u>	<u><u>981,038</u></u>	<u><u>762,579</u></u>	<u><u>1,173,526</u></u>
Attributable to:					
Owners of the parent .	532,607	867,940	883,526	673,810	1,046,932
Non-controlling interests	<u>25,274</u>	<u>185,317</u>	<u>97,512</u>	<u>88,769</u>	<u>126,594</u>
	<u><u>557,881</u></u>	<u><u>1,053,257</u></u>	<u><u>981,038</u></u>	<u><u>762,579</u></u>	<u><u>1,173,526</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2021	31 December 2022	31 December 2023	30 September 2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	3,159,699	5,994,266	6,521,646	6,894,292
Right-of-use assets	18(a)	43,887	278,571	332,756	313,197
Other intangible assets	19	856,450	6,562,718	6,323,009	6,042,442
Goodwill	20	41,969	41,969	41,969	41,969
Investments in associates	21	1,989	357,819	373,481	2,050
Deferred tax assets	22	5,215	53,978	17,482	55,555
Other non-current assets	23	186,230	145,508	212,070	220,683
TOTAL NON-CURRENT ASSETS . . .		4,295,439	13,434,829	13,822,413	13,570,188
CURRENT ASSETS					
Inventories	24	1,412,094	2,164,628	2,406,909	2,449,670
Trade receivables from the comprehensive recycling of resources business	25	311,447	339,237	397,481	443,286
Trade receivables from gold and commodities sales	26	25,260	29,637	115,732	163,455
Prepayments, other receivables and other assets	27	166,944	242,143	282,596	814,170
Financial assets at fair value through profit or loss	28	11,237	48,131	16,909	13,204
Derivative financial assets	29	6,436	584	13,470	43,438
Restricted cash	30	116,881	232,560	387,648	303,616
Cash and cash equivalents	30	1,707,868	1,052,545	1,274,635	2,094,141
TOTAL CURRENT ASSETS		3,758,167	4,109,465	4,895,380	6,324,980
TOTAL ASSETS		8,053,606	17,544,294	18,717,793	19,895,168
CURRENT LIABILITIES					
Trade and notes payables	32	440,401	851,390	552,457	636,817
Contract liabilities	33	4,547	62,052	73,177	89,172
Financial liabilities at fair value through profit or loss	31	387,683	620,250	939,996	1,026,210
Derivative financial liabilities	29	1,831	–	–	17,002
Other payables and accruals	34	191,169	695,336	697,447	792,303
Income tax payables		102,438	177,082	267,693	455,815
Short-term loans	35	–	488,409	850,009	822,730
Current portion of long-term loans .	36	25,530	333,770	218,315	641,778
Current portion of lease liabilities . .	18(b)	1,424	31,177	38,083	38,204
Current portion of other non-current liabilities	38	186,589	10,849	9,485	5,717
Current portion of provisions	37	–	9,567	75,747	71,806
TOTAL CURRENT LIABILITIES . . .		1,341,612	3,279,882	3,722,409	4,597,554
NET CURRENT ASSETS		2,416,555	829,583	1,172,971	1,727,426
TOTAL ASSETS LESS CURRENT LIABILITIES		6,711,994	14,264,412	14,995,384	15,297,614

APPENDIX IA
ACCOUNTANTS' REPORT

	<i>Notes</i>	31 December 2021	31 December 2022	31 December 2023	30 September 2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Long-term loans	36	–	1,513,781	1,421,974	681,614
Contract liabilities	33	–	606,298	576,999	538,996
Lease liabilities	18(b)	2,975	230,805	207,219	185,340
Deferred tax liabilities	22	1,916	2,455,981	2,314,654	2,245,052
Provisions	37	1,631,259	1,984,834	1,868,099	1,781,346
Other non-current liabilities	38	74,813	64,410	64,231	65,368
TOTAL NON-CURRENT					
LIABILITIES		<u>1,710,963</u>	<u>6,856,109</u>	<u>6,453,176</u>	<u>5,497,716</u>
NET ASSETS		<u>5,001,031</u>	<u>7,408,303</u>	<u>8,542,208</u>	<u>9,799,898</u>
EQUITY					
Equity attributable to owners of					
the parent					
Share capital	39	1,663,911	1,663,911	1,663,911	1,663,911
Treasury shares		–	(300,787)	(520,803)	(220,016)
Reserves	41	2,956,506	3,824,446	5,008,882	5,672,591
		4,620,417	5,187,570	6,151,990	7,116,486
Non-controlling interests	42	380,614	2,220,733	2,390,218	2,683,412
TOTAL EQUITY		<u>5,001,031</u>	<u>7,408,303</u>	<u>8,542,208</u>	<u>9,799,898</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital	Share premium*	Reserve fund*	Hedging reserve*	Exchange fluctuation reserve*	Safety fund surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 39)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,663,911	626,614	48,816	—	(381,968)	1,665	2,128,772	4,087,810	355,340	4,443,150
Profit for the year	—	—	—	—	—	—	581,949	581,949	31,459	613,408
Other comprehensive income/(loss) for the year:										
Foreign exchange differences, net.	—	—	—	—	(53,164)	—	—	(53,164)	(6,002)	(59,166)
Changes in fair value of the effective portion and reclassification of cash flow hedges, net of tax.	—	—	—	3,822	—	—	—	3,822	(183)	3,639
Total comprehensive income for the year	—	—	—	3,822	(53,164)	—	581,949	532,607	25,274	557,881
Transfer from/(to) retained profits, net	—	—	32,610	—	—	(633)	(31,977)	—	—	—
At 31 December 2021	1,663,911	626,614	81,426	3,822	(435,132)	1,032	2,678,744	4,620,417	380,614	5,001,031

Year ended 31 December 2022

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium*	Reserve fund*	Hedging reserve*	Exchange fluctuation reserve*	Safety fund surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 39)										
At 1 January 2022	1,663,911	—	626,614	81,426	3,822	(435,132)	1,032	2,678,744	4,620,417	380,614	5,001,031
Profit for the year.	—	—	—	—	—	—	—	450,976	450,976	42,904	493,880
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	420,786	—	—	420,786	142,230	563,016
Changes in fair value of the effective portion and reclassification of cash flow hedges, net of tax	—	—	—	—	(3,822)	—	—	—	(3,822)	183	(3,639)
Total comprehensive income for the year	—	—	—	—	(3,822)	420,786	—	450,976	867,940	185,317	1,053,257
Acquisition of a subsidiary (Note 50)	—	—	—	—	—	—	—	—	—	1,666,393	1,666,393
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(40,991)	(40,991)
Capital injection from non-controlling interests of a subsidiary	—	—	—	—	—	—	—	—	—	29,400	29,400
Repurchase of shares	—	(300,787)	—	—	—	—	—	—	(300,787)	—	(300,787)
Transfer from/(to) retained profits, net	—	—	—	50,698	—	—	(139)	(50,559)	—	—	—
At 31 December 2022	1,663,911	(300,787)	626,614	132,124	—	(14,346)	893	3,079,161	5,187,570	2,220,733	7,408,303

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium*	Other capital reserve*	Reserve fund*	Exchange fluctuation reserve*	Safety fund surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 39)										
At 1 January 2023	1,663,911	(300,787)	626,614	–	132,124	(14,346)	893	3,079,161	5,187,570	2,220,733	7,408,303
Profit for the year.	–	–	–	–	–	–	–	804,471	804,471	67,114	871,585
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	79,055	–	–	79,055	30,398	109,453
Total comprehensive income for the year	–	–	–	–	–	79,055	–	804,471	883,526	97,512	981,038
Acquisition of a subsidiary (Note 50)	–	–	–	–	–	–	–	–	–	71,973	71,973
Repurchase of shares (note i)	–	(220,016)	–	–	–	–	–	–	(220,016)	–	(220,016)
Other (note ii)	–	–	–	300,910	–	–	–	–	300,910	–	300,910
Transfer from retained profits.	–	–	–	–	71,600	–	538	(72,138)	–	–	–
At 31 December 2023	1,663,911	(520,803)	626,614	300,910	203,724	64,709	1,431	3,811,494	6,151,990	2,390,218	8,542,208

Note i: During the year ended 31 December 2023, the Company repurchased a total of 15,182,600 shares, amounting to RMB220,016,000, to implement employee stock ownership plan or share incentive plan in the future.

Note ii: As of 31 December 2023, the vesting conditions for the Phase II Employee Stock Ownership Plan have been met, and the shares will be exercised after 28 April 2024. The amount prepaid by the employees for the shares is recorded in other capital reserve in the amount of RMB300,910,000.

Nine months ended 30 September 2023 (unaudited)

	Attributable to owners of the parent									
	Share capital	Treasury shares	Share premium*	Reserve fund*	Exchange fluctuation reserve*	Safety fund surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 39)									
At 1 January 2023	1,663,911	(300,787)	626,614	132,124	(14,346)	893	3,079,161	5,187,570	2,220,733	7,408,303
Profit for the period	-	-	-	-	-	-	526,655	526,655	35,365	562,020
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	147,155	-	-	147,155	53,404	200,559
Total comprehensive income for the period	-	-	-	-	147,155	-	526,655	673,810	88,769	762,579
Acquisition of a subsidiary (Note 50)	-	-	-	-	-	-	-	-	71,973	71,973
Repurchase of shares (note i) .	-	(215,014)	-	-	-	-	-	(215,014)	-	(215,014)
Transfer from retained profits .	-	-	-	-	-	3,094	(3,094)	-	-	-
At 30 September 2023	1,663,911	(515,801)	626,614	132,124	132,809	3,987	3,602,722	5,646,366	2,381,475	8,027,841

Note i: During the period ended 30 September 2023, the Company repurchased a total of 14,182,600 shares, amounting to RMB215,014,000, to implement employee stock ownership plan or share incentive plan in the future.

Nine months ended 30 September 2024

	Attributable to owners of the parent											
	Share capital	Treasury shares	Share premium*	Other capital reserve*	Reserve fund*	Hedging reserve*	Exchange fluctuation reserve*	Safety fund surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 39)											
At 1 January 2024 . .	1,663,911	(520,803)	626,614	300,910	203,724	—	64,709	1,431	3,811,494	6,151,990	2,390,218	8,542,208
Profit for the period .	—	—	—	—	—	—	—	—	1,115,256	1,115,256	149,513	1,264,769
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations .	—	—	—	—	—	—	(59,760)	—	—	(59,760)	(20,184)	(79,944)
Changes in fair value of the effective portion and reclassification of cash flow hedges, net of tax	—	—	—	—	—	(8,564)	—	—	—	(8,564)	(2,735)	(11,299)
Total comprehensive income for the period.	—	—	—	—	—	(8,564)	(59,760)	—	1,115,256	1,046,932	126,594	1,173,526
Exercise of share incentive plan. . .	—	300,787	—	(300,787)	—	—	—	—	—	—	—	—
Final 2023 dividend declared	—	—	—	—	—	—	—	—	(82,436)	(82,436)	—	(82,436)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	166,600	166,600
Transfer from retained profits . .	—	—	—	—	—	—	—	10,090	(10,090)	—	—	—
At 30 September 2024	1,663,911	(220,016)	626,614	123	203,724	(8,564)	4,949	11,521	4,834,224	7,116,486	2,683,412	9,799,898

* These reserve accounts comprise the consolidated reserves in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023 and 30 September 2024.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		770,375	822,012	1,206,795	758,254	1,848,035
Adjustments for:						
Impairment losses/(reversal of impairment losses) on inventories	13	191,615	41,723	3,516	(18,038)	7,251
Impairment losses/(gains) on financial assets, net . .	13	1,984	644	2,440	1,119	(1,624)
Depreciation of property, plant and equipment . . .	13	455,688	761,217	910,774	591,421	687,486
Depreciation of right-of-use assets	13	3,607	30,180	36,973	21,466	29,017
Amortisation of other intangible assets	13	315,883	582,247	552,382	459,875	225,945
Amortisation of non-current assets	13	4,152	1,843	85	64	37
Loss on disposal of non-current assets	11	3,060	2,632	1,853	1,388	367
Fair value changes of financial assets and liabilities		1,696	11,914	71,343	9,356	57,094
Finance costs	12	14,226	176,485	215,026	143,290	164,773
Foreign exchange differences, net	11	(86,237)	(27,244)	(20,157)	(18,855)	(27,781)
Share of losses/(profits) of associates		11	4,104	(9,950)	(6,721)	(7,197)
Gains on disposal of derivative financial instruments	10	(25,014)	(82,913)	(75,343)	(34,937)	(143,446)
Investment gains received from listed equity investments	10	–	–	(4,226)	–	–
Gains on disposal of investment in an associate	10	–	–	–	–	(71,119)
Interest received from bank structured deposits		–	–	–	–	(12)
Investment losses received from disposal of financial liabilities held for trading	11	10,856	17,249	76,018	55,930	107,426
Gain on bargain purchase recognised in other income and gains	10	–	(6,371)	–	–	–
Subtotal		<u>1,661,902</u>	<u>2,335,722</u>	<u>2,967,529</u>	<u>1,963,612</u>	<u>2,876,252</u>

<i>Notes</i>	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
(Increase)/decrease in inventories	(815,667)	(328,969)	(143,830)	(171,425)	(73,659)
Decrease/(increase) in trade receivables	(17,216)	(38,667)	(144,339)	(227,963)	(93,528)
Increase in prepayments, other receivables and other assets	(66,045)	(36,409)	9,047	(83,399)	(92,056)
Increase/(decrease) in trade and notes payables	143,372	(217,967)	(262,103)	(71,798)	27,555
Increase/(decrease) in other payables and accruals	(18,448)	(300,173)	160,855	57,700	(147,954)
Increase/(decrease) in contract liabilities	3,125	(53,930)	11,126	35,169	15,995
Decrease/(increase) in restricted cash	<u>14,532</u>	<u>(10,243)</u>	<u>(2,632)</u>	<u>9,462</u>	<u>3,206</u>
Cash generated from operations	905,555	1,349,364	2,595,653	1,511,358	2,515,811
Income tax paid	(150,406)	(259,231)	(392,573)	(305,995)	(471,823)
Net cash flows from operating activities	<u>755,149</u>	<u>1,090,133</u>	<u>2,203,080</u>	<u>1,205,363</u>	<u>2,043,988</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from disposal of investments	–	–	–	–	456,401
Cash received from investment income	15,330	–	–	–	–
Proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets	1,902	13,993	19,877	8,516	627
Net cash received from the disposal of subsidiaries	288,783	–	–	–	–
Cash received from futures contract	–	592,835	235,405	62,718	300,897
Cash received from bank deposits and interest	2,477,600	100,095	–	–	20,012
Repayment of prepaid equity investment	35,528	–	–	–	–
Cash received of disposal of financial assets at fair value through profit or loss	–	–	13,434	–	–

<i>Notes</i>	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Purchases of property, plant and equipment, intangible assets and other non-current assets	(1,342,365)	(1,917,613)	(1,741,966)	(1,335,103)	(1,113,392)
Cash paid for equity investments	(14,556)	(365,680)	—	—	—
Net cash paid for acquisition of a subsidiary	—	(1,958,363)	(18,095)	(18,095)	—
Cash prepaid for equity acquisition	—	—	—	—	(66,844)
Cash paid for futures contract	—	(369,314)	(279,774)	(161,057)	(254,828)
Cash paid for large certificates and bank deposits	(1,740,095)	(80,000)	—	—	(20,000)
Net cash flows used in investing activities	(277,873)	(3,984,047)	(1,771,119)	(1,443,021)	(677,127)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from non-controlling interests	—	29,400	—	—	166,600
New bank borrowings	—	2,443,305	1,151,050	632,127	1,044,305
New gold lease business	384,572	496,873	739,959	596,323	599,282
New loans from related parties	620,000	1,537,240	—	—	—
Cash received from gold lease deposit	17,150	8,003	242,518	242,518	364,737
Cash received from eligible participants in share incentive plan	—	—	300,910	300,549	—
Cash received from share incentive platform of SIP I (<i>note 40</i>)	663,193	—	—	—	—
Repayment of bank borrowings	(248,866)	(210,400)	(1,013,745)	(543,245)	(1,381,891)
Cash paid for distribution of dividends or profit and interest expenses	(11,582)	(172,160)	(146,126)	(116,700)	(200,471)
Repayment of gold lease business	(83,816)	(311,970)	(560,674)	(446,501)	(706,400)
Cash paid for repurchasing shares for share incentive plan	(663,193)	(300,787)	(220,016)	(215,014)	—

APPENDIX IA
ACCOUNTANTS' REPORT

		Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Repayment of loans to related parties		(620,000)	(1,126,300)	(300,040)	–	(128,546)
Repayment of lease liabilities		(1,553)	(33,696)	(58,102)	(28,507)	(30,686)
Cash paid for bank borrowings deposits . . .		–	(13,965)	–	–	–
Cash (paid)/received for notes payable deposits . .		–	(20,400)	20,400	20,400	–
Cash paid for gold lease deposits		–	(100,000)	(384,254)	(184,245)	(281,393)
Net cash flows from/(used in) financing activities . .		<u>55,905</u>	<u>2,225,143</u>	<u>(228,120)</u>	<u>257,705</u>	<u>(554,463)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS.		533,181	(668,771)	203,841	20,047	812,398
Cash and cash equivalents at beginning of year/period		1,176,419	1,707,868	1,052,545	1,052,545	1,274,635
Effect of foreign exchange rate changes, net		<u>(1,732)</u>	<u>13,448</u>	<u>18,249</u>	<u>12,708</u>	<u>7,108</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	30	<u><u>1,707,868</u></u>	<u><u>1,052,545</u></u>	<u><u>1,274,635</u></u>	<u><u>1,085,300</u></u>	<u><u>2,094,141</u></u>

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2021	31 December 2022	31 December 2023	30 September 2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	30,499	12,322	2,815	2,590
Right-of-use assets	18(a)	–	9,325	4,357	1,089
Other intangible assets		1,566	1,353	1,237	1,114
Investments in subsidiaries	21	4,240,871	6,134,845	6,217,346	6,390,746
Investments in associates	21	1,989	1,729	1,545	1,421
Other non-current assets		2,342	53	131	22
TOTAL NON-CURRENT ASSETS		4,277,267	6,159,627	6,227,431	6,396,982
CURRENT ASSETS					
Prepayments, other receivables and other assets	27	392,090	332,848	1,189,416	901,487
Restricted cash	30	–	–	13,965	–
Cash and cash equivalents	30	1,029,019	401,708	230,205	359,803
TOTAL CURRENT ASSETS		1,421,109	734,556	1,433,586	1,261,290
TOTAL ASSETS		5,698,376	6,894,183	7,661,017	7,658,272
CURRENT LIABILITIES					
Trade and notes payables		20	–	–	–
Other payables and accruals	34	969,547	751,869	624,945	1,114,088
Short-term loans	35	–	358,620	600,637	265,460
Current portion of long-term loans	36	–	237,831	119,251	319,598
Current portion of other non-current liabilities		173,566	–	–	–
Current portion of lease liabilities	18(b)	–	4,659	4,385	2,271
TOTAL CURRENT LIABILITIES		1,143,133	1,352,979	1,349,218	1,701,417
NET CURRENT ASSETS/ (LIABILITIES)		277,976	(618,423)	84,368	(440,127)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,555,243	5,541,204	6,311,799	5,956,855
NON-CURRENT LIABILITIES					
Long-term loans	36	–	774,895	753,470	485,047
Lease liabilities	18(b)	–	4,876	–	–
TOTAL NON-CURRENT LIABILITIES . .		–	779,771	753,470	485,047
NET ASSETS		4,555,243	4,761,433	5,558,329	5,471,808
EQUITY					
Share capital		1,663,911	1,663,911	1,663,911	1,663,911
Treasury shares		–	(300,787)	(520,803)	(220,016)
Reserves	51	2,891,332	3,398,309	4,415,221	4,027,913
TOTAL EQUITY		4,555,243	4,761,433	5,558,329	5,471,808

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC"). The registered address of the Company is Fu Min Village, Si Dao Wan Zi Town, Ao Han County, Chifeng City, Inner Mongolia Autonomous Region, PRC and the office is located at A7-Xiaojing, Wanfeng Road, Fengtai District, Beijing. Ms. Li Jinyang and Yantai Hanfeng Zhongxing Management Consulting Center (Limited Partnership) ("Hanfeng Zhongxin") directly held 190,410,595 and 51,515,151 A Shares, accounting for approximately 11.44% and 3.10% of the issued share capital of the Company, respectively. Meanwhile, Ms. Li Jinyang is the sole limited partner of Hanfeng Zhongxin accounting for approximately 99% of the committed capital Contribution of Hanfeng Zhongxin. Ms. Li Jinyang and Hanfeng are collectively regarded as the Single Largest Shareholder Group of the Company.

During the Relevant Periods, the Company and its subsidiaries were involved in the mining of gold and non-ferrous metal and the comprehensive recycling of resources. The main products are gold, silver, electrolytic copper and other precious metals and non-ferrous metals.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name*	Place and date of incorporation/ registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chifeng Jilong Mining Co., Ltd. ("Jilong Mining") 赤峰吉隆礦業有限責任公司 (note (a))*	PRC 2005-10-24	RMB175,000,000	100%	–	Mining
Chifeng Huatai Mining Co., Ltd. 赤峰華泰礦業有限責任公司 (note (a))*	PRC 2005-01-08	RMB20,000,000	–	100%	Mining
Liaoning Wulong Gold Mining Co., Ltd. ("Wulong Mining") 遼寧五龍黃金礦業有限責任公司 (note (a))*	PRC 2008-04-08	RMB40,000,000	–	100%	Mining
Dandong Tongxing Mineral Processing Ltd. ("TMP") 丹東同興選廠有限責任公司 (note (b))*	PRC 2012-04-19	RMB5,000,000	–	100%	Processing
Anhui Guangyuan Technology Development Co., Ltd. ("Guangyuan Technology") 安徽廣源科技發展有限公司 (note (a))*	PRC 2003-08-06	RMB44,776,000	55%	–	Wasted Electronic Products Recovery
Hefei Huanchuang Advanced Material Co., Ltd. 合肥環創新材料有限公司 (note (b))*	PRC 2018-05-25	RMB10,000,000	–	55%	Wasted Electronic Products Recovery
Hefei Guangyuan Environmental Protection Technology Co., Ltd. 合肥廣源環保技術有限公司 (note (b))*	PRC 2022-12-27	RMB10,000,000	–	55%	Wasted Electronic Products Recovery
Kunming Xinhenghe Mining Co., Ltd. ("Xinhenghe Mining") 昆明新恒河礦業有限公司 (note (c))*	PRC 2021-01-26	RMB40,000,000	51%	–	Management

Name*	Place and date of incorporation/ registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Eryuan Jintai Mining Development Co., Ltd. ("Jintai Mining") 洱源錦泰礦 業開發有限責任公司 (note (b))* (note (j))*	PRC 2008-02-20	RMB41,710,000	–	46%	Mining
Chijin (Tianjin) Geological Exploration Technology Co., Ltd. 赤金(天津)地質勘查技術 有限公司 (note (d))*	PRC 2017-05-22	RMB1,000,000	60%	–	Geological exploration
CHIJIN LAOS Holdings Limited ("Chijin Laos") (note (b))	Cayman Islands 1993-05-25	USD152,100,000	100%	–	Investment Holding
Chixia Laos Holdings Limited ("Chixia Laos") (note (b))	Cayman Islands 2022-10-25	USD50,000	–	51%	Investment Holding
Lane Xang Minerals Limited Company ("LXML") (note (e))	Laos 1993-09-30	LAK1,436,516,830,000	–	90%	Mining
Chijin International (HK) Limited ("Chijin HK") (note (f))	Hong Kong 2018-02-27	HKD1 USD291,000,000	100%	–	Investment Holding
Jilin Hanfeng Mining Technology Co., Ltd 吉林瀚 豐礦業科技有限公司 (note (a))*	PRC 2004-09-24	RMB429,200,000	100%	–	Mining
Shanghai Chijin Fengyu Industrial Co., Ltd. 上海赤金 豐余實業有限公司 (note (a))*	PRC 2021-03-25	RMB100,000,000	100%	–	Trading Investment
Golden Star Resources Ltd. ("GSR") (note (g))	Canada 1992-05-15	USD932,928,541	–	62%	Holding
Caystar Holdings (note (b))	Cayman Islands 1997-05-07	USD391,958,328	–	62%	Management
Caystar Finance Co. (note (b))	Cayman Islands 2015-04-28	USD49,942,492	–	62%	Finance
Caystar Management Holdings (note (b))	Cayman Islands 2003-09-01	USD45,409,069	–	62%	Management
Wasford Holdings (note (b))	Cayman Islands 2002-04-02	USD50,000	–	62%	Management
Golden Star (Wassa) Ltd. (note (h))	Ghana 2001-11-22	GHS11,000,000	–	56%	Mining
Golden Star Resources (UK) Ltd. (note (b))	England 2019-05-10	USD130	–	62%	Management
Xiamen Chijin Xiawu Metal Resources Limited ("Chijin Xiawu") 廈門赤金廈鎢金屬資 源有限公司 (note (i))*	PRC 2022-10-18	RMB400,000,000	51%	–	Investment Holding

Notes:

- (a) The statutory financial statements for the year ended 31 December 2021 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by ZhongShen ZhongHuan Certified Public Accountants LLP, certified public accountants registered in the PRC, and the statutory financial statements for the years ended 31 December 2022 and 2023 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP.

- (b) No audited financial statements have been prepared for these entities for the years ended 31 December 2021, 2022 and 2023 (or since the date of incorporation, where later than the beginning of the Relevant Periods), as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (c) The statutory financial statements for the year ended 31 December 2022 prepared under PRC GAAP were audited by Yunnan Xizheng Accounting Firm Co., Ltd., certified public accountants registered in the PRC, and for the year ended 31 December 2023 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP.
- (d) The statutory financial statements for the year ended 31 December 2021 prepared under PRC GAAP were audited by ZhongShen ZhongHuan Certified Public Accountants LLP, certified public accountants registered in the PRC, and the statutory financial statements for the year ended 31 December 2022 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP. No statutory financial statements has been issued for the year ended 31 December 2023.
- (e) The statutory financial statements of this entity for the year ended 31 December 2021 prepared under International Financial Reporting Standards (“IFRSs”) were audited by KPMG Lao Co., Ltd., certified public accountants registered in Laos, and the statutory financial statements for the years ended 31 December 2022 and 2023 prepared under IFRSs were audited by Ernst & Young Lao Co., Ltd.
- (f) The statutory financial statements of this entity for the year ended 31 December 2021 prepared under Hong Kong Financial Reporting Standards (“HKFRSs”) were audited by Reanda Lau & Au Yeung (HK) CPA Limited, certified public accountants registered in Hong Kong, and the statutory financial statements for the year ended 31 December 2022 prepared under HKFRSs were audited by Ernst & Young, Hong Kong, and the statutory financial statements for the year ended 31 December 2023 prepared under HKFRSs were audited by Zhonghui Anda CPA Limited, certified public accountants registered in Hong Kong.
- (g) The statutory financial statements of this entity for the years ended 31 December 2021 prepared under IFRSs were audited by PricewaterhouseCoopers LLP, certified public accountants registered in Canada. No statutory financial statements has been issued for the years ended 31 December 2022 and 2023.
- (h) The statutory financial statements of this entity for the year ended 31 December 2021 prepared under IFRSs were audited by PricewaterhouseCoopers LLP, certified public accountants registered in Ghana, and the statutory financial statements for the years ended 31 December 2022 and 2023 prepared under IFRSs were audited by Ernst & Young Ghana.
- (i) The statutory financial statements for the years ended 31 December 2022 and 2023 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP.
- (j) The Company directly holds 51% shares of Xinhenghe Mining and has control on Xinhenghe Mining. Xinhenghe Mining directly holds 90% shares of Jintai Mining and has control on Jintai Mining. In summary, the Company indirectly holds 46% shares of Jintai Mining and has control on Jintai Mining, so Jintai Mining is classified as a subsidiary of the Company.
- * The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments, financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations that have been issued but not yet effective up to the date of this report are disclosed below.

Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to IFRS 10 and IAS 28.	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ⁴
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³

- 1 Effective for annual periods beginning on or after 1 January 2025
- 2 No mandatory effective date yet determined but available for adoption
- 3 Effective for annual periods beginning on or after 1 January 2026
- 4 Effective for annual periods beginning on or after 1 January 2027

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's result of operation and financial position.

4. MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

(i) Business combinations not under common control

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain of its financial assets and financial liabilities at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated on the Units of Production ("UOP") basis to write off the cost of the asset proportionately to the extraction of the proven and probable mineral reserves. The estimated useful lives and annual depreciation rates for the assets depreciated on the straight-line basis are as follows:

	Estimated useful lives	Annual depreciation rates
Buildings	20 years	4.75%
Machinery.	5 to 10 years	9.50% to 19.00%
Mobile equipment	5 to 10 years	9.50% to 19.00%
Electronic equipment and others	3 to 5 years	19.00% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the years/periods the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Exploration and mining rights

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be

capitalized when the mineral properties are reasonably determined to be commercially available and recognized as intangible assets after obtaining mining rights or permits, which will be amortized under the units-of-production method. If any construction was abandoned in the development phase, all costs shall be written off and recognized in profit or loss for the current period.

Impairment reviews of exploration and evaluation assets are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of exploration and evaluation assets is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units. Exploration and evaluation assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Exploration rights are stated at cost less impairment losses. Exploration rights include the cost of acquiring exploration rights.

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

Research and development expenses

All research expenses are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 to 5 years
Machinery and vehicles	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, financial liabilities at fair value through profit or loss, other payables and accruals, other non-current liabilities and loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and notes payables, other payables and accruals and loans)

After initial recognition, payables and loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as commodity futures, to hedge its price fluctuation risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:***Cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for the Group's obligations for environmental rehabilitation and restoration of mines are based on estimates of required expenditure at the mines in accordance with the local rules and regulations where the mines are located. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognised at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Metal streaming arrangement

There is a Metal Streaming Arrangement in GSR acquired by the Group in 2022. Under the business arrangement, GSR receives a payment in advance and the counterparty obtains a certain proportion of deliverable gold within the entire life of the designated mine. The counterparty is also required to make an additional payment based on a certain proportion of the market price when GSR delivers the goods within an agreed period in the future. The payment GSR receives in advance is considered to be part of the counterparty's prepayment for the future goods with uncertain but predictable quantity, and is recognised as a contract liability upon receipt. Each unit of the delivered goods represents a separate performance obligation, and revenue is recognised at the point in time when control of the goods is transferred. Considering the timing of satisfaction of delivery obligations throughout the entire life of the mines, the contract liability above is considered to have significant financing components. In addition, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mines, the management will estimate the change of total metal reserves and change of planned mining reserves on a regular basis and adjustments shall be made to the revenue and finance costs accordingly.

Variable consideration

In the Group's Metal Streaming Arrangement, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mines, the price allocated to goods delivered per unit is considered as variable consideration. When the estimated total metal reserves and planned exploitation reserves of the mine change, it is necessary to recalculate the price of goods delivered per unit, and in the period of changes occurred, adjust the revenue and finance costs recognised in the same period according to the updated price. The Group determines the best estimate of variable consideration by the expected value. The transaction price including variable consideration is only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contracts for the rendering of services

A contract for the rendering of services between the Group and the customer usually includes performance obligations of dismantling waste electronic products and electrical appliances. The Group recognises the fund subsidy income, which was related to the dismantling volume, as a part of revenue by multiplying the dismantling type and quantity of the scrapped electrical and electronic products by the corresponding fund subsidy price.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share incentive plan

The Company operates employee stock ownership plans. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the market price of the granted shares, further details of which are given in note 40 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits***Pension schemes***

In accordance with applicable PRC regulations, the Company and its subsidiaries operating in Chinese Mainland have currently enrolled in a series of pension schemes regulated by various provincial and municipal governments, under which each of the entities operating in Chinese Mainland is required to contribute a percentage of its employees' salaries to the pension fund. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension schemes.

Subsidiaries of the Group in Wassa and Laos operates defined contribution plans on behalf of its employees. The contributions are recognised as employee benefit expense (staff costs) when they are due.

Termination benefits

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local government, and the corresponding expenses shall be included in the cost of related assets or profit or loss.

The Group recognises a liability for termination benefits and charges to profit or loss for the current period at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits resulting from the termination plan or the redundancy offer unilaterally; or when the Group recognises costs or expense for a restructuring plan which involves the payment of termination benefits.

The internal retirement plan of employees shall be treated in the same principle as the above termination benefits. The Group will include the salaries and social insurance premiums to be paid for early retirees during the period from the date when employees stop providing services to the normal retirement date into the current profit or loss (termination benefits) when the conditions for recognition of provisions are met.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. The proposed final dividends are disclosed in the note 16 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each of the Relevant Periods. Uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements:

Corporate income tax

As a result of the fact that certain matters relating to the corporate income taxes have not been confirmed by the local tax bureau as at the end of the Relevant Periods, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income tax expenses to be made for the reporting period. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted for in the income tax expenses in the period in which the differences are realised.

Exploration expenditures

After determining the capitalisation amount of exploration expenditures, the Group will regularly evaluate the exploration results. If the reviewed geological exploration report shows that there are no prospecting results or no economically recoverable reserves, or that the economic benefits of mining cannot be achieved and further exploration is unnecessary due to low grade and hard-to-mining, the exploration and development costs previously collected will be expensed and included in profit or loss for the current period in a lump sum.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of financial assets

The Group has adopted the expected credit loss model to evaluate the impairment of financial assets. The application of the expected credit loss model requires significant judgements and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgements and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks, etc. Different estimates may affect the impairment provision, and the amount of impairment provision may not equal to the actual amount of impairment loss in the future.

Impairment of non-current assets other than financial assets (excluding goodwill)

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the end of the reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates and judgements may be significantly affected by changes in future market or economic conditions.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in note 20 to the Historical Financial Information.

Proved mineral reserves

Proved mineral reserves are estimated based on professional knowledge, experience and industry practice. Generally, the mineral reserve volume estimated based on probing and estimation may not be very accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on the amounts of mining assets' depreciation and mining rights' amortisation using the units-of-production method, on the stripping ratio which was used in the capitalisation of stripping costs, and on each of the transaction prices of the metal streaming arrangement, etc. This may result in changes of or impacts on the Group's development and operation plan, and hence the Group's operations and operating results.

Deferred tax assets

To the extent that it is probable that there are sufficient taxable profits to offset the deductible losses, deferred tax assets shall be recognised for all unused deductible losses. Substantial management's judgements regarding the timing, amount of future taxable profit as well as tax planning strategies are needed when estimating the amount of deferred tax assets. Further details are included in note 22 to the Historical Financial Information.

Provision for environmental rehabilitation and restoration of mines

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining rights, timing of mine closure and cost of such rehabilitation. When this estimate changes, it may affect the Group's operations and performance. Further details are included in note 37 to the Historical Financial Information.

6. SEGMENT INFORMATION

The directors and certain senior managers of the Company (hereinafter referred to as "senior management") perform the functions of principal operating decision makers. Senior management reviews the internal reports of the Group to evaluate the performance of operating segments and allocate resources. The Company determines its operating segments based on such internal reporting.

The Company's operating segments include the PRC mining segment, the overseas mining segment and the other segment. The PRC mining segment conducts the mining and processing of gold and non-ferrous metals in Mainland China. The overseas mining segment conducts the mining and processing of gold and non-ferrous metals in Laos, Ghana and other countries/regions. The other segment is mainly engaged in comprehensive resource recycling and rental income in Mainland China.

The senior management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted operating profit before tax. The adjusted operating profit before tax is measured consistently with the Group's operating profit before tax except that head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, financial assets at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude financial liabilities at fair value through profit or loss, derivative financial instruments, loans, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Set out below is the disaggregation of the segment information:

Year ended 31 December 2021

Year ended 31 December 2021	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	1,001,475	2,522,936	258,213	3,782,624
Intersegment sales	—	—	71	71
Total segment revenue	1,001,475	2,522,936	258,284	3,782,695
Reconciliation:				
Elimination of intersegment sales				(71)
Revenue				3,782,624
Segment results	363,559	324,353	33,473	721,385
Reconciliation:				
Interest income				20,439
Corporate and other unallocated gains				42,777
Finance costs				(14,226)
Profit before tax				770,375

Year ended 31 December 2021	PRC mining	Overseas mining	Other	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information					
Share of losses of:					
Associates	—	—	—	(11)	(11)
Write-down of inventories to net realisable value	(51)	(190,948)	(616)	—	(191,615)
Impairment losses on financial assets, net	(1,802)	—	(154)	(28)	(1,984)
Depreciation and amortisation	(105,987)	(656,577)	(14,108)	(2,658)	(779,330)
Income tax expenses	(25,444)	(127,386)	(4,137)	—	(156,967)
Investments in associates	—	—	—	1,989	1,989
Capital expenditure*.	617,985	935,503	4,939	1,440	1,559,867

The capital expenditure information above is based on the increase in property, plant and equipment, right-of-use assets, other intangible assets, and long-term prepaid expenses during the relevant periods.

Year ended 31 December 2021	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	2,194,683	3,513,742	418,618	6,127,043
<i>Reconciliation:</i>				
Corporate and other unallocated assets . .				78,926
Restricted cash				116,881
Cash and cash equivalents				1,707,868
Financial assets at fair value through profit or loss				11,237
Derivative financial assets				6,436
Deferred tax assets				5,215
Total assets.				8,053,606
Segment liabilities	284,180	2,082,400	10,903	2,377,483
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities.				155,694
Financial liabilities at fair value through profit or loss				387,683
Derivative financial liabilities				1,831
Income tax payables				102,438
Current portion of long-term loans				25,530
Deferred tax liabilities				1,916
Total liabilities				3,052,575

Year ended 31 December 2022

Year ended 31 December 2022	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	1,170,861	4,789,316	306,610	6,266,787
Intersegment sales	—	—	9,717	9,717
Total segment revenue	1,170,861	4,789,316	316,327	6,276,504
<i>Reconciliation:</i>				
Elimination of intersegment sales				(9,717)
Revenue				6,266,787
Segment results	382,772	503,129	25,509	911,410
<i>Reconciliation:</i>				
Interest income				28,097
Corporate and other unallocated gains . .				58,990
Finance costs				(176,485)
Profit before tax				822,012

Year ended 31 December 2022	PRC mining	Overseas mining	Other	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information					
Share of losses of:					
Associates	(8)	(3,836)	–	(260)	(4,104)
Reversal/(Write-down) of inventories to net realisable value	673	(40,993)	(1,403)	–	(41,723)
Reversal of impairment/ (impairment losses) on financial assets, net	(170)	–	(494)	20	(644)
Depreciation and amortisation	(145,786)	(1,213,843)	(7,573)	(8,285)	(1,375,487)
Income tax expenses	(49,202)	(276,586)	(2,344)	–	(328,132)
Investments in associates	628	355,462	–	1,729	357,819
Capital expenditure*	486,224	1,402,366	347	14,159	1,903,096

The capital expenditure information above is based on the increase in property, plant and equipment, right-of-use assets, other intangible assets, and long-term prepaid expenses during the Relevant Periods.

Year ended 31 December 2022	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	2,467,283	13,174,760	446,758	16,088,801
<u>Reconciliation:</u>				
Corporate and other unallocated assets				67,695
Restricted cash				232,560
Cash and cash equivalents				1,052,545
Financial assets at fair value through profit or loss				48,131
Derivative financial assets				584
Deferred tax assets				53,978
Total assets.				17,544,294
Segment liabilities	579,776	3,523,030	18,578	4,121,384
<u>Reconciliation:</u>				
Corporate and other unallocated liabilities.				425,334
Short-term loans				488,409
Financial liabilities at fair value through profit or loss				620,250
Income tax payables				177,082
Long-term loans				1,513,781
Current portion of long-term loans				333,770
Deferred tax liabilities				2,455,981
Total liabilities				10,135,991

Year ended 31 December 2023

Year ended 31 December 2023	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	1,627,692	5,194,119	399,141	7,220,952
Intersegment sales	—	—	56,704	56,704
Total segment revenue	1,627,692	5,194,119	455,845	7,277,656
<u>Reconciliation:</u>				
Elimination of intersegment sales				(56,704)
Revenue				7,220,952
Segment results	749,200	612,493	23,611	1,385,304
<u>Reconciliation:</u>				
Interest income				26,322
Corporate and other unallocated expenses				10,195
Finance costs				(215,026)
Profit before tax				1,206,795

Year ended 31 December 2023	PRC mining	Overseas mining	Other	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information					
Share of profits and (losses) of Associates	—	10,134	—	(184)	9,950
Reversal/(Write-down) of inventories to net realisable value	(10,185)	7,593	(924)	—	(3,516)
Reversal of impairment/(impairment losses) on financial assets, net.	(3,152)	—	704	8	(2,440)
Depreciation and amortisation	(174,240)	(1,312,591)	(7,191)	(6,192)	(1,500,214)
Income tax expenses	(96,638)	(238,212)	(360)	—	(335,210)
Investments in associates	629	371,307	—	1,545	373,481
Capital expenditure*	440,333	1,046,052	242	745	1,487,372

The capital expenditure information above is based on the increase in property, plant and equipment, right-of-use assets, other intangible assets, and long-term prepaid expenses during the Relevant Periods.

Year ended 31 December 2023	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	3,117,123	13,330,740	509,403	16,957,266
<u>Reconciliation:</u>				
Corporate and other unallocated assets				50,383
Restricted cash				387,648
Cash and cash equivalents				1,274,635
Financial assets at fair value through profit or loss				16,909
Derivative financial assets				13,470
Deferred tax assets				17,482
Total assets.				18,717,793

APPENDIX IA

ACCOUNTANTS' REPORT

Year ended 31 December 2023	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment liabilities	588,289	3,351,867	14,408	3,954,564
Reconciliation:				
Corporate and other unallocated liabilities				208,380
Short-term loans				850,009
Financial liabilities at fair value through profit or loss				939,996
Income tax payables				267,693
Long-term loans				1,421,974
Current portion of long-term loans				218,315
Deferred tax liabilities				2,314,654
Total liabilities				<u>10,175,585</u>

Nine months ended 30 September 2023 (unaudited)

Nine months ended 30 September 2023 (unaudited)	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	1,047,645	3,760,898	253,750	5,062,293
Intersegment sales	—	—	40,299	40,299
Total segment revenue	<u>1,047,645</u>	<u>3,760,898</u>	<u>294,049</u>	<u>5,102,592</u>
Reconciliation:				
Elimination of intersegment sales				(40,299)
Revenue				<u>5,062,293</u>
Segment results	477,277	344,907	8,029	830,213
Reconciliation:				
Interest income				19,644
Corporate and other unallocated gains				51,687
Finance costs				(143,290)
Profit before tax				<u>758,254</u>

Nine months ended 30 September 2023 (unaudited)	PRC mining	Overseas mining	Other	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information					
Share of profits and (losses) of:					
Associates	—	6,849	—	(128)	6,721
Reversal/(Write-down) of inventories to net realisable value	—	18,041	(3)	—	18,038
Reversal of impairment/(impairment losses) on financial assets, net	(2,307)	—	1,188	—	(1,119)
Depreciation and amortisation	(125,296)	(941,138)	(5,447)	(945)	(1,072,826)
Income tax expenses	(60,131)	(136,005)	(98)	—	(196,234)
Investments in associates	629	373,077	—	1,601	375,307
Capital expenditure*.	291,179	810,388	115	495	1,102,177

The capital expenditure information above is based on the increase in property, plant and equipment, right-of-use assets, other intangible assets, and long-term prepaid expenses during the Relevant Periods.

Nine months ended 30 September 2024

Nine months ended 30 September 2024	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	1,589,773	4,429,457	203,601	6,222,831
Intersegment sales	—	—	117,903	117,903
Total segment revenue	1,589,773	4,429,457	321,504	6,340,734
Reconciliation:				
Elimination of intersegment sales				(117,903)
Revenue				6,222,831
Segment results	823,859	1,060,184	31,429	1,915,472
Reconciliation:				
Interest income				26,197
Corporate and other unallocated gains				71,139
Finance costs				(164,773)
Profit before tax				1,848,035

Nine months ended 30 September 2024	PRC mining	Overseas mining	Other	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information					
Share of profits and (losses) of Associates	—	7,321	—	(124)	7,197
Reversal/(Write-down) of inventories to net realisable value	9,554	(17,912)	1,107	—	(7,251)
Reversal of impairment/ (impairment losses) on financial assets, net	1,170	—	443	11	1,624
Depreciation and amortisation	(117,798)	(815,914)	(4,785)	(3,988)	(942,485)
Income tax expenses	(118,639)	(459,967)	(4,660)	—	(583,266)
Investments in associates	629	—	—	1,421	2,050
Capital expenditure*	368,984	756,015	41	373	1,125,413

The capital expenditure information above is based on the increase in property, plant and equipment, right-of-use assets, other intangible assets, and long-term prepaid expenses during the Relevant Periods.

Nine months ended 30 September 2024	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	3,251,979	12,976,922	763,649	16,992,550
Reconciliation:				
Corporate and other unallocated assets				392,664
Restricted cash				303,616
Cash and cash equivalents				2,094,141
Financial assets at fair value through profit or loss				13,204
Derivative financial assets				43,438
Deferred tax assets				55,555
Total assets				19,895,168

Nine months ended 30 September 2024	PRC mining	Overseas mining	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment liabilities	597,524	3,209,660	20,318	3,827,502
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities.				377,567
Short-term loans				822,730
Financial liabilities at fair value through profit or loss				1,026,210
Derivative financial liabilities				17,002
Income tax payables				455,815
Long-term loans.				681,614
Current portion of long-term loans				641,778
Deferred tax liabilities				2,245,052
Total liabilities				<u>10,095,270</u>

Geographical information

(a) Revenue from external customers

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PRC.	1,259,688	1,477,471	2,026,833	1,301,395	1,793,374
Overseas	2,522,936	4,789,316	5,194,119	3,760,898	4,429,457
	<u>3,782,624</u>	<u>6,266,787</u>	<u>7,220,952</u>	<u>5,062,293</u>	<u>6,222,831</u>

The revenue information above is based on the locations of the subsidiaries.

(b) Non-current assets

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese Mainland.	2,146,309	2,484,181	2,978,065	3,222,618
Hong Kong.	—	355,462	371,349	2,465
Overseas	1,998,328	10,454,107	10,349,676	10,177,747
	<u>4,144,637</u>	<u>13,293,750</u>	<u>13,699,090</u>	<u>13,402,830</u>

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Information about major customers

Revenue derived from a single customer which accounted for 10% or more of the Group's total revenue is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Overseas mining segment					
ABC Refinery (Australia) Pty Limited	2,126,600	2,602,266	2,672,102	1,948,532	2,140,263
Rand Refinery (Pty) Limited . .	–	1,745,894	1,841,610	1,331,638	1,758,881

7. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
- Revenue from contracts with customers	3,781,944	6,265,589	7,220,054	5,061,571	6,221,458
- Rental income	680	1,198	898	722	1,373
	<u>3,782,624</u>	<u>6,266,787</u>	<u>7,220,952</u>	<u>5,062,293</u>	<u>6,222,831</u>

Revenue from contracts with customers**(a) Disaggregated revenue information**

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods or services					
Gold	2,968,694	5,304,729	6,322,263	4,470,575	5,561,259
Silver	5,163	17,391	3,107	49	3,689
Copper cathodes	337,440	393,342	381,569	291,407	241,677
Copper concentrate powder . .	38,011	21,756	15,962	4,183	6,866
Lead concentrate powder	34,700	39,734	29,744	12,082	38,826
Zinc concentrate powder	135,964	174,303	65,370	27,613	81,595
Molybdenum concentrate powder	–	3,680	–	–	81,477
Comprehensive resource recycling and utilisation . . .	256,201	305,470	398,338	252,928	189,042
Other	5,771	5,184	3,701	2,734	17,027
	<u>3,781,944</u>	<u>6,265,589</u>	<u>7,220,054</u>	<u>5,061,571</u>	<u>6,221,458</u>

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Geographical markets					
PRC	1,259,080	1,476,431	2,026,111	1,300,674	1,792,104
Laos	2,522,864	2,998,740	3,054,614	2,239,406	2,327,466
Ghana	—	1,790,418	2,139,329	1,521,491	2,101,888
	<u>3,781,944</u>	<u>6,265,589</u>	<u>7,220,054</u>	<u>5,061,571</u>	<u>6,221,458</u>
Timing of revenue recognition					
Goods and services transferred at a point in time.	<u>3,781,944</u>	<u>6,265,589</u>	<u>7,220,054</u>	<u>5,061,571</u>	<u>6,221,458</u>
	<u>3,781,944</u>	<u>6,265,589</u>	<u>7,220,054</u>	<u>5,061,571</u>	<u>6,221,458</u>

The following table shows the amounts of revenue recognised in the Relevant Periods and the nine months ended 30 September 2023 that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of goods	1,422	4,547	1,227	1,227	9,162
Sale of gold from Metal Streaming Arrangement (note 33)*	<u>—</u>	<u>47,201</u>	<u>52,324</u>	<u>36,284</u>	<u>44,749</u>
	<u>1,422</u>	<u>51,748</u>	<u>53,551</u>	<u>37,511</u>	<u>53,911</u>

* This amount was related to the acquisition of GSR in January 2022.

(b) Information about the Group's performance obligations is summarised below:

Sale of goods

The Group recognises revenue when customers gain the control of goods. Prepayments received from customers before delivery of goods are recognised as contract liabilities in the consolidated financial statements. Among them, the sales arrangement related to the Metal Streaming Arrangement is detailed in note 33.

Rendering of services

The Group recognizes the fund subsidy income based on type and quantity of standardized dismantling of waste electronic products and electrical appliances and the corresponding subsidy price.

The transaction prices allocated to remaining performance obligations (contracted but unsatisfied or partially unsatisfied) related to sales of gold are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within 1 year	4,547	62,052	73,177	97,221	89,172
Over 1 year	–	606,298	576,999	596,615	538,996
Total	<u>4,547</u>	<u>668,350</u>	<u>650,176</u>	<u>693,836</u>	<u>628,168</u>

8. DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	<u>300</u>	<u>800</u>	<u>800</u>	<u>600</u>	<u>674</u>
Other emoluments:					
Salaries, allowances and benefits in kind	12,287	18,426	13,211	9,284	9,814
Performance related bonuses . . .	14,302	1,116	6,941	–	–
Social insurance and housing fund	412	410	341	237	144
	<u>27,301</u>	<u>20,752</u>	<u>21,293</u>	<u>10,121</u>	<u>10,632</u>

Directors' remuneration for each year/period is as follows:

Year ended 31 December 2021

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jianhua Wang (note (i)) . . .	Director	–	1,300	1,192	–	2,492
Xiaozhao Lv (note (ii)). . .	Director	–	1,400	1,192	70	2,662
Bo Gao (note (iii))	Director	–	1,458	2,834	111	4,403
Xudong Zhang (note (iv)) . .	Director	–	260	–	–	260
Zhiyong Chen (note (v)) . . .	Director	–	969	700	–	1,669
Xuesheng Fu (note (vi)) . . .	Director	–	1,942	2,827	–	4,769
Qiang Zhao (note (vii)). . . .	Director	–	1,258	1,617	111	2,986
Paul Harris (note (viii)) . . .	Director	–	2,000	2,557	–	4,557
Jinqian Li (note (ix))	Director	–	1,700	1,383	120	3,203
Yan Li (note (x))	Independent Director	100	–	–	–	100
Jingwen Mao (note (xi)) . . .	Independent Director	–	–	–	–	–
Zhengchang Shen (note (xii))	Independent Director	–	–	–	–	–
Nailian Hu (note (xiii)). . . .	Independent Director	–	–	–	–	–
Qingui Guo (note (xiv)) . . .	Independent Director	100	–	–	–	100
Renman Ruan (note (xv)) . .	Independent Director	100	–	–	–	100
		<u>300</u>	<u>12,287</u>	<u>14,302</u>	<u>412</u>	<u>27,301</u>

Year ended 31 December 2022

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jianhua Wang (note (i)) . . .	Director	–	1,797	50	–	1,847
Yi-fang Yang (note (xvi)) . .	Director	–	630	100	–	730
Xiaozhao Lv (note (ii)). . . .	Director	–	1,786	80	75	1,941
Bo Gao (note (iii))	Director	–	2,170	100	124	2,394
Xudong Zhang (note (iv)) . .	Director	–	300	–	–	300
Zhiyong Chen (note (v)) . . .	Director	–	2,930	100	64	3,094
Xuesheng Fu (note (vi)) . . .	Director	–	3,198	100	–	3,298
Qiang Zhao (note (vii)). . . .	Director	–	1,600	90	124	1,814
Paul Harris (note (viii)) . . .	Director	–	3,615	496	–	4,111
Jinqian Li (note (ix))	Director	–	400	–	23	423
Yan Li (note (x))	Independent Director	160	–	–	–	160
Jingwen Mao (note (xi)) . . .	Independent Director	160	–	–	–	160
Zhengchang Shen (note (xii))	Independent Director	160	–	–	–	160
Nailian Hu (note (xiii)). . . .	Independent Director	160	–	–	–	160
Qingui Guo (note (xiv)) . . .	Independent Director	160	–	–	–	160
		<u>800</u>	<u>18,426</u>	<u>1,116</u>	<u>410</u>	<u>20,752</u>

Year ended 31 December 2023

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jianhua Wang (note (i)) . . .	Director	–	1,600	800	–	2,400
Yi-fang Yang (note (xvi)) . .	Director	–	1,993	1,981	–	3,974
Xiaozhao Lv (note (ii)). . . .	Director	–	1,700	1,360	34	3,094
Bo Gao (note (iii))	Director	–	2,000	1,800	139	3,939
Xudong Zhang (note (iv)) . .	Director	–	300	–	–	300
Zhiyong Chen (note (v)) . . .	Director	–	2,250	1,000	29	3,279
Xuesheng Fu (note (vi)) . . .	Director	–	125	–	–	125
Qiang Zhao (note (vii)). . . .	Director	–	100	–	139	239
Paul Harris (note (viii)) . . .	Director	–	3,143	–	–	3,143
Yan Li (note (x))	Independent Director	160	–	–	–	160
Jingwen Mao (note (xi)) . . .	Independent Director	160	–	–	–	160
Zhengchang Shen (note (xii)).	Independent Director	160	–	–	–	160
Nailian Hu (note (xiii)). . . .	Independent Director	160	–	–	–	160
Qingui Guo (note (xiv)) . . .	Independent Director	160	–	–	–	160
		<u>800</u>	<u>13,211</u>	<u>6,941</u>	<u>341</u>	<u>21,293</u>

Nine months ended 30 September 2023 (unaudited)

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jianhua Wang (note (i)) . . .	Director	–	617	–	–	617
Yi-fang Yang (note (xvi)) . .	Director	–	1,517	–	–	1,517
Xiaozhao Lv (note (ii)). . . .	Director	–	717	–	34	751
Bo Gao (note (iii))	Director	–	1,500	–	104	1,604
Xudong Zhang (note (iv)) . .	Director	–	225	–	–	225
Zhiyong Chen (note (v)) . . .	Director	–	1,718	–	29	1,747
Xuesheng Fu (note (vi)) . . .	Director	–	125	–	–	125
Qiang Zhao (note (vii)). . . .	Director	–	100	–	70	170
Paul Harris (note (viii)) . . .	Director	–	2,765	–	–	2,765
Yan Li (note (x))	Independent Director	120	–	–	–	120
Jingwen Mao (note (xi)) . . .	Independent Director	120	–	–	–	120
Zhengchang Shen (note (xii))	Independent Director	120	–	–	–	120
Nailian Hu (note (xiii)). . . .	Independent Director	120	–	–	–	120
Qingui Guo (note (xiv)) . . .	Independent Director	120	–	–	–	120
		<u>600</u>	<u>9,284</u>	<u>–</u>	<u>237</u>	<u>10,121</u>

Nine months ended 30 September 2024

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jianhua Wang (note (i)) . . .	Director	–	2,565	–	–	2,565
Yi-fang Yang (note (xvi)) . .	Director	–	2,133	–	12	2,145
Xiaozhao Lv (note (ii)). . . .	Director	–	1,500	–	–	1,500
Bo Gao (note (iii))	Director	–	1,500	–	104	1,604
Xudong Zhang (note (iv)) . .	Director	–	240	–	–	240
Zhiyong Chen (note (v)) . . .	Director	–	1,876	–	28	1,904
Yan Li (note (x))	Independent Director	117	–	–	–	117
Jingwen Mao (note (xi)) . . .	Independent Director	139	–	–	–	139
Zhengchang Shen (note (xii)).	Independent Director	139	–	–	–	139
Nailian Hu (note (xiii)). . . .	Independent Director	139	–	–	–	139
Qingui Guo (note (xiv)) . . .	Independent Director	117	–	–	–	117
Yiping Huang (note (xvii)). .	Independent Director	23	–	–	–	23
		<u>674</u>	<u>9,814</u>	<u>–</u>	<u>144</u>	<u>10,632</u>

(i) Jianhua Wang was appointed as a director on 17 September 2018.

(ii) Xiaozhao Lv was appointed as a director on 14 December 2012.

(iii) Bo Gao was appointed as a director on 14 December 2012.

(iv) Xudong Zhang was appointed as a director on 4 January 2022.

- (v) Zhiyong Chen was appointed as a director on 4 January 2022.
- (vi) Xuesheng Fu was appointed as a director on 17 September 2018, and resigned on 18 January 2023.
- (vii) Qiang Zhao was appointed as a director on 14 December 2012, and resigned on 18 January 2023.
- (viii) Paul Harris was appointed as a director on 27 February 2020, and resigned on 27 September 2023.
- (ix) Jinqian Li was appointed as a director on 27 February 2020 and resigned on 13 March 2022.
- (x) Yan Li was appointed as an independent director on 17 September 2018, and resigned on 23 August 2024.
- (xi) Jingwen Mao was appointed as an independent director on 4 January 2022.
- (xii) Zhengchang Shen was appointed as an independent director on 4 January 2022.
- (xiii) Nailian Hu was appointed as an independent director on 4 January 2022.
- (xiv) Qingui Guo was appointed as an independent director on 17 September 2018, and resigned on 23 August 2024.
- (xv) Renman Ruan was appointed as an independent director on 17 September 2018 and resigned on 4 January 2022.
- (xvi) Yi-fang Yang was appointed as a director on 26 July 2022.
- (xvii) Yiping Huang was appointed as an independent director on 23 August 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2021, 2022 and 2023, and the nine months ended 30 September 2023 and 2024 included five, four, four, three and four directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor chief executive of the Company during the years ended 31 December 2021, 2022 and 2023, and the nine months ended 30 September 2023 and 2024 are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	–	3,089	1,900	3,468	1,583
Performance related bonuses . . .	–	100	1,330	–	–
Social insurance and housing fund	–	56	139	139	12
	–	3,245	3,369	3,607	1,595
	–	–	–	–	–

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
				(unaudited)	
Nil to RMB2,000,000	–	–	–	1	1
RMB2,000,001 to RMB2,500,000	–	–	–	1	–
RMB2,500,001 to RMB3,000,000	–	–	–	–	–
RMB3,000,001 to RMB3,500,000	–	1	1	–	–
	–	1	1	2	1
	–	–	–	–	–

10. OTHER INCOME AND GAINS

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants	1,363	4,045	16,950	1,227	768
Gains on changes in fair value of financial assets at fair value through profit or loss . .	1,415	17,918	—	—	—
Gains on changes in fair value of derivative financial instruments	—	584	13,470	33,665	29,383
Gains on disposal of derivative financial instruments	25,014	82,913	75,343	34,937	143,446
Gains on disposal of investment in an associate	—	—	—	—	71,119
Gains on disposal of financial assets at fair value through profit or loss	—	—	4,226	—	—
Finance income	20,439	28,097	26,322	19,644	26,197
Gain on recognition of negative goodwill (note 50)	—	6,371	—	—	—
Others	42,281	2,160	1,459	1,135	1,072
	<u>90,512</u>	<u>142,088</u>	<u>137,770</u>	<u>90,608</u>	<u>271,985</u>

11. OTHER EXPENSES AND LOSSES

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Donations	15,100	940	222	12	690
Loss on disposal of non-current assets	3,060	2,632	1,853	1,388	367
Loss on derecognition of financial liabilities	10,856	17,249	76,018	55,930	107,426
Loss on changes in fair value of financial liabilities at fair value through profit or loss	3,111	30,416	63,428	23,308	83,256
Loss on changes in fair value of financial assets at fair value through profit or loss	—	—	21,385	19,713	3,221
Impairment losses/(reversal of impairment) on inventories . . .	191,615	41,723	3,516	(18,038)	7,251
Foreign exchange differences, net	(86,237)	(27,244)	(20,157)	(18,855)	(27,781)
Other	5,255	53,306	27,236	23,311	15,475
	<u>142,760</u>	<u>119,022</u>	<u>173,501</u>	<u>86,769</u>	<u>189,905</u>

12. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on loans	3,870	127,797	159,621	102,319	106,868
Interest on gold lease business . .	1,793	10,396	14,797	11,976	18,771
Interest on Metal Streaming Arrangement	–	15,393	15,093	12,473	21,059
Amortisation of unrecognised finance expenses of mining rights	–	3,793	3,766	2,938	2,717
Accretion of interest of provisions	8,393	8,895	9,409	6,468	7,075
Interest on lease liabilities (note 18(c))	170	10,211	12,340	7,116	8,283
	<u>14,226</u>	<u>176,485</u>	<u>215,026</u>	<u>143,290</u>	<u>164,773</u>

13. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of raw materials and consumables	1,005,402	2,132,246	2,113,118	1,504,471	1,359,063
Depreciation of property, plant and equipment.	17 455,688	761,217	910,774	591,421	687,486
Depreciation of right-of- use assets	18 3,607	30,180	36,973	21,466	29,017
Amortisation of other intangible assets	19 315,883	582,247	552,382	459,875	225,945
Amortisation of other non-current assets	4,152	1,843	85	64	37
Research and development costs	24,847	27,652	51,753	24,952	47,893
Lease payments not included in the measurement of lease liabilities	3,115	20,766	15,969	12,529	8,818
Auditor's remuneration . .	2,751	5,414	7,041	3,027	3,299
Employee benefit expense (including directors' remuneration):					
Wages and salaries	460,712	834,768	1,071,645	707,179	927,625
Pension and other social insurances	35,594	36,365	47,045	35,655	34,151
	<u>496,306</u>	<u>871,133</u>	<u>1,118,690</u>	<u>742,834</u>	<u>961,776</u>

		Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Foreign exchange (gains)/losses, net	11	(86,237)	(27,244)	(20,157)	(18,855)	(27,781)
Write-down/(Reversal) of inventories to net realisable value	11	191,615	41,723	3,516	(18,038)	7,251
(Reversal of impairment)/ impairment losses on financial assets, net . . .		1,984	644	2,440	1,119	(1,624)
Gains on changes in fair value of financial assets at fair value through profit or loss	10	(1,415)	(17,918)	–	–	–
Gains on changes in fair value of derivative financial instruments . .	10	–	(584)	(13,470)	(33,665)	(29,383)
Gains on disposal of investment in an associate	10	–	–	–	–	(71,119)
Gains on disposal of derivative financial instruments	10	(25,014)	(82,913)	(75,343)	(34,937)	(143,446)
Gains on disposal of financial assets at fair value through profit or loss	10	–	–	(4,226)	–	–
Loss on changes in fair value of financial liabilities at fair value through profit or loss . .	11	3,111	30,416	63,428	23,308	83,256
Loss on derecognition of financial liabilities	11	10,856	17,249	76,018	55,930	107,426
Loss on changes in fair value of financial assets at fair value through profit or loss	11	–	–	21,385	19,713	3,221
Loss on disposal of non- current assets	11	3,060	2,632	1,853	1,388	367

14. INCOME TAX EXPENSES

Under the Corporate Income Tax Law of the PRC (the “CIT”), the statutory tax rate of the Company, subsidiaries and its key associates in Chinese Mainland is 25%.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company and its subsidiaries operate, the Company is still in the process of assessing the potential exposure to Pillar Two income taxes. Based on the current assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company and its subsidiaries operate are above 15%.

List of other corporate income tax rates applicable to the Group's subsidiaries:

Name	Countries and regions	Rates
Golden Star (Wassa) Limited	Ghana	35.0%
LXML	Laos	33.3%
GSR	Canada	26.5%
Chijin (Tianjin) Geological Exploration Technology Co., Ltd. (a)	PRC	20.0%
Chijin HK.	Hong Kong	16.5%
Jilin Han Feng Mining Technologies Co., Ltd. (b)	PRC	15.0%
Eryuan Jintai Mining Development Co., Ltd. (b)	PRC	15.0%
Liaoning Wulong Gold Mining Co., Ltd. (c)	PRC	15.0%
Chifeng Jilong Mining Co., Ltd. (d)	PRC	15.0%
Hefei Guangyuan Environmental Protection Technology Co., Ltd. (e)	PRC	2021-2022: N/A 2023-2024: 0%
Hefei Huanchuang Advanced Material Co., Ltd. (e)	PRC	2021-2023: 12.5% 2024: 25.0%

- (a) According to the *Announcement of the State Administration of Taxation on Issues Relating to the Implementation of Inclusive Income Tax Relief Policy for Small Thin-profit Enterprises* (State Administration of Taxation Announcement [2019] No. 2), during the period from 1 January 2019 to 31 December 2021, the portion of the annual taxable profit of a small thin-profit enterprise which does not exceed RMB1 million, the taxable profit can be reduced to 25%, and corporate income tax shall be levied at a reduced tax rate of 20%; the portion of the annual taxable profit which exceeds RMB1 million but does not exceed RMB3 million, the taxable profit can be reduced to 50%, and corporate income tax shall be levied at a reduced tax rate of 20%. From 1 January 2022 to 31 December 2024, according to the *Announcement on Further Implementing Preferential Policies for Income Tax of Small and Micro Enterprises* (Announcement [2022] No. 13 of the Ministry of Finance and the State Administration of Taxation), for the portion of the annual taxable profit which exceeds RMB1 million but does not exceed RMB3 million, the taxable profit can be reduced to 25%, and corporate income tax shall be levied at a reduced tax rate of 20%. The subsidiary, Chijin (Tianjin) Geological Exploration Technology Co., Ltd., which is a small thin-profit enterprise, adopted this policy for the period from 1 January 2021 to 30 September 2024.
- (b) According to the *Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region* (Announcement [2020] No. 23 of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission), during the period from 1 January 2021 to 31 December 2030, CIT shall be levied at a reduced tax rate of 15% on enterprises established in the western region in encouraged industries. This policy is applicable to the subsidiaries Jilin Han Feng Mining Technologies Co., Ltd. and Eryuan Jintai Mining Development Co., Ltd.
- (c) According to the High-New Technical Enterprise ("HNTE") certificate renewed in December 2020, the CIT rate of the subsidiary Liaoning Wulong Gold Mining Co., Ltd. was 15% for the years from 2020 to 2022. According to the HNTE certificate renewed in December 2023, the CIT rate of Liaoning Wulong Gold Mining Co., Ltd. was 15% for the years from 2023 to 2025.
- (d) According to the High-New Technical Enterprise ("HNTE") certificate renewed in November 2020, the CIT rate of the subsidiary Chifeng Jilong Mining Co., Ltd. was 15% for the years from 2020 to 2022. According to the HNTE certificate renewed in November 2023, the CIT rate of Chifeng Jilong Mining Co., Ltd. was 15% for the years from 2023 to 2025.
- (e) According to Article 27 of the *Enterprise Income Tax Law*, Article 88 of the *Implementation Regulations of the Enterprise Income Tax Law*, and Caishui (2009) No. 166, eligible environmental protection, energy conservation, and water-saving household waste treatment service projects shall enjoy the preferential policy of "three years of tax exemption followed by three years of tax reduction" of income tax. The subsidiary Hefei Huanchuang Advanced Material Co., Ltd. has been enjoying this policy since 2018, specifically: "Tax exemption in 2018, 2019 and 2020, reduced by half in 2021, 2022 and 2023." The subsidiary Hefei Guangyuan Environmental Protection Technology Co., Ltd. has been enjoying this policy since 2023, specifically: "Tax exemption in 2023, 2024 and 2025, reduced by half in 2026, 2027 and 2028."

An analysis of the Group's provision for tax is as follows:

		Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current-Mainland China						
Charge for the year . . .		62,433	53,769	105,577	73,143	121,197
Under/(Over) provision in prior years		(31,068)	(1,855)	–	–	3,719
Current-Overseas						
Charge for the year . . .		86,895	215,703	375,291	226,199	488,603
Under provision in prior years		–	11,635	–	–	50,342
Deferred	22	38,707	48,880	(145,658)	(103,108)	(80,595)
Total tax charge		<u>156,967</u>	<u>328,132</u>	<u>335,210</u>	<u>196,234</u>	<u>583,266</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	770,375	822,012	1,206,795	758,254	1,848,035
Tax expense calculated at the statutory tax rate of 25%	192,594	205,503	301,699	189,564	462,009
Effect of different tax rates of subsidiaries	(21,801)	59,293	24,942	8,050	70,110
Adjustments in respect of current tax of previous periods	(31,068)	9,780	–	–	54,061
Profits and losses attributable to associates	–	712	(1,566)	(1,098)	(1,183)
Non-taxable income	–	(6,557)	–	–	(11,735)
Non-deductible expenses	23,574	35,460	10,144	7,438	9,072
Tax losses utilised from previous periods	(3,993)	–	(6,591)	(10,298)	(3,995)
Unrecognised deductible temporary differences and tax losses	473	32,058	14,160	6,143	11,800
Effect on opening deferred tax of change in the tax rate	(327)	–	–	–	–
Tax benefit for qualifying research and development expenses and wages for disabled employees	(2,485)	(8,117)	(7,578)	(3,565)	(6,873)
Tax charge at the effective rate . .	<u>156,967</u>	<u>328,132</u>	<u>335,210</u>	<u>196,234</u>	<u>583,266</u>

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods and the nine months ended 30 September 2023 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,643,193,590, 1,662,334,305 and 1,641,398,872 during the years ended 31 December 2021, 2022 and 2023, 1,644,441,750 and 1,648,728,778 for the nine months ended 30 September 2023 and 2024, respectively, as adjusted to reflect the rights issue during the year.

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Earnings</u>					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:					
From continuing operations . . .	581,949	450,976	804,471	526,655	1,115,256
	<u>581,949</u>	<u>450,976</u>	<u>804,471</u>	<u>526,655</u>	<u>1,115,256</u>
<u>Number of shares</u>					
	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
Weighted average number of ordinary shares in issue during the Relevant Periods used in the basic earnings per share calculation	1,643,193,590	1,662,334,305	1,641,398,872	1,644,441,750	1,648,728,778

* The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2023 and 2024.

16. DIVIDENDS

Based on the resolution passed by the Board of Directors on 29 March 2024, the proposed profit distribution plan for the year 2023 is as follows: With a total share capital of 1,663,911,378 shares at the end of 2023, after deducting the 15,182,600 shares held in the Company's dedicated securities account for repurchases, the base for profit distribution will be 1,648,728,778 shares. A cash dividend of RMB0.50 per 10 shares (including tax) will be paid to all shareholders, totaling RMB82,436,000. The aforementioned proposed final dividend was approved by the shareholders on 19 April 2024. As at 30 September 2024, all the final dividend has been paid.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Mobile equipment	Electronic equipment and others	Mineral assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2021 . . .	811,844	4,738,512	607,662	47,121	2,549,914	250,033	9,005,086
Additions	8,794	46,280	3,497	5,016	26,391	779,987	869,965
Transfers	16,000	313,246	20,022	3,701	207,221	(560,190)	—
Exchange realignment . .	(11,679)	(105,263)	(13,552)	(249)	(32,441)	(34,205)	(197,389)
Disposals	(1,527)	(22,671)	(5,535)	(678)	(3,361)	—	(33,772)
At 31 December 2021 . .	823,432	4,970,104	612,094	54,911	2,747,724	435,625	9,643,890
Additions	9,320	46,688	30,066	4,471	103,818	1,118,629	1,312,992
Transfers	136,623	418,915	31,746	3,211	471,293	(1,061,788)	—
Acquisition of a subsidiary (<i>Note 50</i>) .	57,259	219,950	117,720	1,757	1,459,468	48,828	1,904,982
Exchange realignment . .	51,005	458,381	66,163	3,784	268,751	96,024	944,108
Others	(20,021)	(34,380)	(35,818)	70,219	(39,712)	39,515	(20,197)
Disposals	(22,654)	(35,529)	(3,630)	(957)	—	—	(62,770)
At 31 December 2022 . .	1,034,964	6,044,129	818,341	137,396	5,011,342	676,833	13,723,005
Additions	31	10,317	11,659	5,617	6,246	1,354,306	1,388,176
Transfers	262,122	265,893	33,668	6,884	877,803	(1,446,370)	—
Acquisition of a subsidiary	50	106	233	26	—	—	415
Exchange realignment . .	11,032	95,788	13,533	1,550	61,020	7,544	190,467
Disposals	(11,363)	(4,763)	(18,113)	(558)	(2,271)	—	(37,068)
At 31 December 2023 . .	1,296,836	6,411,470	859,321	150,915	5,954,140	592,313	15,264,995
Additions	863	16,239	4,934	2,585	—	1,085,705	1,110,326
Transfers	197,816	107,358	9,602	3,047	137,570	(455,393)	—
Exchange realignment . .	(8,290)	(63,910)	(8,896)	(1,077)	(45,963)	(11,553)	(139,689)
Others	—	(177)	(1,020)	—	(5,477)	5,655	(1,019)
Disposals	(3,035)	(872)	—	—	—	—	(3,907)
At 30 September 2024 . .	1,484,190	6,470,108	863,941	155,470	6,040,270	1,216,727	16,230,706
Accumulated depreciation							
At 1 January 2021 . . .	487,110	3,826,581	481,935	32,238	1,357,666	—	6,185,530
Charge for the year . . .	49,183	232,168	50,519	9,306	114,512	—	455,688
Exchange realignment . .	(9,080)	(86,250)	(11,169)	(2,918)	(23,332)	—	(132,749)
Disposals	(1,350)	(20,185)	(5,484)	(644)	(1,421)	—	(29,084)
At 31 December 2021 . .	525,863	3,952,314	515,801	37,982	1,447,425	—	6,479,385
Charge for the year . . .	60,607	383,210	34,527	9,604	273,269	—	761,217
Exchange realignment . .	40,039	359,072	47,223	3,427	103,446	—	553,207
Others	20,720	(89,058)	(2,067)	63,330	(15,510)	—	(22,585)
Disposals	(3,137)	(35,024)	(3,391)	(933)	—	—	(42,485)
At 31 December 2022 . .	644,092	4,570,514	592,093	113,410	1,808,630	—	7,728,739
Charge for the year . . .	51,294	356,958	67,392	8,905	426,225	—	910,774
Exchange realignment . .	8,918	75,933	10,063	1,416	23,951	—	120,281
Disposals	(2,318)	(3,277)	(8,188)	(500)	(2,162)	—	(16,445)
At 31 December 2023 . .	701,986	5,000,128	661,360	123,231	2,256,644	—	8,743,349
Charge for the period . .	43,598	225,715	43,260	7,469	367,444	—	687,486
Exchange realignment . .	(6,241)	(53,616)	(7,405)	(976)	(22,251)	—	(90,489)
Other	—	(60)	(806)	—	(153)	—	(1,019)
Disposals	(2,833)	(80)	—	—	—	—	(2,913)
At 30 September 2024 . .	736,510	5,172,087	696,409	129,724	2,601,684	—	9,336,414

	Buildings	Machinery	Mobile equipment	Electronic equipment and others	Mineral assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for impairment							
At 1 January 2021 . . .	4,806	—	—	—	—	—	4,806
At 31 December 2021 .	4,806	—	—	—	—	—	4,806
Disposals	(4,806)	—	—	—	—	—	(4,806)
At 31 December 2022 .	—	—	—	—	—	—	—
At 31 December 2023 .	—	—	—	—	—	—	—
At 30 September 2024 .	—	—	—	—	—	—	—
Carrying amounts							
At 1 January 2021 . . .	319,928	911,931	125,727	14,883	1,192,248	250,033	2,814,750
At 31 December 2021 .	292,763	1,017,790	96,293	16,929	1,300,299	435,625	3,159,699
At 31 December 2022 .	390,872	1,473,615	226,248	23,986	3,202,712	676,833	5,994,266
At 31 December 2023 .	594,850	1,411,342	197,961	27,684	3,697,496	592,313	6,521,646
At 30 September 2024 .	747,680	1,298,021	167,532	25,746	3,438,586	1,216,727	6,894,292

Further details of property, plant and equipment used as collateral for borrowings are included in notes 35 and 36 to the Historical Financial Information.

The Company

	Buildings	Mobile equipment	Electronic equipment and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2021	32,675	3,015	2,237	37,927
Additions	—	—	883	883
At 31 December 2021	32,675	3,015	3,120	38,810
Additions	—	—	176	176
Disposals	(19,829)	—	(5)	(19,834)
At 31 December 2022	12,846	3,015	3,291	19,152
Additions	—	—	647	647
Disposals	(11,333)	(2,160)	—	(13,493)
At 31 December 2023	1,513	855	3,938	6,306
Additions	—	—	332	332
At 30 September 2024.	1,513	855	4,270	6,638
Accumulated depreciation				
At 1 January 2021	3,126	1,901	789	5,816
Charge for the year	1,546	511	438	2,495
At 31 December 2021	4,672	2,412	1,227	8,311
Charge for the year	923	182	556	1,661
Disposals	(3,137)	—	(5)	(3,142)
At 31 December 2022	2,458	2,594	1,778	6,830
Charge for the year	220	156	633	1,009
Disposals	(2,296)	(2,052)	—	(4,348)
At 31 December 2023	382	698	2,411	3,491
Charge for the period.	54	92	411	557
At 30 September 2024.	436	790	2,822	4,048

	Buildings	Mobile equipment	Electronic equipment and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amounts				
At 1 January 2021	29,549	1,114	1,448	32,111
At 31 December 2021	28,003	603	1,893	30,499
At 31 December 2022	10,388	421	1,513	12,322
At 31 December 2023	1,131	157	1,527	2,815
At 30 September 2024.	1,077	65	1,448	2,590

18. LEASES

The Group

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings, motor vehicles, and office and other equipment. Lump sum payments were made upfront to acquire the land use right in Chinese Mainland with periods of 50 years, and no ongoing payments will be made.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements are as follows:

	Buildings	Machinery and vehicles	Leasehold land	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021				
Cost at 1 January 2021, net of accumulated depreciation	1,218	—	46,276	47,494
Depreciation provided during the year . .	(920)	—	(2,687)	(3,607)
At 31 December 2021	298	—	43,589	43,887
At 31 December 2021				
Cost	1,218	—	56,671	57,889
Accumulated depreciation	(920)	—	(13,082)	(14,002)
Net carrying amount	298	—	43,589	43,887
Year ended 31 December 2022				
Cost at 1 January 2022, net of accumulated depreciation	298	—	43,589	43,887
Additions	13,986	—	42,627	56,613
Acquisition of a subsidiary (<i>note 50</i>) . . .	7,563	189,637	—	197,200
Depreciation provided during the year . .	(6,415)	(19,496)	(4,269)	(30,180)
Disposal	(5,118)	—	—	(5,118)
Exchange realignment	475	15,694	—	16,169
At 31 December 2022	10,789	185,835	81,947	278,571
At 31 December 2022				
Cost	17,818	207,189	99,297	324,304
Accumulated depreciation	(7,029)	(21,354)	(17,350)	(45,733)
Net carrying amount	10,789	185,835	81,947	278,571

	Buildings	Machinery and vehicles	Leasehold land	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Cost at 1 January 2023, net of accumulated depreciation	10,789	185,835	81,947	278,571
Additions	–	2,550	62,367	64,917
Acquisition of a subsidiary	–	–	23,065	23,065
Depreciation provided during the year . .	(6,243)	(23,700)	(7,030)	(36,973)
Exchange realignment	25	3,151	–	3,176
At 31 December 2023	<u>4,571</u>	<u>167,836</u>	<u>160,349</u>	<u>332,756</u>
At 31 December 2023				
Cost	17,862	213,252	184,730	415,844
Accumulated depreciation	<u>(13,291)</u>	<u>(45,416)</u>	<u>(24,381)</u>	<u>(83,088)</u>
Net carrying amount	<u>4,571</u>	<u>167,836</u>	<u>160,349</u>	<u>332,756</u>
Nine months ended 30 September 2024				
Cost at 1 January 2024, net of accumulated depreciation	4,571	167,836	160,349	332,756
Additions	2,508	–	8,775	11,283
Depreciation provided during the period .	(3,792)	(18,736)	(6,489)	(29,017)
Exchange realignment	(41)	(1,784)	–	(1,825)
At 30 September 2024	<u>3,246</u>	<u>147,316</u>	<u>162,635</u>	<u>313,197</u>
At 30 September 2024				
Cost	20,298	210,985	193,504	424,787
Accumulated depreciation	<u>(17,052)</u>	<u>(63,669)</u>	<u>(30,869)</u>	<u>(111,590)</u>
Net carrying amount	<u>3,246</u>	<u>147,316</u>	<u>162,635</u>	<u>313,197</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,782	4,399	261,982	245,302
New leases	–	56,538	2,912	2,665
Acquisition of a subsidiary (note 50) . . .	–	207,137	23,065	–
Accretion of interest recognised during the year/period	170	10,211	12,340	8,283
Payments	(1,553)	(33,696)	(58,102)	(30,686)
Exchange realignment	–	17,393	3,105	(2,020)
Carrying amount at end of the year/period	<u>4,399</u>	<u>261,982</u>	<u>245,302</u>	<u>223,544</u>
Analysed into:				
Current portion	<u>1,424</u>	<u>31,177</u>	<u>38,083</u>	<u>38,204</u>
Non-current portion	<u>2,975</u>	<u>230,805</u>	<u>207,219</u>	<u>185,340</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities (note 12)	170	10,211	12,340	7,116	8,283
Depreciation charge of right-of-use assets	3,607	30,180	36,973	21,466	29,017
Expense relating to short-term leases and leases with low-value assets	3,115	20,766	15,969	12,529	8,818

The maturity analysis of lease liabilities is disclosed in note 49 to the Historical Financial Information.

The Company

The Company as a lessee

The Company has lease contracts for buildings.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements are as follows:

	Buildings	Total
	RMB'000	RMB'000
Year ended 31 December 2022		
Cost at 1 January 2022, net of accumulated depreciation . . .	—	—
Additions	13,986	13,986
Depreciation provided during the year	(4,661)	(4,661)
At 31 December 2022	<u>9,325</u>	<u>9,325</u>
At 31 December 2022		
Cost	13,986	13,986
Accumulated depreciation	(4,661)	(4,661)
Net carrying amount	<u>9,325</u>	<u>9,325</u>
Year ended 31 December 2023		
Cost at 1 January 2023, net of accumulated depreciation . . .	9,325	9,325
Depreciation provided during the year	(4,968)	(4,968)
At 31 December 2023	<u>4,357</u>	<u>4,357</u>
At 31 December 2023		
Cost	13,986	13,986
Accumulated depreciation	(9,629)	(9,629)
Net carrying amount	<u>4,357</u>	<u>4,357</u>
Nine months ended 30 September 2024		
Cost at 1 January 2024, net of accumulated depreciation . . .	4,357	4,357
Depreciation provided during the period	(3,268)	(3,268)
At 30 September 2024	<u>1,089</u>	<u>1,089</u>
At 30 September 2024		
Cost	13,986	13,986
Accumulated depreciation	(12,897)	(12,897)
Net carrying amount	<u>1,089</u>	<u>1,089</u>

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements are as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January . . .	—	—	9,535	4,385
New leases	—	13,986	—	—
Accretion of interest recognised during the year/period	—	425	236	83
Payments	—	(4,876)	(5,386)	(2,197)
Carrying amount at end of the year/period	—	9,535	4,385	2,271
Analysed into:				
Current portion	—	4,659	4,385	2,271
Non-current portion	—	4,876	—	—

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities . . .	—	425	236	137	83
Depreciation charge of right- of-use assets	—	4,661	4,969	1,872	3,267
Expense relating to short-term leases and leases with low-value assets	2,369	182	170	170	52

19. OTHER INTANGIBLE ASSETS

	Exploration and mining rights	Patent	Exploration and evaluation assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At 1 January 2021	2,451,971	6,715	58,775	48,889	2,566,350
Additions	650,268	—	38,343	1,219	689,830
Exchange realignment	(46,295)	—	—	(1,743)	(48,038)
At 31 December 2021	3,055,944	6,715	97,118	48,365	3,208,142
Additions	477,846	—	40,207	15,438	533,491
Acquisition of a subsidiary (<i>Note 50</i>). . .	5,247,807	—	—	727	5,248,534
Exchange realignment	703,523	—	—	4,834	708,357
Others (<i>Note</i>)	57,105	—	(72,481)	48	(15,328)
At 31 December 2022	9,542,225	6,715	64,844	69,412	9,683,196
Additions	1,364	—	32,482	433	34,279
Acquisition of a subsidiary	175,769	—	—	9	175,778
Exchange realignment	146,477	—	—	1,116	147,593
At 31 December 2023	9,865,835	6,715	97,326	70,970	10,040,846
Additions	—	—	2,778	1,026	3,804
Exchange realignment	(93,393)	—	—	(728)	(94,121)
Disposals	—	—	—	(104)	(104)
At 30 September 2024	9,772,442	6,715	100,104	71,164	9,950,425

	Exploration and mining rights	Patent	Exploration and evaluation assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated amortisation					
At 1 January 2021	1,975,579	2,069	—	45,118	2,022,766
Charge for the year	313,831	673	—	1,379	315,883
Exchange realignment	(39,858)	—	—	(1,095)	(40,953)
At 31 December 2021	2,249,552	2,742	—	45,402	2,297,696
Charge for the year	578,340	551	—	3,356	582,247
Exchange realignment	176,622	—	—	1,680	178,302
Other	8,228	—	—	9	8,237
At 31 December 2022	3,012,742	3,293	—	50,447	3,066,482
Charge for the year	546,834	673	—	4,875	552,382
Exchange realignment	44,115	—	—	862	44,977
At 31 December 2023	3,603,691	3,966	—	56,184	3,663,841
Charge for the year	223,122	432	—	2,391	225,945
Exchange realignment	(35,081)	—	—	(614)	(35,695)
Disposals	—	—	—	(104)	(104)
At 30 September 2024	3,791,732	4,398	—	57,857	3,853,987
Provision for impairment as at					
1 January 2021, 31 December 2021,					
31 December 2022, 31 December					
2023 and 30 September 2024	53,996	—	—	—	53,996
Carrying amounts					
At 1 January 2021	422,396	4,646	58,775	3,771	489,588
At 31 December 2021	752,396	3,973	97,118	2,963	856,450
At 31 December 2022	6,475,487	3,422	64,844	18,965	6,562,718
At 31 December 2023	6,208,148	2,749	97,326	14,786	6,323,009
At 30 September 2024	5,926,714	2,317	100,104	13,307	6,042,442

Note: The Others was mainly comprised of the exploration and evaluation assets that were reclassified into mining rights as a result of obtaining the mining right.

20. GOODWILL

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning and closing balances . . .	41,969	41,969	41,969	41,969

Goodwill acquired through business combinations is allocated to the recycling and utilisation CGU for impairment testing.

The recoverable amount of the recycling and utilisation CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at 31 December 2021, 2022 and 2023 and 30 September 2024, the pre-tax discount rates applied to the cash flow projections are 13.46%, 11.89%, 9.21% and 8.79%, respectively. The growth rate used to extrapolate the cash flows of the recycling and utilisation CGU beyond the five-year period is 0%.

Assumptions were used in the value in use calculation of the recycling and utilisation cash-generating CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

The expected future sales volume — The management forecasted disassembly volume based on the disassembly volume capacity and the expected five years' production schedule of the CGU.

The price of the dismantled product — The management forecasted the price of the dismantled product based on the actual sales unit price of the previous year with its expectations on market development.

The collection period of the fund subsidy income — The management forecasted the collection period of the fund subsidy income based on the historical collection period with its expectations on market development.

Discount rate — The discount rates used are before tax and reflect specific risks relating to the relevant CGU.

Management determined these assumptions based on past performance and its expectations on market development. The discount rates used reflect specific risks relating to the individual CGU. The recoverable amount is determined based on the present value of the estimated future cash flows of the CGU. According to the 5-year financial forecast approved by the management, the growth rates of the dismantling volume of waste electronic products and electrical appliances from 2024 to 2028 during the forecast period are projected to be 3%, 6%, 10%, 5%, and 3% respectively, and the dismantling volume of waste electronic products and electrical appliances will remain stable from 2029 onwards. Based on the impairment assessments, there was no impairment of goodwill as at 31 December 2021, 2022 and 2023 and 30 September 2024, and the headroom (i.e., the excess of the recoverable amount over the carrying amount of the CGU) was RMB82 million, RMB88 million, RMB17 million, and RMB19 million, respectively.

For the goodwill allocated to the CGU, management has assessed that two of the most sensitive key assumptions are future sales volume and price of the dismantled product. As at 31 December 2021, 2022 and 2023 and 30 September 2024, if future sales volume had decreased by 1% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognise impairment losses against goodwill by approximately nil, nil, nil and nil, respectively; if future sales volume had decreased by 5% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognise impairment losses against goodwill by approximately nil, nil, nil and RMB42 million, respectively; if the price of the dismantled product had decreased by 1% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognise impairment losses against goodwill by approximately nil, nil, RMB25 million and RMB22 million, respectively; if the price of the dismantled product had decreased by 5% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognise impairment losses against goodwill by approximately nil, nil, RMB42 million and RMB42 million, respectively.

According to the "Announcement on Suspending the Collection of the Fund for the Dismantling of Waste Electronic Products and Electrical Appliances and Related Matters" jointly issued by the Ministry of Finance, the Ministry of Ecology and Environment, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on 17 January 2024, the fund for dismantling of waste electronic products and electrical appliances ("subsidy fund") will be suspended from 1 January 2024. For waste electronic products and electrical appliances dismantled before 31 December 2023, and which have not yet been subsidized in accordance with the "Measures for the Collection and Use of the Fund for the Dismantling of Waste Electronic Products and Electrical Appliances" (Cai Zong [2012] No. 34) and other regulations, the government will allocate funds to pay.

On 29 March 2024, the Ministry of Finance announced "Draft Measures for the Administration of Special Funds for the Disposal of Waste Electronic Products and Electrical Appliances". According to the announcement, the management is in the view of that the government would allocate special funds and continue to promote the comprehensive utilisation and circular development of resources.

On 13 September 2024, the latest "Measures for the Administration of Special Funds for the Disposal of Waste Electronic Products and Electrical Appliances" (Cai Zihuan [2024] No. 119) was officially released. Waste electronic products and electrical appliances dismantled since 1 January 2024, will adopt a reward-based approach to replace the previous subsidy policy. As of the end of the Relevant Periods, the management made the best estimation on the forecasted fund subsidy income based on current information and will review and update this key assumption periodically.

21. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

(a) Investments in associates

The Group

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	1,989	357,819	373,481	2,050

Chijin HK acquired equity interests in Tietto Minerals Limited (“Tietto Minerals”), a listed company in Australia, through cash subscription, open bidding and secondary market purchase in 2022. As at 31 December 2022, Chijin HK held 140,855,864 ordinary shares in Tietto Minerals, representing approximately 13.05% of its issued shares, and the Group became its largest shareholder. Pursuant to the Investment Agreement, the Group has appointed a non-executive director to Tietto Minerals to exercise significant influence over the operation and management of Tietto Minerals.

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	% of ownership interest				Principal activities
			As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024	
Shanghai Chijin Fengyu New Energy Technology Co., Ltd.*	Ordinary shares	China	51%	51%	51%	51%	Generation and sale of electricity
Shanghai Chijin Enbo Technology Partnership (Limited Partnership) . . .	Ordinary shares	China	30%	30%	30%	30%	Generation and sale of electricity
Shanghai Enbo Chijin New Energy Technology Co., Ltd.	Ordinary shares	China	30%	30%	30%	30%	Generation and sale of electricity
Tietto Minerals Limited** (“Tietto Minerals”)	Ordinary shares	Australia	–	13.05%	12.47%	–**	Mining

* In accordance with the investment agreement, the Group enjoys 30% voting rights of Shanghai Chijin Fengyu New Energy Technology Co., Ltd..

** On 30 October 2023, Zhaojin Capital (Hong Kong) Limited (“Zhaojin Capital”), which is an indirect wholly owned subsidiary of Zhaojin Mining Industry Company Limited, lodged a bidder statement to the shareholders of Tietto Minerals, pursuant to which it made a conditional offer to acquire all the outstanding issued shares of Tietto Minerals at an offer price of AUD0.58 per share (and subsequently increased to AUD0.68 per share on 15 April 2024). According to the resolution made by the Board, Chijin HK accepted the above offer and transferred all of the 140,855,864 shares of Tietto Minerals to Zhaojin Capital at a total consideration of AUD95.782 million (RMB456.401 million). This transaction was settled on 28 June 2024 and the Group holds no interest in Tietto Minerals from then on.

Aggregate information of associates that are not individually material:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' profit for the year/period	(11)	(4,104)	9,950	7,197
Share of the associates' total comprehensive income	(11)	(4,104)	9,950	7,197
Aggregate carrying amount of the Group's investments in the associates	1,989	357,819	373,481	2,050

The Company

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	1,989	1,729	1,545	1,421

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/registration and business	% of ownership interest				Principal activities
			As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024	
			%	%	%	%	
Shanghai Chijin Fengyu New Energy Technology Co., Ltd.*	Ordinary shares	China	51%	51%	51%	51%	Generation and sale of electricity

* In accordance with the investment agreement, the Company enjoys 30% voting rights of Shanghai Chijin Fengyu New Energy Technology Co., Ltd..

Aggregate information of associates that are not individually material:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' profit for the year/period	(11)	(261)	(184)	(124)
Share of the associates' total comprehensive income	(11)	(261)	(184)	(124)
Aggregate carrying amount of the Group's investments in the associates	1,989	1,729	1,545	1,421

(b) Investments in subsidiaries

The Company

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments, at cost	4,240,871	6,134,845	6,217,346	6,390,746
Less: Impairment	—	—	—	—
Net carrying amount	<u>4,240,871</u>	<u>6,134,845</u>	<u>6,217,346</u>	<u>6,390,746</u>

Particulars of the subsidiaries, which are directly owned by the Company, are included in note 1 to the Historical Financial Information.

22. DEFERRED TAX

For presentation purposes, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	5,215	53,978	17,482	55,555
Deferred tax liabilities	<u>1,916</u>	<u>2,455,981</u>	<u>2,314,654</u>	<u>2,245,052</u>

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deductible temporary differences . .	695	2,180	293	492
Deductible tax losses	<u>194,357</u>	<u>264,141</u>	<u>293,140</u>	<u>320,872</u>
Total	<u>195,052</u>	<u>266,321</u>	<u>293,433</u>	<u>321,364</u>

The unrecognised income tax losses, which have fixed expiry dates, will expire in the following years:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022	35,155	—	—	—
31 December 2023	35,327	35,327	—	—
31 December 2024	49,556	37,569	37,569	35,025
31 December 2025	46,426	46,426	48,168	26,033
31 December 2026	27,893	46,219	46,219	46,219
31 December 2027	—	98,600	98,315	98,315
31 December 2028	—	—	62,869	62,869
31 December 2029	—	—	—	52,411
Total	<u>194,357</u>	<u>264,141</u>	<u>293,140</u>	<u>320,872</u>

The movements in deferred tax assets and liabilities during the year/period, without taking into consideration the offsetting of the balance within the same tax jurisdiction, are as follows:

Deferred tax assets	Impairment of property, plant and equipment	Impairment losses on accounts receivable and other receivables, net of reversal	(Reversal of)/ provision for impairment of inventories	Environmental rehabilitation	Deferred income	Deductible tax losses	Fair value adjustments on financial liabilities at fair value through profit or loss	Lease liabilities	Accelerated depreciation of property, plant and equipment	Others	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2021	721	514	988	1,197	257	1,239	—	—	40,466	—	45,382
Credited/(charged) to the statement of profit or loss (<i>note 14</i>)	—	174	(95)	(54)	(38)	(155)	467	—	(39,541)	—	(39,242)
Exchange realignment	—	—	—	—	—	—	—	—	(925)	—	(925)
At 31 December 2021	721	688	893	1,143	219	1,084	467	—	—	—	5,215
Credited/(charged) to the statement of profit or loss (<i>note 14</i>)	(721)	141	89	26,156	78	1,364	4,562	24,743	—	12,492	68,904
Acquisition of subsidiaries	—	—	—	25,395	—	—	—	41,433	—	—	66,828
Exchange realignment	—	—	—	2,406	—	—	—	3,876	—	—	6,282
At 31 December 2022	—	829	982	55,100	297	2,448	5,029	70,052	—	12,492	147,229
Credited/(charged) to the statement of profit or loss (<i>note 14</i>)	—	295	1,714	(931)	(46)	211	9,514	(7,508)	—	(987)	2,262
Exchange realignment	—	—	—	737	—	—	—	1,188	—	—	1,925
At 31 December 2023	—	1,124	2,696	54,906	251	2,659	14,543	63,732	—	11,505	151,416
Credited/(charged) to the statement of profit or loss (<i>note 14</i>)	—	(303)	(1,715)	(977)	777	(2,659)	12,489	(5,021)	33,919	(1,580)	34,930
Credited to other comprehensive income	—	—	—	—	—	—	2,507	—	—	—	2,507
Exchange realignment	—	—	—	(457)	—	—	—	(678)	—	—	(1,135)
At 30 September 2024	—	821	981	53,472	1,028	—	29,539	58,033	33,919	9,925	187,718

Deferred tax liabilities	Fair value adjustments on financial assets at fair value through profit or loss	Accelerated depreciation of property, plant and equipment	Environmental rehabilitation	Fair value adjustment arising from acquisition of subsidiaries	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,485	–	–	–	–	–	1,485
Charged/(credited) to the statement of profit or loss							
(note 14)	(1,485)	950	–	–	–	–	(535)
Credited to other comprehensive income	966	–	–	–	–	–	966
At 31 December 2021	966	950	–	–	–	–	1,916
Charged/(credited) to the statement of profit or loss							
(note 14)	87	38,501	11,045	37,078	17,406	13,667	117,784
Credited to other comprehensive income	(965)	–	–	–	–	–	(965)
Acquisition of subsidiaries	–	295,189	–	1,886,451	44,523	–	2,226,163
Exchange realignment	–	44,170	–	156,539	3,625	–	204,334
At 31 December 2022	88	378,810	11,045	2,080,068	65,554	13,667	2,549,232
Charged/(credited) to the statement of profit or loss							
(note 14)	2,020	(27,381)	824	(110,919)	(7,850)	(90)	(143,396)
Exchange realignment	–	6,367	–	35,272	1,113	–	42,752
At 31 December 2023	2,108	357,796	11,869	2,004,421	58,817	13,577	2,448,588
Charged/(credited) to the statement of profit or loss							
(note 14)	4,408	17,771	(434)	(57,694)	(6,630)	(3,086)	(45,665)
Exchange realignment	–	(3,772)	–	(21,310)	(626)	–	(25,708)
At 30 September 2024	6,516	371,795	11,435	1,925,417	51,561	10,491	2,377,215

23. OTHER NON-CURRENT ASSETS

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payment for engineering construction and equipment.	26,819	56,402	105,810	41,674
Funds for land restoration and environmental rehabilitation after mine closure	98,384	83,130	102,974	110,208
Large certificates of bank deposits and interest	42,118	42,118	—	—
Prepayment for equity acquisition (note 52)	—	—	—	66,844
Others	18,909	5,976	3,286	1,957
Subtotal	186,230	187,626	212,070	220,683
Less: amount due within one year	—	(42,118)	—	—
	<u>186,230</u>	<u>145,508</u>	<u>212,070</u>	<u>220,683</u>

As at 31 December 2021, 31 December 2022 and 31 December 2023 and 30 September 2024, the Group's assets with restriction (including amounts due within one year) were RMB140,502,000, RMB125,248,000, RMB102,974,000 and RMB110,208,000, respectively, which were comprise of large certificates of bank deposits and interest and funds for land restoration and environmental rehabilitation after mine closure that cannot be withdrawn at any time.

24. INVENTORIES

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	516,090	951,720	971,389	971,689
Consumable materials	1,486	680	610	545
Work in progress	1,112,679	1,288,300	1,457,052	1,567,218
Finished goods	80,577	174,052	168,779	106,280
	<u>1,710,832</u>	<u>2,414,752</u>	<u>2,597,830</u>	<u>2,645,732</u>
Impairment provision				
Raw materials	(127,331)	(143,175)	(178,411)	(194,212)
Work in progress	(170,777)	(90,588)	(906)	—
Finished goods	(630)	(16,361)	(11,604)	(1,850)
	<u>(298,738)</u>	<u>(250,124)</u>	<u>(190,921)</u>	<u>(196,062)</u>
	<u>1,412,094</u>	<u>2,164,628</u>	<u>2,406,909</u>	<u>2,449,670</u>

25. TRADE RECEIVABLES FROM THE COMPREHENSIVE RESOURCES RECYCLING AND UTILISATION

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from the Ministry of Ecology and Environment of the People's Republic of China . .	<u>311,447</u>	<u>339,237</u>	<u>397,481</u>	<u>443,286</u>

The trade receivables from Guangyuan Technology, which renders comprehensive resource recycling and utilisation services to the government, are non-interest-bearing and have no fixed credit periods.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	69,680	74,704	92,642	69,890
1 to 2 years	83,630	69,680	74,704	88,476
2 to 3 years	158,121	83,630	69,680	73,895
Over 3 years	<u>16</u>	<u>111,223</u>	<u>160,455</u>	<u>211,025</u>
	<u>311,447</u>	<u>339,237</u>	<u>397,481</u>	<u>443,286</u>

In the opinion of the directors of the Company, the expected credit losses are limited because the trade receivable balances are due from the Ministry of Ecology and Environment of the PRC, which is with a high reputation and no actual loss incurred in history.

26. TRADE RECEIVABLES FROM GOLD AND COMMODITIES SALES

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	26,334	30,097	115,750	163,455
Impairment	<u>(1,074)</u>	<u>(460)</u>	<u>(18)</u>	<u>—</u>
	<u>25,260</u>	<u>29,637</u>	<u>115,732</u>	<u>163,455</u>

The credit period for receivables of other companies selling major metals such as gold, copper, zinc and electrolytic copper is generally within 60 days. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	25,210	29,637	115,732	163,455
2 to 3 years	50	—	—	—
	<u>25,260</u>	<u>29,637</u>	<u>115,732</u>	<u>163,455</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	296	1,074	460	18
Impairment provided	778	—	18	—
Impairment reversed	—	(158)	(460)	(18)
Amount written off as uncollectible	—	(456)	—	—
At end of year/period	<u>1,074</u>	<u>460</u>	<u>18</u>	<u>—</u>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In the opinion of the directors of the Company, the expected credit losses are limited because the trade receivable balances are mainly due from customers with high reputation, and the trade receivables were settled within a short subsequent period in history.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision on collective basis				
Aged less than 1 year	2.59%	25,879	669	25,210
Aged 2 to 3 years	50.00%	100	50	50
Aged over 3 years	100.00%	355	355	—
At end of year	<u>4.08%</u>	<u>26,334</u>	<u>1,074</u>	<u>25,260</u>

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on collective basis				
Aged less than 1 year	1.53%	30,097	460	29,637
At end of year	1.53%	30,097	460	29,637

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on collective basis				
Aged less than 1 year	0.02%	115,750	18	115,732
At end of year	0.02%	115,750	18	115,732

As at 30 September 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on collective basis				
Aged less than 1 year	—	163,455	—	163,455
At end of period	—	163,455	—	163,455

27. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

Note	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	50,037	99,560	83,944	240,266
Deposits and other receivables	120,194	58,134	180,497	202,593
Receivables from disposal of SIP II shares (note 40) . . .	—	—	—	323,647
Large certificates of bank deposits and interest	—	42,118	—	—
Others	51	46,471	25,177	53,080
Less: Impairment of other receivables (a)	(3,338)	(4,140)	(7,022)	(5,416)
	166,944	242,143	282,596	814,170

The amount of deposits and other receivables mainly is deposits for futures.

(a) The movements in the loss allowance for impairment of other receivables are as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	2,132	3,338	4,140	7,022
Impairment provided	1,206	2,165	3,873	195
Impairment reversed	—	(1,363)	(991)	(1,801)
At end of year/period	<u>3,338</u>	<u>4,140</u>	<u>7,022</u>	<u>5,416</u>

The Company

	Notes	31 December 2021	31 December 2022	31 December 2023	30 September 2024
		RMB'000	RMB'000	RMB'000	RMB'000
Prepayments		6	776	—	208
Deposits and other receivables		392,123	332,091	589,427	577,632
Receivables from disposal of SIP II shares (note 40) . . .		—	—	—	323,647
Dividends receivable (note) . .		—	—	600,000	—
Less: Impairment of other receivables (b)		(39)	(19)	(11)	—
		<u>392,090</u>	<u>332,848</u>	<u>1,189,416</u>	<u>901,487</u>

Note: Dividends receivable were from domestic subsidiaries of the Company with no collection restriction.

(a) An ageing analysis of the prepayments, other receivables and other assets as at the end of each of the Relevant Periods is as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	389,811	332,848	861,251	815,382
1 to 2 years	<u>2,279</u>	<u>—</u>	<u>328,165</u>	<u>86,105</u>
	<u>392,090</u>	<u>332,848</u>	<u>1,189,416</u>	<u>901,487</u>

(b) The movements in the loss allowance for impairment of other receivables are as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	11	39	19	11
Impairment provided	28	—	—	—
Impairment reversed	—	(20)	(8)	(11)
At end of year/period	<u>39</u>	<u>19</u>	<u>11</u>	<u>—</u>

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity investments, at fair value	11,237	48,131	16,909	13,204
	<u>11,237</u>	<u>48,131</u>	<u>16,909</u>	<u>13,204</u>

29. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial asset:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commodity derivative contracts . . .	6,436	584	13,470	43,438
	<u>6,436</u>	<u>584</u>	<u>13,470</u>	<u>43,438</u>

Derivative financial liability:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commodity derivative contracts . . .	1,831	—	—	17,002
	<u>1,831</u>	<u>—</u>	<u>—</u>	<u>17,002</u>

As at 31 December 2021, 2022, 2023 and 30 September 2024, the amount of commodity derivative contracts is RMB6,436,000, RMB584,000, RMB13,470,000 and RMB43,438,000, in response to the price risk of short exposure derived from gold leasing and the sale of gold.

30. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH**The Group**

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	1,824,749	1,285,105	1,662,283	2,397,757
Less: Restricted cash	(116,881)	(232,560)	(387,648)	(303,616)
Cash and cash equivalents	<u>1,707,868</u>	<u>1,052,545</u>	<u>1,274,635</u>	<u>2,094,141</u>
Denominated in:				
RMB	1,668,994	924,053	1,111,394	1,221,213
USD	144,718	344,993	500,385	938,127
GBP	—	554	1,728	3,285
LAK	11,009	5,460	1,369	11,871
GHC	—	5,870	45,163	128,728
Others	28	4,175	2,244	94,533
Total	<u>1,824,749</u>	<u>1,285,105</u>	<u>1,662,283</u>	<u>2,397,757</u>

As at 31 December 2021, 2022, 2023 and 30 September 2024, the Group's bank balances of approximately RMB116,881,000, RMB232,560,000, RMB387,648,000 and RMB303,616,000 were deposited for the following business and were restricted for use, respectively:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank deposits for loans	—	13,965	13,965	—
Deposits for notes payable	—	20,400	—	—
Special fund deposits for environmental rehabilitation and restoration	6,050	18,194	9,825	6,619
Bank deposits for the gold lease business	8,003	100,001	263,858	296,997
Certificates of deposit due within one year	100,095	80,000	100,000	—
Deposits for investment funds	2,733	—	—	—
	<u>116,881</u>	<u>232,560</u>	<u>387,648</u>	<u>303,616</u>

The Company

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	1,029,019	401,708	244,170	359,803
Less: Restricted cash	—	—	(13,965)	—
Cash and cash equivalents	<u>1,029,019</u>	<u>401,708</u>	<u>230,205</u>	<u>359,803</u>
Denominated in:				
RMB	1,029,019	401,706	243,377	308,540
USD	—	2	793	51,263
Total	<u>1,029,019</u>	<u>401,708</u>	<u>244,170</u>	<u>359,803</u>

As at 31 December 2021, 2022, 2023 and 30 September 2024, the Group's bank balances of approximately nil, nil, RMB13,965,000, nil were deposited for loans and were restricted for use, respectively:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank deposits for loans	—	—	13,965	—
	<u>—</u>	<u>—</u>	<u>13,965</u>	<u>—</u>

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Gold lease	387,683	620,250	939,996	1,026,210
	<u>387,683</u>	<u>620,250</u>	<u>939,996</u>	<u>1,026,210</u>

The Group entered into gold lease contracts with certain banks for financing purposes, the Group leased gold from the banks and sold it through the trading system of the Shanghai Gold Exchange, the Group then purchased the same quantity and specification of gold through the aforesaid system to repay the banks before the maturity date of the gold lease contracts, and paid the agreed lease fee in accordance with the gold lease contracts (generally paid on the same date of the bank's quarterly interest payment date). The gold lease term is generally within 1 year inclusive. The liabilities to purchase and pay back the gold physically are measured at the price of the specified gold on the Shanghai Gold Exchange, the balance of the gold lease at the year/period end represents the fair value of the gold leased from banks at each of the balance sheet date.

32. TRADE AND NOTES PAYABLES

Trade payables do not bear interest and are usually settled within 60 days.

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	440,401	693,390	552,457	636,817
Notes payable	—	158,000	—	—
	<u>440,401</u>	<u>851,390</u>	<u>552,457</u>	<u>636,817</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

An ageing analysis of trade and notes payables as at the end of each of the Relevant Periods is as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	<u>440,401</u>	<u>851,390</u>	<u>552,457</u>	<u>636,817</u>

33. CONTRACT LIABILITIES

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers				
Sale of goods	4,547	1,227	9,162	17,323
Metal Streaming Arrangement (note).	—	60,825	64,015	71,849
Sub-total	<u>4,547</u>	<u>62,052</u>	<u>73,177</u>	<u>89,172</u>
Long-term advances received from customers				
Metal Streaming Arrangement (note).	—	606,298	576,999	538,996
	<u>4,547</u>	<u>668,350</u>	<u>650,176</u>	<u>628,168</u>

Note: GSR which was acquired by the Group in 2022 has following transaction: In May 2015, one subsidiary of GSR, Caystar Finance Co. entered into a gold purchase and sale agreement (the “Metal Streaming Arrangement”) with RGLD Gold AG, in which GSR obtained USD145,000,000 from RGLD Gold AG, in exchange, GSR is required to deliver 10.5% of future gold production of its two subsidiaries at a cash purchase price of 20% of the spot gold price until 240,000 ounces of gold have been delivered (“Tier One”). Thereafter, 5.5% of the gold production will be delivered at a cash purchase price of 30% of the spot gold price (“Tier Two”). As at 31 December 2022 and 2023 and 30 September 2024, GSR has delivered accumulative total 153,399 ounces, 170,096 ounces, and 184,792 ounces of gold to RGLD Gold AG, respectively.

The Group expects that the delivery obligation of the Metal Streaming Arrangement will be satisfied in 2037.

The changes of contract liabilities — Metal Streaming Arrangement from 31 January 2022 (the acquisition date of GSR) to 31 December 2022, 2023 and 30 September 2024 are as follows:

	<u>Gold delivery obligation</u>
Balance as at 31 January 2022 (<i>note 50</i>)	640,754
Revenue recognised from delivery of goods	(47,201)
Finance expenses (<i>note 12</i>)	15,393
Exchange differences	58,177
Balance as at 31 December 2022.	<u>667,123</u>
Including: Contract liabilities due within one year	<u>60,825</u>
Contract liabilities more than one year	<u>606,298</u>
Revenue recognised from delivery of goods	(52,324)
Finance expenses (<i>note 12</i>)	15,093
Exchange differences	11,122
Balance as at 31 December 2023.	<u>641,014</u>
Including: Contract liabilities due within one year	<u>64,015</u>
Contract liabilities more than one year	<u>576,999</u>
Revenue recognised from delivery of goods	(44,749)
Finance expenses (<i>note 12</i>)	21,059
Exchange differences	(6,479)
Balance as at 30 September 2024	<u>610,845</u>
Including: Contract liabilities due within one year	<u>71,849</u>
Contract liabilities more than one year	<u>538,996</u>

The Group

The Company

The Group

	31 December 2021		31 December 2022		31 December 2023			30 September 2024			
	Effective interest rate	Maturity	Effective interest rate	Maturity		Effective interest rate	Maturity	Effective interest rate	Maturity		
	(%)	RMB'000	(%)	RMB'000		(%)	RMB'000	(%)	RMB'000		
Unsecured	–	–	2.61-3.90	2023	236,636	2.45-7.50	2024	850,009	2.35-6.30	2024-2025	822,730
Secured	–	–	3.70	2023	251,773			–			–
					488,409			850,009			822,730

The carrying amounts of borrowings are denominated in the following currencies:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	–	383,940	820,009	682,326
USD	–	104,469	–	140,404
LAK	–	–	30,000	–
Total	–	488,409	850,009	822,730
	=	=	=	=

- i. As at 31 December 2022, the Group's secured borrowings included in the short-term borrowings were approximately RMB251,773,000, which were pledged by property, plant and equipment with a book value of RMB270,931,000.
- ii. As at 31 December 2021, 2022 and 2023 and 30 September 2024, the Group had no short-term borrowings due but unpaid.

The Company

31 December 2021			31 December 2022			31 December 2023			30 September 2024		
Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity	
(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Unsecured	–	–	2.61	2023	106,847	2.45-4.50	2024	600,637	2.35-2.70	2024-2025	265,460
Secured	–	–	3.70	2023	251,773	–		–			–
		–			358,620			600,637			265,460
		=			=			=			=

The carrying amounts of borrowings are denominated in the following currencies:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	–	254,151	600,637	265,460
USD	–	104,469	–	–
Total	–	358,620	600,637	265,460
	=	=	=	=

- i. As at 31 December 2022, the Company's secured borrowings included in the short-term borrowings were approximately RMB251,773,000, which were pledged by property, plant and equipment with a book value of RMB270,931,000.
- ii. As at 31 December 2021, 2022 and 2023 and 30 September 2024, the Company had no short-term borrowings due but unpaid.

36. LONG-TERM LOANS

The Group

	31 December 2021			31 December 2022			31 December 2023			30 September 2024		
	Effective interest rate		Maturity	Effective interest rate		Maturity	Effective interest rate		Maturity	Effective interest rate		Maturity
	(%)	RMB'000		(%)	RMB'000		(%)	RMB'000		(%)	RMB'000	
Current portion of long-term bank loans – secured				4.10-4.95	2023	245,850	4.00-9.15	2024	129,456	4.00-9.10	2025	531,580
Current portion of long-term bank loans – unsecured	3.48	2022	25,530	3.50-4.00	2023	87,920	3.50-4.10	2024	88,859	3.50-6.30	2025	110,198
Total – current			<u>25,530</u>			<u>333,770</u>			<u>218,315</u>			<u>641,778</u>
Long-term loans – secured			–	4.10-4.95	2024-2027	1,386,724	4.00-9.15	2025-2027	1,381,994	4.00-9.10	2025-2027	485,047
Long-term loans – unsecured			–	3.50-4.00	2024-2027	127,057	3.50-4.10	2025-2027	39,980	3.50-6.30	2025-2027	196,567
Total – non-current			<u>–</u>			<u>1,513,781</u>			<u>1,421,974</u>			<u>681,614</u>
			<u>25,530</u>			<u>1,847,551</u>			<u>1,640,289</u>			<u>1,323,392</u>

The carrying amounts of borrowings are denominated in the following currencies:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	–	1,046,622	914,312	844,640
USD	25,530	800,929	725,977	478,752
Total	<u>25,530</u>	<u>1,847,551</u>	<u>1,640,289</u>	<u>1,323,392</u>

- i. Certain of the Group's long-term loans are pledged by:
 - a. Total equity interests in Wulong Mining, Jilong Mining and Chijin HK as of 31 December 2022 and 2023 and 30 September 2024;
 - b. Property, plant and equipment (mineral assets) with carrying amounts of approximately nil, RMB279,388,000 and RMB264,894,000 as of 31 December 2022, 2023 and 30 September 2024.
 - c. Other intangible asset with carrying amounts of approximately RMB5,562,378,000, RMB5,426,490,000 and RMB5,249,981,000 as of 31 December 2022 and 2023 and 30 September 2024.
- ii. Certain of the Group's long-term loans amounting to RMB25,530,000, RMB214,977,000, RMB128,839,000 and RMB306,765,000 as of 31 December 2022 and 2023 and 30 September 2024 were guaranteed by the Company.

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Long-term loans:				
Within one year	25,530	333,770	218,315	641,778
After 1 year but within 2 years . .	–	306,969	987,758	393,113
After 2 years but within 5 years . .	–	1,206,812	434,216	288,501
Total	25,530	1,847,551	1,640,289	1,323,392

The Company

	31 December 2021		31 December 2022		31 December 2023		30 September 2024	
	Effective interest rate	Maturity	Effective interest rate	Maturity	Effective interest rate	Maturity	Effective interest rate	Maturity
	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000
Current portion of long-term bank loans – secured	–	–	4.95	2023	237,831	4.00-4.35	2024	119,251
Long-term loans – secured	–	–	4.95	2024-2027	774,895	4.00-4.35	2025-2027	753,470
					1,012,726			872,721
								804,645

- i. Certain of the Company's long-term loans are pledged by:
- Total equity interests of Wulong Mining, Jilong Mining and Chijin HK as of 31 December 2022 and 2023 and 30 September 2024;
 - Property, plant and equipment with a carrying amount of approximately nil, RMB279,388,000, RMB264,894,000 as of 31 December 2022, 2023 and 30 September 2024.
 - Other intangible asset with carrying amounts of approximately RMB67,986,000, RMB59,106,000 and RMB56,080,000 as of 31 December 2022 and 2023 and 30 September 2024.
- ii. As at 31 December 2021, 2022 and 2023 and 30 September 2024, all the long-term borrowings were denominated in RMB.

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Long-term loans:				
Within one year	–	237,831	119,251	319,598
After 1 year but within 2 years . .	–	219,871	319,254	323,132
After 2 years but within 5 years . .	–	555,024	434,216	161,915
Total	–	1,012,726	872,721	804,645

37. PROVISIONS

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. The management will update the estimation basis annually.

The movement in the present value of the provision for rehabilitation are as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	1,652,620	1,631,259	1,994,401	1,943,846
Acquisition of a subsidiary (note 50)	–	108,800	–	–
Additions	12,550	101,174	4,953	–
Accretion of interest recognized during the year/period (note 12) . . .	8,393	8,895	9,409	7,075
Payment during the year/period.	(4,554)	(11,583)	(97,102)	(78,901)
Exchange realignment	(37,750)	155,856	32,185	(18,868)
Ending balance	1,631,259	1,994,401	1,943,846	1,853,152
Current	–	9,567	75,747	71,806
Non-current	1,631,259	1,984,834	1,868,099	1,781,346

38. OTHER NON-CURRENT LIABILITIES

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for mining rights (note i) . .	85,716	73,186	71,960	64,167
Payables for equity transfer (note ii) .	173,566	–	–	–
Deferred government grants	2,120	2,073	1,756	6,918
Total	261,402	75,259	73,716	71,085
Current portion.	186,589	10,849	9,485	5,717
Non-current portion	74,813	64,410	64,231	65,368

Note i: Payables for mining rights were comprise of the long-term payables to local regulators of Liaoning Wulong Gold Mining Co., Ltd., Eryuan Jintai Mining Development Co., Ltd. and Chifeng Huatai Mining Co., Ltd., the subsidiaries of the Company, to obtain certain mining rights.

Note ii: The payables for equity transfer referred to the payments that the Company should made to the former shareholder, MMG Finance Limited (“MMG”), for the acquisition of the subsidiary, Lane Xang Minerals Limited Company (“LXML”) in 2018. According to the acquisition agreement, the final payment should be made in 2021. In 2021, the two parties agreed to extend the final payment to 2022 after negotiation. Therefore, as at 31 December 2021, the equity transfer payable to MMG amounting to RMB173,566,000 was presented as the current portion of non-current liabilities. The payment was made in full in 2022.

39. SHARE CAPITAL

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid:	1,663,911	1,663,911	1,663,911	1,663,911
	<u>1,663,911</u>	<u>1,663,911</u>	<u>1,663,911</u>	<u>1,663,911</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2021.	1,663,911,378	1,663,911
At 31 December 2021 and 1 January 2022.	<u>1,663,911,378</u>	<u>1,663,911</u>
At 31 December 2022 and 1 January 2023.	<u>1,663,911,378</u>	<u>1,663,911</u>
At 31 December 2023 and 1 January 2024.	<u>1,663,911,378</u>	<u>1,663,911</u>
At 30 September 2024	<u>1,663,911,378</u>	<u>1,663,911</u>

40. SHARE INCENTIVE PLAN**Employee Stock Ownership Plan****i. Phase I Employee Stock Ownership Plan**

The Company operates a share incentive plan (the "SIP I"), namely "Phase I Employee Stock Ownership Plan", for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the SIP I include the directors, supervisors, senior management and other key employees of the Group. The SIP I became effective on 17 August 2021 and, unless otherwise cancelled or amended, will remain in force for three years from that date.

In order to implement the SIP I, Beijing Pan Geng Capital Management Co., Ltd. ("Pan Geng Capital") was established and designated as the share incentive platform to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

Up to 30 April 2021, the Company repurchased a total of 41,597,732 shares, amounting to RMB663,387,000, with an average price of RMB15.96 per share to implement the SIP I.

On 17 August 2021, all the 41,597,732 shares were transferred to the share incentive platform with the price of RMB15.96 per share. As a result, a consideration of RMB663,387,000 has been received by the Company. At the same day, 117 participants were granted 41,597,732 shares at a subscribed price of RMB15.96 per share. Due to the Group can not control the share incentive platform, the share incentive platform was not consolidated in the consolidated financial statements.

The SIP I became effective on 17 August 2021 and, unless otherwise cancelled or amended, will remain in force for 36 months from the Grant date.

All of the shares granted to the participants shall be subject to a performance-based condition (the "Performance Condition"). The Performance Condition would be satisfied that the cumulative production of the Group from 2022 to 2024 is not less than 43 tons.

On 17 August 2021, as the market price of shares was RMB15.18 per share, lower than the exercise price of RMB15.96 per share, the fair value of the shares granted under the SIP I during the Relevant Periods was nil, and the Group recognised no expenses during the Relevant Periods.

The movements of shares under the SIP I during the year are as follows:

	2021		2022		2023		For the nine months ended 30 September 2024	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
	RMB per share	'000	RMB per share	'000	RMB per share	'000	RMB per share	'000
At 1 January	—	—	15.96	41,598	15.96	41,598	15.96	41,598
Granted during the year/period	15.96	41,598	—	—	—	—	—	—
At 31 December/ 30 September.	15.96	41,598	15.96	41,598	15.96	41,598	15.96	41,598

ii. Phase II Employee Stock Ownership Plan

The Company operates a share incentive plan (the “SIP II”), namely “Phase II Employee Stock Ownership Plan”, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the SIP II include the directors, supervisors, senior management and other key employees of the Group. The SIP II became effective on 28 April 2023 and, unless otherwise cancelled or amended, will remain in force for two years from that date.

Up to 16 January 2023, the Company repurchased a total of 16,575,406 shares, amounting to RMB300,910,000, with an average price of RMB18.15 per share to implement the SIP II.

On 28 April 2023, 101 participants were granted 16,575,406 shares at a subscribed price of RMB18.15 per share. On 28 April 2023, the Company received the whole repurchase fee of RMB300,910,000 from all the participants.

The SIP II became effective on 28 April 2023 and, unless otherwise cancelled or amended, will remain in force for 24 months from that date.

All of the shares granted to the participants shall be subject to a performance-based condition (the “Performance Condition”). The Performance Condition would be satisfied that the net profit attributable to shareholders of Company in 2023 increases by more than 30% (inclusive) over the same period of last year.

As of 31 December 2023, all shares of the SIP II were vested as the Performance Condition was satisfied. As of 30 September 2024, the Company sold out all shares of the SIP II on behalf of the eligible participants, and receivables from the securities company and payables to the eligible participants were recorded accordingly. Up to 31 October 2024, all the receivables and payables were settled.

On 28 April 2023, as the market price of shares was RMB16.57 per share, lower than the exercise price of RMB18.15 per share, the fair value of the shares granted under the SIP II during the Relevant Periods was nil, and the Group recognised no expenses during the Relevant Periods.

The movements of shares under the SIP II during the year are as follows:

	2023		For the nine months ended 30 September 2024	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
	RMB per share	'000	RMB per share	'000
At 1 January	—	—	18.15	16,575
Granted during the year/period	18.15	16,575	—	—
Exercised during the year/period	—	—	(18.15)	16,575
At 31 December/30 September	—	16,575	—	—

iii. Stock Appreciation Rights

The Company operates a share incentive plan (the “SIP III”), namely “Stock Appreciation Rights”, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the SIP III include the directors and senior management of the Group. The SIP III became effective on 28 November 2022 and, unless otherwise cancelled or amended, will remain in force for four years from that date.

On 28 November 2022, 7 participants were granted 1,800,000 phantom stock options at a subscribed price of RMB16.00. These phantom stock options will be settled by cash.

All of the options granted to the participants shall be subject to a service-based condition (the “Service Condition”). The Performance Condition would be satisfied that the cumulative production of the Group of 2022 is not less than 16 tons (“Phase I”) and the cumulative production of the Group from 2022 to 2023 is not less than 35 tons (“Phase II”). Under Phase I, the participants could exercise a maximum of 50% of the options from 28 November 2023 to 27 November 2024. Under Phase II, the participants could exercise a maximum of 50% of the options from 28 November 2024 to 27 November 2025.

On 30 September 2024, since the Service Condition was not met, the SIP III were forfeited and no expenses were recognised during the Relevant Periods.

41. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Pursuant to the relevant laws and regulations and the articles of association of the Company, the Company is required to transfer 10% of its profit after income tax, as determined under PRC GAAP, to the reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Upon the approval from the relevant authorities, this reserve can be used to make up any losses incurred or to increase share capital. Except for offsetting against losses, this reserve cannot fall below 25% of the registered share capital after being used to increase share capital. The reserves available for distribution to shareholders are the retained profits.

42. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
Percentage of equity interest held by non-controlling interests:				
Guangyuan Technology	45%	45%	45%	45%
LXML	10%	10%	10%	10%
GSR	NA	38%	38%	38%

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year allocated to non-controlling interests:				
Guangyuan Technology	13,045	10,811	9,859	4,513
LXML	18,570	23,106	28,655	34,386
GSR	NA	9,124	21,857	79,726
Dividends paid to non-controlling interests				
Guangyuan Technology	—	1,350	—	—
LXML	—	39,641	—	—

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated balances of non-controlling interests at Relevant Periods:				
Guangyuan Technology	130,920	140,381	150,240	154,753
LXML	249,573	255,440	288,670	318,837
GSR	NA	1,795,527	1,843,184	1,904,212

Year ended 31 December 2021

	Guangyuan Technology	LXML
	RMB'000	RMB'000
Revenue	257,555	2,522,934
Total expenses	228,566	2,337,236
Profit for the year	28,989	185,698
Total comprehensive income for the year.	28,989	123,844
Current assets	331,166	2,609,974
Non-current assets.	93,723	2,080,832
Current liabilities	133,296	572,667
Non-current liabilities	661	1,622,407
Net cash flows from operating activities	21,073	343,364
Net cash flows from/(used in) investing activities	(4,079)	(192,776)
Net cash flows used in financing activities.	(15,412)	(86,820)
Effect of foreign exchange rate changes, net.	–	(2,589)
Net increase/(decrease) in cash and cash equivalents	1,582	61,179

Year ended 31 December 2022

	Guangyuan Technology	LXML	GSR
	RMB'000	RMB'000	RMB'000
Revenue	306,510	2,998,740	1,790,576
Total expenses	282,484	2,767,677	1,796,047
Profit for the year	24,026	231,063	(5,471)
Total comprehensive income for the year.	24,026	455,093	152,691
Current assets	366,450	3,006,190	583,937
Non-current assets.	86,630	2,516,493	8,058,618
Current liabilities	100,554	1,028,503	870,138
Non-current liabilities	40,568	1,939,781	3,914,861
Net cash flows from operating activities	16,602	820,568	326,213
Net cash flows used in investing activities.	(10,234)	(904,879)	(441,816)
Net cash flows used in financing activities.	(7,234)	92,326	231,900
Effect of foreign exchange rate changes, net.	–	10,203	79,269
Net increase/(decrease) in cash and cash equivalents.	(866)	18,218	195,566

Year ended 31 December 2023

	Guangyuan Technology	LXML	GSR
	RMB'000	RMB'000	RMB'000
Revenue	399,141	3,054,614	2,139,329
Total expenses	377,232	2,768,062	2,126,959
Profit for the year	21,909	286,552	12,370
Total comprehensive income for the year.	21,909	332,302	77,183
Current assets	421,789	2,979,605	692,240
Non-current assets.	79,540	2,399,421	8,034,857
Current liabilities	127,007	802,841	1,001,405
Non-current liabilities	40,455	1,689,484	3,790,954
Net cash flows from/(used in) operating activities	(40,953)	649,058	645,563
Net cash flows from/(used in) investing activities	10,379	(123,993)	(488,388)
Net cash flows from/(used in) financing activities	32,254	(401,935)	(106,262)
Effect of foreign exchange rate changes, net.	–	2,828	9,567
Net increase in cash and cash equivalents	1,680	125,958	60,480

Nine months ended 30 September 2024

	Guangyuan Technology	LXML	GSR
	RMB'000	RMB'000	RMB'000
Revenue	191,216	2,327,466	2,097,116
Total expenses	181,188	1,983,601	1,947,125
Profit for the year	10,028	343,865	149,991
Total comprehensive income for the year.	10,028	301,673	101,555
Current assets	466,839	3,506,426	915,968
Non-current assets.	74,476	2,419,676	7,882,107
Current liabilities	197,015	935,873	1,732,568
Non-current liabilities	405	1,801,856	3,029,215
Net cash flows from/(used in) operating activities	(31,857)	586,044	772,760
Net cash flows used in investing activities.	–	(464,534)	(372,747)
Net cash flows from/(used in) financing activities	26,881	(106,777)	(201,068)
Effect of foreign exchange rate changes, net.	–	(2,271)	7,188
Net increase/(decrease) in cash and cash equivalents	(4,976)	12,462	206,133

43. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to the right-of-use assets and lease liabilities of nil, RMB56,538,000 and RMB25,977,000 for the years ended 31 December 2021, 2022 and 2023, and nil (unaudited) and RMB2,655,000 for the nine months ended 30 September 2023 and 2024, respectively, in respect of lease arrangements.

(b) Changes in liabilities arising from financing activities

	Short-term loans	Financial liabilities at fair value through profit or loss	Long-term loans	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	165,020	113,161	111,044	5,782	395,007
Changes from financing					
cash flows	(165,020)	300,756	(83,846)	(1,553)	50,337
Cash paid for interest					
expenses	(3,477)	—	(6,312)	—	(9,789)
Interest expenses	3,477	—	393	170	4,040
Exchange realignment . . .	—	—	4,251	—	4,251
Changes on fair value . . .	—	(26,234)	—	—	(26,234)
As at 31 December 2021 . .	<u>—</u>	<u>387,683</u>	<u>25,530</u>	<u>4,399</u>	<u>417,612</u>
As at 1 January 2022	—	387,683	25,530	4,399	417,612
Changes from financing					
cash flows	474,801	184,903	1,758,104	(33,696)	2,384,112
Cash paid for interest					
expenses	(23,982)	—	(99,574)	—	(123,556)
Interest expenses	28,223	—	99,574	10,211	138,008
Exchange realignment . . .	9,367	—	63,917	17,393	90,677
Acquisition of a subsidiary (note 50)	—	—	—	207,137	207,137
New leases	—	—	—	56,538	56,538
Changes on fair value . . .	—	47,664	—	—	47,664
As at 31 December 2022 . .	<u>488,409</u>	<u>620,250</u>	<u>1,847,551</u>	<u>261,982</u>	<u>3,218,192</u>
As at 1 January 2023	488,409	620,250	1,847,551	261,982	3,218,192
Changes from financing					
cash flows	366,881	179,285	(229,576)	(58,102)	258,488
Cash paid for interest					
expenses	(25,897)	—	(105,432)	—	(131,329)
Interest expenses	22,498	—	137,123	12,340	171,961
Exchange realignment . . .	(1,882)	—	(9,377)	3,105	(8,154)
New leases	—	—	—	2,912	2,912
Acquisition of a subsidiary (note 50)	—	—	—	23,065	23,065
Changes on fair value . . .	—	140,461	—	—	140,461
As at 31 December 2023 . .	<u>850,009</u>	<u>939,996</u>	<u>1,640,289</u>	<u>245,302</u>	<u>3,675,596</u>

	Short-term loans	Financial liabilities at fair value through profit or loss	Long-term loans	Lease liabilities	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
As at 1 January 2023	488,409	620,250	1,847,551	261,982	3,218,192
Changes from financing					
cash flows	369,216	149,822	(280,334)	(28,507)	210,197
Cash paid for interest					
expenses	(22,602)	–	(68,693)	–	(91,295)
Interest expenses	16,183	–	86,136	7,116	109,435
Exchange realignment . . .	2,157	–	23,402	7,402	32,961
Changes on fair value . . .	–	78,077	–	–	78,077
As at 30 September 2023 (unaudited).	<u>853,363</u>	<u>848,149</u>	<u>1,608,062</u>	<u>247,993</u>	<u>3,557,567</u>

	Short-term loans	Financial liabilities at fair value through profit or loss	Long-term loans	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	850,009	939,996	1,640,289	245,302	3,675,596
Changes from financing					
cash flows	(24,999)	(107,118)	(312,587)	(30,686)	(475,390)
Cash paid for interest					
expenses	(41,341)	–	(57,923)	–	(99,264)
Interest expenses	41,011	–	65,859	8,283	115,153
Exchange realignment . . .	(1,950)	–	(12,246)	(2,020)	(16,216)
New leases	–	–	–	2,665	2,665
Changes on fair value . . .	–	193,332	–	–	193,332
As at 30 September 2024 .	<u>822,730</u>	<u>1,026,210</u>	<u>1,323,392</u>	<u>223,544</u>	<u>3,395,876</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities .	(3,115)	(20,766)	(15,969)	(12,529)	(8,818)
Within financing activities					
(note)	<u>(1,553)</u>	<u>(33,696)</u>	<u>(58,102)</u>	<u>(28,507)</u>	<u>(30,686)</u>
	<u>(4,668)</u>	<u>(54,462)</u>	<u>(74,071)</u>	<u>(41,036)</u>	<u>(39,504)</u>

Note: The cash outflow for leases in financing activities includes the principal portion of lease payments and related interests.

44. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's interest-bearing bank loans are included in notes 35 and 36 to the Historical Financial Information.

45. COMMITMENTS AND CONTINGENCIES

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:				
Property, plant and equipment . . .	98,016	233,730	230,173	234,385
Investment commitment	253,000	318,064	256,864	322,901
	<u>351,016</u>	<u>551,794</u>	<u>487,037</u>	<u>557,286</u>

46. RELATED PARTY TRANSACTIONS

(a) The Group had the following related parties during the Relevant Periods:

Name of related parties	Relationship between related parties and the Company
Li Jinyang*	the Single Largest Shareholder
Wang Jianhua**	Chairman
Beijing Eagleleap Technology Co., Ltd. ("Eagleleap")***	Entity under common control of the Single Largest Shareholder

* The loans provided is unsecured and charged at interest rates at nil, 3.65%, 3.45%, 3.45% as at 31 December 2021, 2022, 2023 and 30 September 2024, respectively.

** The loans provided is unsecured and interest-free.

*** Purchases of the property management services were made according to the prices agreed by all parties.

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Service rendering from a subsidiary of the Company's controlling shareholder					
Eagleleap	189	338	731	377	164
	<u>189</u>	<u>338</u>	<u>731</u>	<u>377</u>	<u>164</u>

(c) Rental charge paid

Year ended 31 December 2021

	Category of leased assets	Rental expenses of short-term leases and low-value asset leases with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expenses of lease liabilities	Increase in right-of-use assets
Eagleleap	Buildings	2,369	–	2,369	–	–

Year ended 31 December 2022

	Category of leased assets	Rental expenses of short-term leases and low-value asset leases with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expenses of lease liabilities	Increase in right-of-use assets
Eagleleap	Buildings	182	–	4,876	425	13,986

Year ended 31 December 2023

	Category of leased assets	Rental expenses of short-term leases and low-value asset leases with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expenses of lease liabilities	Increase in right-of-use assets
Eagleleap	Buildings	170	–	4,469	236	–

Nine months ended 30 September 2023

	Category of leased assets	Rental expenses of short-term leases and low-value asset leases with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expenses of lease liabilities	Increase in right-of-use assets
Eagleleap	Buildings	170	–	4,469	137	–

Nine months ended 30 September 2024

	Category of leased assets	Rental expenses of short-term leases and low-value asset leases with simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expenses of lease liabilities	Increase in right-of-use assets
Eagleleap	Buildings	52	–	2,197	83	–

(d) New loans received from related parties (non-trade)

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wang Jianhua	620,000	463,000	—	—	—
Li Jinyang	—	1,074,240	—	—	—
	<u>620,000</u>	<u>1,537,240</u>	<u>—</u>	<u>—</u>	<u>—</u>

(e) New loans repaid to related parties (non-trade)

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wang Jianhua	620,000	463,000	—	—	—
Li Jinyang	—	663,300	300,040	—	128,546
	<u>620,000</u>	<u>1,126,300</u>	<u>300,040</u>	<u>—</u>	<u>128,546</u>

(f) Outstanding balances with related parties:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals				
Eagleleap (trade)	—	41	22	2
Li Jinyang (non-trade)	—	410,940	128,525	—
	<u>—</u>	<u>410,981</u>	<u>128,547</u>	<u>2</u>
Lease liabilities				
Eagleleap (trade)	—	9,535	4,469	2,271
	<u>—</u>	<u>9,535</u>	<u>4,469</u>	<u>2,271</u>

(g) Compensation of key management personnel of the Group:

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2023	Nine months ended 30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Compensation for key management personnel. .	<u>36,036</u>	<u>29,326</u>	<u>31,028</u>	<u>15,898</u>	<u>14,931</u>
	<u>36,036</u>	<u>29,326</u>	<u>31,028</u>	<u>15,898</u>	<u>14,931</u>

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2021

Financial assets

	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables from other sales	25,260	—	25,260
Trade receivables from the comprehensive recycling of resources business	311,447	—	311,447
Financial assets included in prepayments, other receivables and other assets	116,856	—	116,856
Financial assets at fair value through profit or loss	—	11,237	11,237
Derivative financial instruments	—	6,436	6,436
Cash and cash equivalents	1,707,868	—	1,707,868
Restricted cash	116,881	—	116,881
Other non-current assets	145,587	—	145,587
	<u>2,423,899</u>	<u>17,673</u>	<u>2,441,572</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	440,401	—	440,401
Financial liabilities at fair value through profit or loss	—	387,683	387,683
Derivative financial liabilities	—	1,831	1,831
Financial liabilities included in other payables and accruals	31,413	—	31,413
Current portion of long-term loans	25,530	—	25,530
Current portion of other non-current liabilities . .	186,589	—	186,589
Other non-current liabilities	72,693	—	72,693
	<u>756,626</u>	<u>389,514</u>	<u>1,146,140</u>

31 December 2022

Financial assets

	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables from other sales	29,637	—	29,637
Trade receivables from the comprehensive recycling of resources business	339,237	—	339,237
Financial assets included in prepayments, other receivables and other assets	96,112	—	96,112
Financial assets at fair value through profit or loss	—	48,131	48,131
Derivative financial instruments	—	584	584
Cash and cash equivalents	1,052,545	—	1,052,545
Restricted cash	232,560	—	232,560
Other non-current assets	87,101	—	87,101
	<u>1,837,192</u>	<u>48,715</u>	<u>1,885,907</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	851,390	—	851,390
Financial liabilities at fair value through profit or loss	—	620,250	620,250
Financial liabilities included in other payables and accruals	452,962	—	452,962
Short-term loans	488,409	—	488,409
Current portion of long-term loans	333,770	—	333,770
Current portion of other non-current liabilities	10,849	—	10,849
Long-term loans	1,513,781	—	1,513,781
Other non-current liabilities	62,337	—	62,337
	<u>3,713,498</u>	<u>620,250</u>	<u>4,333,748</u>

31 December 2023*Financial assets*

	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables from other sales	115,732	—	115,732
Trade receivables from the comprehensive recycling of resources business	397,481	—	397,481
Financial assets included in prepayments, other receivables and other assets	173,475	—	173,475
Financial assets at fair value through profit or loss	—	16,909	16,909
Derivative financial instruments	—	13,470	13,470
Cash and cash equivalents	1,274,635	—	1,274,635
Restricted cash	387,648	—	387,648
Other non-current assets	105,840	—	105,840
	<u>2,454,811</u>	<u>30,379</u>	<u>2,485,190</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	552,457	—	552,457
Financial liabilities at fair value through profit or loss	—	939,996	939,996
Financial liabilities included in other payables and accruals	301,089	—	301,089
Short-term loans	850,009	—	850,009
Current portion of long-term loans	218,315	—	218,315
Current portion of other non-current liabilities	9,485	—	9,485
Long-term loans	1,421,974	—	1,421,974
Other non-current liabilities	62,475	—	62,475
	<u>3,415,804</u>	<u>939,996</u>	<u>4,355,800</u>

30 September 2024

Financial assets

	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables from other sales	163,455	—	163,455
Trade receivables from the comprehensive recycling of resources business	443,286	—	443,286
Financial assets included in prepayments, other receivables and other assets	520,824	—	520,824
Financial assets at fair value through profit or loss	—	13,204	13,204
Derivative financial instruments	—	43,438	43,438
Cash and cash equivalents	2,094,141	—	2,094,141
Restricted cash	303,616	—	303,616
Other non-current assets	111,803	—	111,803
	<u>3,637,125</u>	<u>56,642</u>	<u>3,693,767</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	636,817	—	636,817
Financial liabilities at fair value through profit or loss	—	1,026,210	1,026,210
Derivative financial liabilities	—	17,002	17,002
Financial liabilities included in other payables and accruals	522,682	—	522,682
Short-term loans	822,730	—	822,730
Current portion of long-term loans	641,778	—	641,778
Current portion of other non-current liabilities . .	5,717	—	5,717
Long-term loans	681,614	—	681,614
Other non-current liabilities	58,450	—	58,450
	<u>3,369,788</u>	<u>1,043,212</u>	<u>4,413,000</u>

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables from comprehensive recycling of resources business, trade receivables from gold and commodities sales, financial assets included in prepayments, other receivables and other assets, trade and notes payables, financial liabilities included in other payables and accruals, and other non-current liabilities due within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets included in other non-current assets, short-term and long-term loans, lease liabilities and financial liabilities included in other non-current liabilities were determined by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities or incremental borrowing rate. The Group's own non-performance risk for short-term and long-term loans was assessed to be insignificant. The futures contracts and listed equity investments is determined based on the settlement price of the gold futures contracts held in the Shanghai Futures Exchange on the balance sheet date and quoted market prices. The outstanding gold lease financing market value is determined based on the closing price of the gold lease products on the Shanghai Gold Exchange on the balance sheet date.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial assets at fair value through profit or loss				
Including: Equity investment . .	11,237	—	—	11,237
(II) Derivative financial assets				
Including: Hedging instruments.	6,436	—	—	6,436
	<u>17,673</u>	<u>—</u>	<u>—</u>	<u>17,673</u>

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial assets at fair value through profit or loss				
Including: Equity investment . .	48,131	—	—	48,131
(II) Derivative financial assets				
Including: Hedging instruments.	584	—	—	584
	<u>48,715</u>	<u>—</u>	<u>—</u>	<u>48,715</u>

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial assets at fair value through profit or loss				
Including: Equity investment . .	16,909	—	—	16,909
(II) Derivative financial assets				
Including: Hedging instruments.	13,470	—	—	13,470
	<u>30,379</u>	<u>—</u>	<u>—</u>	<u>30,379</u>

As at 30 September 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial assets at fair value through profit or loss				
Including: Equity investment . .	13,204	—	—	13,204
(II) Derivative financial assets				
Including: Hedging instruments.	43,438	—	—	43,438
	56,642	—	—	56,642
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Liabilities measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial liabilities at fair value through profit or loss				
Including: Gold lease	387,683	—	—	387,683
(II) Derivative financial liabilities				
Including: Hedging instruments.	1,831	—	—	1,831
	389,514	—	—	389,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss				
Including: Gold lease	620,250	—	—	620,250
	620,250	—	—	620,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss				
Including: Gold lease	939,996	—	—	939,996
	939,996	—	—	939,996
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 30 September 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
(I) Financial liabilities at fair value through profit or loss				
Including: Gold lease	1,026,210	—	—	1,026,210
(II) Derivative financial liabilities				
Including: Hedging instruments.	17,002	—	—	17,002
	<u>1,043,212</u>	<u>—</u>	<u>—</u>	<u>1,043,212</u>

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of each of the Relevant Periods in which they occur.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks in relation to financial instruments in its daily operations, mainly credit risk, liquidity risk and market risk (including interest rate risk, exchange rate risk, and commodity price risk). The Group's major financial instruments include cash and cash equivalents, financial assets at fair value through profit or loss, derivative financial assets, trade receivables, other non-current assets, short-term and long-term loans, financial liabilities at fair value through profit or loss, trade and notes payables, other payables and accruals, etc. The Group also enters into certain derivative transactions, including interest rate swaps, commodity future contracts and forward exchange contracts. The purpose is to manage the interest rate risk, commodity price risk and currency risks arising from the Group's operations and its sources of finance. The Group manages the market risks of derivatives based on the difference between the metal price in the market and the target metal price pre-determined by management. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarised as follows.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/(decrease) in basis points	Increase/(decrease) in profit after tax	Increase/(decrease) in total shareholders' equity
	RMB'000	RMB'000	RMB'000
2021			
Loans denominated in USD	100	(172)	(172)
Loans denominated in USD	(100)	172	172
2022			
Loans denominated in RMB.	100	(9,416)	(9,416)
Loans denominated in RMB.	(100)	9,416	9,416
Loans denominated in USD	100	(5,052)	(5,052)
Loans denominated in USD	(100)	5,052	5,052

	Increase/(decrease) in basis points	Increase/(decrease) in profit after tax	Increase/(decrease) in total shareholders' equity
	RMB'000	RMB'000	RMB'000
2023			
Loans denominated in RMB	100	(4,800)	(4,800)
Loans denominated in RMB	(100)	4,800	4,800
Loans denominated in USD	100	(4,707)	(4,707)
Loans denominated in USD	(100)	4,707	4,707
Nine months ended 30 September 2024			
Loans denominated in RMB	100	(1,631)	(1,631)
Loans denominated in RMB	(100)	1,631	1,631
Loans denominated in USD	100	(3,101)	(3,101)
Loans denominated in USD	(100)	3,101	3,101

Foreign currency risk

The Group has transactional exchange rate risk exposures mainly arising from sales or purchases by subsidiaries in currencies other than the subsidiaries' functional currencies. The Group has subsidiaries using USD and RMB as their functional currencies. These subsidiaries have transactions in currencies other than their functional currencies. In addition, the Group has exchange rate exposures arising from foreign currency borrowings. The Group adopts an overall management on its foreign exchange business, and reduces its exchange rate exposures using forward foreign exchange contracts based on the market trend as necessary.

The following tables present a sensitivity analysis of exchange rate risk, reflecting the impact that a reasonable and probable change in the exchange rates of USD, GHC, GBP, CAD, AUD, LAK, THB, EUR and ZAR, with all other variables remain constant, would have on net profit or loss and other comprehensive income, net of tax.

	Increase/(decrease) in exchange rate	Increase/(decrease) in profit after tax	Increase/(decrease) in total shareholders' equity
	RMB'000	RMB'000	RMB'000
2021			
If the RMB weakens against the USD	5%	42,140	42,140
If the RMB strengthens against the USD	(5%)	(42,140)	(42,140)
If the USD weakens against the LAK	5%	1,425	1,425
If the USD strengthens against the LAK	(5%)	(1,425)	(1,425)
2022			
If the RMB weakens against the USD	5%	7,692	7,692
If the RMB strengthens against the USD	(5%)	(7,692)	(7,692)
If the USD weakens against the GHC	5%	377	377
If the USD strengthens against the GHC	(5%)	(377)	(377)
If the USD weakens against the LAK	5%	100	100
If the USD strengthens against the LAK	(5%)	(100)	(100)
2023			
If the RMB weakens against the USD	5%	18,093	18,093
If the RMB strengthens against the USD	(5%)	(18,093)	(18,093)
If the USD weakens against the GHC	5%	624	624
If the USD strengthens against the GHC	(5%)	(624)	(624)
If the USD weakens against the LAK	5%	(1,249)	(1,249)
If the USD strengthens against the LAK	(5%)	1,249	1,249
If the USD weakens against the EUR	5%	1,295	1,295
If the USD strengthens against the EUR	(5%)	(1,295)	(1,295)

	Increase/(decrease) in exchange rate	Increase/(decrease) in profit after tax	Increase/(decrease) in total shareholders' equity
	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2024			
If the RMB weakens against the USD	5%	13,871	13,871
If the RMB strengthens against the USD	(5%)	(13,871)	(13,871)
If the USD weakens against the GHC	5%	12,162	12,162
If the USD strengthens against the GHC	(5%)	(12,162)	(12,162)
If the USD weakens against the AUD	5%	3,447	3,447
If the USD strengthens against the AUD	(5%)	(3,447)	(3,447)
If the USD weakens against the LAK	5%	302	302
If the USD strengthens against the LAK	(5%)	(302)	(302)

Price risk of equity instrument investments

Price risk of equity instrument investments refers to the risk that the fair value of equity securities was reduced due to changes in the level of the stock index and the value of individual securities. As at 31 December 2021, 2022, and 2023 and as at 30 September 2024, the Group was exposed to the price risk of individual equity instrument investments due to the classification as equity instrument investments at fair value through profit or loss.

The listed equity instrument investment was listed on the Australian Stock Exchange and the Canadian Securities Exchange, and was measured at quoted market price at balance sheet date.

The following tables demonstrate the sensitivity of the Group's net profit and loss and other comprehensive income net of tax to every 5% change in the fair value of equity instrument investments, under the assumption that all other variables are held constant. Management considered that the percentage of 5% reasonably reflects the reasonable range of possible change in fair value in the following year.

	Equity instrument investments	Net gains and losses	Total shareholders' equity
	Book value	Increase/ (decrease)	Increase/ (decrease)
As at December 2021			
Equity instrument investments			
Australia – Equity instrument investments at fair value through profit or loss	11,237	474/(474)	474/(474)
As at December 2022			
Equity instrument investments			
Australia – Equity instrument investments at fair value through profit or loss	47,959	1,930/(1,930)	1,930/(1,930)
Canada – Equity instrument investments at fair value through profit or loss	172	6/(6)	6/(6)
As at December 2023			
Equity instrument investments			
Australia – Equity instrument investments at fair value through profit or loss	16,734	695/(695)	695/(695)
Canada – Equity instrument investments at fair value through profit or loss	175	6/(6)	6/(6)
As at September 2024			
Equity instrument investments			
Australia – Equity instrument investments at fair value through profit or loss	13,031	552/(552)	552/(552)
Canada – Equity instrument investments at fair value through profit or loss	173	6/(6)	6/(6)

Credit risk

The Group only deals with approved and reputable third parties. According to the Group's policy, all customers who require credit transactions are subject to credit review. In addition, the Group continuously monitors the balance of trade receivables to ensure that the Group is not exposed to significant bad debt risks.

Since counterparties of cash and bank balances are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group include receivables and some derivatives. The credit risk on these financial assets arises from the default of counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

The Group only deals with approved and reputable third parties, so no need for collateral. Credit risk is managed centrally based on customers/counterparties, geographic regions and industries. As at 31 December 2021, 2022 and 2023 and 30 September 2024, the Group had a specific concentration of credit risk. 41.70%, 46.27%, 63.41%, and 52.30% of the Group's trade receivables from gold and commodities sales were from the largest customers in terms of trade receivable balances. 92.74%, 85.11%, 98.38% and 99.98% of the Group's trade receivables from gold and commodities sales were from the top five customers in terms of trade receivable balances. The balance of trade receivables of the Group did not hold any collateral or other credit enhancements.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, trade receivables from the comprehensive recycling of resources business balances were government dismantling tariffs provided by the PRC government for the treatment of certain waste electric and electronic products. In the opinion of the directors of the Company, the expected credit losses are low because the trade receivable balances are due from the Ministry of Ecology and Environment of the PRC which is with high reputation and no actual loss was incurred in history.

Determination of significant increase in credit risk

At each balance sheet date, the Group assesses whether the credit risk on the relevant financial instruments has increased significantly since initial recognition. When determining whether the credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including qualitative and quantitative analysis based on historical data of the Group, external credit risk ratings and forward-looking information. The Group, based on individual financial instruments or financial instrument groupings with similar credit risk characteristics, determines changes in the risk of default in the estimated lifetime of financial instruments by comparing the risk of default of financial instruments at the balance sheet date with that at the initial recognition.

The credit quality of the financial assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Definition of credit-impaired financial assets

In order to determine whether credit impairment occurs, the defined criteria adopted by the Group are consistent with the internal credit risk management objectives for relevant financial instruments, both of which incorporate quantitative and qualitative indicators. When assessing whether a debtor has suffered a credit impairment, the Group usually considers the following factors:

- (1) significant financial difficulty of the issuer or the debtor;
- (2) breach of contract by the debtor, such as default or overdue payment in interest or principal repayment;
- (3) a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- (4) possible bankruptcy or other financial reorganization of the debtor;
- (5) disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- (6) financial assets purchased or sourced at large discounts indicating credit losses have occurred.

Financial assets may be credit-impaired due to the joint effects of multiple events rather than separately identifiable events.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2021					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value					
through profit or loss	387,683	—	—	—	387,683
Derivative financial liabilities	1,831	—	—	—	1,831
Lease liabilities	1,553	1,553	1,553	—	4,659
Current portion of long-term loans	26,417	—	—	—	26,417
Trade and notes payables	440,401	—	—	—	440,401
Financial liabilities included in					
other payables and accruals	31,413	—	—	—	31,413
Other non-current liabilities	188,006	14,440	27,799	51,516	281,761
	<u>1,077,304</u>	<u>15,993</u>	<u>29,352</u>	<u>51,516</u>	<u>1,174,165</u>

As at 31 December 2022					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term loans	498,897	—	—	—	498,897
Financial liabilities at fair value					
through profit or loss	620,250	—	—	—	620,250
Lease liabilities	42,775	42,382	103,884	131,255	320,296
Long-term loans	414,466	371,090	1,266,114	—	2,051,670
Trade and notes payables	851,390	—	—	—	851,390
Financial liabilities included in					
other payables and accruals	452,962	—	—	—	452,962
Other non-current liabilities	14,440	14,920	19,319	45,077	93,756
	<u>2,895,180</u>	<u>428,392</u>	<u>1,389,317</u>	<u>176,332</u>	<u>4,889,221</u>

As at 31 December 2023					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term loans	866,064	—	—	—	866,064
Financial liabilities at fair value					
through profit or loss	939,996	—	—	—	939,996
Lease liabilities	48,342	39,917	105,359	101,791	295,409
Long-term loans	287,943	1,041,525	446,913	—	1,776,381
Trade and notes payables	552,457	—	—	—	552,457
Financial liabilities included in					
other payables and accruals	304,915	—	—	—	304,915
Other non-current liabilities	10,510	8,790	26,368	45,687	91,355
	<u>3,010,227</u>	<u>1,090,232</u>	<u>578,640</u>	<u>147,478</u>	<u>4,826,577</u>

As at 30 September 2024					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term loans	839,866	–	–	–	839,866
Financial liabilities at fair value through profit or loss	1,026,210	–	–	–	1,026,210
Derivative financial liabilities	17,002	–	–	–	17,002
Lease liabilities	47,275	43,605	108,608	74,426	273,914
Long-term loans	709,816	421,856	298,722	–	1,430,394
Trade and notes payables	636,817	–	–	–	636,817
Financial liabilities included in other payables and accruals	522,682	–	–	–	522,682
Other non-current liabilities	8,790	8,790	26,368	36,899	80,847
	<u>3,808,458</u>	<u>474,251</u>	<u>433,698</u>	<u>111,325</u>	<u>4,827,732</u>

Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards total equity as its capital and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the Relevant Periods.

During the Relevant Periods, the Group's strategy was to maintain the gearing ratio at a healthy level in order to monitor capital. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. Gearing ratio is total liabilities divided by total assets.

The gearing ratios at the end of each of the Relevant Periods were as follows:

	31 December 2021	31 December 2022	31 December 2023	30 September 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	<u>8,053,606</u>	<u>17,544,294</u>	<u>18,717,793</u>	<u>19,895,168</u>
Total liabilities	<u>3,052,575</u>	<u>10,135,991</u>	<u>10,175,585</u>	<u>10,095,270</u>
Gearing ratio	<u>38%</u>	<u>58%</u>	<u>54%</u>	<u>51%</u>

50. ACQUISITIONS

(a) Acquisitions of Golden Star Resources

On 31 October 2021, Chijin HK entered into an agreement to acquire 62% of all issued and outstanding common shares of GSR at a price of US\$3.91 per share, for a total consideration of approximately USD291 million. On 28 January 2022, the acquisition was completed.

The fair values of the identifiable assets and liabilities of GSR as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	17	1,904,982
Right-of-use assets	18	197,200
Other intangible assets	19	5,248,534
Deferred tax assets	22	66,828
Other non-current assets		14,759
Cash and cash equivalents		70,007
Financial assets at fair value through profit or loss		158
Trade receivables		6,500
Prepayments, deposits and other receivables		92,390
Inventories		195,913
Provisions	37	(108,800)
Contract liabilities	33	(640,754)
Lease liabilities	18	(207,137)
Deferred tax liabilities	22	(2,226,163)
Trade and notes payables		(172,763)
Other payables and accrued charges		(903,498)
Tax payable		(10,588)
Total identifiable net assets at fair value		3,527,568
Non-controlling interests		(1,666,393)
Net assets acquired		1,861,175
Gain on recognition of negative goodwill		(6,371)
Satisfied by cash		1,854,804

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	2022
	RMB'000
Cash consideration	(1,854,804)
Cash and bank balances acquired	70,007
Total net cash outflow	(1,784,797)

Since the acquisition, GSR contributed RMB1,790,576,000 to the Group's revenue and a loss of RMB5,471,000 to the Group's consolidated profit for the year ended 31 December 2022.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB6,378,263,000 and RMB140,457,000, respectively.

(b) Acquisition of Xinhenghe Mining

On 30 December 2022, the Group entered into an Equity Transfer Agreement with Liu Xin, Li Yuanyuan, Wang Zhonghua, Yunnan Yuanhao Mining Co., Ltd. and Kunming Xinhenghe Mining Co., Ltd. ("Xinhenghe Mining") to subscribe for a 51% equity interest in Xinhenghe Mining by way of cash at a subscription price of RMB61,200,000. The transaction was completed on 9 January 2023 and the Group holds a 51% equity interest in Xinhenghe Mining upon the completion of the transaction. The management of the Company believes that Xinhenghe Mining and its subsidiaries do not constitute a business, and the acquisition is treated as an asset acquisition for accounting purposes. As of 30 September 2024, there was an outstanding amount of RMB40,800,000 for the acquisition that has not been paid, which will be paid after an exploration right be transferred into mining right.

51. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

A summary of the Company's reserves is as follows:

	Share premium	Share incentive reserve*	Reserve fund*	Retained profits*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	2,048,631	—	66,835	449,757	2,565,223
Total comprehensive income for the year . . .	—	—	—	326,109	326,109
Transfer from retained profits	—	—	32,610	(32,610)	—
At 31 December 2021 and 1 January 2022	2,048,631	—	99,445	743,256	2,891,332
Total comprehensive income for the year . . .	—	—	—	506,977	506,977
Transfer from retained profits	—	—	50,698	(50,698)	—
At 31 December 2022 and 1 January 2023	2,048,631	—	150,143	1,199,535	3,398,309
Total comprehensive income for the year . . .	—	—	—	716,002	716,002
Exercise	—	300,910	—	—	300,910
Transfer from retained profits	—	—	71,600	(71,600)	—
At 31 December 2023 . . .	2,048,631	300,910	221,743	1,843,937	4,415,221
	Share premium*	Share incentive reserve*	Reserve fund*	Retained profits*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	2,048,631	—	150,143	1,199,535	3,398,309
Profit for the period (Unaudited)	—	—	—	140,195	140,195
Total comprehensive income for the period (Unaudited)	—	—	—	140,195	140,195
At 30 September 2023 (Unaudited)	2,048,631	—	150,143	1,339,730	3,538,504
	Share premium*	Share incentive reserve*	Reserve fund*	Retained profits*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	2,048,631	300,910	221,743	1,843,937	4,415,221
Profit for the period	—	—	—	(4,085)	(4,085)
Total comprehensive income for the period . .	—	—	—	(4,085)	(4,085)
Exercise of share incentive plan	—	(300,787)	—	—	(300,787)
Distribution of dividends . .	—	—	—	(82,436)	(82,436)
At 30 September 2024 . . .	2,048,631	123	221,743	1,757,416	4,027,913

52. EVENTS AFTER THE RELEVANT PERIODS

- (1) On March 4, 2024, China Investment (Property) Limited (“China Investment”) (as seller, and an Independent Third Party), Chixia Laos (as purchaser) and Chijin Xiawu (as guarantor) entered into an equity transfer agreement, pursuant to which Chixia Laos shall acquire from China Investment 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd (“the target company”), which was wholly owned by China Investment, at a total consideration of approximately USD19.0 million, including an equity acquisition amount of USD6.3 million and a repayment to the debt of the target company amounting to USD12.7 million. As at 30 September 2024, the Group’s prepayment for equity acquisition is RMB66,844,000. Up to the date of this report, the Group has obtained the approval from the National Development and Reform Commission of the PRC, and the parties to the transactions were proceeding with the fulfilment of the other conditions of the transaction including changes of the authorized representative of the target company.
- (2) Upon resolutions at the general meeting of the Company on 15 January 2025, a share incentive plan (the “SIP III”), namely “Phase III Employee Stock Ownership Plan”, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations was approved. The SIP III has been effective in February 2025 and, unless otherwise cancelled or amended, will remain in force for 24 months from that date.

All of the shares that will be granted to the participants shall be subject to a performance-based condition, which would be satisfied that the gold production volume of Company in 2025 increases by more than 5% (inclusive) over the same period of last year. Up to the date of this report, 15,182,600 shares of SIP III have been granted to the participants.

53. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 September 2024.

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GOLDEN STAR RESOURCES LTD. TO THE DIRECTORS OF CHIFENG JILONG GOLD MINING CO., LTD AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

We report on the historical financial information of Golden Star Resources Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IB-4 to IB-53, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the year ended 31 December 2021 and the one month ended 31 January 2022 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021 and 31 January 2022 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages IB-4 to IB-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of Chifeng Jilong Gold Mining Co., Ltd. dated 28 February 2025 (the “Prospectus”) in connection with the initial listing of the shares of Chifeng Jilong Gold Mining Co., Ltd. on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and 31 January 2022 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the one month ended 31 January 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim

Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IB-4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

28 February 2025

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing issued by the IAASB (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	Notes	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	1,671,379	120,733	111,476
Cost of sales		(877,076)	(65,921)	(71,197)
Gross profit		794,303	54,812	40,279
Other income and gains	10	22,312	9,519	95
Administrative expenses		(629,067)	(19,282)	(430,078)
Other expenses	11	(4,412)	(829)	(15,353)
Finance costs	12	(64,419)	(7,954)	(5,520)
PROFIT/(LOSS) BEFORE TAX	13	118,717	36,266	(410,577)
Income tax expenses	14	(224,257)	(18,475)	57,154
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(105,540)	17,791	(353,423)
Attributable to:				
Owners of the parent		(144,904)	14,464	(333,408)
Non-controlling interests		39,364	3,327	(20,015)
		(105,540)	17,791	(353,423)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR/PERIOD . .	<u>(105,540)</u>	<u>17,791</u>	<u>(353,423)</u>
Other comprehensive income/(loss) that may not be reclassified to profit or loss in subsequent periods, net of tax:			
Exchange differences on translation of foreign operations (<i>note</i>)	(73,147)	(74,912)	7,503
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax:			
Exchange differences on translation of foreign operations (<i>note</i>)	<u>(5,682)</u>	<u>(1,184)</u>	<u>1,520</u>
OTHER COMPREHENSIVE(LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX . .	<u>(78,829)</u>	<u>(76,096)</u>	<u>9,023</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	<u>(184,369)</u>	<u>(58,305)</u>	<u>(344,400)</u>
Attributable to:			
Owners of the parent	(215,850)	(54,022)	(364,469)
Non-controlling interests	<u>31,481</u>	<u>(4,283)</u>	<u>20,069</u>
	<u>(184,369)</u>	<u>(58,305)</u>	<u>(344,400)</u>

Note: The other comprehensive income arising from the translation of the foreign currency financial statements of the parent company may not be reclassified and included in the profit or loss in subsequent periods. However, the other comprehensive income arising from the translation of the foreign currency financial statements of subsidiaries may be reclassified and included in the profit or loss in subsequent periods.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2021	31 January 2022
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>17</i>	1,441,764	1,456,297
Right-of-use assets	<i>18(a)</i>	193,934	192,027
Other intangible assets	<i>19</i>	28,781	28,553
Deferred tax assets	<i>20</i>	–	66,828
Other non-current assets	<i>21</i>	14,762	14,759
TOTAL NON-CURRENT ASSETS		1,679,241	1,758,464
CURRENT ASSETS			
Inventories	<i>22</i>	190,444	195,531
Trade receivables	<i>23</i>	1,589	6,500
Prepayments, other receivables and other assets	<i>24</i>	87,696	92,390
Financial assets at fair value through profit or loss	<i>25</i>	158	158
Cash and cash equivalents	<i>26</i>	224,335	70,007
TOTAL CURRENT ASSETS		504,222	364,586
TOTAL ASSETS		2,183,463	2,123,050
CURRENT LIABILITIES			
Trade and notes payables	<i>28</i>	146,316	172,763
Contract liabilities	<i>29</i>	50,619	50,610
Other payables and accruals	<i>30</i>	117,991	903,498
Income tax payables		5,585	10,587
Current portion of long-term loans	<i>31</i>	4,798	–
Current portion of lease liabilities	<i>18(b)</i>	20,361	20,291
Current portion of derivative financial liabilities	<i>27</i>	188	–
Current portion of provisions	<i>32</i>	6,797	6,796
TOTAL CURRENT LIABILITIES		352,655	1,164,545
NET CURRENT ASSETS/(LIABILITIES)		151,567	(799,959)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,830,808	958,505

APPENDIX IB
**HISTORICAL FINANCIAL INFORMATION
OF GOLDEN STAR RESOURCES**

	<i>Notes</i>	31 December 2021	31 January 2022
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Long-term loans	31	529,656	—
Derivative financial liabilities	27	11,153	—
Contract liabilities	29	591,866	590,143
Lease liabilities	18(b)	188,832	186,845
Deferred tax liabilities	20	236,487	239,044
Provisions	32	102,348	102,004
TOTAL NON-CURRENT LIABILITIES		<u>1,660,342</u>	<u>1,118,036</u>
NET ASSETS		<u>170,466</u>	<u>(159,531)</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	33	6,906,459	6,906,459
Reserves		(6,901,831)	(7,251,897)
		4,628	(345,438)
Non-controlling interests		165,838	185,907
TOTAL EQUITY		<u>170,466</u>	<u>(159,531)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Share premium*	Exchange fluctuation reserve*	Retained profits*	Total		
	<i>(note 33)</i>						
At 1 January 2021	6,810,170	308,309	(805,571)	(6,204,657)	108,251	134,357	242,608
(Loss)/Profit for the year	–	–	–	(144,904)	(144,904)	39,364	(105,540)
Exchange differences on translation of foreign operations	–	–	(70,946)	–	(70,946)	(7,883)	(78,829)
Total comprehensive (Loss)/income for the year	–	–	(70,946)	(144,904)	(215,850)	31,481	(184,369)
Common stock invested by shareholders	89,356	–	–	–	89,356	–	89,356
The amount of share-based payment capitalized into shareholder's equity	6,933	15,938	–	–	22,871	–	22,871
At 31 December 2021.	<u>6,906,459</u>	<u>324,247</u>	<u>(876,517)</u>	<u>(6,349,561)</u>	<u>4,628</u>	<u>165,838</u>	<u>170,466</u>

APPENDIX IB**HISTORICAL FINANCIAL INFORMATION
OF GOLDEN STAR RESOURCES****One month ended 31 January 2021 (unaudited)**

	Attributable to owners of the parent						
	Share capital	Share premium*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	(note 33)						
At 1 January 2021	6,810,170	308,309	(805,571)	(6,204,657)	108,251	134,357	242,608
Profit for the year.	–	–	–	14,464	14,464	3,327	17,791
Exchange differences on translation of foreign operations	–	–	(68,486)	–	(68,486)	(7,610)	(76,096)
Total comprehensive (Loss)/income for the year.	–	–	(68,486)	14,464	(54,022)	(4,283)	(58,305)
The amount of share-based payment capitalized into shareholder's equity.	–	1,920	–	–	1,920	–	1,920
At 31 January 2021	6,810,170	310,229	(874,057)	(6,190,193)	56,149	130,074	186,223

One month ended 31 January 2022

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Share premium*	Exchange fluctuation reserve*	Retained profits*	Total		
	(note 33)						
At 1 January 2022	6,906,459	324,247	(876,517)	(6,349,561)	4,628	165,838	170,466
Loss for the year	–	–	–	(333,408)	(333,408)	(20,015)	(353,423)
Exchange differences on translation of foreign operations	–	–	(31,061)	–	(31,061)	40,084	9,023
Total comprehensive income/(Loss) for the year	–	–	(31,061)	(333,408)	(364,469)	20,069	(344,400)
The amount of share-based payment capitalized into shareholder's equity.	–	14,403	–	–	14,403	–	14,403
At 31 January 2022	6,906,459	338,650	(907,578)	(6,682,969)	(345,438)	185,907	(159,531)

* These reserve accounts comprise the consolidated reserves in the consolidated statements of financial positions as at 31 December 2021 and 31 January 2022.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
		<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax:		118,717	36,266	(410,577)
Adjustments for:				
Depreciation and amortization	13	200,286	17,857	12,899
Fair value changes of financial assets and liabilities		(20,946)	(9,239)	–
Finance costs		64,419	7,954	5,520
Foreign exchange losses, net		3,777	819	1,534
Share based compensation		15,938	1,920	14,403
Decrease/(increase) in inventories		4,709	(6,273)	(5,106)
Decrease/(increase) in trade receivables		(450)	(1,127)	(4,899)
Decrease/(increase) in prepayments, other receivables and other assets . .		109,433	(74,086)	245
Increase/(decrease) in trade and notes payables		16,980	(2,805)	26,407
Increase in other payables and accruals		46,390	5,059	247,933
Cash generated from/(used in) operations		559,253	(23,655)	(111,641)
Income tax paid.		(263,359)	(85,323)	–
Net cash flows from/(used in) operating activities.		295,894	(108,978)	(111,641)
Net cash flows from operating activities		295,894	(108,978)	(111,641)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for margin of fair value hedging		–	–	(23,617)
Purchases of property, plant and equipment, intangible assets and other non-current assets		(339,994)	(18,686)	(40,997)
Net cash flows used in investing activities		(339,994)	(18,686)	(64,614)

<i>Notes</i>	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investors	89,356	—	—
New bank borrowings	188,610	—	—
Cash received from Chijin HK	—	—	598,185
Repayment of bank borrowings	(332,240)	—	(529,646)
Cash paid for distribution of dividends or profit and interest expenses	(42,580)	—	(4,782)
Non-cash losses on extinguishment of Macquarie RCF	—	—	(38,598)
Repayment of lease liabilities	<u>(24,124)</u>	<u>(2,435)</u>	<u>(2,814)</u>
Net cash flows (used in)/from financing activities	<u>(120,978)</u>	<u>(2,435)</u>	<u>22,345</u>
DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year/period	396,776	396,776	224,335
Effect of foreign exchange rate changes, net	<u>(7,363)</u>	<u>(3,166)</u>	<u>(418)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>224,335</u></u>	<u><u>263,511</u></u>	<u><u>70,007</u></u>

STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2021	31 January 2022
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Other intangible assets		85	85
Investments in subsidiaries	41	1,387,935	2,682,852
TOTAL NON-CURRENT ASSETS		1,388,020	2,682,937
CURRENT ASSETS			
Prepayments, other receivable	24	2,281,758	361,787
Financial assets at fair value through profit or loss		158	158
Cash and cash equivalents	26	124,813	16,146
TOTAL CURRENT ASSETS		2,406,729	378,091
TOTAL ASSETS		3,794,749	3,061,028
CURRENT LIABILITIES			
Trade and notes payables		5,115	5,462
Other payables and accruals	30	69,607	71,274
Current portion of derivative financial liabilities		188	—
Current portion of long-term loans	31	4,798	—
TOTAL CURRENT LIABILITIES		79,708	76,736
NET CURRENT ASSETS/(LIABILITIES)		2,327,021	301,355
TOTAL ASSETS LESS CURRENT LIABILITIES		3,715,041	2,984,292
NON-CURRENT LIABILITIES			
Long-term loans	31	529,656	—
Derivative financial liabilities		11,153	—
TOTAL NON-CURRENT LIABILITIES		540,809	—
NET ASSETS		3,174,232	2,984,292
EQUITY			
Equity attributable to owners of the parent			
Share capital		6,906,459	6,906,459
Reserves		(3,732,227)	(3,922,167)
TOTAL EQUITY		3,174,232	2,984,292

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Golden Star Resources Ltd. (“Golden Star” or “the Company”) is an international gold mining and exploration company incorporated under the Canada Business Corporations Act. The Company’s registered office is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6 Canada, and the Company has corporate offices in London, United Kingdom and Accra, Ghana.

Through our 90% owned subsidiary, Golden Star (Wassa) Limited, the Company own and operate the Wassa underground mine and a carbon-in-leach processing plant (collectively “Wassa”), located northeast of the town of Tarkwa, Ghana.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name*	Place and date of incorporation/ registration and place of operations	Percentage of equity attributable to the Company		Principal activities
		% Direct	% Indirect	
Caystar Holdings	Cayman 7 May, 1997	100%	–	Management
Caystar Finance Co.	Cayman 28 April, 2015	–	100%	Finance
Caystar Management Holdings . . .	Cayman 1 September, 2003	–	100%	Management
Wasford Holdings	Cayman 2 April, 2002	–	100%	Management
Golden Star (Wassa) Limited	Ghana 22 November, 2001	–	90%	Mining
St. Jude Resources Ltd.	Canada 31 May, 1985	100%	–	Investment holding
Golden Star Resources (UK) Ltd. .	The United Kingdom 10 May, 2019	100%	–	Management

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value.

Going concern basis

As at 31 January 2022, the Group had net current liabilities of RMB799,960,000. The directors of the Group have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows to sustain the Group’s operation for the next twelve months from 31 January 2022, the shareholders of the Company has undertaken to provide adequate financial support to enable the Group to meet its liabilities as and when they fall due. Accordingly, the Historical Financial Information of the Group has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28.	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
Amendment to IFRS 17.	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i> ⁵
Amendments to IAS 1.	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{2, 4}
Amendments to IAS 1.	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2.	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8.	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12.	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹
Amendments to IAS 21.	<i>Lack of Exchangeability</i> ⁶
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁷
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ⁷
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ⁸

- 1 Effective for annual periods beginning on or after 1 January 2023
- 2 Effective for annual periods beginning on or after 1 January 2024
- 3 No mandatory effective date yet determined but available for adoption
- 4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
- 5 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17
- 6 Effective for annual periods beginning on or after 1 January 2025
- 7 Effective for annual periods beginning on or after 1 January 2027
- 8 Effective for annual periods beginning on or after 1 January 2026

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's result of operation and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures certain of its financial assets and financial liabilities at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation for mobile equipment and other assets having estimated lives shorter than the estimated life of the ore reserves is calculated using the straight-line method at rates which depreciate the cost of the assets, less their anticipated residual values, if any, over their estimated useful lives as follows:

	Estimated useful lives	Annual depreciation rates
Mobile equipment	2 to 5 years	20% to 50%
Electronic equipment and others	2 to 5 years	20% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the years/periods the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other Intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Other intangible assets are amortized over the life of the proven and probable reserves to which they relate, using a units-of production amortization method. At open pit mines the costs of removing overburden from an ore body in order to expose ore during its initial development period are capitalized.

Exploration rights and assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalized when the mineral properties are reasonably determined to be commercially available and recognized as intangible assets after obtaining mining rights or permits, which will be amortized under the units-of-production method. If any construction was abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognized in profit or loss for the current period.

Impairment reviews of exploration and evaluation assets are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of exploration and evaluation assets is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units. Exploration and evaluation assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Exploration rights are stated at cost less impairment losses. Exploration rights include the cost of acquiring exploration rights.

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 to 5 years
Machinery and vehicles	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, financial liabilities at fair value through profit or loss, other payables and accruals, other non-current liabilities and loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and notes payables, other payables and accruals and loans)

After initial recognition, payables and loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as non-hedge derivative contracts, to hedge its price fluctuation risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for the Group's obligations for environmental rehabilitation and restoration of mines are based on estimates of required expenditure at the mines in accordance with the local rules and regulations where the mines are located. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognised at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Gold streaming arrangement

Under the Metal Streaming Arrangement, the Group receives a payment in advance and the counterparty obtains a certain proportion of deliverable gold within the entire life of the designated mine. The counterparty is also required to pay an additional payment based on a certain proportion of the market price when the Group delivers the goods within an agreed period in the future. The payment the Group receives in advance is considered to be part of the counterparty's prepayment for the future goods with uncertain but predictable quantity, and is recognized as a contract liability upon receipt. Each unit of the delivered goods represents a separate performance obligation, and revenue is recognized at the point in time when control of the goods is transferred. Considering the timing of satisfaction of delivery obligations throughout the entire life of the mines, the contract liability above is considered to have significant financing components. In addition, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mines, the management will estimate the change of total metal reserves and change of planned mining reserves on a regular basis and adjustments shall be made to the revenue and finance costs accordingly.

Variable consideration

In the Group's Metal Streaming Arrangement, because the quantity of all delivered goods available to the counterparty depends on the mining reserves of the metals throughout the entire life of the mines, the price allocated to goods delivered per unit is considered as variable consideration. When the estimated total metal reserves and planned exploration reserves of the mine change, it is necessary to recalculate the price of goods delivered per unit, and in the period of changes occurred, adjust the revenue and finance costs recognised in the period according to the updated price. The Group determines the best estimate of variable consideration by the expected value. The transaction price including variable consideration is only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share Incentive Plan

The Company operates employee stock ownership plans. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the market price of the granted shares, further details of which are given in note 40 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in Renminbi, which is the functional currency of Chifeng Jilong Gold Mining Co., Ltd., the indirect parent company of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and its subsidiaries are US Dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates or the year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each of the Relevant Periods. Uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effects on the amounts recognized in the financial statements:

Corporate income tax

As a result of the fact that certain matters relating to the corporate income taxes have not been confirmed by the local tax bureau as at the end of the reporting period, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income tax expenses to be made for the reporting period. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted for in the income tax expenses in the period in which the differences are realized.

Exploration expenditures

After determining the capitalization amount of exploration expenditures, the Group will regularly evaluate the exploration results. If the reviewed geological exploration report shows that there are no prospecting results or no economically recoverable reserves, or that the economic benefits of mining cannot be achieved and further exploration is unnecessary due to low grade and hard-to-mining, the exploration and development costs previously collected will be expensed and included in the profit and loss for the current period in a lump sum.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of non-current assets other than financial assets (excluding goodwill)

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the end of the reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Proved mineral reserves

Proved mineral reserves are estimated based on professional knowledge, experience and industry practice. Generally, the mineral reserve volume estimated based on probing and estimation may not be very accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on amounts of mining assets' depreciation and mining rights' amortization using the units-of-production method, on the stripping ratio which was used in the capitalization of stripping costs, and on each of transaction prices of the gold streaming arrangement, etc. This may result in changes of or impacts on the Group's development and operation plan, and hence the Group's operation and operating results.

Deferred tax assets

To the extent that it is probable that there are sufficient taxable profits to offset the deductible losses, deferred tax assets shall be recognized for all unused deductible losses. Substantial management's judgements regarding the timing, amount of future taxable profit as well as tax planning strategies are needed when estimating the amount of deferred tax assets.

Provision for environmental rehabilitation and restoration of mines

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognizes provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. When this estimate changes, it may affect the Group's operations and performance.

6. SEGMENT INFORMATION

The Group is principally engaged in gold mining and exploration. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further operating segment information is presented.

Geographical information

During the Relevant Periods and the one month ended 31 January 2021, the Group operated in the same geographical location, as all its revenue was generated in Ghana, and all its long-term assets and capital expenditures were also located and incurred in Ghana. Therefore, no information on other regions is presented.

As at 31 December 2021, 31 January 2021, and 31 January 2022, revenue from contracts with a single customer amounted to approximately RMB1,593,512,000, RMB114,649,000, and RMB106,001,000 respectively, which were derived from sales of good by the group and contributing more than 10% of the Group's total revenue.

7. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers.	1,671,379	120,733	111,476
	<u>1,671,379</u>	<u>120,733</u>	<u>111,476</u>

Revenue from contracts with customers**(a) Disaggregated revenue information**

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Type of goods			
Gold.	1,671,379	120,733	111,476
	<u>1,671,379</u>	<u>120,733</u>	<u>111,476</u>
Geographical markets			
Ghana.	1,671,379	120,733	111,476
	<u>1,671,379</u>	<u>120,733</u>	<u>111,476</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,671,379	120,733	111,476
	<u>1,671,379</u>	<u>120,733</u>	<u>111,476</u>

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HISTORICAL FINANCIAL INFORMATION OF GOLDEN STAR RESOURCES

The following table shows the amounts of revenue recognised in the Relevant Periods and the one month ended 31 January 2021 that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of gold from Metal Streaming from arrangement (note 29).	44,236	3,230	2,934
	<u>44,236</u>	<u>3,230</u>	<u>2,934</u>

(b) Information about the Group's performance obligations is summarised below:

Sale of goods

The Group recognizes revenue when customers gain the control of goods. Prepayments received from customers before delivery of goods are recognized as contract liabilities in the consolidated financial statements. Among them, the sales arrangement related to Metal Streaming Arrangement is detailed in note 29.

The transaction prices allocated to remaining performance obligations (unsatisfied or partially unsatisfied) related to sales of gold are as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Within 1 year.	50,619	57,149	50,610
Over 1 year.	591,866	617,640	590,143
Total	<u>642,485</u>	<u>674,789</u>	<u>640,753</u>

8. DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	6,135	(212)	830
Other emoluments:			
Salaries, allowances and benefits in kind.	3,543	299	470
Social insurance and housing fund.	486	41	360
Share based compensation	7,578	1,033	36,301
	<u>17,742</u>	<u>1,161</u>	<u>37,961</u>

Directors' remuneration for each year/period is as follows:

Year ended 31 December 2021

	Position	Fees	Salaries, allowances and benefits in kind	Share based compensation	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Andrew Wray	Director	–	3,543	2,235	486	6,264
Ani Markova	Independent Director	614	–	522	–	1,136
Anu Dhir	Independent Director	514	–	716	–	1,230
Craig Nelsen	Independent Director	756	–	480	–	1,236
Gilmour Clausen	Independent Director	610	–	585	–	1,195
Karim Nasr	Independent Director	292	–	899	–	1,191
Mona Quartey	Independent Director	749	–	663	–	1,412
Karen Akiwumi- Tanoh	Independent Director	328	–	191	–	519
Gerard De Hert	Independent Director	344	–	191	–	535
Tim Baker	Independent Director	1,021	–	792	–	1,813
Robert Doyle	Independent Director	312	–	304	–	616
Alexander Nsiah	Independent Director	186	–	–	–	186
Amadeus Yusef Kwasi Disu	Independent Director	116	–	–	–	116
Daniel Owiredun	Independent Director	293	–	–	–	293
		<u>6,135</u>	<u>3,543</u>	<u>7,578</u>	<u>486</u>	<u>17,742</u>

Directors' remuneration for each year/period is as follows:

One month ended 31 January 2021

	Position	Fees	Salaries, allowances and benefits in kind	Share based compensation	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Andrew Wray	Director	–	299	111	41	451
Ani Markova	Independent Director	(30)	–	93	–	63
Anu Dhir	Independent Director	(34)	–	81	–	47
Craig Nelsen	Independent Director	(37)	–	81	–	44
Gilmour Clausen . . .	Independent Director	(30)	–	111	–	81
Karim Nasr	Independent Director	(12)	–	202	–	190
Mona Quartey	Independent Director	(12)	–	111	–	99
Tim Baker	Independent Director	(53)	–	162	–	109
Robert Doyle	Independent Director	(36)	–	81	–	45
Alexander Nsiah . . .	Independent Director	16	–	–	–	16
Amadeus Yusef Kwasi Disu	Independent Director	16	–	–	–	16
		<u>(212)</u>	<u>299</u>	<u>1,033</u>	<u>41</u>	<u>1,161</u>

Directors' remuneration for each year/period is as follows:

One month ended 31 January 2022

	Position	Fees	Salaries, allowances and benefits in kind	Share based compensation	Social insurance and housing fund	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Andrew Wray	Director	–	470	36,301	360	37,131
Ani Markova	Independent Director	80	–	–	–	80
Anu Dhir	Independent Director	80	–	–	–	80
Craig Nelsen	Independent Director	80	–	–	–	80
Gilmour Clausen . . .	Independent Director	80	–	–	–	80
Karim Nasr	Independent Director	80	–	–	–	80
Mona Quartey	Independent Director	95	–	–	–	95
Karen Akiwumi- Tanoh	Independent Director	80	–	–	–	80
Gerard De Hert . . .	Independent Director	80	–	–	–	80
Tim Baker	Independent Director	160	–	–	–	160
Alexander Nsiah . . .	Independent Director	15	–	–	–	15
		<u>830</u>	<u>470</u>	<u>36,301</u>	<u>360</u>	<u>37,961</u>

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2021, and one month ended 31 January 2021 and 2022 each included one director, details of whose remuneration are set out in note 7 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	5,300	410	589
Share based compensation	1,972	—	352
	<u>7,272</u>	<u>410</u>	<u>941</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
		(unaudited)	
Nil to 200,000	—	4	3
200,001 to 1,000,000	—	—	1
1,000,001 to 2,000,000	3	—	—
2,000,001 to 3,000,000	1	—	—
	<u>4</u>	<u>4</u>	<u>4</u>

10. OTHER INCOME AND GAINS

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Gains on changes in fair value of derivative financial instruments	20,946	9,239	—
Interest income	1,090	175	62
Others	276	105	33
	<u>22,312</u>	<u>9,519</u>	<u>95</u>

11. OTHER EXPENSES

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Foreign exchange losses, net	3,777	819	1,534
Other	635	10	13,819
	<u>4,412</u>	<u>829</u>	<u>15,353</u>

12. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on loans	36,784	5,663	3,255
Interest on metal streaming arrangement	16,662	1,412	1,313
Accretion of interest of provisions	509	27	125
Interest on lease liabilities	10,464	852	827
	<u>64,419</u>	<u>7,954</u>	<u>5,520</u>

13. PROFIT/(LOSS) BEFORE TAX

The Group's profit/loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
		RMB'000	RMB'000 (unaudited)	RMB'000
Cost of raw materials and consumables		271,534	25,974	24,018
Depreciation and amortisation		200,286	17,857	12,899
Foreign exchange losses, net	11	3,777	819	1,534
Gains on changes of derivative financial instruments of fair value	10	(20,946)	(9,239)	–
Employee benefit expense		228,779	19,467	19,914
Expense relating to short-term leases and leases with low-value assets	18	1,519	127	141
Share based compensation		22,871	1,920	14,403

14. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on the profits arising in or derived from the tax jurisdictions in which the Group's subsidiaries are domiciled and operate.

List of main corporate income tax rates applicable to the Group's subsidiaries:

Name	Countries and regions	Rates
Golden Star (Wassa) Limited	Ghana	35%
Golden Star Resources (UK) Ltd.	The United Kingdom	19%
Golden Star Exploration (Ghana) Limited	Ghana	35%
Caystar Holdings	Cayman	0%
Caystar Finance Co.	Cayman	0%
Caystar Management Holdings	Cayman	0%
Wasford Holdings	Cayman	0%

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HISTORICAL FINANCIAL INFORMATION OF GOLDEN STAR RESOURCES

An analysis of the Group's provision for tax is as follows:

		Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
		RMB'000	RMB'000 (unaudited)	RMB'000
Current		185,597	14,753	6,910
Deferred	20	38,660	3,722	(64,064)
Total tax charge		<u>224,257</u>	<u>18,475</u>	<u>(57,154)</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for jurisdictions in which the Company is domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before tax	118,717	36,266	(410,577)
Tax expense calculated at the statutory tax rate of 35%	41,551	12,693	(143,702)
Effect of different tax rates of subsidiaries	130,392	3,853	20,930
Non-deductible expenses	11,513	346	9,509
Unrecognised deductible temporary differences and tax losses	40,801	1,583	56,109
Tax charge at the effective rate	<u>224,257</u>	<u>18,475</u>	<u>(57,154)</u>

15. DIVIDENDS

No dividend has been declared or paid by the Company during the Relevant Periods.

16. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings/(loss) per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Mobile equipment	Electronic Equipment and others	Mineral assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2021 . . .	74,531	586,380	426,296	1,275	1,917,162	24,043	3,029,687
Additions	—	—	—	—	4,196	325,600	329,796
Transfers	16,365	34,273	4,522	—	271,149	(326,309)	—
Exchange differences . .	(1,896)	(13,811)	(9,801)	(29)	(47,074)	(541)	(73,152)
At 31 December 2021 .	89,000	606,842	421,017	1,246	2,145,433	22,793	3,286,331
Additions	—	—	—	—	—	25,975	25,975
Exchange differences . .	(15)	(105)	(73)	—	(370)	61	(502)
At 31 January 2022 . .	<u>88,985</u>	<u>606,737</u>	<u>420,944</u>	<u>1,246</u>	<u>2,145,063</u>	<u>48,829</u>	<u>3,311,804</u>

	Buildings	Machinery	Mobile equipment	Electronic Equipment and others	Mineral assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation							
At 1 January 2021 . . .	51,257	470,000	326,440	267	861,667	–	1,709,631
Charge for the period . .	2,949	56,826	32,050	269	84,004	–	176,098
Exchange differences . .	(1,207)	(11,415)	(7,841)	(9)	(20,690)	–	(41,162)
At 31 December 2021 . .	52,999	515,411	350,649	527	924,981	–	1,844,567
Charge for the period . .	286	4,075	2,262	22	4,586	–	11,231
Exchange differences . .	(9)	(79)	(55)	–	(148)	–	(291)
At 31 January 2022 . .	53,276	519,407	352,856	549	929,419	–	1,855,507
Net book value							
At 1 January 2021 . . .	23,274	116,380	99,856	1,008	1,055,495	24,043	1,320,056
At 31 December 2021 . .	36,001	91,431	70,368	719	1,220,452	22,793	1,441,764
At 31 January 2022 . .	35,709	87,330	68,088	697	1,215,644	48,829	1,456,297

18. LEASES

The Group has lease contracts for various items of buildings and machinery and vehicles.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements are as follows:

	Buildings	Machinery and Vehicles	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021			
Cost at 1 January 2021, net of accumulated depreciation	1,960	286	2,246
Additions	–	215,786	215,786
Depreciation provided during the year	(85)	(21,720)	(21,805)
Exchange differences	(201)	(2,092)	(2,293)
At 31 December 2021	1,674	192,260	193,934
At 31 December 2021			
Cost	3,442	213,604	217,046
Accumulated depreciation	(1,768)	(21,344)	(23,112)
Net carrying amount	1,674	192,260	193,934

	Buildings	Machinery and Vehicles	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 January 2022			
Cost at 1 January 2022, net of accumulated depreciation	1,674	192,260	193,934
Depreciation provided during the period	(18)	(1,428)	(1,446)
Exchange differences	(435)	(26)	(461)
At 31 January 2022	<u>1,221</u>	<u>190,806</u>	<u>192,027</u>
At 31 January 2022			
Cost	3,442	213,604	217,046
Accumulated depreciation	<u>(2,221)</u>	<u>(22,798)</u>	<u>(25,019)</u>
Net carrying amount	<u>1,221</u>	<u>190,806</u>	<u>192,027</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements are as follows:

	Year ended 31 December 2021	One month ended 31 January 2022
	RMB'000	RMB'000
Carrying amount at 1 January	9,442	209,193
New leases	215,786	–
Accretion of interest recognised during the year/period	10,464	827
Payments	(24,124)	(2,814)
Exchange differences	(2,375)	(70)
Carrying amount at end of the year/period	<u>209,193</u>	<u>207,136</u>
Analysed into:		
Current portion	<u>20,361</u>	<u>20,291</u>
Non-current portion	<u>188,832</u>	<u>186,845</u>

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2021	One month ended 31 January 2022
	RMB'000	RMB'000
Interest on lease liabilities	10,464	827
Depreciation charge of right-of-use assets	21,805	1,446
Expense relating to short-term leases and leases with low-value assets	1,519	141

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

19. OTHER INTANGIBLE ASSETS

	Exploration and mining rights	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost			
At 1 January 2021	706,890	–	706,890
Additions	–	816	816
Exchange differences	(16,164)	(10)	(16,174)
At 31 December 2021	690,726	806	691,532
Exchange differences	(120)	–	(120)
At 31 January 2022	690,606	806	691,412
Accumulated amortisation			
At 1 January 2021	675,850	–	675,850
Charge for the year	2,357	26	2,383
Exchange differences	(15,482)	–	(15,482)
At 31 December 2021	662,725	26	662,751
Charge for the period	209	13	222
Exchange differences	(114)	–	(114)
At 31 January 2022	662,820	39	662,859
Net book value			
At 1 January 2021	31,040	–	31,040
At 31 December 2021	28,001	780	28,781
At 31 January 2022	27,786	767	28,553

20. DEFERRED TAX

For presentation purposes, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	–	66,828
Deferred tax liabilities	236,487	239,044

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Deductible temporary differences	147,339	32,494
Deductible tax losses	1,988,955	2,198,056
	2,136,294	2,230,550

The unrecognised income tax losses, which have fixed expiry dates, will expire in the following years:

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2026	55,830	55,830
31 December 2027	84,665	84,665
31 December 2028	76,414	76,414
31 December 2029	115,868	115,868
31 December 2030 and beyond	1,656,178	1,865,279
Total	<u>1,988,955</u>	<u>2,198,056</u>

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax assets	Environmental rehabilitation	Deductible tax losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	36,592	—	36,592
Charged to profit or loss	(5,043)	—	(5,043)
Exchange differences	(837)	—	(837)
At 31 December 2021	30,712	—	30,712
Credited to profit or loss	7,373	66,663	74,036
Exchange differences	(5)	165	160
At 31 January 2022	<u>38,080</u>	<u>66,828</u>	<u>104,908</u>

Deferred tax liabilities	Accelerated depreciation of property, plant and equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	239,505	239,505
Credited to profit or loss	33,617	33,617
Exchange differences	(5,923)	(5,923)
At 31 December 2021	267,199	267,199
Credited to profit or loss	9,972	9,972
Exchange differences	(47)	(47)
At 31 January 2022	<u>277,124</u>	<u>277,124</u>

21. OTHER NON-CURRENT ASSETS

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Funds for land restoration and environmental rehabilitation after mine closure	14,762	14,759
	<u>14,762</u>	<u>14,759</u>

22. INVENTORIES

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	156,456	161,057
Work in progress	19,832	34,436
Finished goods	14,156	38
	<u>190,444</u>	<u>195,531</u>

23. TRADE RECEIVABLES

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	1,589	6,500
Impairment	—	—
	<u>1,589</u>	<u>6,500</u>

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	1,589	6,500
	<u>1,589</u>	<u>6,500</u>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	46,852	54,712
Deposits and other receivables	40,844	37,678
Less: impairment of other receivables	—	—
	<u>87,696</u>	<u>92,390</u>

The Company

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	4,135	3,334
Deposits and other receivables	152	152
Receivables due from subsidiaries	2,277,471	358,301
Less: impairment of other receivables	—	—
	<u>2,281,758</u>	<u>361,787</u>

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity investments, at fair value	158	158
	<u>158</u>	<u>158</u>

26. CASH AND CASH EQUIVALENTS**The Group**

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	224,335	70,007
Cash and cash equivalents	<u>224,335</u>	<u>70,007</u>
Denominated in:		
USD	201,561	53,051
GBP	—	841
CAD	3,175	16,115
GHC	<u>19,599</u>	<u>—</u>
Total	<u>224,335</u>	<u>70,007</u>

The Company

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	124,813	16,146
Cash and cash equivalents	<u>124,813</u>	<u>16,146</u>
Denominated in:		
USD	121,638	31
CAD	<u>3,175</u>	<u>16,115</u>
Total	<u>124,813</u>	<u>16,146</u>

27. DERIVATIVE FINANCIAL LIABILITIES

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Non-hedge derivative contract liability:		
Maturing within one year	188	—
Maturing in more than one year	11,153	—
	<u>11,341</u>	<u>—</u>
	<u>11,341</u>	<u>—</u>

For the year ended 31 December 2021, in relation to these positions, the Company recognized an unrealized gain of \$0.6 million.

28. TRADE PAYABLES

Trade payables do not bear interest and are usually settled within 60 days.

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Trade payables	146,316	172,763
	<u>146,316</u>	<u>172,763</u>
	<u>146,316</u>	<u>172,763</u>

An ageing analysis of trade and notes payables as at the end of each of the Relevant Periods is as follows:

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Less than 1 year	146,316	172,763
	<u>146,316</u>	<u>172,763</u>
	<u>146,316</u>	<u>172,763</u>

29. CONTRACT LIABILITIES

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Short-term advances received from customers		
Metal Streaming Arrangement (<i>Note</i>).	50,619	50,610
Long-term advances received from customers		
Metal Streaming Arrangement (<i>Note</i>).	591,866	590,143
	<u>642,485</u>	<u>640,753</u>
	<u>642,485</u>	<u>640,753</u>

Note: In May 2015, one subsidiary of GSR, Caystar Finance Co. entered into a gold purchase and sale agreement (the “Metal Streaming Arrangement”) with RGLD Gold AG, in which GSR obtained USD145,000,000 from RGLD Gold AG, in exchange, GSR is required to deliver 10.5% of future gold production of its two subsidiaries at a cash purchase price of 20% of the spot gold price until 240,000 ounces of gold have been delivered (“Tier One”). Thereafter, 5.5% of the gold production will be delivered at a cash purchase price of 30% of the spot gold price (“Tier Two”). As at December 31, 2021 and 31 January 2022, the Company had delivered a total of 136,040 ounces and 137,130 ounces of gold to RGLD Gold AG since the inception of the Streaming Agreement.

The changes of contract liabilities — Metal Streaming Arrangement from 1 January 2021 to 31 January 2022 are as follows:

	Gold delivery obligation
Balance as at 1 January 2021	681,891
Revenue recognized from delivery of goods	(44,236)
Financial expenses	16,662
Exchange differences	(11,832)
Balance as at 31 December 2021	<u>642,485</u>
Including: Contract liabilities due within one year	50,619
Contract liabilities more than one year	591,866
Balance as at 1 January 2022	642,485
Revenue recognized from delivery of goods	(2,934)
Financial expenses	1,313
Exchange differences	(111)
Balance as at 31 January 2022	<u>640,753</u>
Including: Contract liabilities due within one year	50,610
Contract liabilities more than one year	590,143

30. OTHER PAYABLES AND ACCRUALS

The Group

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Payable to Chijin (<i>note</i>)	—	598,185
Payables to contractors	76,940	65,864
Salaries, wages and benefits payables	31,230	229,603
Taxes other than income tax payables	9,552	9,698
Others	269	148
	<u>117,991</u>	<u>903,498</u>

Note: The Group had an outstanding balance due to Chijin International (Hong Kong) Limited (“Chijin”) of RMB598,185,000 (31 December 2021: nil) as at 31 January 2022. This balance is unsecured, interest-free and has no fix term of repayment.

The Company

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Payables to contractors	13,491	19,187
Salaries, wages and benefits payables	3,099	12
Payables due to subsidiaries	53,017	52,075
	<u>69,607</u>	<u>71,274</u>

31. LONG-TERM LOANS

The Group

	31 December 2021			31 January 2022		
	Effective interest rate	Maturity		Effective interest rate	Maturity	
	(%)		RMB'000	(%)		RMB'000
Current portion of long-term loans – unsecured.	4.5+USD LIBOR	2022	4,798	–	–	–
Long-term loans – unsecured . .	4.5+USD LIBOR	2024	529,656	–	–	–
			<u>534,454</u>			<u>–</u>
						<u>–</u>

The carrying amounts of borrowings are denominated in the following currencies:

	31 December 2021	31 January 2022
	RMB'000	RMB'000
USD	534,454	–
Total	<u>534,454</u>	<u>–</u>

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Analysed into:		
Long-term loans:		
Within one year	4,798	–
After 1 year but within 2 years	248,290	–
After 2 years but within 5 years	281,366	–
After 5 years	–	–
Total	<u>534,454</u>	<u>–</u>

The Company

	31 December 2021			31 January 2022		
	Effective interest rate	Maturity		Effective interest rate	Maturity	
	(%)		RMB'000	(%)		RMB'000
Current portion of long-term loans – unsecured.	4.5+USD LIBOR	2022	4,798	–	–	–
Long-term loans – unsecured . .	4.5+USD LIBOR	2024	529,656	–	–	–
			<u>534,454</u>			<u>–</u>
						<u>–</u>

The carrying amounts of borrowings are denominated in the following currencies:

	31 December 2021	31 January 2022
	RMB'000	RMB'000
USD	534,454	–
Total	<u>534,454</u>	<u>–</u>

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Analysed into:		
Long-term loans:		
Within one year	4,798	—
After 1 year but within 2 years	248,290	—
After 2 years but within 5 years	281,366	—
After 5 years	—	—
Total	<u>534,454</u>	<u>—</u>

32. PROVISIONS

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. The management will update the estimation basis annually.

The movement in the present value of the provision for rehabilitation are as follows:

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Beginning balance	114,630	109,145
Accretion of interest recognized during the year/period	509	125
Payment during the year/period	(7,602)	(451)
Effect on recalculation of the model	4,196	—
Exchange differences	(2,588)	(19)
Ending balance	<u>109,145</u>	<u>108,800</u>
Current	<u>6,797</u>	<u>6,796</u>
Non-current	<u>102,348</u>	<u>102,004</u>

33. SHARE CAPITAL

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Issued and fully paid:	<u>6,906,459</u>	<u>6,906,459</u>
	<u>6,906,459</u>	<u>6,906,459</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2021	111,313,595	6,810,170
Issue of shares	4,220,213	89,356
Share-base payment	289,477	6,933
At 31 December 2021	<u>115,823,285</u>	<u>6,906,459</u>
At 31 January 2022	<u>115,823,285</u>	<u>6,906,459</u>

On 28 October, 2020, the Company entered into a \$50 million “at-the-market” sales agreement. The use of proceeds from the “at-the-market” sales agreement is for discretionary growth capital at Wassa, exploration, general corporate purposes and working capital.

During the year ended 31 December, 2021, 4,220,213 new shares were issued under the “at-the-market” sales agreement. The net proceeds from shares issued under the “at-the-market” sales agreement of RMB92,656,912 for the period ended 31 December, 2021 is net of share issuance costs of RMB3,300,618.

During the year 2021, the number of share options exercised by was 98,238, the number of restricted shares under the deferred share units plan was 20,660, the number of performance and restricted shares under the 2017 Performance and restricted share units plan was nil, and the number of performance shares under the UK performance share units plan was 170,579. After deducting the tax impact, the Company’s common share capital increased by 289,478 shares, and the common share capital increased by RMB6,932,598.

34. SHARE-BASED COMPENSATION

The Company operates Stock options, Deferred share units, Share appreciation rights, 2017 Performance and restricted share units and UK performance share units. Share-based compensation expenses recognized in the consolidated statements of profit or loss are as follows:

	Year ended 31 December 2021	One month ended 31 January 2021	One month ended 31 January 2022
	RMB'000	RMB'000 (unaudited)	RMB'000
Share-based compensation expense	22,871	1,920	14,403

Following Chifeng Jilong Gold Mining Co. Ltd.’s acquisition of the Company on January 28, 2022, all Deferred share units, 2017 Performance and restricted share units, UK performance share units were deemed unconditionally vested and cancelled by Golden Star in consideration for a cash payment equal to USD3.91 per unit. In addition, each in-the-money stock option and Share appreciation rights was cancelled by Golden Star in consideration for a cash payment equal to the excess of USD3.91 and the exercise price per stock option/unit.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Long-term loans	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	680,430	9,442	689,872
Changes from financing cash flows	(143,630)	(24,124)	(167,754)
Cash paid for interest expenses	(42,580)	–	(42,580)
Interest expenses	25,407	10,464	35,871
New leases	–	215,786	215,786
Exchange differences	14,827	(2,375)	12,452
As at 31 December 2021	<u>534,454</u>	<u>209,193</u>	<u>743,647</u>
	Long-term loans	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	680,430	9,442	689,872
Changes from financing cash flows	–	(2,435)	(2,435)
Interest expenses	4,241	900	5,141
New leases	–	216,698	216,698
Exchange differences	(7,476)	(62)	(7,538)
As at 31 January 2021 (unaudited)	<u>677,195</u>	<u>224,543</u>	<u>901,738</u>

	Long-term loans	Lease liabilities	Payable to Chijin	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	534,454	209,193	–	743,647
Changes from financing cash flows .	(529,646)	(2,814)	598,185	65,725
Cash paid for interest expenses . . .	(4,782)	–	–	(4,782)
Interest expenses	3,255	827	–	4,082
Exchange differences	(3,281)	(70)	–	(3,351)
As at 31 January 2022	<u>–</u>	<u>207,136</u>	<u>598,185</u>	<u>805,321</u>

36. COMMITMENTS AND CONTINGENCIES

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:		
Property, plant and equipment	31,241	46,072
Investment commitment	<u>22,315</u>	<u>29,951</u>
	<u>53,556</u>	<u>76,023</u>

37. RELATED PARTY TRANSACTIONS

There were no material related party transactions for the period ended 31 December, 2021 other than the items disclosed below.

Concurrent with the Chifeng Jilong Gold Mining Co., Ltd. acquisition of the Golden Star on January 28, 2022, Chijin International (HK) Limited advanced to Golden Star USD93.8 million which was used for the full repayment of the outstanding principal on the Revolving Credit Facility (“RCF”) of USD90 million, accrued interest of USD0.1 million and termination of the hedging program of USD3.7 million.

(a) Compensation of key management personnel

	Year ended 31 December 2021	One month ended 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages, bonuses and other benefits	5,453	817
Share based compensation	<u>8,782</u>	<u>46,945</u>
	<u>14,235</u>	<u>47,762</u>

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2021

Financial assets	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	1,589	—	1,589
Financial assets included in prepayments, other receivables and other assets	27,053	—	27,053
Financial assets at fair value through profit or loss	—	158	158
Cash and cash equivalents	224,335	—	224,335
Other non-current assets	14,762	—	14,762
	<u>267,739</u>	<u>158</u>	<u>267,897</u>
Financial liabilities	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade payables	146,316	—	146,316
Current portion of derivative financial liabilities	—	188	188
Derivative financial liabilities	—	11,153	11,153
Long-term loans	529,656	—	529,656
Other payables and accruals	76,940	—	76,940
Current portion of long-term loans	4,798	—	4,798
	<u>757,710</u>	<u>11,341</u>	<u>769,051</u>

31 January 2022

Financial assets	Financial assets at amortised cost	Financial assets at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	6,500	—	6,500
Financial assets included in prepayments, other receivables and other assets	18,934	—	18,934
Financial assets at fair value through profit or loss	—	158	158
Cash and cash equivalents	70,007	—	70,007
Other non-current assets	14,759	—	14,759
	<u>110,200</u>	<u>158</u>	<u>110,358</u>
Financial liabilities	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	RMB'000	RMB'000
Trade payables	172,763	—	172,763
Financial liabilities included in other payables and accruals	882,710	—	882,710
	<u>1,055,473</u>	<u>—</u>	<u>1,055,473</u>

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other payables and accruals, other non-current liabilities due within one year and financial assets included in prepayments, other receivables and other assets approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of other non-current assets, long-term loans, lease liabilities and other non-current liabilities were determined by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities or incremental borrowing rate. The Group's own non-performance risk for long-term loans was assessed to be insignificant. The fair values of listed equity investments are based on quoted market prices.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2021	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
Including: Equity investment . . .	158	—	—	158
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>
As at 31 January 2022	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
Including: Equity investment . . .	158	—	—	158
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>
	<u>158</u>	<u>—</u>	<u>—</u>	<u>158</u>

HISTORICAL FINANCIAL INFORMATION OF GOLDEN STAR RESOURCES

As at 31 December 2021	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial liabilities				
Non-hedge derivative contract				
liability	—	11,341	—	11,341
	—	11,341	—	11,341
	—	—	—	—
As at 31 January 2022	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial liabilities				
Non-hedge derivative contract				
liability	—	—	—	—
	—	—	—	—
	—	—	—	—

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2021, the RCF with Macquarie Bank Limited incurs interest at 4.5% plus the applicable USD LIBOR rate per annum. Based on our current RMB529,656,000 outstanding balance, a 50 basis point change in the USD LIBOR rate would result in a change in interest expense of RMB2,869,000. As at 31 January 2022, there's no floating rate loan balances left. We have not entered into any agreements to hedge against unfavorable changes in interest rates but may do so in the future to actively manage our exposure to interest rate risk.

Foreign currency risk

The Group's primary operations are located in Ghana, with its main business transactions settled in US dollars. The foreign currency risks associated with the Group's identified foreign currency assets and liabilities, as well as future foreign currency transactions (where the pricing currencies for foreign currency assets, liabilities, and transactions are primarily Ghanaian cedis), are minimal.

The Group continuously monitors the scale of its foreign currency transactions, assets, and liabilities to minimize the foreign currency risks it faces.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily associated with liquid financial assets and derivatives.

The Group limits exposure to credit risk on liquid financial assets by holding our cash, cash equivalents, restricted cash and deposits at highly-rated financial institutions. In addition, the Group continuously monitors the balance of trade receivables to ensure that the Group is not exposed to significant bad debt risks. Risks associated with gold trade receivables is considered minimal as the Group sells gold to a credit-worthy buyers via an agent who settles promptly within two days of receipt of gold bullion.

Other financial assets of the Group include receivables and some derivatives. The credit risk on these financial assets arises from the default of counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2021			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial liabilities	188	11,153	—	11,341
Lease liabilities	29,891	143,775	82,629	256,295
Long-term loans	24,151	603,345	—	627,496
Trade payables	146,316	—	—	146,316
Financial liabilities included in other payables and accruals	76,940	—	—	76,940
	<u>277,486</u>	<u>758,273</u>	<u>82,629</u>	<u>1,118,388</u>

	As at 31 January 2022			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	29,271	142,003	80,320	251,594
Trade and notes payables	172,763	–	–	172,763
Financial liabilities included in other payables and accruals	882,710	–	–	882,710
	<u>1,084,744</u>	<u>142,003</u>	<u>80,320</u>	<u>1,307,067</u>

Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards total equity as its capital and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the Relevant Periods.

During the Relevant Periods, the Group's strategy was to maintain the gearing ratio at a healthy level in order to monitor capital. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. Gearing ratio is total liabilities divided by total assets.

The gearing ratios at the end of each of the Relevant Periods were as follows:

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Total assets	2,183,463	2,123,050
Total liabilities	2,012,997	2,282,581
Gearing ratio	<u>92%</u>	<u>108%</u>

41. INVESTMENTS IN SUBSIDIARIES

The Company

	31 December 2021	31 January 2022
	RMB'000	RMB'000
Investments, at cost	1,931,161	3,225,985
Less: impairment	(543,226)	(543,133)
Net carrying amount	<u>1,387,935</u>	<u>2,682,852</u>

Particulars of the subsidiaries, which are directly owned by the Company, are included in note 1 to the Historical Financial Information.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 January 2022.

The information set out in this appendix does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix IA to this listing document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the "Accountants' Report" set out in Appendix IA to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the HKICPA is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the Company as at 30 September 2024 as if it had taken place on 30 September 2024.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 30 September 2024 or at any future dates following the Global Offering. It is prepared based on the consolidated net tangible assets of our Group as at 30 September 2024 as set out in the Accountants' Report of our Group, the text of which is set out in Appendix IA to this Prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report.

	Consolidated net tangible assets attributable to owners of the Company as at 30 September 2024 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾⁽⁴⁾⁽⁵⁾	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on the Offer Price of					
HK\$13.72 per Offer Share . . .	1,032,075	2,467,840	3,499,915	1.87	2.03
Based on the Offer Price of					
HK\$15.83 per Offer Share . . .	1,032,075	2,855,925	3,888,000	2.08	2.26

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as at 30 September 2024 is extracted from the Accountants' Report set out in Appendix IA to this Prospectus, which is based on the consolidated net assets of our Group attributable to owners of the Company as at 30 September 2024 of approximately RMB7,116 million with an adjustment for the other intangible assets of RMB6,042 million and goodwill of RMB42 million.

- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$13.72 per Offer Share or HK\$15.83 per Offer Share, being the low-end price or high-end price, after deduction of the estimated underwriting fees and other related expenses payable by the Company and takes no account of any Share which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1.00 to RMB0.9221.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at by dividing the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company by 1,869,563,378 Shares. The 1,869,563,378 Shares is calculated on the basis of a total of 205,652,000 Shares were in issue assuming that Global Offering has been completed as at 30 September 2024, excluding Shares which may be issued upon the exercise of the Over-allotment Options.

The Shares used in the calculation include the 15,182,600 Treasury Shares, as the Company is in the opinion of that these 15,182,600 shares have been granted to eligible participants of Phase III Employee Stock Ownership Plan in February 2025, and which will be vested and exercised with highly possibility. If excluding the 15,182,600 Treasury Shares, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 September 2024, which is divided by 1,854,380,778 Shares, would then be adjusted to RMB1.89 (HKD2.05) or RMB2.10 (HKD2.28) based on the Offer Price of HKD13.72 per Share or HKD15.83 per Share, respectively.

- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.9221. No representation is made that RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa at that rate or at any other rates or at all.
- (5) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions entered into by our Group subsequent to 30 September 2024.

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



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Quarry Bay, Hong Kong

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B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Chifeng Jilong Gold Mining Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Chifeng Jilong Gold Mining Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 September 2024, and related notes as set out on pages IIA-1 to IIA-2 of the Prospectus dated 28 February 2025 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix IIA to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 September 2024 as if the transaction had taken place at 30 September 2024. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the nine months ended 30 September 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young

Certified Public Accountants

Hong Kong

28 February 2025

(A) PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2024**I. Bases**

Our Directors have prepared the estimate of the consolidated profit attributable to owners of the Company for the year ended December 31, 2024 (the “**Profit Estimate**”) based on the audited consolidated results of our Group for the nine months ended September 30, 2024 and the unaudited consolidated results of our Group for the three months ended December 31, 2024. The Profit Estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as set out in the Accountant’s Report, the text of which is set out in Appendix IA to this prospectus.

II. Profit estimate for the year ended December 31, 2024

On the basis set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, we estimate that our consolidated profit attributable to owners of our Company for the year ended December 31, 2024 are as follows:

Estimated consolidated profit attributable to owners of our Company for the year ended December 31, 2024	Not less than RMB1,730.0 million (equivalent to approximately HK\$1,879.4 million)

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANT



Ernst & Young
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Quarry Bay, Hong Kong

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28 February 2025

The Board of Directors
Chifeng Jilong Gold Mining Co., Ltd.

CITIC Securities (Hong Kong) Limited

Dear Sirs,

Chifeng Jilong Gold Mining Co., Ltd. (“the Company”)

Profit estimate for year ended 31 December 2024

We refer to the estimate of the consolidated profit attributable to equity holders of the Company for the year ended 31 December 2024 (“the Profit Estimate”) set forth in the section headed “Financial Information” in the prospectus of the Company dated 28 February 2025 (“the Prospectus”).

Directors’ responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as “the Group”) for the nine months ended 30 September 2024, the unaudited consolidated results based on the management accounts of the Group for the remaining three months ended 31 December 2024.

The Company’s directors are solely responsible for the Profit Estimate.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix IIB of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report dated 28 February 2025, the text of which is set out in Appendix IA of the Prospectus.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

(C) LETTER FROM THE SPONSOR

The following is the text of a letter, prepared for the inclusion in this prospectus, received from CITIC Securities (Hong Kong) Limited, the Sponsor, in relation to our Group's profit estimate for the year ended December 31, 2024.



CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

February 28, 2025

The Directors
Chifeng Jilong Gold Mining Co., Ltd.

Dear Sirs,

We refer to the estimate of consolidated profit attributable to owners of Chifeng Jilong Gold Mining Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended December 31, 2024 (the “**Profit Estimate**”), for which the directors of the Company (the “**Directors**”) are solely responsible, as set out in the section headed “Financial Information — Profit estimate for the year ended December 31, 2024” in the prospectus of the Company dated February 28, 2025 (the “**Prospectus**”).

The Profit Estimate has been prepared by the Directors based on the audited consolidated results of the Group for the nine months ended September 30, 2024 and the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2024.

We have reviewed and discussed with the Directors the bases made by the Directors as set out in Appendix IIB to the Prospectus, upon which the Profit Estimate has been made. We have also considered and relied upon the letter dated February 28, 2025 addressed to the Directors and ourselves from the Company's reporting accountant, Ernst & Young, regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by the Directors and reviewed by Ernst & Young, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of
CITIC Securities (Hong Kong) Limited

Final

Competent Person's Report on the Gold and Lead-Zinc Projects in the People's Republic of China

Gold and Lead-Zinc Projects, Chifeng, Dandong and Yanbian, Inner
Mongolia, Liaoning, Jilin and Yunnan Provinces, P.R. China,
Chifeng Jilong Gold Mining Co., Ltd.



SRK Consulting China Ltd. ■ SCN849A ■ 28 February 2025



Final**Competent Person's Report on the Gold and Lead-Zinc Projects in the
People's Republic of China**

Gold and Lead-Zinc Projects, Chifeng, Dandong, Yanbian and Inner Mongolia, Liaoning, Jilin and Yunnan Provinces, P. R. China

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Cover Image(s):

A picture showing the Jinlong Project layout

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SRK Consulting China Ltd. ■ SCN849A ■ 28 February 2025



Acknowledgments

SRK would like to acknowledge the support and collaboration provided by Chifeng Jilong Gold Mining Co., Ltd. personnel for this assignment. Their collaboration was greatly appreciated and instrumental to the success of this project

SRK Consulting China Ltd. has prepared this document for Chifeng Jilong Gold Mining Co., Ltd., our client. Any use or decisions by which a third party makes of this document are the responsibility of such third parties. In no circumstance does SRK accept any consequential liability arising from commercial decisions or actions resulting from the use of this report by a third party.

The opinions expressed in this document have been based on the information available to SRK at the time of preparation. SRK has exercised all due care in reviewing information supplied by others for use on this project. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information, except to the extent that SRK was hired to verify the data.

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Appendices

Appendix A	JORC Code Table 1
Appendix B	Compliance with Chapter 18
Appendix C	Chapter 2.6 of the Guide for New Listing Applicants
Appendix D	Assay Results

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

3D	three dimensional
%	percent
°	degree, either temperature or angle of inclination
°C	degree, Celsius temperature
'	Minute
"	Second
×	Multiply by
AISC	All-in sustaining cost
Au	element symbol for gold
asl	above sea level
AusIMM	Australasian Institute of Mining and Metallurgy
BFA	Bench face angles
CIM	the Canadian Institute of Mining, Metallurgy and Petroleum
cm	centimetre
cm ³	cubic centimetre
RMB	Chinese Yuan currency
COG	Cut-off grade
CPR	Competent Person's Report
CRMs	Certified reference materials.
Cu	element symbol for copper
Designed Mining Capacity	The production capacity planned based on the mine's design, equipment, and technical parameters
E	East.
Exchange	The Stock Exchange of Hongkong Ltd., a wholly owned subsidiary of Hong Kong Exchanges and Clearing Ltd ("HKEx")
FEL	Front end loader
g	gram(s)
g/cm ³	gram per cubic centimetre
g/t	gram per tonne
GOCOM	Gocom Engineering Design Company
Hanfeng Mining	Jilin Hanfeng Mining Technology Co, Ltd
HKEx	Hong Kong Exchanges of Clearing Ltd.
Huatai Mining	Chifeng Huatai Mining Co., Ltd.
Indicated Mineral Resource	that part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration,

	sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	that part of a resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability
Inner Mongolia	Inner Mongolia Autonomous Region
IDW	Inverse Distance Weighting
IDW ²	Inverse Distance Weighting Square
IPO	Initial Public Offering
Jilong Mining	Chifeng Jilong Mining Co., Ltd.
Jintai/Jintai Mining	Eryuan Jintai Mining Development Co., Ltd.
JORC Code	the 2012 edition of the Australasian code for reporting of exploration results, mineral resources and ore reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Kilo or thousand
kg	Kilogram, equivalent to 1,000 grams
km	Kilometre, equivalent to 1,000 metres
km ²	square kilometre
kt	thousands tonnes
kV	Kilovolts, equivalent to 1,000 volts
kW	Kilowatt, equivalent to 1,000 watts
LoM	Life of mine
m	metre
m ²	square metre
m ³	cubic metre
Measured Mineral Resource	that part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
M	million
mm	millimetre
MLR	Ministry of Land and Resources
m asl	relevant elevation to sea level in meter
m/s	Meters per second.
Mt	million tonnes
Mtpa	million tonnes per year

MW	megawatt, equivalent to 1,000,000 watts
N	north, also the element symbol for nitrogen
NE	northeast
NEE	northeast east
NQ size core	47.6mm diameter
NW	northwest
NI43-101	the Canadian Securities Administrators' National Instrument
Oz.	troy ounce, equivalent to 31.1035 grams
Pb	element symbol for lead
Permitted mining capacity	permitted mining capacity means the amount of ore allowed to be mined annually as stated on the mining license
pH	a measure of the acidity or alkalinity of a solution, numerically equal to 7 for neutral solutions, increasing with increasing alkalinity and decreasing with increasing acidity. The pH scale commonly in use ranges from 0 to 14
ppb	part per billion
PPE	personal protective equipment
ppm	parts per million, equivalent to grams per tonne (g/t)
PQ size core	85mm diameter
P.R. China	the People's Republic of China
Probable Ore Reserve	the economically mineable part of an indicated, and in some circumstances measured, resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserve	the economically mineable part of a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Also referred to as recoverable proved reserve
QA/QC	quality assurance and quality control
QPR	Qualified Person's Report
QTY	quantity
S	south, also the element symbol for sulphur
RPEEE	reasonable prospects for eventual economic extraction
SE	southeast
SG	Specific gravity.
SRK	SRK Consulting (China) Ltd.

t	tonne (metric ton)
Te	Element symbol for tellurium
TMM	Total material movement
Tpa or t/a	tonne per annum
Tpd or t/d	tonne per day
Valmin Code	the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Yanbian	Yanbian Korean Autonomous Prefecture
Zn	element symbol for zinc

Executive Summary

Introduction

Chifeng Jilong Gold Mining Co., Ltd. ("**Chifeng Gold**", the "**Company**" or the "**Client**") commissioned SRK Consulting China Limited ("**SRK**") to undertake an independent technical assessment of all relevant aspects of its five subsidiaries' operating gold and polymetallic mines and associated processing and metallurgical plants (hereafter referred to as the "**Chifeng Gold Project**" or the "**Project**") in Inner Mongolia Autonomous Region ("Inner Mongolia"), Liaoning, Jilin and Yunnan Provinces of the People's Republic of China ("**China**").

SRK understands that the independent technical assessment was required to be included in a Competent Person's Report ("**CPR**", the "**Report**" or this "**Report**") to provide Chifeng Gold and potential equity investors as well as possible future shareholders with SRK's technical opinions on the Project.

The Report was prepared following the requirements of the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**") and in accordance with the rules governing the listing of securities on the Stock Exchange of Hong Kong Ltd (the "**Exchange**") including the Chapter 18 requirements (Appendix B), Chapter 2.6 of the Guide for New Listing Applicants (Appendix C) and other relevant regulations of the Exchange and Hong Kong Exchanges and Clearing Ltd ("**HKEx**").

This Report does not express an opinion as to the value of mineral or other assets involved.

Summary of Principal Objectives

The principal objective of this Report is to provide the Company and potential equity investors and future shareholders of the Company with an independent technical assessment of the geology and exploration, Mineral Resources and Ore Reserve, Mining methods and processing and metallurgical technologies, technical and economic analysis, and environmental and social aspects of the reviewed Project base on all available technical data. The aim has been to produce a CPR suitable for inclusion in documents that the Company plans to use for the proposed listing on the Main Board of the Exchange.

Outline of Work Program

The work program of this Project included:

- review of all relevant information and documents provided by Chifeng Gold as of 30 September 2024;
- site inspection to each of mines, processing and metallurgical plants and supporting facilities in December 2022, January and March 2023, and May and June 2024;
- data verification conducted by SRK in December 2022 and May 2024;
- discussion with the Company management and technical personnel;
- analysis of the data provided by the Company and generated by SRK;

- construct the geological solids, prepare data for statistical, established the block model, estimate grades, tabulate Mineral Resources;
- preparation of a draft report in accordance with the JORC Code and the rules governing the listing of securities on the Exchange including the Chapter 18 requirements and other relevant regulations of the Exchange and HKEx (the declaration date of Mineral Resources and Ore Reserves is 30 September 2024); and
- submission of the draft to Chifeng Gold and the related third parties for comments and finalization of the draft based on feedback.

Results

Overall

The reviewed Chifeng Gold Project includes four (4) gold projects and one (1) polymetallic project; they are owned and operated by Chifeng Gold's five subsidiaries.

Jilong Project is an operating gold project. It is wholly owned and operated by Chifeng Jilong Mining Co., Ltd. ("**Jilong Mining**"). The project consists of the Zhuanshanzi gold mine ("**Zhuanshanzi Mine**") and Zhuanshanzi #4#5#6#7 gold mine ("**#4#5#6#7 Mine**") and two processing and metallurgical plants (hereafter refer to as **#1 Jilong Plant** and **#2 Jilong Plant**, respectively). These properties are located in Aohanqi (敖汉旗), Inner Mongolia. The Zhuanshanzi mining license covers an area of 8.61 square kilometres ("km²") with a permitted mining capacity of 180,000tpa and Zhuanshanzi #4#5#6#7 mining license covers an area of 9.134km² with a permitted mining capacity of 60,000tpa.

Huatai Project is an operating gold project. It is wholly owned and operated by the Chifeng Huatai Mining Co., Ltd. ("**Huatai Mining**"). The Huatai project includes three mining licenses for #26, #3&7 gold veins and #5 mining area in Lianhuashan gold mine ("**Lianhuashan Mine**"), two mining licenses for #86 gold vein and #1 mining area in Honghuagou gold mine ("**Honghuagou Mine**") and one is for Pengjiagou gold mine ("**Pengjiagou Mine**"), and one processing and metallurgical plant (i.e., "**Huatai Plant**"). These properties are located in Songshan District (松山区), Chifeng City, Inner Mongolia. The six mining licenses cover a total area of 10.5173km², with a total permitted mining capacity of 270,000tpa.

Wulong Project is an operating gold project. It is wholly owned and operated by Liaoning Wulong Gold Mining Co., Ltd. ("**Wulong Mining**"). The Wulong project consists of the Wulong gold mine ("**Wulong Mine**") and one processing plant (i.e., "**Wulong Plant**"), and two (2) exploration permits of the Ligunzi and Haojingou-Ligunzi gold deposits. These properties are located in Dandong, Liaoning Province. The mining license for Wulong Gold Mine covers an area of 6.2732km², with a permitted mining capacity of 100,000tpa. The exploration permits cover a total area of 4.4912km².

Jintai Project is an operating gold project. It is wholly owned and operated by Eryuan Jintai Mining Development Co., Ltd. ("**Jintai Mining**"). The project consists of the Xidengping gold mine ("**Xidengping Mine**") and associated the heap leaching plant ("**Heap Leaching Plant**"), located in Eryuan County (洱源县), Dali Bai Autonomous Prefecture (大理白族自治州), Yunnan Province. The Xidengping mining license covers an area of 1.0920 km², with a permitted mining capacity of 140,000tpa. The exploration permit for Xidengping gold deposit covers a total area of 10.28km².

Hanfeng Project is an operating polymetallic project. It is wholly owned and operated by Jilin

Jilin Hanfeng Mining Technology Co., Ltd. ("**Hanfeng Mining**"). The project consists of one Lishan lead-zinc polymetallic mine ("**Lishan Mine**") and associated processing plant ("**Lishan Plant**") and the Dongfeng molybdenum mine ("**Dongfeng Mine**") and associated processing plant ("**Dongfeng Plant**"), located in Longjing City, Yanbian Korean Autonomous Prefecture ("**Yanbian**"), Jilin Province.

Details of the reviewed plants are shown in Table ES- 1 and Table ES- 2.

Table ES- 1: Detailed Information on Chifeng Gold's Mines

Company	Mines and Plants	Products	Permitted Mining Capacity (tpa)	2024Q1-Q3 Production (t)	Status
Mining					
Chifeng Jilong Mining Co., Ltd					
	Zone 1, Zone 2, Zone 3	Raw Ore	180,000	98,101	Production
	Zone 4, Zone 5, Zone 6, Zone 7	Raw Ore	60,000		No Production
Chifeng Huatai Mining Co., Ltd					
	#26 Vein, Lianhuashan Mine	Raw Ore	30,000		No Production
	#3&#7 Vein, Lianhuashan Mine	Raw Ore	60,000		No Production
	5 th Mining Area, Lianhuashan Mine	Raw Ore	60,000		No Production
	#86 Vein, Honghuagou Mine	Raw Ore	30,000		No Production
	1 st Mining Area, Honghuagou Mine	Raw Ore	60,000		No Production
	Pengjiagou Mine	Raw Ore	30,000		No Production
Liaoning Wulong Gold Mining Co., Ltd					
	Wulong Mine	Raw Ore	100,000	77,822	Production
Eryuan Jintai Mining Development Co., Ltd					
	Xidengping Mine	Raw Ore	140,000	360,295	Production
Jilin Hanfeng Mining Technology Co, Ltd					
	Lishan Mine	Raw Ore	600,000	358,362	Production ²
	Dongfeng Mine ¹	Raw Ore	99,000	119,622	Production ²

Notes:

¹ The Dongfeng Mine's production from Q1 to Q3 of 2024 exceeds the permitted annual production limit due to the inclusion of comprehensive utilization.

² Production at Hanfeng Mining (Lishan Mine and Dongfeng Mine) from Q1 to Q3 of 2024 is focused on the Upper Zone.

Table ES- 2: Detailed Information on Chifeng Gold's Plants

Company	Mines and Plants	Products	Designed Processing Capacity (tpa)	2024Q1-Q3 Production (kg)	Status
Processing					
Chifeng Jilong Mining Co., Ltd					
	#1 Jilong Plant ¹	Gold Ingot	120,000	791 kg	Production
	#2 Jilong Plant	Gold Ingot	180,000		
Chifeng Huatai Mining Co., Ltd ¹					
	Huatai Plant	Gold Ingot	60,000		No Production
Liaoning Wulong Gold Mining Co., Ltd					
	Processing Plant	Gold Concentrate	900,000	25,190 t	Production
Eryuan Jintai Mining Development Co., Ltd					
	Heap Leaching Plant	Au-loaded Carbon	140,000	196 kg	Production

Company	Mines and Plants	Products	Designed Processing Capacity (tpa)	2024Q1-Q3 Production (kg)	Status
Jilin Hanfeng Mining Technology Co, Ltd²					
	Lishan Plant	Cu Concentrate		1,396 t	Production
		Pb Concentrate		2,686 t	Production
		Zn Concentrate		10,291 t	Production
	Dongfeng Plant	Mo Concentrate		442 t	Production

Notes:

¹ Huatai Mining's mines have no production in 2023 and first to third quarters of 2024.

² The plants treated materials were only from the upper part of the Lishan Mine and Dongfeng Mine, a small amount of the original residuals and remnants or original abandoned low-grade orebodies and very thin orebodies. The lower part of the Lishan Mine is under construction and the lower part of the Dongfeng Mine is under technical study.

The Jilong Mining, Huatai Mining, Wulong Mining, Jintai Mining and Hanfeng Mining's properties, including mines and plants can be easily accessed by national highways and/or provincial and local concrete-paved roads from their administrative jurisdictions or country towns.

The mines and plants are operated by the subsidiaries of Chifeng Gold, and are relatively well integrated and well managed operations. The operating standards at all sites generally follow the Chinese national mining industrial practices.

Based on a reasonable cut-off grade of gold, zinc or molybdenum, SRK has estimated the Mineral Resources and Ore Reserves for the Jilong, Huatai, Wulong, Jintai, and Hanfeng projects. As of 30 September 2024, the Mineral Resources and Ore Reserves of the Chifeng Gold Project, as per the JORC Code guidelines were list in Table ES- 3.

Table ES- 3: Summary of Mineral Resources and Ore Reserves, as of 30 September 2024

Mineral Resources					Ore Reserves				
Category	Cut-off Grade	Tonnage (kt)	Au Grade (g/t)	Au Metal (t)	Category	Cut-off Grade	Tonnage (kt)	Au Grade (g/t)	Au Metal (t)
Jilong Project									
MES	1.5g/t Au	484	12.19	5.90	Prov	2.76g/t Au	510	9.81	5.00
IND		424	9.25	3.92	Prob		409	7.38	3.02
MES + IND		907	10.82	9.82	Prov + Prob		919	8.73	8.02
INF		508	9.24	4.70					
Huatai Project									
MES	1.5g/t Au	385	5.88	2.27	Prov	2.93g/t Au	226	5.21	1.18
IND		2,146	7.27	15.60	Prob		1,468	6.35	9.32
MES + IND		2,531	7.06	17.87	Prov + Prob		1,694	6.20	10.50
INF		1,281	6.90	8.83					
Wulong Project									
MES	1.5g/t Au				Prov	2.05g/t Au	-	-	-
IND		1,261	8.17	10.30	Prob		984	7.30	7.19
MES + IND		1,261	8.17	10.30	Prov + Prob		984	7.30	7.19
INF		1,738	7.21	12.53					
Jintai Project									
MES	0.17g/t Au	3,363	1.68	5.64	Prov	0.25g/t Au	-	-	-
IND		4,604	1.02	4.70	Prob		1,370	0.75	1.03
MES + IND		7,967	1.30	10.33	Prov + Prob		1,370	0.75	1.03
INF		2,699	1.29	3.49					

Mineral Resources					Ore Reserves				
Category	Cut-off Grade	Tonnage (kt)	Zn Grade (%)	Zn Metal (kt)	Category	Cut-off Grade	Tonnage (kt)	Zn Grade (%)	Zn Metal (kt)
Hanfeng Project – Lishan Mine									
MES	0.5% Zn	752	2.36	18	Prov	1.42% Zn	390	2.26	9
IND		8,583	2.66	229	Prob		2,920	2.47	72
MES + IND		9,335	2.64	246	Prov + Prob		3,310	2.45	81
INF		10,616	2.9	308					
Mineral Resources					Ore Reserves				
Category	Cut-off Grade	Tonnage (kt)	Mo Grade (%)	Mo Metal (kt)	Category	Cut-off Grade	Tonnage (kt)	Mo Grade (%)	Mo Metal (kt)
Hanfeng Project – Dongfeng Mine									
MES	0.03% Mo	1,819	0.11	2	Prov				
IND		26,495	0.12	32	Prob				
MES + IND		28,314	0.12	34	Prov + Prob				
INF		37,053	0.12	45					

Source: SRK

Except for the Jintai Mining's Xidengping Mine, which is an open pit mine with surface mining via free dig – transportation – heap leaching methodology, all other operating mines are developed as underground mines. Details of mine development and mining methodology adopted by each project are summarised in Table ES- 4.

Table ES- 4: Details of Mine Development and Mining Method Adopted by Each Project

Project	Mine Development	Mining Methodology
Jilong	Zhuanshanzi Mine has three stand-alone development systems	Resuing stoping method
	Access via shafts or adits	Mining dilution: 16-17%; Ore loss: 5%
Huatai	Six gold mines, each with an independent development system	Modified resuing stoping method
	Access via adit & shaft or incline shaft	Mining dilution: 20%; Ore loss: 15%
Wulong	Wulong Mine has three stand-alone underground operating systems (Zones 2, 3 and 4), Zone 4 is further separated into the main shaft zone and the service shaft zone	Overhand cut and fill mining for relatively thicker orebodies; Resuing method for steep and thin orebodies
	Access via shafts and blind shafts	Mining dilution: 15%; Ore loss: 8%
Jintai	Xidengping Mine is an open it mine	A conventional open pit mining methodology is used, comprising free dig & loading, and haulage by truck.
		Mining dilution: 5%; Ore loss: 5%
Hanfeng	Both Lishan and Dongfeng mines are underground mines	Shrinkage delay fill; Slice & fill; Resuing; Sub-level open stope delay fill.
	Access via adits and blind shafts	Mining dilution: 22%; Ore loss: 20%

Source: SRK

Based on the production schedule for each project over its remaining life of mine (“**LoM**”), the capital expenditures (“**Capex**”) and the forecasted operating expenses (“**Opex**”) for each project, and the forecasted gold and zinc prices and other principal assumptions, SRK has estimated each project's net present values (“**NPV**”) using the discount cashflow method.

At a discount rate of 10%, the NPVs are Renminbi (“RMB”) 1,375 million (“mln”) for the Jilong Project, RMB278 mln for the Huatai Project, RMB602 mln for the Wulong Project, RMB32 mln for the Hanfeng Project and RMB106 mln for the Jintai Project.

The positive NPVs for each project indicate they are technically feasible and economically viable.

Operational Licenses and Permits

SRK sighted key operational licenses and permits for Chifeng Gold's each subsidiary mining project, including business license; mining license, safety operational permits for mining, processing plant and TSF; water use permit; and site discharge permit, as shown in Table ES- 5.

Table ES- 5: Key Operational Licenses and Permits for the Project, as of 30 September 2024

Subsidiary/Project	Business License	Mining License	Safety Production Permit	Water Use Permit	Site Discharge Permit
Jilong Mining	Y	Y	Y ¹	Y	Y
Huatai Mining	Y	Y	Y ²	Y	Y
Wulong Mining	Y	Y	Y	Y	Y
Jintai Mining	Y	Y	Y	Y	Y
Hanfeng Mining	Y	Y	Y	Y	Y

Note:

¹ The safety production permit for Jilong Mining's #3 Mining Section has expired (expiry date: 5 May 2024), which is to be renewed. Currently, the #3 Mining Section is undergoing technical renovation and is expected to complete by 27 November 2027, and application for a new safety production permit will be followed.

² The safety production permit for Huatai Mining's TSF has expired (expiry date: 23 September 2024), which is to be renewed. The application for its safety production permit is in process.

Geology and Exploration

Jilong Project

Geology and Mineralogy: Jilong project is situated within the Lianhuashan fault block, Inner Mongolia platform uplift of North China platform. The outcropped strata in the project region are the Palaeoarchean Wulashan Group, which is lithologically composed of plagioclase hornblende gneiss, hornblende plagioclase gneiss, biotite plagioclase hornblende gneiss and migmatite. Overlying rock sequences are the Early Cretaceous Jiufotang Formation, consisting of tuffaceous sandstone and shale, and the Quaternary sediments. The Palaeoarchean Wulashan Group is the main strata hosting the gold mineralisation.

Structures of the Zhuanshanzi gold deposit area are well developed, in which the Variscan period is dominated by folds and the Yanshan period is dominated by faults. The faults are divided into four (4) groups, nearly north-south, nearly east west, northwest and northeast trending faults. The northwest trending fault is the main structure hosting and controlling the gold mineralisation.

Intrusive rocks are developed at the project area, they include the Early Cretaceous granite, the Late Cretaceous granite porphyry, the Jurassic diorite and the Permian diorite. Dykes include Felsite porphyry, trachyte and quartz vein, which strike northwest, northeast or nearly east west.

The Zhuanshanzi gold deposit is a typical of medium-low temperature hydrothermal gold deposit. It consists of several gold Mineralisation zones. The wall rock alterations include pyritization,

carbonation, silicification, chloritization, sericitization, and epidote. The mineralisation type is mainly gold-bearing quartz vein type. Two (2) gold mineralised blocks/zones in the Zhuanshanzi gold deposit are included in this report, namely Zhuanshanzi #1#2#3&depth Block and Zhuanshanzi #4#5#6#&7 Block.

The ore minerals include native gold and silver, pyrite, sphalerite, galena, chalcopyrite magnetite, hematite, and chalcocite. Gangue minerals include quartz, sericite, chlorite, calcite, feldspar hornblende. Ore textures include crystalline texture, cataclastic texture, metasomatic residual texture, solid melt decomposition texture, structures include disseminated structure, vein-like structure, brecciated structure, banded structure.

Exploration and Quality Control: The regional geological and mineral exploration began in the 1980s and from then, several phases of exploration work were carried out. The resource and reserve verification of Zhuanshanzi Mineralisation block was undertaken from 2010, and the detailed exploration work of Zhuanshanzi #4-5-6-7 Block are conducted during the period from 2010 to 2012.

SRK was provided with the quality control ("QC") data of Zhuanshanzi #1#2#3&depth Block and Zhuanshanzi #4#5#6#&7 Block. The sampling preparation, security, and analytical procedures of the two gold mineralised blocks are acceptable. The pass rates of both internal and external check samples are acceptable.

SRK has performed data verification by taking duplicate samples during or after site visit. A total of 154 verification samples were chosen randomly to ensure the representation and were sent to SGS Mineral Laboratory ("SGS Lab"), located in Tianjin China by commercial logistic company for analysis. A large bias was observed between original assay and check results, SRK has checked with both main laboratory and SGS staff, found that the sample preparation and sample assay methods are different, the sample preparation protocol which the original main laboratory adopted is relatively conservative, they use sieve to remove potential visible gold and then for assay to minimize the nugget effect, which may lead to a system lower bias compared to SGS Lab using screen fire assay method. SRK advised to send the samples to umpire laboratory, the Intertek laboratory for further verification. Based on the returned assay results, a general trend can be observed although larger biases are found in the higher-grade samples, which may be caused by the nugget effect of visible gold.

Huatai Project

Geology and Mineralogy: Tectonically, the Huatai project is also situated within the Lianhuashan fault block, Inner Mongolia platform uplift of in the North China Platform. The outcropped strata are the Paleoproterozoic Wulashan Group, the Early Cretaceous Jiufotang Formation, and the Quaternary sediments. The Paleoproterozoic Wulashan Group is the main strata hosting the gold Mineralisation.

Structures in the project region are well developed, and faults are divided into three (3) groups: north-northeast, northeast and northwest (or west-northwest) trending faults. The northwest trending faults are the main structures holding and controlling the gold mineralisation.

The Huatai project area is characterized by the extensive magmatic intrusion with multiple stages and complex types. Magmatic intrusive rocks include Jurassic granite-porphyry, Jurassic monzogranite and Alkali-Feldspar Granite.

The Huatai Project consists of several medium-low temperature hydrothermal gold deposits of Honghuagou-Lianhuashan gold mineralisation belt. The wall rock alteration is mainly silicified pyritization and sericitization, followed by chloritization and carbonation. The mineralisation type is mainly gold-bearing quartz vein type.

A total of 6 mineralised gold zones/blocks are included in this report; they are the #1 Mining Zone and #86 Vein in Honghuagou gold mine, the Pengjiagou Zone in Pengjiagou gold mine, and the #5 Mining Zone, #26 Vein and #3&#7 Vein in Lianhuashan gold mine. After many years of mining, resources of the mineralised bodies above both #1 Mining Zone of the Honghuagou gold mine and #5 Mining Zone of the Lianhuashan gold mine have been depleted.

The ore minerals include native gold, pyrite, chalcopyrite, magnetite, and minor of sphalerite, galena, chalcocite, bornite, limonite. Gangue minerals include quartz, sericite, chlorite, potassium feldspar, plagioclase, hornblende, calcite, kaolin. Ore textures include fragmented structure, metasomatic filling, fine idiomorphic crystal structure and metasomatic residue. Structures include massive structure, strip structure, disseminated structure, and breccia structure.

Exploration and Quality Control: The region geological and mineral exploration began in the 1950s and from then, several phases of exploration work were carried out. The resource and reserve verification work of Honghuagou-Lianhuashan Mineralisation zone was undertaken from 2011, the detailed exploration work on #1 Mining Zone and #86 Vein in Honghuagou gold mine, Pengjiagou gold mine, and #26 Vein and #3&#7 Vein in Lianhuashan gold mine are conducted during the period from 2011 to 2018.

SRK was provided with the QC data of the #1 Mining Zone, #86 Vein, #5 Mining Zone, #3&#7 Vein, and Pengjiagou. The sampling preparation, security, and analytical procedures of these mineralised gold zones/blocks are acceptable. The pass rates of both internal and external check samples are acceptable.

SRK's data verification of Huatai project is divided into two parts: one part is Honghuagou gold mine including #1 mining zone, #86 Vein and Pengjiagou Deposit; the other part is Lianhuashan gold mine including #3-7 Vein, #26 Vein and #5 mining zone.

A total of 105 verification samples, including 50 pulps from the Honghuagou Mine and 55 pulps from the Lianhuashan Mine, were chosen randomly to ensure the representation and were sent to SGS Lab for analysis. A large bias was observed between original assay and check results, SRK has checked with both main laboratory and SGS staff, found that the sample preparation and sample assay methods are different, the sample preparation protocol which the original main laboratory adopted is relatively conservative, they use sieve to remove potential visible gold and then for assay to minimize the nugget effect, which may lead to a system lower bias compared to SGS using screen fire assay method. SRK advised to send the samples to umpire laboratory, the Intertek laboratory for further verification. Based on the returned assay results, a general trend can be observed although larger biases are found in the higher-grade samples, which may be caused by the nugget effect of visible gold.

Wulong Project

Geology and Mineralogy: The Wulong project is located in the eastern part of Liaoning province. The strata in the project region are mainly the Paleoproterozoic Liaohe Group layered metamorphic rocks, which are sporadically outcropped, mostly in the form of xenoliths remaining in the Mesozoic

granites and migmatites distributed over a large area. The stratigraphy of these metamorphic rocks is composed of Lieryu Formation, Gaojiayu Formation, Dashiqiao Formation, Gaixian Formation and Quaternary, from the oldest to the newest. Lithologically, these rocks consist of various types of marble, schist and granulite.

The structure in this area is mainly fault structure, and then fold structure. The Yalu River Fault is the largest fracture zone in the region, which is located at the edge of the region and extends in the northeast direction of 50°-60° and dips to southeast. It is formed by multiple extrusion and shearing. This fault zone controls the distribution of copper and gold deposits in the region.

The Wulong project area is characterized by intrusions of the Paleoproterozoic biotite granite and granitelle, early Yanshanian diorite, granodiorite, granite, and many dykes accompanying the intrusions. In the west of the Wulong gold mine, it is the Paleoproterozoic Hongshi biotite granite. In the south, it is the Yanshanian (i.e., 126 million years ago ("Ma")) Sanguliu granodiorite. And in the north, it is the Yanshanian (112Ma) Dingqishan biotite granite. They are closely related to gold Mineralisation.

The Project consists of Wulong gold mine, Ligunzi and Haojingou-Ligunzi gold deposits. The Wulong gold mine is a large quartz vein type gold deposit. The wall rock is biotite granite and monzogranite and the mineralised body is strictly controlled by two groups of faults, the northwest trending and north-northeast trending faults, consisting of rhombic lattice structure. The mineralised body is within the nearly north-south, northwest trending compressive torsional faults and associated with fine-grained diorite. The mineralisation type is mainly gold-bearing quartz vein type, and the useful components are native gold and silver-gold.

A total of 449 gold-bearing geological bodies were found in the field, including 382 gold-bearing quartz veins and 67 silicified alteration zones. Due to years of mining, only 18 main mineralised bodies can be mined at present, which can be spatially divided into three ore-forming belts, namely A, B and C. The mineralised bodies in A and B belts are nearly extending north-south, which are controlled by granite porphyry veins. The shallow part of the mineralised body is far from the granite porphyry, the deep part is closer to the granite porphyry, even directly in the granite porphyry. The main mineralised body in A belt is the Vein #32, and the main mineralised bodies are the Veins #2-3, #2-6, #4-1 and #4-2 in B belt. The mineralised bodies in C belt trend northwest and the main body is Vein #163.

In the Ligunzi deposit, the mineralised body is vein-like, which is controlled by two group faults, the nearly north-south trending fault, and the northwest trending fault. Generally, the down-dip length is longer than the strike length. The single vein is stable and has the characteristic of balk reappear, compound of branch. They are right-sided oblique in the plane and slightly forefront in the section. The maximum extension of mineralised body along strike is up to 600m and the dip length is over 800m, with thickness varying generally from 0.2m to 3.0m.

In the Haojingou-Ligunzi deposit, a total of 20 gold mineralised bodies and 1 gold low-grade mineralised body are outlined in Haojingou-Ligunzi area. The strike of mineralised body is northwest, northeast, or nearly north south and dips to southwest, northwest, southeast, or west with dip angles from 45° to 80°. They are in the central or edge part of the diorite dyke, granite porphyry, and sometimes in migmatite. Generally, the mineralised bodies are 37-317m long and 20-225m down-dip, with a width of 0.3-2.46m. The gold grade varies from 1.22 to 40.06g/t.

Exploration and Quality Control: The regional geological and mineral exploration began in the 1960s and from then, several phases of exploration work were carried out. The resource and reserve verification work of Wulong mine was undertaken in 2019, the detailed exploration work of Ligunzi deposit was completed in 2011, and the detailed exploration of Haojingou-Ligunzi deposit was conducted during the period from 2012 to 2017. Table ES- 6 summaries the engineering's details in the three explorations. There is no new geology exploration work since then.

Table ES- 6: Summary of Trenching, Drilling and Tunnelling

Item	Wulong	Ligunzi	Haojingou-Ligunzi
Trenching/m ³	/	506	28,974.53
Surface Drilling/m	/	1,097.8	20,026
Underground Drilling/m	/	/	1,021.9
Tunnelling/m	3,650	308	1,619
Sampling	2,229	400	2,334

We have not received the QC data for Ligunzi deposit. However we believe the QC data from Haojingou mining area is somewhat representative of the data quality for Ligunzi. The sampling preparation, security, and analytical procedures of Wulong gold mine and Haojingou-Ligunzi deposit are acceptable, and the pass rates of both internal and external check samples are acceptable.

SRK's data verification of Wulong project is divided into two parts: one part is Wulong Mineralised zone; the other part is Haojingou-Ligunzi Mineralised zone including Haojingou Deposit and Ligunzi Deposit.

For Wulong Mineralised zone, SRK has performed data verification by taking duplicate samples during or after site visit. A total of 129 verification samples were chosen randomly to ensure the representation. The samples were sent to SGS Mineral Laboratory located in Tianjin China by commercial logistic company. The results show that most samples returned relative deviations between the original samples and SRK checks of within 20%, which are acceptable.

Jintai Project

Geology and Mineralogy: The Jintai project is located in the eastern edge of the Changdu-Lanping-Simao block of the Qiangtang-Sanjiang orogenic system and is adjacent to east of the Diancang – Yuanlao Mountain metamorphic basement complex of the upper Yangtse paleo platform. Gold mineralisation in this area is closely related to Himalayan tectonics and alkaline magmatic activities.

The strata outcropped in the project area are Huanglongyan Formation and Shimenguan Formation of Paleoproterozoic, Jingxing Formation of Cretaceous, Yunlong Formation of Paleogene, Sanying Formation of Neogene and Quaternary. Bed 3 of Member 2 of Sanying Formation are the most important gold-bearing strata in the area.

The general structure in the area is a syncline fold. It is a subgrade of the Changyi compound syncline in the region. The core stratigraphy of the syncline is the Member 3 of Sanying Formation, and the orientation of the axis is about 325°. And it turns to about 350° at the West Mountain, and at about 700m northwest of Xidengping village, the direction turns to about 320°. The faults in the mine area are divided into two groups, one is northwest ("NW") trending fault, and the other is northeast ("NE")

trending fault. According to relationship between the two groups of faults, it can be determined that the NE trending fault is newer than the NW trending fault.

The magmatic rocks in the mining area are mainly in the form of dikes, including diabase dikes, diorite dikes and syenite porphyry dikes.

There are regional metamorphism and dynamic metamorphism in the mining area.

Wallrock alteration types mainly include silicification, pyrite, and kaolinization. There is no obvious zonation of the alteration. When a variety of hydrothermal alteration is superimposed, the gold grade is usually higher, and vice versa.

Two mineralised domains within the mining licence area and eight mineralised domains in the exploration permit area are found. The main domains are V1 in the mining licence area and V4, V10 in the exploration permit area.

The gold Mineralised domain V1 is distributed in the northwest of mining licence. It strikes to the northwest of about 325~340°, dips to the southwest of about 235~250° with a dip angle of 6~15°, has a known strike length of 307m and down-dip extension of 539m. The thickness of the domain ranges from 2.00 to 25.43m, with an average of 8.90m. The gold grades range from 0.31g/t to 1.84g/t, with an average of 0.90g/t.

The gold mineralised domain V4 is distributed in the Tangzibian zone, southern part of the exploration permit area. It strikes to the northwest of about 330°, dips to the southwest of 240° with a dip angle of 2~40°, has a known strike length of about 550m and the down-dip extensions range from 40m to 560m. The thickness of the domain V4 ranges from 0.79 m to 86.76 m, with an average of 22.87m. Most gold grades range from 0.2g/t to 10 g/t (the maximum is up to 113g/t), with an average of 1.69 g/t.

The mineralised domain V10 is distributed in the Xidengping zone, northern part of the exploration permit area. It strikes to the northwest of about 330°, dips to the southwest of about 245° with a dip angle of 2~12°, has a known strike length of 268m and the down-dip extensions range from 120~410m. The gold grade in V10 gold domain ranges from 0.11g/t to 25g/t, with an average grade of 2.69g/t.

Exploration and Quality Control: In the mining licence area, the geological exploration has gone through three phases, the general exploration was conducted by Shanghai Fuduo from 2007 to 2010, the exploration for the domain V2 was completed by Shanghai Fuduo from 2012 to 2013 and the Mineral Resources verification was carried out by Yunnan Yuanhao from 2020 to 2021.

In the exploration licence area, the geological exploration has included two phases, the exploration was conducted by Shanghai Fuduo from 2011 to 2017, and the advanced exploration was conducted by Yunnan Yuanhao from 2020 to 2022. The summary of the exploration workloads is listed in Table ES- 7

Table ES- 7: Summary Characteristics of Trenching and Drilling

Item	Mining area	Exploration area
Trenching/m ³	8,158	3,781.6
Drilling/m	2,917.9	11,699.5

Item	Mining area	Exploration area
Sampling	1,650	9,629

Shanghai Fuduo and Yunnan Yuanhao conducted the sampling in each exploration phase respectively. Samples were prepared and analysed by the laboratory of Kunming Mineral Resources Supervision and Testing Centre, the 3rd Geological Brigade of Yunnan Bureau of Geology and Mineral Resources Exploration and Development according to the Specification of Testing Quality Management for Geological Laboratories (DZ/T0130-2006).

SRK considers that the sampling preparation, security and analytical procedures used by Jintai Mining for Xidengping deposit are acceptable. The pass rates of both internal and external check sample are acceptable, while CRMs, duplicate and blank sample were not used in the project.

Hanfeng Project

Geology and Mineralogy: Tectonically, both the Lishan-Xinxing Mining Zone of Tianbaoshan Lead-Zinc Mine and the Dongfeng Mining Zone of Tianbaoshan Molybdenum-Zinc Mine are located at the junction of the western edge of Yanbian eugeosyncline fold belt and Dunhua uplift of Jilin Eugeosynclinal fold belt. The strata in this project area are mainly the Palaeozoic Ordovician - Permian marine carbonate and volcano-sedimentary rock series, and the Mesozoic Jurassic continental volcanoclastic rocks.

The magmatic activity in the project area is strong, mainly showing the Hercynian and Yanshan granites. The area is dominated by fault structures, showing three groups of faults in northwest, north-northwest and northeast directions.

Lishan - Lishan-Xinxing Mining Area contains three polymetallic deposits, namely Lishan, Xinxing and Lishan Plant-Houshan.

The Lishan deposit (below -92m asl) is a zinc-polymetallic deposit dominated by zinc ore, associated with some copper and lead. The orebodies are lenticular and lenticular like shaped forms. The main types of wall rock alteration are skarnization, biotitization, kaolinization, sericitization, silicification, chloritization, epidote, and pyritization. There are 128 zinc-lead-copper mineralised bodies.

The ore minerals are mainly sphalerite and galena, followed by chalcopryrite, pyrite, pyrrhotite, magnetite, chalcocite, bornite and arsenopyrite. Gangue minerals are diopside, garnet, epidote, quartz, calcite, sericite, actinolite and chlorite.

Dongfeng - Dongfeng lead-zinc Mineralisation belt/deposit is mainly located in the skarn Mineralisation zone formed at fault zone. The mineralised bodies have been identified in Dongfeng lead-zinc deposit, all of which belong to polymetallic Mineralisation type. The boundary between the mineralised body and the surrounding wall rock is unclear and shows a gradual transition relationship.

The molybdenum orebodies (below 250m asl) of the Dongfeng Mine are located within the contact zones of Early Jurassic diorite granite, Late Triassic quartz diorite, and fine-grained diorite, as well as along the surrounding fracture zones of the rock masses. These orebodies are controlled by the underlying concealed rock bodies and northwest-trending fault structures, resulting in two sets of northwest-trending molybdenum-bearing quartz vein zones with steep and gentle dips. The orebodies appear vein-like or kidney-shaped, arranged parallel to each other, sometimes exhibiting local contraction and dilation phenomena. The boundaries of the orebodies are defined by samples

collected near the rock walls. Through deep-level tunnels and drilling engineering control, a total of 178 molybdenum mineralised bodies of varying sizes have been discovered.

The ore minerals are mainly molybdenite, followed by a small amount of chalcopyrite, sphalerite, galena, arsenopyrite, and pyrite. Gangue minerals are quartz, diopside, chlorite, epidote, zeolite, calcite, feldspar, biotite.

Exploration and Quality Control: There is no new geology exploration work of Lishan lead-zinc mine (above -92m asl) and Dongfeng Mine (above 250m asl) since 2011, only the annual consumption and remaining reports of resources and reserves.

Lishan - The deep exploration of Lishan lead-zinc mine (below -92m asl) lasted nine years and one month from August 2011 to August 2020. The working methods include tunnel geological log, tunnel hydrogeology, engineering geology, environmental geology survey, tunnel exploration, and drilling. The basic sampling, infilled sampling, engineering test and experimental research are carried out. By 20 August 2020, a total of 46,351.96 m of drilling and 6,384.80 m of tunnel exploration has been completed.

Drill holes survey starts from 25m and then every 50m. Spot check of survey results are conducted regularly at each hole. The maximum deviation distance of borehole bending degree from the design coordinate is 7.78m. Hole depth is verified every 100m and before drilling completed. The exploration density of major Mineralised bodies is 20 ~ 135m × 8 ~ 126m. For other mineralised bodies, the exploration density is 22 ~ 114m × 14 ~ 136m.

The sampling preparation, security and analytical procedures used by Hanfeng Mining are acceptable. The pass rates of both internal and external check sample are acceptable, while CRMs samples, duplicates and blank samples were not used in the project.

SRK has performed data verification by taking duplicate samples during or after site visit. A total of 152 verification samples were chosen randomly to ensure the representation. The samples were sent to SGS Mineral Laboratory located in Tianjin China by commercial logistic company. The results show that most Cu and a majority of Lead and Zinc samples returned relative deviations between the original samples and SRK checks of within 20%, which are acceptable.

Dongfeng - The exploration programme of the Dongfeng Molybdenum Mine (below 250m ASL) was conducted from December 2013 to 28 February 2023, including geological mapping in tunnels, as well as tunnel exploration and drilling. The exploration depth ranged from 250 meters to -600 meters. A total of 3611.9m drilling and 3499.54m of tunnel exploration from 2013 to 2017 and totalling 82,101.16 m drilling and 1207.80m of tunnel exploration from 2019 to 2023 were conducted.

The sampling preparation, security and analytical procedures used by Hanfeng Mining are acceptable. The pass rates of both internal and external check sample are acceptable, while CRMs samples, duplicates and blank samples were not used in the project.

SRK has performed data verification by taking duplicate samples during or after site visit. A total of 189 verification samples were chosen randomly to ensure the representation. The samples were sent to SGS Mineral Laboratory located in Tianjin China by commercial logistic company. The results show that most Mo samples returned relative deviations between the original samples and SRK checks of within 20%, which are acceptable.

Mineral Resources Estimation

The Mineral Resource Statement presented herein represents the Mineral Resource estimation prepared for the Chifeng Gold Project in accordance with the JORC Code. The effective date of the Mineral Resource statement is 30 September 2024.

The database used to estimate the **Jilong, Huatai and Wulong Projects** Mineral Resources was audited by SRK. Surpac 2020 software was used by SRK to create the grade solids, prepare assay data for analysis, construct the block model, estimate gold grades, and tabulate Mineral Resources. The final model was prepared by SRK using conventional 3D modelling and ID2 estimation techniques.

Table ES- 8 presents a summary of the estimated Mineral Resources in compliance with the JORC Code for the Jilong Project, as of 30 September 2024 and using a gold cut-off grade of 1.5g/t.

Table ES- 8: Mineral Resource Statement for the Jilong Project, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Grade (Au g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Zhuan-shan-zi #1#2#3&depth	Measured	299	9.21	2.76	89
	Indicated	282	7.24	2.04	66
	Measured + Indicated	581	8.25	4.80	154
	Inferred	433	8.56	3.71	119
Zhuan-shan-zi #4#5#6#&#7	Measured	184	17.04	3.14	101
	Indicated	142	13.27	1.88	60
	Measured + Indicated	326	15.40	5.02	161
	Inferred	75	13.16	0.99	32
Total	Measured	484	12.19	5.90	190
	Indicated	424	9.25	3.92	126
	Measured + Indicated	907	10.82	9.82	316
	Inferred	508	9.24	4.70	151

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate;

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Mingyan Wang and Dr. Yiefei Jia who are full time employees of SRK Consulting China, Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). Dr. Jia and Mr. Wang have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Dr. Jia and Mr. Wang consent to the reporting of this information in the form and context in which it appears; and

³ The cut-off grade is 1.5g/t Au.

Table ES- 9 presents a summary of the estimated Mineral Resources in compliance with the JORC Code for the Huatai Project, as of 30 September 2024 and using a gold cut-off grade of 1.5g/t.

Table ES- 9: Mineral Resources Statement for the Huatai Project, as of 30 September 2024

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Honghuagou #1 Mining Zone	Measured	251	6.21	1.56	50.1
	Indicated	759	6.48	4.92	158.1
	Measured + Indicated	1,011	6.41	6.48	208.2
	Inferred	419	5.87	2.46	79.2
Honghuagou #86 Vein	Measured	-	-	-	-
	Indicated	315	5.30	1.67	53.7
	Measured + Indicated	315	5.30	1.67	53.7
	Inferred	103	5.34	0.55	17.7
Honghuagou Pengjiagou mine	Measured	-	-	-	-
	Indicated	338	5.36	1.81	58.3
	Measured + Indicated	338	5.36	1.81	58.3
	Inferred	148	5.88	0.87	28.0
Lianhuashan #5 Mining Zone	Measured	134	5.28	0.71	22.7
	Indicated	109	8.00	0.87	28.0
	Measured + Indicated	243	6.50	1.58	50.7
	Inferred	148	5.88	0.87	28.0
Lianhuashan #26 Vein	Measured	-	-	-	-
	Indicated	217	9.54	2.07	66.5
	Measured + Indicated	217	9.54	2.07	66.5
	Inferred	135	9.34	1.26	40.6
Lianhuashan #3-7 Vein	Measured	-	-	-	-
	Indicated	408	10.46	4.27	137.1
	Measured + Indicated	408	10.46	4.27	137.1
	Inferred	328	8.61	2.82	90.7
Total	Measured	385	5.88	2.27	73
	Indicated	2,146	7.27	15.60	502
	Measured + Indicated	2,531	7.06	17.87	575
	Inferred	1,281	6.90	8.83	284

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate;² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li, Ms. Yanfang Zhao and Dr. Yiefei Jia who are full time employees of SRK Consulting China, Mr. Li is member of AIG, Ms. Zhao is member of AusIMM and Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). They have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. They consent to the reporting of this information in the form and context in which it appears; and³ The cut-off grad is 1.5g/t Au.

Table ES- 10 presents a summary of the estimated Mineral Resources in compliance with the JORC Code for the Wulong Project, as of 30 September 2024 and using a gold cut-off grade of 1.5g/t.

Table ES- 10: Mineral Resource Statement for the Wulong Project, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Wulong	Measured	-	-	-	-
	Indicated	997	8.88	8.85	285
	Measured + Indicated	997	8.88	8.85	285
	Inferred	1,371	7.39	10.15	326
Ligunzi	Measured	-	-	-	-
	Indicated	126	5.16	0.65	21
	Measured + Indicated	126	5.16	0.65	21
	Inferred	99	5.36	0.53	17
Haojingou-Ligunzi	Measured	-	-	-	-
	Indicated	138	5.74	0.8	26
	Measured + Indicated	138	5.74	0.80	26
	Inferred	268	6.73	1.85	59
Total	Measured	-	-	-	-
	Indicated	1,261	8.17	10.30	332
	Measured + Indicated	1,261	8.17	10.30	332
	Inferred	1,738	7.21	12.53	402

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li, Mr. Shaobo Dai and Dr. Yiefei Jia who are full time employees of SRK Consulting China, Mr. Li is a member of AIG and Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). They have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr. Li and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

³ The cut-off grade is 1.5 g/t Au.

The database used to estimate the **Jintai Project** Mineral Resources was audited by SRK. Surpac 2020 software was used by SRK to create the grade solids, prepare assay data for analysis, construct the block model, estimate gold grades, and tabulate Mineral Resources.

Table ES- 11 presents a summary of the estimated Mineral Resources in compliance with the JORC Code for the Jintai Project, as of 30 September 2024 and using a gold cut-off grade of 0.17g/t.

Table ES- 11: Mineral Resource Statement for the Jintai project, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Xidengping	Measured	3,363	1.68	5.64	181
	Indicated	4,604	1.02	4.70	151
	Measured + Indicated	7,967	1.30	10.33	332
	Inferred	2,699	1.29	3.49	112

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li, Mr. Shaobo Dai and Dr. Yiefei Jia who are full time employees of SRK Consulting China, Mr. Li is a member of AIG and Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). They have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. They consent to the reporting of this information in the form and context in which it appears.

³ The cut-off grade is 0.17g/t Au.

For the **Hanfeng Project**, both Lishan and Dongfeng mines have long mining history, and SRK has only been provided the detailed data of the deep area (below -92m asl) of Lishan Mine and deep area of Dongfeng Molybdenum Deposit (below 250m asl), which means that only the Mineral Resources in deep areas can be reported.

According to a conceptual calculation, SRK considers that the blocks not below a cut-off grade of 0.50% Zn show "reasonable prospects for eventual economic extraction" for the deep area of Lishan underground mine and can be reported as Mineral Resource, and that the blocks not below a cut-off grade of 0.03% Mo show "reasonable prospects for eventual economic extraction" for the deep area of Dongfeng underground mine and can be reported as Mineral Resource.

As of 30 September 2024, of the estimated Mineral Resources of Lisha Mine in compliance with the JORC Code for the Hanfeng Project are shown in Table ES- 12.

Table ES- 12: Mineral Resource Statement for the Lishan Mine, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Zn Grade (%)	Zn Metal Contained (kt)	Cu Grade (%)	Cu Metal Contained (kt)	Pb Grade (%)	Pb Metal Contained (kt)
Lishan	Measured	752	2.36	18	0.01	0	0.12	1
	Indicated	8,583	2.66	229	0.07	6	0.12	10
	Measured + Indicated	9,335	2.64	246	0.06	6	0.12	11
	Inferred	10,616	2.9	308	0.09	10	0.13	14

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate.

² The information in this report which relates to Mineral Resource is based on information compiled by Ms. Yanfang (Bonnie) Zhao and Dr. Yiefei Jia who are both full time employees of SRK Consulting China, Ms. Zhao is a member of AusIMM and Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). Dr. Jia and Ms. Zhao have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Zhao and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

³ Within mining license area and below -92m asl.

As of 30 September 2024, of the estimated Mineral Resources of Dongfeng Mine in compliance with the JORC Code for the Hanfeng Project is shown in Table ES- 13.

Table ES- 13: Mineral Resource Statement for the Dongfeng Mine, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Mo Grade (%)	Mo Metal Contained (kt)
Dongfeng	Measured	1,819	0.11	2
	Indicated	26,495	0.12	32

Mineralised Zone/Block	Category	Tonnage (kt)	Mo Grade (%)	Mo Metal Contained (kt)
	Measured + Indicated	28,314	0.12	34
	Inferred	37,053	0.12	45

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate.

² The information in this report which relates to Mineral Resource is based on information compiled by Ms. Yanfang (Bonnie) Zhao and Dr. Yiefei Jia who are both full time employees of SRK Consulting China, Ms. Zhao is a member of AusIMM and Dr. Jia is a Fellow of AusIMM (No. 230607) and a Chartered Professional in Geology (CP Geo). Dr. Jia and Ms. Zhao have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Zhao and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

³ Within mining license area and below 250m asl.

Ore Reserves Estimation

SRK estimated the Ore Reserves for the Chifeng Gold's mines in accordance with the JORC Code guidelines and based on each mine's mining recovery rate and dilution rate as well as other modifying factors cited either from the historical mining records, the prefeasibility or feasibility study, and/ or mine designs. The following table summarises the estimated Ore Reserves of the Jilong, Huatai, Wulong, Jintai and Hanfeng projects, with an effective date 30 September 2024.

As of 30 September 2024, the total Ore Reserve for the **Jilong Project** is estimated at 919 kt at an average grade of 8.73g/t Au, containing 8.02 t of gold. This includes the Proved Ore Reserve estimated at 510 kt at an average grade of 9.81g/t Au, containing 5.00 t of gold, and the Probable Ore Reserve estimated at 409 kt at an average grade of 7.38g/t Au, containing 3.02 t of gold (see Table ES- 14).

Table ES- 14: Ore Reserve Statement for the Jilong Project, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	510	9.81	5.00	161
Probable	409	7.38	3.02	97
Total	919	8.73	8.02	258

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Ms. Tzuhsuan Chuang, MAusIMM and Dr. Yiefei Jia, FAusIMM (CP Geo), who are full time employees of SRK Consulting China Ltd. Both Ms. Chuang and Dr. Jia have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Chuang and Dr. Jia consent to the reporting of this information in the form and context in which it appears;

² The Ore Reserves Statement is based on the depletion data provided by Jilong Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Jilong Mine data may differ from that reported by SRK, due the updated Block model now used by Jilong Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Jilong Mine provided data as the basis for this statement.

³ Ore Reserve are estimated at a cut-off grade of 2.76g/t Au; and

⁴ Number was rounded to the second significant digit, and total may not add due to rounding discrepancies.

As of 30 September 2024, the **Huatai Project** contains a total Ore Reserves of 1,694kt at an average grade of 6.20g/t Au, containing 10.50t of gold, which includes the Proved Ore Reserves of 226kt at

an average grade of 5.21g/t Au, containing 1.18t of gold, and the Probable Ore Reserves of 1,468kt at an average grade of 6.35g/t Au, containing 9.32t of gold (see Table ES- 15).

Table ES- 15: Huatai Project Underground Ore Reserve Statement, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	226	5.21	1.18	38
Probable	1,468	6.35	9.32	300
Total ³	1,694	6.20	10.50	338

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Dr. Yiefei Jia, *FAusIMM* (CP Geo), who are full time employees of SRK Consulting China Ltd. Both Dr. Jia and Mr Lu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr Lu and Dr. Jia consent to the reporting of this information in the form and context in which it appears;

² Ore Reserve are estimated at a cut-off grade of 2.93g/t Au; and

³ Number was rounded to the second significant digit and total may not add due to rounding discrepancies.

As of 30 September 2024, the total Ore Reserve for the **Wulong Project** is estimated at 984 kt at an average grade of 7.30g/t Au, containing 7.19 t of gold (see Table ES- 16).

Table ES- 16: Ore Reserve Statement for the Wulong Project, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	-	-	-	-
Probable	984	7.30	7.19	231
Total ³	984	7.30	7.19	231

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Ms. Tzuhsuan Chuang, *MAusIMM* and Dr. Yiefei Jia, *FAusIMM* (CP Geo), who are full time employees of SRK Consulting China Ltd. Both Ms. Chuang and Dr. Jia have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Chuang and Dr. Jia consent to the reporting of this information in the form and context in which it appears;

² The Ore Reserves Statement is based on the depletion data provided by Wulong Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Wulong Mine data may differ from that reported by SRK, due the updated Block model now used by Wulong Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Wulong Mine provided data as the basis for this statement.

³ Ore Reserve are estimated at a cut-off grade of 2.50/t Au; and

⁴ Number was rounded to the second significant digit and total may not add due to rounding discrepancies.

As of 30 September 2024, the **Jintai Project** (V1&V2) contains the Probable Ore Reserves of 1,370kt at an average grade of 0.75g/t Au, containing 1.03t of gold (see Table ES- 17).

Table ES- 17: Ore Reserve Statement for the Jintai Project, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	-	-	-	-
Probable	1,370	0.75	1.03	33

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Total	1,370	0.75	1.03	33

Sources: SRK

Notes:

- ¹ The information relates to Ore Reserves conversion is based on information compiled by Mr. Erwei Lu and Mr Falong Hu, FAusIMM, who are full time employees of SRK Consulting China Ltd. Both Mr Lu and Mr Hu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr Lu and Mr Hu consent to the reporting of this information in the form and context in which it appears;
- ² Ore Reserve are estimated at a cut-off grade of 0.25g/t Au;
- ³ Number was rounded to the second significant digit and total may not add due to rounding discrepancies; and
- ⁴ The Ore Reserves Statement is based on the depletion data provided by Jintai for the six-month period, 1 April 2024 to 30 September 2024. The reported Jintai data may differ from that reported by SRK, due the updated block model now used by Jintai for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Jintai provided data as the basis for this statement.

As of 30 September 2024, the **Hanfeng Project** (Lishan Lower Part - Stage1) contains a total Ore Reserves of 3,310kt at an average grade of 2.45% Zn, containing 81kt of Zn, which includes Proved Ore Reserves estimated of 390 kt at an average grade of 2.26% Zn, containing 9kt of Zn, and Probable Ore Reserves of 2920 kt at an average grade of 2.47% Zn, containing 72 kt of Zn (see Table ES- 18).

Table ES- 18: Ore Reserve Statement for the Hanfeng Project, as of 30 September 2024

Reserve Category	Tonnage (kt)	Zn Grade (%)	Zn Metal Contained (kt)
Proved	390	2.26	9
Probable	2,920	2.47	72
Total	3,310	2.45	81

Sources: SRK

Notes:

- ¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Dr. Yiefei Jia, FAusIMM (CP Geo), who are full time employees of SRK Consulting China Ltd. Both Dr. Jia and Mr Lu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr Lu and Dr. Jia consent to the reporting of this information in the form and context in which it appears;
- ² Ore Reserve are estimated at a cut-off grade of 1.4% Zn; and
- ³ Number was rounded to the second significant digit and total may not add due to rounding discrepancies.

Mining Assessment

Jilong Project

Zhuanshanzi Mine currently has three stand-alone underground operating systems: Zone 1, Zone 2 and Zone 3. Zone 1 is located on the southwest side of the mine, including No. 27 area and Yangpo area. Zone 2 is located on the north side of Zone 1. Zone 3 is located on the east side of Zone 1. The Zhuanshanzi Mine intends to increase its production capacity by developing peripheral Zones 4, 5, 6, and 7. This expansion is projected to commence operations in 2027, with an expected production rate of 60 thousand tonnes per annum ("ktpa"). The LoM is expected to be 9 years.

All of these zones are utilizing an underground mining method, accessing the orebodies via shafts or adits.

The resuing mining method is used in the Zhuanshanzi Mine, where the orebodies are very steep and thin with solid surrounding rocks. This mining method enables the separation of the ore and surrounding rocks, with the ore being transported and extracted while the waste is kept in the stope for backfilling. The mining dilution is 16-17% and the ore loss is 5%.

The stope's length is 50m and its height is 40-45m. Wooden hopper is used, and the ore is transported manually. The distance between hoppers is 10m, the sill pillar is 3m, and no other pillar is left. There are raises beside the stope, and the section of the raise is 2.0m x 1.5m. The drift is about 2.4m x 2.5m depending on the ore body.

Huatai Project

Huatai Project includes six (6) gold mines, each with an independent development system. They are all utilizing or planning conventional underground mining methodologies, access via adit & shaft or incline shaft, resuing stoping method, railway ore car transportation. Huatai Project operation and plan status are described as follows:

- Pengjiagou Mine: this mine has planned to modify the mining system to achieve the capacity of 40ktpa from the previous 30ktpa. The client conducted a preliminary design on this mine, decided to commend its expansion in 2028.
- Honghuagou #86 Vein: this mine has planned to modify the mining system to achieve the capacity of 40ktpa from the previous 30ktpa. The client decided to commend its production in 2028.
- Honghuagou #1 Mining Zone: this mine contained 4 sub-zones with their own mining license, which are #1 vein, #3 sub-zone, #1 sub-zone, and Longtoushan. The mine has planned to modify mining system to achieve the capacity of 60ktpa from the previous 38.9ktpa. The client conducted a preliminary design on these sub-zones, decided to commend its production in 2027.
- Lianhuashan #26 Vein: this mine has planned to modify mining system to achieve the capacity of 40ktpa from the previous 30ktpa. The client conducted a preliminary design on this mine, decided to commend its expansion in 2028.
- Lianhuashan #3&#7 Vein: this mine has planned to modify mining system to achieve the capacity of 60ktpa from the previous 30ktpa. The client conducted a scoping studies and preliminary design on this mine, decided to commend its production in 2027.
- Lianhuashan #5 Mining Zone: this mine has decided to modify mining system to achieve the capacity of 60ktpa from the previous 30ktpa. The client conducted a preliminary design on this mine, decided to commend its production in 2026.

Additionally, Huatai Mine has planned to integrate Lianhuashan #5 Mining Zone and Lianhuashan #26 Vein to a capacity of 100ktpa, as well as the integration of Honghuagou #1 Mining Zone and Pengjiagou Mine to a capacity of 100 ktpa. The expansion is currently in progress, with a defined plan and budget in place.

A modified resuing stoping method is adopted by Huatai Mining. The stoping method is suitable for the veins horizontal thickness being less than 0.8m. The modifying point from traditional resuing is the rock sourced out of stope partly, not all from surrounding rock mined down.

The stope length is about 50 to 100m and the height is the same as level interval. There are no crown pillar or rib pillar planned, and the sill pillar is proposed for draw point installation and separation stopes. The square-set raise for manway is planned at each end of stope. The draw points interval is about 10m from centre to centre.

The average mining dilution rate is 20% and the ore loss is 15%. The LoM is expected to be 28 years.

Wulong Project

Wulong Mine currently has three stand-alone underground operating systems: Zone 2, Zone 3, and Zone 4. Zone 4 is further separated into the main shaft zone and the service shaft zone, and the latter is also known as Zone 5.

The development system is shafts and blind shafts. Shafts are being used for transporting ore and waste and personnel. Development to access these stope blocks is designed years in advance.

For steep and thin orebody with solid surrounding wall rocks, the resuing method is adopted to separate the ore and surrounding rocks, with the ore being transported and extracted while the waste is kept in the stope for backfilling.

For relatively thicker orebody, the overhand cut and fill mining is adopted. The cut and fill mining allows selective mining, separate recovery of high-grade portions, and stope retention of low-grade rock. Excavated voids are backfilled with waste rock once the stope has been mined out. This method provides a relatively inexpensive and convenient way to advance a working platform in order to keep access to the ore for drilling, blasting, and mucking.

The average mining dilution rate is 15% and the ore loss is 8%. The LoM is estimated to be 12 years with an expected production rate of 100ktpa.

Jintai Project

Jintai Mining obtains one mining license and one exploration license for the Xidengping Mine. Based on the geological characteristics, a total of nine (9) mineralised bodies, named V1, V2 (V2-1 and V2-2), V4, V5, V6, V7, V8, V9 and V10, were delineated, but only V1, V2, V4 and V10 contain the Measured and Indicated Mineral Resources.

Several technical studies on the mineralised bodies V1 and V2 within the mining license have been conducted since they obtained the mining license in 2012. Therefore, only V1 and V2 have the Ore Reserves. SRK has received and reviewed the following studies:

- Preliminary Design for Xidengping Mine with a capacity of 140ktpa conducted by JinJian Engineering Design Co., Ltd (“**GOCOM**”) in February 2022 (hereafter referred to as “**FS 2022**”), and
- Mineral Resources Development and Utilisation Scheme for Xidengping Mine with a capacity of 650ktpa conducted by Yunnan Shangli Mining Co., Ltd. (“**Shangli**”) in March 2024 (hereafter referred to as “**FS 2024**”).

They initialled mine and plant construction for the V1 and V2 at the beginning of 2023. The designed mining and processing capacity is 140ktpa. The mine is proposed for surface mining via free dig – transportation – heap leaching methodology. The LoM is about 12 years including one-year mine construction period, as the FS 2022 proposed.

The average mining dilution rate is 5% and the ore loss is 5%.

After review FS 2022 and discussed with mine management, SRK opines that the mine is well studied, and the mining method is technically reasonable and feasible. The risk on mining operation is low, as the method employed is common and practical. However, the pit optimization along with pit design, as well as cut-off grade definition could be updated when considering the JORC Code estimates.

Also, the Client is applying for another one mining licence for the exploitation of V4 and V10 with a capacity of 650ktpa based on the FS 2024 and the application is in process.

Hanfeng Project

Hanfeng Mining operate 2 established mines, the Lishan Mine and Dongfeng Mine. They are both utilizing conventional underground mining methodologies, access via adit & shaft, shrinkage stoping method, railway ore car transportation. There are 2 processing plants which located in Lishan and Dongfeng, respectively. The Lishan Plant deals with zinc, lead, and copper resources and the Dongfeng Plant processes molybdenum feeds. The infrastructure at both mines is established and the risk of shortage of power, water, fuel and other materials is low.

The operating status of the Hanfeng Project is described as followings:

Lishan Mine

- Lishan Mine is divided into 2 parts in vertical.
- The upper part which is above -92m asl, is operated at a nominated capacity of 165 ktpa run of mine ("ROM") containing zinc, lead, and copper elements, feeding the Lishan plant. The upper part is currently in operation to mine the historically residual inventory. The upper part is not within the scope of the Ore Reserve estimation.
- The lower part, which is from -92m asl to -700m asl, is planned to construct in 2 stages.
- Stage I is targeting the Mineral Resource from -92m asl down to -373m asl. Stage I is proposed at a capacity of 435ktpa, operating with upper part together to achieve 600ktpa capacity. The construction of Stage I is currently on progress (as of September 2024). The main shaft has been developed but not equipped due to ventilation shaft and return air drift is on development.
- Stage II will focus on the Mineral Resource under -373m asl, downwards to -700m asl. The Client aims to achieve 600ktpa capacity. However, the technical studies and/or design on this stage has not initiated yet.

Dongfeng Mine

- Dongfeng Mine is also divided into two parts in vertical, and the intersection elevation is 250m asl.
- The upper part is on operating at the south section and north section
- South section contains the mineralisation veins of zinc, lead, and copper. The mined ore of this section is trucked to the Lishan Plant for treatment. It is expected that this section resource would maintain a mining plan of 60ktpa for the next three years.
- North section contains veins of moly element. This section was on care and maintenance before 2022. In 2022 this section was re-operated at 6 ktpa ROM. The Dongfeng Plant was also re-

operated to treat this 6 ktpa ROM and 9k ore from surface stockpile, which was stored for nearly 10 years.

- The lower part is for the North section which is moly resources. The lower part Mineral Resources have been estimated but have not converted them into Ore Reserves yet due to a lack of a technical study currently.

Based on the historical mining production records in 2021, the mining dilution rate of 22% and ore loss of 20% on average, which is considered the comparison of resource depletion against run of mine.

Based on the remaining Ore Reserves of the Lishan Mine, the LoM is estimated to be 8 years. The peak mining rate is 450ktpa.

Metallurgical and Processing Assessment

Jilong Metallurgical Plant

Jilin Institute of Geological Sciences conducted a laboratory processing testwork on the Zhuanshanzi ore in 2018.

The gold grade of the composite sample is 10.20g/t and the silver grade is 45.32g/t. After grinding to -0.074 mm accounting for 70% ($P_{70}=74\mu\text{m}$), the sample is subjected to flotation tests. The test flowsheet is a closed circuit of "one roughing, two cleanings and two scavengings" to obtain gold concentrate. The final concentrate has a gold grade of 147.78g/t and a gold recovery of 95.05%, and a silver grade of 554.34g/t and a silver recovery of 80.25%. The test shows that the flotation process can be used to obtain desirable indexes for the ore of Zhuanshanzi gold mine. Nevertheless, Jilong Metallurgical Plant has not adopted the flotation method but whole ore cyanidation, as the whole ore cyanidation can produce gold bullion on site.

The Project has two processing plants, #1 Jilong Plant is the original 400tpd plant and #2 Jilong Plant is the new 600tpd plant. The #2 Jilong plant was put into operation in May 2024 and has already reached its designed capacity, thus the two plants can achieve a total production capacity of 1,000tpd (300,000 tpa). Both plants adopt the same process of whole ore cyanidation, with the final product being gold ingot. The gold recovery rate for the Jilong Plant reaches over 96%. Table ES- 19 shows the historical production indexes of Jilong two processing plants.

Table ES- 19: Historical Production Index of Jilong Plant

Item	Unit	2021	2022	2023	2024 Q1-Q3 ¹
ROM throughput	kt	143.7	152.7	152.6	168.0
Feed grade	g/t	7.51	5.52	9.33	4.88
Gold recovery	%	97.08	96.17	97.66	96.52
Gold ingot output ²	kg	1,048	811	1,390	795

Notes:

¹ The data include the historical index of 2024Q1-Q3 of the #1 Jilong Plant and the index from May to September 2024 of the #2 Jilong Plant.

² The gold ingot output in the table does not include the gold metal which is recovered from gold-bearing materials, cyanide slag smelting, etc.

Huatai Metallurgical Plant

Huatai Mining commissioned the mineral experimental research institute of Inner Mongolia Autonomous Region to conduct a laboratory process test study on ore processing in 2017.

The gold grade of test sample is 6.22g/t, after grinding to -0.074mm accounted for 85% ($P_{85}=74\mu\text{m}$), a closed flotation circuit of "one roughing, two cleanings and two scavengings" was adopted to obtain gold concentrate. The final concentrate has a gold grade of 149.31g/t and gold recovery of 95.06%, indicating the ore is amenable to flotation. However, Huatai Metallurgical Plant did not adopt flotation but carbon-in-pulp ("CIP") method for obtaining gold bullion on site.

The Huatai Metallurgical Plant with a processing capacity of 200tpd (60ktpa) was built in 1987. A traditional CIP process was adopted to produce gold mud as the final product, which is then sent to the metallurgical plant of Jilong Mining to produce gold ingots for sale. Table ES- 20 shows the historical production indexes of the Huatai Metallurgical Plant. The ore supply has been seriously reduced due to mining renovation in 2022 and 2023, resulting in the plant out of running frequently. Until now, the processing plant is out of operation so there is no production record in 2024.

Table ES- 20: Historical Production Index of Huatai Metallurgical Plant

Items	Unit	2021	2022	2023
Processing throughput	kt	58.51	19.12	1.62
Feed grade	g/t	2.42	2.69	2.43
Gold recovery	%	93.75	93.41	92.80
Gold output in ingot	kg	132.75	48.02	3.65

Wulong Processing Plant

In 2021, Wulong Mining commissioned BGRIMM Technology Group to carry out a mineral processing test on the Wulong gold ore.

The closed-circuit comparative tests were carried out on three flotation processes: "on-site process" (one roughing, three scavengings and three cleanings), "two roughings, two scavengings and three cleanings" and "stage flotation (two products) process". The gold grade of the composite sample is 3.51g/t.

The test results showed that the gold concentrate with gold grade of 61.38g/t and gold recovery rate of 89.73% can be achieved by "on-site process" flotation. The gold concentrate with gold grade of 64.25g/t and gold recovery rate of 90.57% can be achieved by the process of "two roughings, two scavengings and three cleanings". The mixed gold concentrate with a mixed gold grade of 66.80g/t and the total gold recovery rate is 91.73% by "stage flotation process". After comparative analysis of processing flowsheet indexes, it is recommended to adopt "staged flotation process".

A new Wulong processing plant with a capacity of 3,000tpd was built in 2020, and it was put into operation in January 2021. The old processing plant has ceased production. Grinding and separation are divided into two series. The production capacity of the first series is 2,000tpd, and that of the second series is 1,000tpd. The flotation process of "three roughings, two scavengings and three cleanings" is adopted for gold separation. The gold grade of ROM is 2.5-3.5g/t and the final gold concentrate grade is 51-60 g/t. The recovery rate fluctuates between 89% and 93% due to the

variance of ROM grade and ore properties. Table ES- 21 shows the historical production indexes of the Wulong processing plant.

Table ES- 21: Historical Production Index of Wulong Processing Plant

Items	Unit	2021	2022	2023	2024Q1-Q3
ROM throughput	kt	382.1	418.6	579.3	512.52
Feed grade	g/t	2.48	3.42	3.53	3.25
Concentrate output	kt	14.62	25.13	33.08	25.19
Concentrate grade	g/t	57.93	51.5	57.01	60.25
Gold recovery	%	89.37	90.39	92.23	91.07

Jintai Heap Leaching Plant

The main factor affecting the gold leaching rate is the ore particle size according to the results of column leaching test from laboratory, SRK recommends that the particle size of the stacked ore be 100% less than 25mm, which is also a reasonable particle size that can be achieved by conventional crushing system. The permeability of ore heap is a key factor affecting the success or failure of heap leaching. The high content of "slime" (-200 mesh fines) in ore is very likely to cause the permeability problem of ore heap. SRK suggests the use of pelleting heap leaching process to avoid the permeability problem. Following SRK's recommendation, Jintai has implemented ore pelleting in July 2024.

In order to verify the feasibility of gold extraction by heap leaching, Jintai Mining conducted industrial tests of heap leaching at the mine site from January 2014 to February 2015. The industrial test was carried out in three phases, with the test stacked ore grade ranging from 0.3 to 2.0g/t, with an average of 1.06g/t. The total amount of heap leached ore was about 160,000 t. A crushing process with two open circuit sections and pre-screening before fine crushing was used to crush the ore to less than 50mm, which was transported by car to the leach pad for stacking, with the initial test ore stacking height ranging from 1 to 2.5m and the later ore stacking height ranging from 5 to 15m. Leaching by Leaching reagent solution spraying. The leaching period was about 3 months, and the dosage of Leaching reagent was stabilized at about 150g/t and the dosage of lime was stabilized at about 4.2kg/t, which was much lower than the dosage of column leaching in the laboratory. The overall gold leaching rate was about 80%, and the leaching result of the test was good, which confirmed that heap leaching method for gold extraction was feasible in Xidengping mine.

GOCOM Engineering Design Co., Ltd. completed the *Preliminary Design of Eryuan Jintai Mining Development Co. Ltd. For 140,000t/a Open Pit Mining Project at Xidengping Gold Mine in Eryuan County* in October 2022, which was designed maximum size of stacked ore is 35mm and the heap was constructed by truck and then bulldozer. The ore heap is constructed in multiple layers, each layer is 7m high, and when the previous layer of leaching is finished, the next layer is directly constructed without unloading the first one, until 6 layers. The heap was leached by spraying with 0.15%~0.20% Jinchuan Gold Leaching Agent. The designed leaching rate is 85%, the final product is gold-loaded carbon, with the heap leaching comprehensive recovery rate of 85%. The GOCOM Preliminary Design is the basis of the current heap leach plant construction at mine, and also the basis for this report.

The heap leaching plant was completed in October 2023. As of 30 September 2024, a total of 527,027 t of ore had been heap leached (D1 to D6 heaps), with an average grade of 0.69g/t, yielding 271.60kg of gold (carbon-loaded gold) and a gold recovery rate of 74.71%. The ore currently being leached amounts to 54.689 t (D7-1 and D7-2 heaps), with 17.34kg of gold recovered. The D8 heap, which is currently being built.

Hanfeng Processing Plants

Hanfeng Mining commissioned Changchun Gold Design Institute to carry out two laboratory processing test study on deep molybdenum ore and refractory molybdenum ore respectively in December 2023. The deep molybdenum grade of the processing test sample is 0.115%, and the closed-circuit process can obtain the molybdenum concentrate with molybdenum grade of 46.96% and recovery of 88.05%. The refractory molybdenum grade of the processing test sample is 0.126%, and the closed-circuit process can obtain the molybdenum concentrate with molybdenum grade of 46.26% and recovery of 74.72%.

Hanfeng Mining has two processing plants, Lishan plant and Dongfeng plant. The Lishan plant processes Cu-Pb-Zn polymetallic ore, which sources from Lishan and Dongfeng mining areas. It adopts flotation process, and the main products are copper concentrate, lead concentrate and zinc concentrate. The designed production capacity of Lishan plant is 1,500tpd, and the current production capacity has reached 2,000tpd through technical renovation.

The Dongfeng plant processes molybdenum ore and the existing processing capacity is 700tpd. It adopts flotation process, and the processing product is molybdenum concentrate. The plant ceased operation for years and restart production in July 2022. Table ES- 22 shows the historical production indexes of the two plants.

Table ES- 22: Historical Production Index of Hanfeng Processing Plants

Items	Unit	2021	2022	2023	2024 Q1-Q3 ¹
Lishan Processing Plant					
Ore Milled	kt	505.89	578.98	351.11	372.03
Feed Grade (Cu)	%	0.19	0.13	0.13	0.116
Feed Grade (Pb)	%	0.68	0.63	0.73	0.75
Feed Grade (Zn)	%	2.12	2.02	1.71	1.52
Cu Concentrate Output	t	2,932	2,015	1,439	1,396
Concentrate Grade (Cu)	%	20.16	18.62	17.47	14.80
Cu Recovery	%	61.23	49.84	54.35	47.86
Pb Concentrate Output	t	3,477	3,257	2,716	2,686
Pb Concentrate Grade	%	63.65	66.75	68.00	64.75
Pb Recovery	%	64.47	59.60	71.69	62.19
Zn Concentrate Output	t	19,905	21,882	11,287	10,291
Zn Concentrate Grade	%	47.18	47.12	47.40	48.42
Zn Recovery	%	87.45	88.31	89.17	87.88
Dongfeng Processing Plant					
Ore Milled (Mo)	kt	-	15.02	82.11	163.98
Feed Grade (Mo)	%	-	0.17	0.14	0.15

Items	Unit	2021	2022	2023	2024 Q1-Q3 ¹
Mo Concentrate Output	t	-	41.71	206.48	442.00
Concentrate Grade (Mo)	%	-	43.45	40.64	44.33
Mo Recovery	%	-	71.69	67.57	79.74

Source: SRK

Notes: ¹. The plants treated materials were only from the upper part of the Lishan Mine and Dongfeng Mine, a small amount of the original residuals and remnants or original abandoned low-grade orebodies and very thin orebodies.

Capital Expenditures and Operating Expenses.

The Capex and Opex are based on the historical operating data provided by each subsidiary company.

Jilong Project

Capex

Sustaining Capex: SRK has applied an average sustaining unit cost of approximately RMB 324 per milled ton, based on sustaining data from 2023 through 2024 Q3.

Expansion Capex: Jilong Mining has completed new preliminary design study for expansion zone (zone 5, zone 6 and zone 7). The construction period is three years with the total capital cost of RMB137.8 mln. has completed new preliminary design study for expansion deeper zone (zone 1, zone 2 and zone 3). The construction is estimated to be finished in 2025 with the total capital cost of RMB58.8 mln.

Opex

Table ES- 23 presents the historical unit Opex from 2021 to 2024 Q3, excluding depreciation, amortization, and financial costs. It also includes the average unit cost and the unit cost for TEM (technical economic model) input.

Table ES- 23: Historical Operating Costs from 2020 to 2024 Q3

Item	Unit	2021	2022	2023	2024 Q3	Unit Cost	TEM Input
Labor	RMB/t	409.93	413.40	400.67	383.86	401.40	620.09
Material	RMB/t	133.56	160.23	158.89	161.11	153.93	230.90
Electricity	RMB/t	76.85	70.33	70.49	79.93	74.50	79.93
Contractors	RMB/t	-	-	-	-	-	-
Engineering	RMB/t	31.02	27.45	23.93	11.30	23.01	31.02
Service	RMB/t	13.14	13.21	4.25	0.52	7.52	13.21
Safety	RMB/t	27.56	26.19	20.02	41.12	29.05	41.12
Repairment	RMB/t	9.90	10.95	11.05	1.46	8.14	11.05
Others	RMB/t	3.59	3.44	1.38	0.55	2.18	3.59
Taxes and surcharges	RMB/t	118.10	104.55	414.78	113.03	186.72	186.72
Selling costs	RMB/t	0.57	0.66	0.76	0.02	0.49	0.76
G&A costs	RMB/t	210.25	199.34	282.57	172.28	215.09	282.57
R&D costs	RMB/t	70.89	54.89	133.24	97.33	89.55	133.24

Note:

¹ The TEM input is higher than the average unit cost because the milled tonnage at Jilong Mine exceeds the mining tonnage due to comprehensive utilization, which results in a lower overall unit cost. As a result, SRK adjusted the unit cost upward to a more reasonable level.

Huatai Project

Capex

Sustaining Capex: Huatai Gold Mine has no production in 2023 and 2024. SRK used the sustaining unit costs from 2021 and 2022. These costs were adjusted to exclude expansion and exploration activities, resulting in an estimated sustaining unit cost of approximately RMB 162 per milled ton.

Expansion Capex: The Huatai Mine consists of six gold mines, with plans to expand production by construction for each mine. Table ES- 24 presents the total budget and timeline allocated to each project. Due to the limitations of the processing plant's capacity, SRK has assumed that each expansion will take three years to complete, with the construction start date based on the LOM.

Table ES- 24: Huatai Future Expansion

Project	Budget ('0000 RMB)	Construction Period (Year)
Lianhuashan #5 Mining Zone	3,706	2024-2026
Honghuagou #1 Mining Zone	11,358	2026-2028
Lianhuashan #3&#7 Vein	2,113	2038-2040
Lianhuashan #26 Vein	2,237	2045-2047
Pengjiagou Mine	4,483	2047-2049

Source: Client

Opex

Table ES- 25 presents the historical unit Opex from 2021 to 2024 Q3, excluding depreciation, amortization, and financial costs. It also includes the average unit cost and the unit cost for TEM (technical economic model) input.

Table ES- 25: Historical Operating Costs from 2020 to 2024 Q3

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	480.18	247.05	-	-	455.53	576.21
Material	RMB/t	46.27	83.04	-	-	54.71	54.71
Electricity	RMB/t	74.26	102.25	-	-	82.79	74.26
Contractors	RMB/t	-	-	-	-	-	-
Engineering	RMB/t	170.75	539.68	-	-	275.04	170.75
Service	RMB/t	15.62	24.53	-	-	17.74	24.53
Safety	RMB/t	22.88	15.74	-	-	21.03	22.88
Repairment	RMB/t	6.60	6.64	-	-	6.49	6.64
Others	RMB/t	0.19	0.21	-	-	0.34	0.34
Taxes and surcharges	RMB/t	75.60	151.60	-	-	171.75	75.60
Selling costs	RMB/t	-	-	-	-	-	-
G&A costs	RMB/t	246.40	1,440.29	-	-	896.43	295.68
R&D costs	RMB/t	-	-	-	-	-	-

Note

¹ TEM inputs were based on rules of thumb from a nearby underground mine and adjusted accordingly.

Wulong Project**Capex**

Sustaining Capex: SRK has applied an average sustaining unit cost of approximately RMB 511 per milled ton, based on sustaining data from 2023 through 2024 Q3.

Opex

Table ES- 26 presents the historical unit Opex from 2021 to 2024 Q3, excluding depreciation, amortization, and financial costs. It also includes the average unit cost and the unit cost for TEM (technical economic model) input.

Table ES- 26: Historical Operating Costs from 2021 to 2024Q3

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	209.75	226.65	241.48	210.30	223.34	670.03
Material	RMB/t	49.73	134.41	146.78	95.59	110.58	331.73
Electricity	RMB/t	73.58	100.02	66.27	64.53	74.74	100.02
Contractors	RMB/t	18.86	-	-	-	3.81	18.86
Engineering	RMB/t	21.81	-	-	3.41	5.33	21.81
Service	RMB/t	2.51	19.54	14.09	47.25	21.95	47.25
Safety	RMB/t	-	-	-	-	-	-
Repairment	RMB/t	8.10	5.24	3.79	6.24	5.64	8.10
Others	RMB/t	-	-	-	-	-	-
Taxes and surcharges	RMB/t	33.21	49.13	54.69	58.85	50.26	58.85
Selling costs	RMB/t	-	-	-	-	-	-
G&A costs	RMB/t	56.26	105.66	48.74	27.45	57.07	105.66
R&D costs	RMB/t	29.09	38.73	46.29	51.14	42.46	51.14

Note

¹ The TEM input is higher than the average unit cost because the milled tonnage at Wulong Mine exceeds the mining tonnage due to comprehensive utilization, which results in a lower overall unit cost. As a result, SRK adjusted the unit cost upward to a more reasonable level.

Jintai Project**Capex**

Sustaining Capex: Jintai Mining has started operation since 2023. SRK used the averaged unit cost, approximately 24 RMB/milled ton, as the forecasted sustaining unit cost for the LOM.

Opex

Table ES- 27 presents the historical unit Opex from 2023 to 2024 Q3, excluding depreciation, amortization, and financial costs. It also includes the average unit cost and the unit cost for TEM (technical economic model) input.

Table ES- 27: Historical Operating Costs from 2023 to 2024Q3

Item	Unit	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	14.43	6.58	8.41	14.43
Material	RMB/t	15.15	13.25	13.70	15.15
Electricity	RMB/t	0.57	1.48	1.27	1.48
Contractors	RMB/t	8.44	2.66	4.01	8.44

Item	Unit	2023	2024 Q3	Average Unit Cost	TEM Input
Engineering	RMB/t	8.73	10.25	9.89	10.25
Service	RMB/t	12.18	15.82	14.97	15.82
Safety	RMB/t	5.00	4.08	4.30	5.00
Repairment	RMB/t	-	-	-	-
Others	RMB/t	-	-	-	-
Taxes and surcharges	RMB/t	9.98	0.08	2.39	9.98
Selling costs	RMB/t	0.36	0.27	0.29	0.36
G&A costs	RMB/t	36.20	15.82	20.57	36.20
R&D costs	RMB/t	-	-	-	-

¹ TEM inputs were based on rules of thumb from a nearby underground mine and adjusted accordingly.

Hanfeng Project

Capex

Sustaining Capex: Hanfeng Mining operate two mines: the Lishan Mine and the Dongfeng Mine. Only the Lower Part (Stage 1) of the Lishan Mine was considered in Ore Reserves estimation. Currently, this Lower Part is under construction and has no production.

The capital expenditure data of the Upper Part of the Lishan Mine and the Dongfeng Mine is referenced for the economic analysis of the Lower Part of the Lishan Mine. SRK has applied an average sustaining unit cost of approximately RMB 80 per milled ton, based on sustaining data from 2023 through 2024 Q3.

Opex

Table ES- 28 presents the historical unit Opex from 2021 to 2024 Q3 for the Upper Part of the Lishan Mine and the Dongfeng Mine, excluding depreciation, amortization, and financial costs. It also includes the average unit cost and the unit cost for TEM (technical economic model) input.

Table ES- 28: Historical Operating Costs from 2021 to 2024Q3

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	51.69	62.90	57.61	144.02	80.02	64.02
Material	RMB/t	34.72	38.94	26.85	32.78	33.78	27.02
Electricity	RMB/t	28.73	32.93	30.97	23.50	29.05	23.24
Contractors	RMB/t	-	-	-	39.78	10.28	8.23
Engineering	RMB/t	28.30	23.66	21.22	0.03	18.17	14.54
Service	RMB/t	1.94	1.37	0.58	1.10	1.28	1.02
Safety	RMB/t	4.35	2.77	3.04	6.15	4.09	3.27
Repairment	RMB/t	1.18	0.68	0.66	0.34	0.71	0.57
Others	RMB/t	2.51	1.57	1.50	1.05	1.65	1.32
Taxes and surcharges	RMB/t	15.49	16.83	8.54	22.01	16.10	12.88
Selling costs	RMB/t	0.23	0.27	0.25	-	0.19	0.15
G&A costs	RMB/t	30.84	21.38	33.96	23.95	27.00	21.60
R&D costs	RMB/t	-	-	-	-	-	-

Note

¹ The unit cost in the TEM input is lower than the average unit cost because the historical costs include both Lishan Mine and Dongfeng Mine. As a result, SRK adjusted the unit cost downward to a more reasonable level.

Economic Analysis

The economic analysis presented here is based on the results of the technical review. Some key assumptions are made for technical evaluation and Ore Reserve estimation purposes only. The Project economic analysis was conducted using the discount cash flow ("DCF") method and is based on assumptions of technical and economic parameters from actual historical production data and the feasibility study and/or mine design of each mine with some adjustments by SRK.

The following Table ES- 29 shows the forecasted Capex over the LoM and the forecasted unit Opex for the Chifeng Gold each project.

Table ES- 29: Forecasted Capex over the LoM and Forecasted Unit Opex for Each Project

Capex	Unit	Over LoM				
		Jilong ¹	Huatai ²	Wulong	Jintai	Hanfeng ³
Expansion	RMB mln	197	239	0	0	109
Sustaining	RMB mln	298	274	503	33	266
Closure	RMB mln	15	37	40	6	15

Opex	Unit	Over LoM (TEM Input)				
		Jilong	Huatai	Wulong	Jintai	Hanfeng
Labor	RMB/t Ore	401	456	223	8	80
Material	RMB/t Ore	154	55	111	14	34
Electricity	RMB/t Ore	75	83	75	1	29
Contractors	RMB/t Ore	0	0	4	4	10
Engineering	RMB/t Ore	23	275	5	10	18
Service	RMB/t Ore	8	18	22	15	1
Safety	RMB/t Ore	29	21	0	4	4
Repairment	RMB/t Ore	8	6	6	0	1
Others	RMB/t Ore	2	0	0	0	2
Taxes and surcharges	RMB/t Ore	187	172	50	2	16
Selling costs	RMB/t Ore	0	0	0	0	0
G&A costs	RMB/t Ore	215	896	57	21	27
R&D costs	RMB/t Ore	90	0	42	0	0

Source: SRK

Note:

¹ Expansion for zones 5, 6 and 7; Deeper expansion for zone 1, 2 and 3;

² Expansion initial; and

³ Expansion initial for Lishan Mine Lower Part

The following Table ES- 30 shows the total cash flow over the LoM for each of the Chifeng Gold's project.

Table ES- 30: Total Cash Flow over the LoM for Each Project (unit: RMB mln)

Item	Total Cash Flow over the LoM				
	Jilong	Huatai	Wulong	Jintai	Hanfeng
Revenue	4,043	4,597	2,989	380	1,189
Opex	1,502	2,204	1,391	160	589
Capex	509	549	543	40	391
Tax & other fees	326	470	194	50	85
After tax cash-flow	1,706	1,374	861	128	125

Source: SRK

The estimated NPV of each project with different discount rates are shown in Table ES- 31. The NPVs at 10% discount rate, as a base case are RMB1,308 mln for the Jilong Project, RMB291 mln for the Huatai Project, RMB 634 mln for the Wulong Project, RMB 83 mln for the Jintai Project, and RMB 39 mln for the Hanfeng Project.

Table ES- 31: NPV with Different Discount Rates for Each Project (unit: RMB mln)

Discount Rate	NPV				
	Jilong	Huatai	Wulong	Jintai	Hanfeng
5%	1,481	601	730	101	76
6%	1,442	516	709	97	67
7%	1,406	445	688	93	60
8%	1,372	385	669	90	53
9%	1,339	334	651	86	46
10%	1,308	291	634	83	39
11%	1,278	255	618	80	33
12%	1,250	223	602	77	28
13%	1,223	196	588	75	22
14%	1,197	172	574	72	17
15%	1,173	152	561	70	12

Source: SRK

Environmental approvals and status

Jilong Project

Three EIA reports have been completed and approved for the Jilong Project, covering the current main production facilities, the expanded processing plant and the new tailings storage facility. No rare plants and wild animals under state have been found around the project. Mine water is sedimented underground and discharged into the upper sump and reused in the processing plant. During the winter, the project may have a small amount of mine water discharging outside. During this site visit, SRK noticed that there are waste rock dumps in each mining area of the project. At present, the tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. The accident and collection ponds were built at the foot of the tailings dam. During the time of SRK's site visit, SRK did not observe any evidence of leaching or ARD impacts. SRK sighted that dust removers were installed in the processing plant. SRK did not note the obvious dust emission in the open area of the project during the time of this site visit.

Huatai Project

The EIA report for Chifeng Huatai Mining Ltd. Gold Mine Mining and Processing Expansion Project (60 ktpa) was prepared by Chifeng City Environmental Science Institute in May 2007. The EIA report was approved by Chifeng City Environmental Protection Bureau on June 6, 2007. In addition, SRK has sighted other six EIA reports and approvals which cover the whole mining sections.

The EIA report states that there are no sensitive targets such as natural reserves within 10 km of the project area. There are no rare, endangered and protected flora and fauna species within the scope of the project. The mine water is generally collected by water tank and reused for underground production. The processing wastewater is fully recycled, and the tailings filter wastewater is reused for processing as well. At present, waste rock from the project is mainly used for underground

backfilling or sold for road building. During the site visit, SRK noticed that there are past-generated waste dumps at the portal of shafts in each mining area. During the time of SRK's site visit, SRK did not observe any evidence of leaching or ARD impacts.

Wulong Project

The EIA report for Liaoning Wulong Gold Mine Development Project (0.15Mtpa) was prepared by Dandong City Environmental Protection Science Institute in October 2006. The EIA report was approved by Dandong City Environmental Protection Bureau on November 6, 2006.

The EIA report for Liaoning Wulong Zhoujiagou TSF Treatment and Processing Plant (800t/d) Decommissioning Project was produced by China Coal Technology & Engineering Group Shenyang Design & Research Institute Ltd. in December 2013. The EIA report was approved by Dandong City Environmental Protection Bureau on April 8, 2014.

SRK noted that the EIA reports for the Liaoning Wulong Gold Mine Development Project (0.15Mtpa) and Liaoning Wulong Zhoujiagou TSF Treatment and Processing Plant (800 tpd) Decommissioning Project does not include the new processing plant. Wulong Mining stated that the EIA report for the new processing plant had been submitted to the environmental protection bureau and was under review.

The EIA report states that there were no rare or endangered flora and fauna in the project area. The project has a water treatment plant to treat mine water. The treated mine water is reused for production and heating, and the excess water is discharged into the Banshi River. SRK noted that the project's TSF is approximately 7 km from the downstream reservoir. SRK recommends that quality monitoring be undertaken of the groundwater and surface water resources within the project area (including upstream and downstream of the project area), and also any site water discharges. During this site visit, SRK noticed that the waste rocks were temporarily dumped at the portal of shafts in each mining area. Liaoning Wulong stated that the waste rock from the project is mainly used for underground backfilling or sold for construction. At present, the tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. The accident and leakage collection ponds were built at the foot of the tailings dam. During the time of SRK's site visit, SRK did not observe any evidence of leaching or ARD impacts.

Jintai Project

The EIA report for Xidengping Gold Mine Mining, Processing and Tailings Project (0.14Mtpa) was conducted by Kunming Nonferrous Metallurgy Design & Research Institute Ltd in December 2013. The EIA report was approved by Yunnan Province Environmental Protection Bureau on February 17, 2014.

During the EIA baseline study, some National second-class protected plants and animals were found in the project's survey area. The EIA concluded that with better management, the operation of the project would not have a significant impact on the diversity and distribution pattern of vegetation in this area and would have a lesser impact on wildlife. During this site visit, SRK observed the drainage ditch was well constructed around the leaching heap. Emergency pond and rainwater collection pond were constructed downstream of the leaching heap. The leach heap was paved with HDPE membrane and bentonite to prevent seepage. SRK sighted groundwater monitoring boreholes were utilized around the leaching heap. SRK noted the exceedance of arsenic levels in soil at the mine

site during the environmental baseline study. The EIA report opines that this is related to the co-occurrence of arsenic in the gold ore formation process and that the project is located in an area where the background value of arsenic is high. The waste rock was discharged into the waste rock dump on site and the topsoil was collected for the future reclamation.

Hanfeng Project

The EIA report for Longjing Hanfeng Mining Ltd. Tianbaoshan Mine Area Residual Resources Recovery and Utilization Project was prepared by Yanbian Environmental Protection Science Institute in March 2005. The EIA report was approved by Yanbian Environmental Protection Bureau on March 14, 2005.

The EIA report for Lishan-xinxing Mine Area Lead-Zinc Mining Expansion Project (0.18Mtpa) was prepared by Jilin Metallurgical Research Institute Jilin Linchang Environmental Technology Service Ltd. in May 2013. The EIA report was approved by Jilin Province Environmental Protection Bureau on June 9, 2013.

The EIA report for Jilin Hanfeng Lishan Processing Plant Technical Transformation Project was produced by Jilin Northeast Coal Industry Environmental Protection Research Ltd. in February 2017. The EIA report was approved by Yanbian Environmental Protection Bureau on February 20, 2020. The EIA report for Jilin Hanfeng Lishan Mining Area Expansion Project (0.6Mtpa) was prepared by Jilin Linchang Environmental Service Ltd. Jilin Province Ecology and Environmental Bureau issued EIA approval on August 31, 2021. No endangered or protected flora and fauna in the project area were reported in the EIAs. Surface water bodies near the project include the Baoshan River and the Burhaton River. SRK suggests that the company establish an emergency water supply plan to address issues such as changes in groundwater levels. If the development affects the water usage of surrounding communities, alternative water sources can be provided. During this site visit, SRK noticed that the waste rocks from the project were temporarily dumped near the portal of shaft in the mining area and processing plant. Jilin Hanfeng stated that the waste rock is mainly used for underground backfilling. SRK has sighted some former waste rock dumps on site and one of them has been rehabilitated. At present, the tailings of the project are discharged into the TSF. SRK has sighted minor dust generation in the TSF during the site visit.

Risk Assessment

SRK completed a risk assessment of the risks identified for the Chifeng Gold Project in relation to their likelihood of occurrence and consequence in accordance with the Exchange to the Listing Rules.

SRK considers various technical aspects which may affect the feasibility and future cash flow of each operating mine and conducts risk assessments for the Chifeng Gold Project based on similar technological conditions among the three mines, which have been summarized in Table ES- 32.

Table ES- 32: Risk Assessment for Chifeng Gold Project

Risk Source/Issue	Likelihood	Consequence	Risk
Jilong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Miner Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium

Risk Source/Issue	Likelihood	Consequence	Risk
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Possible	Moderate	Medium
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Processing and Metallurgy			
Poor Plant Reliability	Unlikely	Moderate	Low
Lower Throughput	Unlikely	Moderate	Low
Lower Smelting Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Possible	Moderate	Medium
Waste Rock and Tailings Management	Possible	Moderate	Medium
Hazardous Materials Management	Unlikely	Moderate	Low
Social Aspects	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Huatai Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing and smelting			
Poor Plant Reliability	Possible	Moderate	Medium
Lower Throughput	Possible	Moderate	Medium
Lower Smelting Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Major	Medium
Waste Rock and Tailings Management	Possible	Moderate	Medium
Hazardous Materials Management	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Likely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Likely	Moderate	High
Wulong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium

Risk Source/Issue	Likelihood	Consequence	Risk
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Possible	Moderate	Medium
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing			
Poor Plant Reliability	Unlikely	Moderate	Low
Lower Throughput	Unlikely	Moderate	Low
Lower Processing Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Possible	Moderate	Medium
Waste Rock and Tailings Management	Unlikely	Moderate	Low
Environmental Approval	Possible	Moderate	Medium
Social Aspects	Possible	Minor	Low
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Jintai Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Unlikely	Moderate	Low
Poor Mine Technical Management	Unlikely	Moderate	Low
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Processing and Metallurgy			
Poor Process Reliability	Unlikely	Moderate	Low
Lower Ore Throughput	Unlikely	Moderate	Low
Poor Permeability of Ore Heap	Possible	Moderate	Medium
Lower Gold Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Major	Medium
Waste Rock and Tailings Management	Unlikely	Moderate	Low
Social Aspects	Possible	Moderate	Medium
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Hanfeng Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Possible	Major	Low

Risk Source/Issue	Likelihood	Consequence	Risk
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing			
Poor Plant Reliability	Possible	Moderate	Medium
Lower Throughput	Possible	Moderate	Medium
Lower Processing Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Moderate	Low
Waste Rock and Tailings Management	Possible	Moderate	Medium
Environmental Approval	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium

Recommendations

SRK Offers the following recommendations:

Huatai Project

In general, the mines of Huatai Project were operated at small scale capacity for a long time. The geotechnical and hydrogeological conditions are not complex to deal with. Therefore, the underground access method, stoping method, and related service systems and machinery are suitable for the mine operations.

In order to ensure normal mining production in the future, the existing operation system and the design needs further supplementation and improvement, which include mainly the following aspects:

- The reconciliation study is recommended in the future. The reconciliation study would help the operation to compare the estimates against production, then improve the estimation getting a higher-level confidence of resource estimates and improve mining operation outcomes.

Wulong Project

Underground Geological sampling at Wulong Mine has continued throughout 2024, the tunnel sampling data needs to be provided to SRK for the resource model update in alignment with the mining depletion data.

The actual dilution rate and recovery rates appear to be inconsistent with the planned targets, as the mining grade is significantly lower than the geological grade. It has been noted by onsite personnel that, in the interest of comprehensive resource utilization, a portion of lower-grade ore has been

intentionally blended in. It is recommended that a reconciliation study be conducted to better understand the underlying discrepancies and to facilitate improvements in future production.

As the ore comes from different mining areas, and the ROM properties are obviously different and fluctuating, SRK suggests that the reagent regime in the process of actual production should be adjusted according to the production situation to obtain the optimal separating indexes.

Jintai Project

SRK considers the mining and stripping methods adopted to be a mature mining technology commonly used in open pit mining practices, and technically both are reasonable and feasible. The designed bench height and slope angle are considered reasonable, as well as the small-scale excavator is suitable for selective mining. However, the truck payload (7.8t) is not commonly used in practice. Some larger trucks (30t payload) were observed standing by during site visit. The loading round would be increased then the haulage round would be reduced. But the excavator and truck matching each other would not be a material risk for operation, as the total volume of mining is small.

For the heap leaching plant, SRK recommends that the particle size of the stacked ore be 100% less than 25mm, which is also a reasonable particle size that can be achieved by conventional crushing system. The permeability of ore heap is a key factor affecting the success or failure of heap leaching operation. The high content of "slime" (-200 mesh) in Xidengping ore is very likely to cause the permeability problem of ore heap. SRK suggests the use of pelleting heap leaching process to avoid the permeability problem. SRK believes that the designed recovery rate can be achieved under the condition of ensuring the ore size and the heap permeability. Heap leaching has the characteristics of flexible scale, low Capex and Opex, and rapid benefit. The discovery of V4 Mineralised body makes it possible to further expand the scale of heap leaching. SRK suggests that the possibility of future expansion of production scale should be considered when the heap leaching facilities are designed and constructed.

The final product of the mine is designed to be gold-loaded carbon. SRK suggests that, if possible, a smelting workshop be built in the mine to use a processing device of "high-temperature elution and homo-thermal electrowinning " to produce gold bullion, or gold ingot. The gold stripped carbon will be returned to the adsorption system after regeneration.

Hanfeng Project

SRK recommends Hanfeng Mining to carry out in-fill drilling exploration and/or underground exploration for resource category upgrade to meet life of mine plan for the lower parts of both Lishan and Dongfeng mines.

In order to ensure stable mining production in the future, the existing operation system and the design needs further supplementation and improvement.

1 Introduction

Chifeng Jilong Gold Mining Co., Ltd. ("**Chifeng Gold**", the "**Company**" or the "**Client**") commissioned SRK Consulting China Limited ("**SRK**") to undertake an independent technical assessment of all relevant aspects of its five subsidiaries' operating gold and polymetallic mines and associated processing and metallurgical plants (hereafter referred to as the "**Chifeng Gold Project**" or the "**Project**"), located in the People's Republic of China ("**China**").

The Chifeng Gold Project consists of the following mining projects:

- Jilong Project: it includes the Zhuanshanzi gold mine ("**Zhuanshanzi Mine**"), Jilong metallurgical and processing plant and other supporting facilities, located in Inner Mongolia Autonomous Region ("Inner Mongolia"). The Jilong Project is wholly owned and operated by Chifeng Jilong Mining Co., Ltd. ("**Jilong Mining**")
- Huatai Project: it consists of six (6) operating gold mines, #26 Vein, #3&7 Vein, #86 Vein, #1 Mining Zone, #5 Mining Zone and Pengjiagou mines, Huatai processing and metallurgical plant and other supporting facilities, located in Chifeng City, Inner Mongolia. The Huatai Project is wholly owned and operated by Chifeng Jilong Mining Co., Ltd. ("**Jilong Mining**").
- Wulong Project: it includes the Wulong gold mine ("**Wulong Mine**"), Wulong processing plant, and two exploration gold properties, namely the Ligunzi deposit and the Haojingou-Ligunzi deposit, which are all located in Dandong City, Liaoning Province. The Wulong Project is wholly owned and operated by Liaoning Wulong Gold Mining Co., Ltd. ("**Wulong Mining**").
- Jintai Project: it consists of the Xidengping gold mine ("**Xidengping Mine**") and Jintai heap leaching plant, located in Eryuan County, Yunnan Province. The Jintai Project is owned and operated by Eryuan Jintai Mining Development Co., Ltd. ("**Jintai Mining**").
- Hanfeng Project: it includes two lead and zinc polymetallic mines (i.e., Lishan Mine and Dongfeng Mine), two ore processing plants and one Dongfeng exploration molybdenum deposit. They are all located in Yanbian Korean Autonomous Prefecture ("**Yanbian**"), Jilin Province. The Hanfeng Project is wholly owned and operated by Jilin Hanfeng Mining Technology Co, Ltd. . ("**Hanfeng Mining**").

SRK understands that the independent technical assessment was required to be included in a Competent Person's Report ("**CPR**", the "**Report**" or this "**Report**") to provide Chifeng Gold and potential equity investors as well as possible future shareholders with SRK's technical opinions on the Project.

The Report was prepared following the requirements of the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**") and in accordance with the rules governing the listing of securities on the Stock Exchange of Hong Kong Ltd (the "**Exchange**") including the Chapter 18 requirements (Appendix B), Chapter 2.6 of the Guide for New Listing Applicants (Appendix C) and other relevant regulations of the Exchange and Hong Kong Exchanges and Clearing Ltd ("**HKEx**").

This Report does not express an opinion as to the value of mineral or other assets involved.

2 Program Objectives and Work Program

2.1 Purpose of the Report

The purpose of this Report is to provide both existing Chifeng Gold shareholders and potential investors with a CPR of the Chifeng Gold Project located in Inner Mongolia, Liaoning, Jilin and Yunnan provinces of China. The SRK's report is proposed to provide an unbiased technical assessment of the risk and opportunities associated with the Project.

2.2 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the 2015 edition of the *Code for Technical Assessment and Valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports* (the "Valmin Code"). The Valmin Code incorporates the JORC Code for the reporting of Mineral Resources and Ore Reserves and is binding upon all the Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets. Aspects reviewed in this Report do include product prices, socio-political issues and environmental considerations; however, SRK does not express an opinion regarding the specific value of the assets and tenements involved.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code. However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code, at least until further documentation can be obtained on the estimates and they have been formally endorsed by a "Competent Person" in accordance with the JORC Code.

2.3 Limitations Statement

SRK is not professionally qualified to opine upon and/ or confirm that the Client has 100% ownership of its underlying tenement and/ or has any unresolved legal matters relating to any transfer of ownership or associated fees and royalties. SRK has therefore assumed that there are no legal impediments regarding the existence of the relevant tenements and that the Client has legal right to all underlying tenements as purported. Assessing the legal tenures and rights to the prospects of the Client and or any of its subsidiary companies are the responsibility of legal due diligence conducted by entities other than SRK.

2.4 Effective Date

The effective date for this CPR is deemed to be 30 September 2024 (the "Effective Date"). The Mineral Resource and Ore Reserve statements set out in this CPR are reported as of 30 September 2024 and represent the Mineral Resources and Ore Reserves at the Effective Date as audited by SRK.

The life of mine (the “LoM”) plans and associated technical and economic parameters included in the LoM plans and technical and economic models all commence on 1 October 2024.

2.5 Work Program

The work program of this Project included:

- review of all relevant information and documents provided by Chifeng Gold as of 30 September 2024;
- site inspection to each of mines, processing and metallurgical plants and supporting facilities in December 2022, January and March 2023, and May and June 2024;
- data verification conducted by SRK in December 2022 and May 2024;
- discussion with the Company management and technical personnel;
- analysis of the data provided by the Company and generated by SRK;
- construct the geological solids, prepare data for statistical, established the block model, estimate grades, tabulate Mineral Resources;
- preparation of a draft report in accordance with the JORC Code and the rules governing the listing of securities on the Exchange including the Chapter 18 requirements and other relevant regulations of the Exchange and HKEx (the declaration date of Mineral Resources and Ore Reserves is 30 September 2024); and
- submission of the draft to Chifeng Gold and the related third parties for comments and finalization of the draft based on feedback.

2.6 SRK Experience

The SRK Consulting Group (“SRK Consulting”) is an independent, international consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK Consulting offers services from exploration through feasibility, mine planning, and production to mine closure.

Among the company's more than 1,500 clients are most of the world's major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration.

Formed in 1974 in Johannesburg, South Africa, SRK Consulting now employs more than 1,800 professionals internationally in 42 permanent offices across 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, along with its global base, has made the company a world leader in due diligence, feasibility studies, and confidential internal reviews.

SRK Consulting's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This enables the company to provide its clients with objective, conflict-free recommendations on crucial judgement issues.

SRK China was established in 2005 and has three offices located in Beijing, Nanchang and Kunming. Either independently or together with other SRK Consulting offices—especially SRK Australasia, SRK has been providing independent technical services for the Chinese mining companies. SRK has considerable experience in providing Independent Expert Reports to mining companies for successfully listing on the stock exchanges in Hong Kong, Australia, United Kingdom, Canada, South Africa and the United States.

SRK has provided dozens of independent technical reports for the Chinese mining companies who have completed successfully listed and/or acquired on the Stock Exchange of Hong Kong Ltd., as shown in Table 2-1.

Table 2-1: SRK's Reports for Listing on the HKEx

Company	Year	Nature of Transaction
Yanzhou Coal Limited (listed in HKEx)	2000	Sale of Jining III coal mine to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on HKEx and New York Stock Exchange
Fujian Zijin Gold Mining Group	2004	IPO Listing on HKEx
Lingbao Gold Limited	2005	IPO Listing on HKEx
Yue Da Holdings Limited (listed in HKEx)	2006	Acquisition of shareholding in mining projects in Yunnan, China
China Coal Energy Company Ltd (China Coal)	2006	IPO Listing on HKEx
Sino Gold Mining Limited	2007	Dual Listing on HKEx
Xinjiang Xinxin Mining Industry Co., Ltd	2007	IPO Listing on HKEx
Kiu Hung International Holding Limited	2008	Acquisition of shareholding in coal projects in Inner Mongolia, China
Hao Tian Resource Group Limited	2009	Very Substantial Acquisition of two coal mines in Inner Mongolia, China
Green Global Resources Holdings Ltd	2009	Very Substantial Acquisition of shareholding in one iron project in Mongolia
Ming Fung Jewellery Group Holdings Ltd	2009	Acquisition of shareholding in gold project in Inner Mongolia, China
Continental Holdings Limited	2009	Acquisition of a gold project in Henan, China
North Mining Shares Company Limited	2009	Acquisition of a molybdenum mining project in Shaanxi, China
CNNC International Ltd	2010	Acquisition of a uranium mine in Africa
Sino Prosper Mineral Products Ltd	2010	Acquisition of shareholdings in one gold project in Inner Mongolia, China
New Times Energy Corporation Ltd	2010	Acquisition of shareholding in gold projects in Hebei, China
United Company RUSAL Limited	2010	IPO Listing on HKEx
Citic Dameng Holdings Limited	2010	IPO Listing on HKEx
China Hanking Holdings Limited	2011	IPO Listing on HKEx
China Daye Non-Ferrous Metal Mining Limited	2012	Very Substantial Acquisition on HKEx
China Nonferrous Mining Corporation Limited	2012	IPO Listing on HKEx

Company	Year	Nature of Transaction
Hengshi Mining Investments Limited	2013	IPO Listing on HKEx
Future Bright Mining Holdings Limited	2014	IPO Listing on HKEx
King Stone Energy Group Limited	2014	Acquisition of Shareholding in silver mines in Fujian, China
Agritrade International Pte LTD	2015	Acquisition of Shareholding in one coal mine in Indonesia
China Unienergy Group Limited	2016	IPO Listing on HKEx
Pizu Investment Co. Ltd	2020	Acquisition of Shareholding in a polymetallic project in China
China Qinfa Group Limited	2021	Annual disclosure of coal mines in Shanxi, China
China Graphite Group Limited	2022	IPO Listing on HKEx
Kinetic Development Group	2022	Major transaction of equity interest in Ningxia Sunshine
Persistence Resources Group Ltd	2023	IPO Listing on HKEx

2.7 Project Team

The SRK project team and responsibilities are shown in Table 2-2.

Table 2-2: SRK Project Team

Consultant	Title	Discipline and Task
Dr. Yiefei Jia	Principal Consultant (Geology)	Project Manager, whole report, CP
Yanfang (Bonnie) Zhao	Principal Consultant (Geology)	Geology, Mineral Resource Estimation
Feng (Frank) Li	Principal Consultant (Geology)	Data Verification and QA/QC
Mingyan Wang	Consultant (Geology)	Geology, Mineral Resource Estimation
Huaixiang (Hubert) Li	Senior Consultant (Geology)	Geology, Mineral Resource Estimation
Shaobo Dai	Senior Consultant (Geology)	Geology, Mineral Resource Estimation
Falong Hu	Principal Consultant (Mining)	Mining and Ore Reserve Review
Tzuhsuan Chuang	Senior Consultant (Mining)	Mining, Ore Reserve Estimation
Erwei Lu	Consultant (Mining)	Mining, Ore Reserve Estimation
Alexander Thin	Principal Consultant (Mining)	Mining and Ore Reserve Review
Xiangfeng Yang	Senior Consultant (Processing)	Processing and Metallurgical Review
Chao Ding	Consultant (Processing)	Processing Review
Lanliang Niu	Principal Consultant (Processing)	Processing and Metallurgical Review
Nan Xue	Principal Consultant (Environment)	Environment, Social, and Permitting
Meining (Ivy) Dai	HSQ and Project Coordinator	Project Coordination and Translation
Pengfei Xiao	Principal Consultant (Geology)	Internal Peer Review and Quality Control
Dr Yonglian Sun	Corporate Consultant (Mining)	Internal Peer Review and Quality Control

Yiefei Jia, PhD, FAusIMM (CP Geo), is a Principal Consultant (geology) with a specialty of exploration of mineral deposits. He has more than 25 years' experience in the field of exploration, development, and Mineral Resources estimate of precious metal (gold, silver, and PGE), non-ferrous metal (lithium, lead, zinc, copper, vanadium, titanium, cobalt and nickel), and black metal (iron and manganese) as well as non-metallic metal (potash, fluorite and graphite) and decorative stone (marble) ore deposits in different geological settings in Australia, Africa, China, and North and Central

America. He also has over five years' experience in coal deposits exploration and due diligence in China, Indonesia and Mongolia. He has extensive experience in project management, exploration design and Mineral Resource assessment. In recent years, he, as Competent Person, has led and coordinated dozens of due diligence projects with technical reports either for fund raising or listing on overseas stock exchanges, such as the Stock Exchange of Hong Kong Limited. *Dr. Jia is responsible for the whole report. Dr. Jia is qualified as a Competent Person with regard to the type of deposit and the activity undertaken.*

Yanfang Zhao (Bonnie), MEng, MAusIMM, Senior Consultant (Geology). Before joining SRK, she worked in Silvercorp Metals Inc. and was mainly responsible for data processing, resource modeling and reserve estimation for operational mines and exploration projects. Bonnie joined SRK China in 2012 and has been involved in more than 50 mining projects in the aspect of data verification, resource modeling and reserve estimation, due diligence and preparing Qualified Person Report in China, Mongolia, Indonesia, Zambia, DRC, Angola and Australia with minerals including Au, Ag, Cu, Fe, Pb, Zn, and Coal. At SRK, she participated in several successful cases in recent years, and most of them have completed acquisition or public listings in stock exchanges, including China Unienergy IPO Listing on HKEx, Agritrade Resource major acquisition of a coal mine in Indonesia, and CNMC African project. Bonnie is expertized in data processing, resource modeling, reserve estimation and independent technical reporting. She is proficient in using mining software, including Surpac, Minex, Leapfrog, ArcGIS, and AutoCAD. *Ms. Zhao is responsible for the geology and Mineral Resource estimation Review.*

Huaxiang (Hubert) Li, MEng, MAIG, is a senior consultant (geology) with SRK China. He graduated from the China University of Geosciences (Beijing) and used to work in a geological exploration company for more than 6 years and gained lots of experiences and expertise in geological and Mineral Resources exploration. As a consulting geologist, he has participated a number of metal mineral projects, including exploration design review, data verification, due diligence reviews and Mineral Resource estimation. He is familiar with the principles and methods for metal ore deposits prospecting and exploration including lithium, gold, silver, PGE, REE, copper, lead, zinc, molybdenum, bauxite, etc. He is proficient in geological modelling, Mineral Resources estimation, data processing and GIS/RS application. *Mr. Li is responsible for the geology and Mineral Resource estimation Review.*

Mingyan Wang, BMgt, is a Consultant (Geology) with SRK China. Prior to joining SRK in 2022, he was employed it China Geo-Engineering Corporation., where he focused on ecological restoration design and comprehensive land management. At SRK, his main responsibilities include Mineral Resource modelling and estimation, data processing and map drafting. He has also served as an onsite geologist for exploration projects, overseeing geological logging, sampling, and quality control. Mingyan is proficient in software such as GIS/RS, Surpac, Leapfrog, and AutoCAD. *Mr. Wang is responsible for the geology and exploration review, data processing, Modelling and Mineral Resource estimation.*

TzuHsuan (Shan) Chuang, M.Eng., MAusIMM, is a Senior Consultant (Mining) at SRK China. She has experience in consulting and operation management. After graduating from Colorado School of Mines, she conducted scoping studies, pre-feasibility, feasibility studies, and project valuation in Zijin mining design company, with projects in China, Serbia, Tajikistan, Australia, Colombia, and Guyana. She then worked at Buritica underground gold mine of Continental Gold in Colombia, and was responsible for LOM plan, production operation, and grade control optimization. Her expertise includes pit optimization, mine design, and scheduling in metal mine, and is skilled in using Deswik,

Whittle, Surpac, Minesched, and AutoCAD. *Ms. Chuang is responsible for mining review and Ore Reserve estimation.*

Erwei Lu, M.Eng.; Consultant (Mining) at SRK China, he obtained his bachelor's degree and master's degree in mining engineering from Central South University. He has over five years of practice of underground operation, and about one year's mineral project evaluation experience. He worked as an on-site mining engineer in Zambia for China Nonferrous Metal Mining (Group) Co., Ltd. after graduation in 2017. He also worked for an autonomous driving application and mineral project investment companies since 2022. He is familiar with large scale underground mobile equipment operation and training, long-hole blasting, mine design and scheduling, and production management, as well as autonomous driving application in open pit mine, and project evaluation. *Ms. Chuang is responsible for mining review and Ore Reserve estimation.*

Falong Hu, MBA, B.Eng., FAusIMM, Chinese Certified Mine Constructor, Chinese Certified Mineral Right Value, Chinese Certified Consulting Engineer (Investment), is a Principal Consultant (Mining). He obtained his bachelor's degree in mining engineering from Central South University and Master of Business Administration (MBA) in China University of Geosciences (Beijing). Before joining SRK he worked as an on-site and head office mining engineer in 2 different international mining companies which were called Sino Gold Mining Limited (later merged with Eldorado Gold Corp.) and Silvercorp Metals Inc. He is familiar with underground and open pit mines' production systems and has been involved in mining engineering and development design, scheduling, long-hole blasting and production operation, rock mechanics, ventilation, back-fill; and cost accounting. After take part in SRK, he accumulated extensive experience in ore reserve estimation, economic analysis, project valuation, mining assessment, scoping/pre-feasibility/feasibility studies and so on. Minerals include gold, silver, lead, zinc, copper, iron, bauxite, laterite-nickel, sylvine, phosphate and graphite, as well as quartzite, marble, bentonite and so on. He is a modeler on both technical and economic and also proficient in digital modeling by using Surpac, Whittle, Minesched, Datamine and AutoCAD. *Mr Hu provided a review on mining and Ore Reserve Estimates.*

Xiangfeng Yang, MEng; MAusIMM, Chinese Certified Constructor (Mining Engineering and Mechanical and Electrical Engineering), Registered Cost Engineer, Chinese Certified Mineral Right Value, is a senior consultant (processing) at SRK China. She graduated from Wuhan University of Technology in 2010. During her undergraduate and master's studies, she systematically learned the relevant knowledge of non-ferrous metal ore and non-metal ore separation process and mineral processing plant design. She has been engaged in feasibility research, preliminary design and construction drawing design at Bluestar Lehigh Engineering Institute and NMS. She has published several journal papers and utility models and has led and participated in many medium and large phosphate mines, potassium salt, sulphide ore and other processing projects. She has rich experience in the design of processing programs such as salt and sulphide ore and has rich experience in the selection of mineral processing equipment, bidding and procurement, the design of mineral processing technology plans, as well as the configuration of processing workshops. *Ms Yang is responsible for processing and Metallurgical review.*

Nan Xue, M.Sc, MAusIMM, is a Principal Environmental Consultant with SRK Consulting China Ltd. He holds a master's degree in environmental sciences from Nankai University in Tianjin. He has four years' experience in environmental impact assessment, environmental planning, and environmental management. He has been involved in a number of large EIA projects and pollution source surveys

for SINOPEC, as well as the environmental planning project funded by UNDP. He has particular expertise in construction project engineering analysis, pollution source calculations, and impact predictions. In recent years after he joined SRK, Nan Xue has been involved in a number of due diligence projects, such as the Fuguiniao Mining project in China. *Mr. Xue has reviewed the environment, permits and approvals.*

Pengfei Xiao, MSc, MAusIMM, MAIG, is the Managing Director of SRK China. He is a Principal Consultant (Geology) with a specialty in mineral exploration applying comprehensive geological and geophysical methods; and his expertise also includes resource modelling and estimation. He is familiar with both theory and practice in sampling, sample preparation and chemical analysis. As a consulting geoscientist, he has been active in mining projects including due diligence reviews, exploration design, data verification and resource estimation in China, Mongolia, Africa, America, Southeast and Central Asia. His experience relates precious metal (Au, Ag, PGE), base metal (Cu, Ni, Pb, Zn) and other metal deposits (Fe, Mn, V, Mo, Co), and also includes a few non-metal projects (phosphorite, potash, gypsum). In the past ten years he has been working in geology and resource assessment with SRK, and co-authored dozens of technical reports aiding clients in successful property transactions; and more than half of them are published in stock exchanges. *Mr Xiao is responsible for the internal peer review to ensure the quality of the Report meeting the required standard.*

Dr Yonglian Sun, BEng, PhD, FAusIMM, FIEAust, CPEng, is a Corporate Consultant (Geotech) with over 25 years' experience in geotechnical and mining engineering in five countries across four continents. He has extensive international mining experience with an emphasis on site investigation, analysis, and modelling of geotechnical issues in open pits, underground mines, and civil tunnels. He also possesses considerable experience in evaluating mining projects. In recent years, Yonglian has coordinated and led dozens of due diligence projects, most of which have been successfully listed in the Stock Exchange of Hong Kong Limited. *Dr Sun provided internal peer review to ensure the quality the report meets the required standard.*

2.8 Warranties

Chifeng Gold has warranted to SRK that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt these warranties.

2.9 Compliance Statement

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Dr. Yiefei Jia, a Competent Person who is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo), and Mr Falong Hu, a Competent Person who is a Fellow of the AusIMM. Both are full-time employees of SRK.

This Report is a Competent Person's Report in line with the Listing Rules of the Exchange and HKEX.

Dr. Yiefei Jia and Mr Falong Hu have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code".

Dr. Yiefei Jia and Mr Falong Hu consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Peer review and quality control of the Report were conducted by Mr Pengfei Xiao, *MAusIMM*, a Principal Consultant (Geology) and Dr Yonglian Sun, *FAusIMM (CP Eng)*, a Corporate Consultant (Mining).

2.10 Independence Statement

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

SRK has no prior association with Chifeng Gold or Chifeng Gold's employees or in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. SRK is independent of Chifeng Gold applying all of the tests in 18.21 and 18.22 of the Listing Rules of the Exchange and HKEX.

2.11 Consent

SRK consents to this Report being included, in full, in documents that Chifeng Gold proposes to submit to the HKEX and/ or disclosure to the public markets, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2.12 Forward Looking Statement

Estimates of Mineral Resources, Ore Reserves, and mine production are inherently forward-looking statements, which being projections of future performance will necessarily differ from the actual performance. The errors in such projections result from the inherent uncertainties in the interpretation of geologic data, in variations in the execution of mining and processing plans, in the inability to meet construction and production schedules due to many factors including weather, availability of necessary equipment and supplies, fluctuating prices, ability of the workforce to maintain equipment, and changes in regulations or the regulatory climate.

The possible sources of error in the forward-looking statements are addressed in more detail in the appropriate sections of this report. Also provided in the report are comments on the areas of concern inherent in the different areas of the mining and processing operations.

3 Property Description and Location

3.1 Property Location

The Jilong, Huatai, Wulong and Hanfeng projects are operating gold and/or polymetallic mines with associated ore processing and metallurgical plants and exploration tenements, which are located in Inner Mongolia, Liaoning and Jilin provinces, northeast part of China (see Figure 3-1).

Figure 3-1: General Location Map of the Project (northeast part)



The property of Jintai Project is located in Yunnan province, southwestern part of China (Figure 3-2).

Figure 3-2: General Location Map of the Project (southwestern part)



3.1.1 Jilong Project

The Jilong gold project is located about 21km west of Aohanqi or 58km west of Chifeng City, Inner Mongolia. Chifeng City has extensive networks of railway line and well paved highways and is also about 400km northeast of Beijing. The Zhuanshanzi operating gold mine and exploration permits are administered by Sidaowan Township (四道湾镇) of Aohanqi. The central geographical coordinates of the Jilong Project are longitude 119°36'5.02587"E and latitude 42°18'19.94458"N (2000 National Geographic Coordinate System).

3.1.2 Huatai Project

The Huatai gold project is located approximately 33~38km west of Chifeng City, Inner Mongolia. Three operating mines of the Lianhuashan gold mine, Honghuagou gold mine and Pengjiagou gold mine, and exploration permits are administratively under the jurisdiction of Wangfu Township (王府镇), Songshan District of Chifeng City. The project's central geographical coordinates are longitude 118°35'12"E and latitude 42°14'23"N (1980 Xi'an Geographic Coordinate System).

3.1.3 Wulong Project

The Wulong gold project is located about 15km west of Dandong City, Liaoning Province. The Wulong operating gold mine and the Haojingou-Ligunzi exploration permit are administered by Zhen'an District of Dandong City. The project's central geographical coordinates are longitude 124°11'53"E and latitude 40°09'44"N (1980 Xi'an Geographic Coordinate System).

3.1.4 Hanfeng Project

The Hanfeng polymetallic project is located approximately 42km of northwest of Longjing City, Jilin Province. The Hanfeng polymetallic project consists of two mining areas (i.e., the Lishan-Xinxing and Dongfeng mining areas). Administratively, the Tianbaoshan lead-zinc mine and the Dongfeng exploration permit are under the jurisdiction of Laotougou Township (老头沟镇), Longjing City, Yanbian Korean Autonomous Prefecture. The project's central geographical coordinates are longitude 128°58'30"E and latitude 42°56'25"N (1980 Xi'an Geographic Coordinate System).

3.1.5 Jintai Project

The Xidengping gold mine, located southwest of Eryuan County, is administered by Liantie Township (炼铁乡) of Eryuan County (洱源县), Dali Bai Autonomous Prefecture (大理白族自治州). The project's central geographical coordinates are about longitude 99°48'12"E and latitude 25°59'58"N (2000 National Geographic Coordinate System).

3.2 Mineral Tenure

SRK relies on the information provided by the Company, and SRK did not conduct a legal due diligence review of the Project since such work is outside the scope of SRK's technical review.

3.2.1 Jilong Project

Two mining licenses and one exploration permit are currently held by Jilong Mining. Details of the mining licenses and exploration permits for the Project are presented in Table 3-1 and Table 3-2, respectively.

Table 3-1: Information of Mining Licenses, Jilong Mining

Company	Chifeng Jilong Mining Co., Ltd.
Project Name	Zhuanshanzi Gold Mine, Chifeng Jilong Mining Co., Ltd
License No.	C1500002009114120054250
Issued To	Chifeng Jilong Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	May. 1, 2024 – Sep. 26, 2026
Area (km ²)	8.61
Mining Type	Underground
Mining Depth	From 700m to -671m
Production Rate (tpa)	180,000
Project Name	Aohanqi zhuanshanzi Gold Mine, Chifeng Jilong Mining Co., Ltd
License No.	C1500002023124210156146
Issued To	Chifeng Jilong Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Dec. 27, 2023 – Mar. 27, 2032
Area (km ²)	9.134
Mining Type	Underground
Mining Depth	From 737m to 373m
Production Rate (tpa)	60,000

Table 3-2: Information of Exploration Tenements, Jilong Mining

Company	Chifeng Jilong Mining Co., Ltd.
Company	Chifeng Jilong Mining Co., Ltd.
Project Name	Exploration surrounding Zhuanshanzi Gold Mine, Aohanqi, Inner Mongolia
Permit No.	T1500002008044010006035
Issued To	Chifeng Jilong Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Mar. 25, 2021 - Mar. 24, 2026
Area (km ²)	3.83

3.2.2 Huatai Project

Six mining licenses are currently held by Huatai Mining. Details of the mining licenses for the Project are presented in Table 3-3, respectively.

Table 3-3: Information of Mining Licenses, Huatai Mining

Company	Chifeng Huatai Mining Co., Ltd.
Project Name	#26 Vein in Lianhuashan Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002015114210140451
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Nov. 18, 2024 - Nov. 17, 2025
Area (km²)	0.3199
Mining Type	Underground
Mining Depth	From 815m to 467m
Production Rate (tpa)	30,000
Company	Chifeng Huatai Mining Co., Ltd.
Project Name	#3 & 7 Vein in Lianhuashan Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002013094210131353
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Mar. 11, 2024 - Sep. 5, 2025
Area (km²)	1.0164
Mining Type	Underground
Mining Depth	From 942m to 206m
Production Rate (tpa)	60,000
Company	Chifeng Huatai Mining Co., Ltd.
Project Name	#5 Mining Area in Lianhuashan Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002011014140119663
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Sep. 15, 2024 - Sep. 14, 2027
Area (km²)	0.8138
Mining Type	Underground
Mining Depth	From 750m to -325m
Production Rate (tpa)	60,000
Company	Chifeng Huatai Mining Co., Ltd.
Project Name	#86 Vein in Honghuagou Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002015114210140450
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity	Nov. 17, 2015 - Nov. 17, 2025
Area (km²)	1.8332
Mining Type	Underground
Mining Depth	From 753m to 334m
Production Rate (tpa)	30,000
Company	Chifeng Huatai Mining Co., Ltd.
Project Name	#1 Mining Area in Honghuagou Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002009064120021513
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity¹	Jun. 06, 2024 - Jun. 05, 2044
Area (km²)	2.7978
Mining Type	Underground
Mining Depth	From 870m to -224m
Production Rate (tpa)	60,000

Company	Chifeng Huatai Mining Co., Ltd.
Company	Chifeng Huatai Mining Co., Ltd.
Project Name	Pengjiagou Gold Mine, Chifeng Huatai Mining Co., Ltd.
License No.	C1500002015114210140449
Issued To	Chifeng Huatai Mining Co., Ltd.
Issued By	Department of Natural Resources of Inner Mongolia Autonomous Region
Period of Validity¹	Nov. 18, 2023 - Nov. 17, 2025
Area (km²)	3.7362
Mining Type	Underground
Mining Depth	From 829m to 260m
Production Rate (tpa)	30,000

3.2.3 Wulong Project

One mining license and two exploration permits are currently held by Wulong Mining. Details of the mining license and exploration permits for the Project are presented in Table 3-4 and Table 3-5, respectively.

Table 3-4: Information of Mining License, Wulong Mining

Company	Liaoning Wulong Mining Co., Ltd..
Project Name	Wulong Gold Mine, Liaoning Wulong Mining Co., Ltd..
License No.	C2100002011084140116558
Issued To	Liaoning Wulong Mining Co., Ltd.
Issued By	Department of Natural Resources of Liaoning Province
Period of Validity	Dec. 04, 2020 - Aug. 04, 2035
Area (km²)	6.2732
Mining Type	Underground
Mining Depth	From the surface to -750m
Production Rate (tpa)	100,000

Table 3-5: Information of Exploration Tenement, Wulong Mining

Company	Liaoning Wulong Mining Co., Ltd.
Project Name	Exploration of Haojingou-Ligunzi Gold Deposit in Dandong City, Liaoning Province
Permit No.	T2100002008044010006347
Issued To	Liaoning Wulong Mining Co., Ltd.
Issued By	Department of Natural Resources of Liaoning Province
Period of Validity	Nov. 20, 2024 - Nov. 20, 2029
Area (km²)	3.88
Company	Liaoning Wulong Mining Co., Ltd.
Project Name	Exploration of Ligunzi Gold Deposit in Dandong City, Liaoning Province
Permit No.	T2100002008044010005662
Issued To	Liaoning Wulong Mining Co., Ltd.
Issued By	Department of Natural Resources of Liaoning Province
Period of Validity	Jun. 2, 2023 - Jun. 2, 2028
Area (km²)	0.6112

3.2.4 Hanfeng Project

Two mining licenses and one exploration permits are currently held by Hanfeng Mining. Details of the mining license and exploration permits for the Project are presented in Table 3-6 and Table 3-7, respectively.

Table 3-6: Information of Mining Licenses, Hanfeng Mining

Company	Jilin Hanfeng Mining Technology Co, Ltd.
Project Name	Lishan Mining Area in Tianbaoshan Lead-Zinc Mine, Hanfeng Mining
Mining License No.	C2224002021083210152512
Issued To	Jilin Hanfeng Mining Technology Co, Ltd.
Issued By	Yanbian Korean Autonomous Prefecture Bureau of Natural Resources
Period of Validity	Aug. 27, 2021 - Aug. 27, 2050
Area (km²)	2.2250
Mining Type	Underground
Mining Depth	From 564m to -700m
Production Rate (tpa)	600,000
Company	Jilin Hanfeng Mining Technology Co, Ltd.
Project Name	Dongfeng Mining Area in Tianbaoshan Lead-Zinc Mine, Hanfeng Mining
Mining License No.	C2200002010123120093830
Issued To	Jilin Hanfeng Mining Technology Co, Ltd.
Issued By	Department of Natural Resources of Jilin Province
Period of Validity	Feb. 25, 2025 - Feb. 24, 2030
Area (km²)	2.4207
Mining Type	Underground
Mining Depth	From 543.77m to 272.16m
Production Rate (tpa)	99,000

Table 3-7: Information of Exploration Tenement, Hanfeng Mining

Company	Jilin Hanfeng Mining Technology Co, Ltd.
Project Name	Deep Exploration of Dongfeng Molybdenum Deposit in Tianbaoshan Lead-Zinc Mine
Permit No.	T1000002021033028000361
Issued To	Jilin Hanfeng Mining Technology Co, Ltd.
Issued By	Ministry of Natural Resources
Period of Validity	Dec. 20, 2020 - Dec. 20, 2025
Area (km²)	2.3191

3.2.5 Jintai Project

One mining license and one exploration permit are currently held by Jintai Mining (Figure 3-3). Details of the mining license and exploration permit for the project are listed in Table 3-8 and Table 3-9, respectively.

Figure 3-3: Locations of the Mining and Exploration Licences



Table 3-8: Information of Mining License, Jintai Mining

Company	Eryuan Jintai Mining Development Co., Ltd.
Project Name	Xidengping Gold Mine, Eryuan Jintai Mining Development Co., Ltd.
License No.	C5300002012054110124688
Issued To	Eryuan Jintai Mining Development Co., Ltd.
Issued By	Dali Bai Autonomous Prefecture Bureau of Natural Resources and Planning
Period of Validity	June 7, 2022 – June 6, 2032
Area (km²)	1.0920
Mining Type	Open Pit
Mining Depth	2,060m -1,900m
Production Rate (tpa)	140,000

Table 3-9: Information of Exploration Tenement, Jintai Mining

Company	Eryuan Jintai Mining Development Co., Ltd.
Project Name	Advanced Exploration of Xidengping Gold Deposit in Eryuan County, Yunnan Province
Permit No.	T5300002009034010026977
Issued To	Eryuan Jintai Mining Development Co., Ltd.
Issued By	Dali Bai Autonomous Prefecture Bureau of Natural Resources and Planning
Period of Validity	June 3, 2021 – June 3, 2026
Area (km²)	10.28

3.3 Underlying Agreements

SRK is not aware of any underlying agreements other than those disclosed in this Report.

3.4 Permits and Authorization

A list of licenses and permits and authorization in Section 3.2 for each of the five subsidiary mining companies, i.e., Jilong Mining, Huatai Mining, Wulong Mining, Hanfeng Mining and Jintai Mining, to undertake legal exploration, exploitation, and production in China has been sighted by SRK.

Apart from the mining license, other operational permits are required for the Project according to the relevant Chinese laws and regulations. These operational permits include:

- Business License,
- Safety Production License,
- Land/forest Use Permit,
- Water Use Permit, and
- Site Discharge Permit

The safety production licenses, water use permits, and site discharge permits for the five projects are presented in Section 13.4.

3.5 Environmental Considerations

Environmental liabilities associated with the project operation are mainly from underground mining, waste rock dumps, processing plant, tailings storage facilities and other auxiliary facilities. The significant inherent environmental risks for the project consist of environmental approvals, water management and tailings management. Additional details on environmental approvals, water management and tailings management are provided in Sections 19 of this Technical Report.

4 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

4.1 Accessibility

4.1.1 Jilong and Huatai Projects

As shown in Figure 3-1, both Jilong and Huatai projects are located in Inner Mongolia, approximately 58km away from Chifeng City in the west and 33-38km away from Chifeng in the east, respectively. Chifeng City has extensive networks of railway line and well paved highways and is also about 400km northeast of Beijing. There are multiple high-speed railways run between Beijing and Chifeng every day.

Access to both projects is excellent. Jilong Project is only 15km away from the Xiaohe (小河) Station of Beijing - Tongliao Railway in the north, and Huatai Project's properties are all within 3 to 10km away from the Honghuagou (红花沟) Station of Beijing - Tongliao Railway. There are gravel roads connecting both projects' properties to the railway station and main paved roads.

4.1.2 Wulong Project

The Wulong project is located in Liaoning Province, about 15km west of Dandong City. Access to the Wulong gold mine is very convenient. The Dandong-Dalian highway is 11km away from the mine in the southeast. There are gravel roads connecting the mine to the main paved roads.

4.1.3 Hanfeng Project

The Hanfeng project is located in Jilin Province, approximately 42km of northwest of Longjing City. Access to the project area is excellent. The Changchun-Tumen Railway and National Highway G302 pass through Laotougou Township in the southeast of Tianbaoshan mine area. Laotougou Town is just 15km southeast of the project's properties and there is a cement road connecting Laotougou Town and the project site.

4.1.4 Jintai Project

As shown in Figure 3-2, access to the project is convenient. The project is in Dali Bai Autonomous Prefecture of Yunnan province, approximately 3 km away from Liantie Township. Liantie Township is about 51 km away from Eryuan County in the southwest by asphalt road. And Eryuan County is about 408 km from Kunming, the capital of Yunnan province.

Liantie Township is about 106 km away from Dali going pass Yangbi County. The nearest railway station is Shangguan Station of Dali - Lijiang Railway. The Xidengping mine is about 78 km to the Shangguan Station going pass Liantie Township and Eryuan County. There are daily buses between Eryuan County and Dali going pass Liantie Township. There are gravel roads connecting the mine to the main paved roads.

4.2 Local Resources and Infrastructure

4.2.1 Jilong and Huatai Projects

The region is a typical habitation for Han nationality and minorities as Mongolian, Hui and others. The population is not dense but seems enough for mining and other industrial activities. The basic economic activity is dominated by farming, while animal husbandry, handicraft manufacture as well as mining are secondary industrial activities. The power and coal supplies are quite convenient for local mining industry.

Jilong Mining has built a 4,000kVA and 6,300kVA general step-down substation in the #1 mining area of the Zhuanshanzi Gold Mine. The power supply comes from the secondary substation (66kV) of Yuanbaoshan. The power supply with 10kV is sourced from Jilong Mining's general step-down substation and can meet the production needs. Water for production and domestic use is sourced from underground water with a water volume of 70 cubic meters per day ("m³/d") per water well. The wired telephone and mobile communication cover the mining area.

The power supply for the Huatai project is sourced from the Northeast Power Grid, and the industrial 10kv high-voltage line has been connected to the Lianhuashan and Honghuagou gold mining areas, which can meet both production needs. Water for production and domestic use is sourced from underground water (electromechanical wells), and the water volume is relatively sufficient. The China Mobile communication network and China Unicom network have covered the mining area.

4.2.2 Wulong Project

Wulong operating gold mine is an old mining area with complete power supply facilities. The Northeast Power Grid runs through the whole area, and the power supply is sufficient. The water for mine production and surrounding residents is taken from the special water intake area of the mining area, and water resources are relatively sufficient.

4.2.3 Hanfeng Project

Residents in the region are mainly Han and Korean, each accounting approximately for nearly 50%. The local economy is dominated by agriculture and mining industry. Agriculture is mainly based on corn, rice, and soybean planting. Mining development is a pillar industry in the local area. Hanfeng Mining's Tianbaoshan Lead-Zinc Mine is a large profit and tax household in Longjing City and has played a positive role in promoting the development of the local economy. There is a 110KV high-voltage dedicated line for Tianbaoshan operating mine, and the power supply can fully meet the production needs.

4.2.4 Jintai Project

The region is a typical habitation for Bai and the others are Yi, Han, Naxi and Hui. The basic economic activity is dominated by agriculture and husbandry. Agriculture is mainly based on rice, wheat, corn, and buckwheat planting. Economic crops include walnuts, roasted tobacco, chestnuts, etc. More than 95% of the population is engaged in agriculture, and the economy and culture are relatively backward.

The Puping hydropower station has been built on the Heihui River in the south of Xidengping mine and has been incorporated into the State Grid. The national high-voltage transmission line passes through the southern part of the project. The power supply can fully meet the production needs.

The surface water system is relatively developed, which can be introduced by diversion pipe, and the water quantity and quality can meet the needs of production and living.

4.3 Climate Physiography

4.3.1 Jilong and Huatai Projects

Both Jilong and Huatai projects areas are located in Nuluerhu mountainous area. The topography is characterised by low to middle mountains or hills, with an elevation ranging from 660 to 844m above sea level ("asl") in Jilong project area, and 1,024 to 730m asl in Huatai project area. Climate type in the region belongs to arid and semi-arid continental climate zone, which is characterized by cold winter, hot summer and windy in spring and autumn.

Generally, the weather in the project site is cold with a yearly average temperature at approximately 7.0 degree Celsius (°C). The lowest temperature in winter could be minus 30.7°C, and the highest temperature in summer can reach 38.7°C. The extremely cold and hot weather usually appears in December and July, respectively.

The annual precipitation is from 217.6 to 595.1 millimetres (mm), whereas the annual evaporation in the region is about several times more than the amount of precipitation, which is from 1.956.0 to 2,836.6mm, with an average of 2.513.5mm. The frost period in the mine area is from late October to March of the next year, the maximum thickness of frozen earth could reach around 1.5 to 2.0 meter (m). The annual average wind speed is 2.4m per second ("m/s"), and the maximum wind speed is 17/s.

There is a northwest direction river valley in the west of the Zhuanshanzi gold mine area. Except for the temporary running water in summer, the river is usually dry. It contains rich groundwater, which is the main water source of the mine.

There is no surface water body in the Huatai project area. About 3km away from the Lianhuashan gold mine in the south, there is a river (i.e., Seluga River), its water volume is small, and the flow is basically cut off in summer.

According to the Seismic Intensity Parameter Zoning Map of China, the seismic peak acceleration in both project areas is 0.10 to 0.15g, which is VII degree. No geological disasters, such as landslide and debris flow are found.

4.3.2 Wulong Project

The topography in the Wulong project area is characterized by mountains and hills with an elevation ranging from 120m to 606m asl. The terrain is high in the north and low in the south. The terrain undulates greatly, and the V-shaped valleys cut deeply.

The water system in the Wulong gold mine area is relatively developed, and most of them are seasonal gullies. The mine area is located in the southeast of the Liaodong Peninsula, belonging to

the northern temperate marine climate zone, with four distinct seasons. The annual average temperature is at the range from 8.3 to 10.3°C. The lowest extreme temperature in winter is -25.1°C, and the highest extreme temperature is 34.1°C in summer. The average annual precipitation is 656 mm, mostly concentrated in July and August. There are more north or northwest winds in winter, and more south or southeast winds in summer. The maximum thickness of frozen earth is 1.07m, and the frost-free period is 185 days.

4.3.3 Hanfeng Project

The Hanfeng project area is located in the northern extension of the Yinger Mountains in the Changbai Mountains. The terrain is high in the northwest and low in the southeast. The mountains are generally north-northwest direction, with many peaks, steep mountains, and narrow "V"-shaped valleys. Generally, the altitude of mountain peaks ranges from 500m to 800m asl, with a relief of about 300-500m. The main peak in the area is Tianbao Mountain, with an altitude of 1073m asl, and the lowest erosion datum is about 350m.

The Tianbaoshan lead-zinc mine area has a temperate continental climate, with large seasonal temperature differences. The annual highest temperature is concentrated in July to August, with an average temperature above 20°C, and the lowest temperature in January can reach below -30°C. July to August is the rainy season, with an average annual precipitation of 800-900mm. The freezing period is from late November to mid-April of the next year, and the thickness of the frozen soil layer can reach 1.5m.

The rivers in the project area belong to the Buerhatong River basin of the Tumen River system. The rivers mainly include Tianbaoshan River, JiuHUDONG River, and Chencagou River, which originate in Tianbaoshan, flow southeasterly into the Burhatong River at the Huxiantang area. The drainage area of Tianbaoshan River is 8.7km², with a general flow rate of 301.1 liters per second ("l/s"), and a flow rate of 585-641l/s in wet season, which can meet the mine production and domestic water needs.

4.3.4 Jintai Project

The project area is located in the west of the Luoping-DianCang Mountains (trending north-south) in Hengduan Mountain, western Yunnan, and in the east bank of Heihui River. The terrain is high in the northeast and low in the southwest. Generally, the terrain is a gentle slope, with an elevation of 1,800 ~ 2,300 m ASL. The erosion landform is generally gently sloping to the west (Heihui River), and the average slope is about 10°. The terraces can be roughly divided into 5 levels, the slope of the steps is about 25°, the steps are flat, and most of them are cultivated land. The slope of the left bank of Heihui River is about 35° ~ 45°. The west slope of Luoping Mountain is a steep slope with an elevation of 2,300 ~ 2,900 m asl, among which the area with an elevation of 2,300 ~ 2,500 m asl is the remaining terrace landform, with a lot of tongue strip protruding ridges.

The project area has a north subtropical plateau monsoon climate, the highest temperature is 30°C, the lowest temperature is -5°C, the average annual temperature is 13.9°C. The average annual rainfall is 1,200 mm, the maximum rainfall is 1,440.5mm, and the maximum rainfall in 24 hours is 89 mm. May to October is the rainy season, the precipitation accounts for more than 80% of the year. Annual average evaporation of 1,405.7 mm, frost-free period for about 280 days, occasional heavy snow, as well as local areas of hail, is the main disastrous climate in the area. The wind direction in

the area is mainly northwest with an average speed of 2 ~ 8 m/s, and the maximum wind speed at Luoping Mountain is 35 m/s.

According to Code for Seismic Design of Buildings (GB50011-2001) of China, the seismic peak acceleration in the area is 0.20 g, which is VIII degree. The characteristic period of ground motion response spectrum is 0.45 s, which belongs to unstable region. No geological disasters, such as landslide and debris flow are found.

5 Geological Setting and Mineralisation

5.1 Regional Geology

5.1.1 Jilong and Huatai Projects

Tectonically, the Honghuagou-Lianhuashan and Zhuanshanzi gold deposits are situated at Lianhuashan fault block in Inner Mongolia platform uplift of North China platform. Regional structures and magmatic activity are frequent, which provide the source and conduit for the gold-bearing hydrothermal fluid, and the secondary structure provides the site for the formation of gold deposits. The development of tectonic processes and magmatic activities are favourable for the formation of gold mineralisation.

The Paleozoic strata of Honghuagou-Lianhuashan and Zhuanshanzi gold deposits belong to Chifeng stratigraphic unit of the Inner Mongolia grassland stratigraphic zone in North China stratigraphic region. The Mesozoic and Cenozoic strata belong to Ulanhot-Chifeng stratigraphic unit of the Greater Khingan-Yanshan stratigraphic zone in the Coastal Pacific stratigraphic region.

The outcropped strata are Paleoproterozoic Wulashan Group, Proterozoic Great Wall System, Xinmin Formation of Middle Jurassic of Mesozoic, Baiyingaolao Formation of Upper Jurassic of Mesozoic, Jiufotang Formation of Lower Cretaceous, Neogene Miocene Hannuoba Formation, Quaternary Pleistocene and Holocene. The Paleoproterozoic Wulashan Group is the main strata hosting the Mineralisation.

Fault structures in the project area are developed, the faults are divided into 4 groups: nearly east-west, nearly north-south, northwest and northeast trending faults. The northwest trending is the main faults controlling the gold mineralisation.

Magmatic intrusion is extensive, with multiple stages and complex types. Magmatic intrusive rocks include Jurassic granite-porphyry, monzo-granite and Alkali-Feldspar Granite.

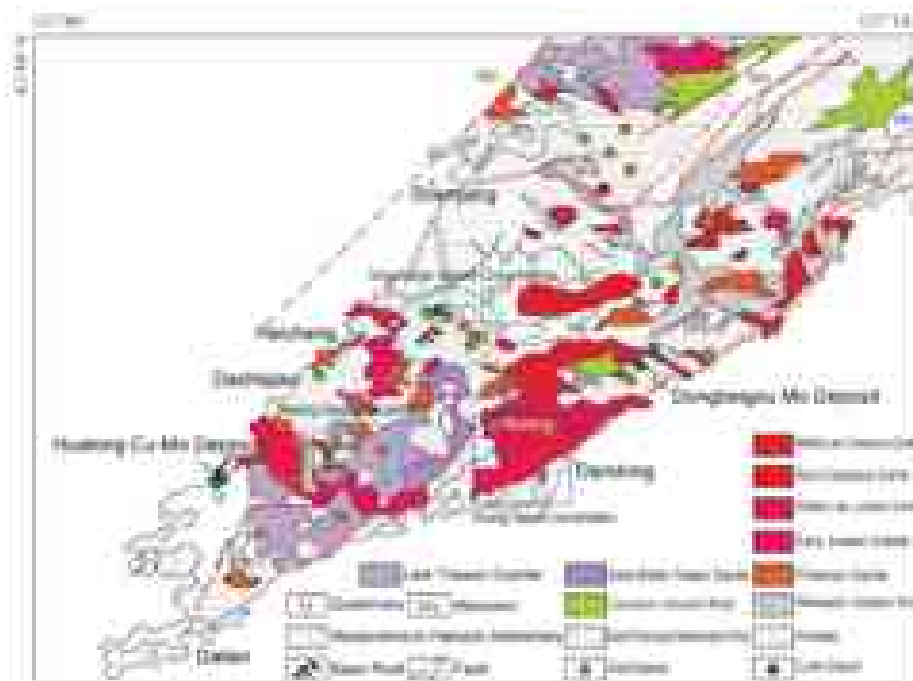
5.1.2 Wulong Project

Geotectonically, the Wulong project is located in the eastern margin of North China Block. The eastern part of the North China Block is comprised of Longgang block, Shandong-Liaoning-Jilin orogenic belt and Langlin block (Figure 5-1). There are a number of large and super-large deposits distributed in eastern area of Shandong, eastern area of Liaoning, western area of Henan, northern and eastern area of Hebei, and southern area of Jilin (Zhu et al., 2015).

The strata in the eastern area of Liaoning are mainly composed of Precambrian metamorphic rocks and Mesozoic volcanic and intrusive rocks (Yang et al., 2003). The Precambrian rocks mainly consist of the Paleoproterozoic diorite, quartz diorite, and granodiorite and the Paleoproterozoic Liaohe Group, mainly composed of intermediate and low-grade metamorphic rocks, including various types of schist, gneiss, dacite and amphibolite. The Neoproterozoic and Mesozoic thick sedimentary rocks are sporadically outcropped in the area.

In the Mesozoic, the eastern area of Liaoning became an important part of the circum-Pacific tectonic-magmatic belt, producing a large area (2,000 km²) of granite and volcanic rocks, which intruded into the Precambrian metamorphic rocks. The Mesozoic magmatism of the eastern area of

Figure 5-1: Regional Geology Setting of Wulong Project



5.1.3 Hanfeng Project

The large-scale Tianbaoshan metallogenic region, with over one hundred years of mining history, is located in eastern Yanbian area, north-eastern China. There are abundant nonferrous metal resources and diverse deposit types, metallogenic theory and ore-prospecting in the Tianbaoshan region. According to the recent research data, the Yanbian area belongs to the Paleo-Asian Ocean tectonic region during the Paleozoic Era and to the Paleo-Pacific Ocean tectonic region since the Jurassic period. Evolution and superimposition of the two tectonic regions resulted in multi-cyclic tectonic-magmatic activities and provided a beneficial ore-forming geological condition to the intensive nonferrous and precious metal Mineralisation in this area. Up to now, at least four types of deposits have been discovered, including skarn lead-zinc deposit (i.e., Lishan deposit and Xuanchanghoushan deposit), crypto-explosive breccia lead-zinc-silver deposit (i.e., Xinxing deposit), sedimentary metamorphic-hydrothermal copper-lead-zinc deposit (i.e., Dongfengnanshan deposit) and lode (-porphyry) molybdenum deposit (i.e., Dongfengbeishan deposit). The regional geology setting is shown as Figure 5-2.

Figure 5-2: Regional Geology Setting of Hanfeng Project

1-Quaternary; 2-Lower Jurassic Mingyuegou Formation; 3-Permian Miaoling Formation; 4-Carboniferous Tianbaoshan Group; 5-Silurian Qinglongcun Group; 6-Hercynian intrusive rocks; 7-Indosinian intrusive rocks; 8-Yanshanian intrusive rocks; 9-granite; 10-biotite granite; 11-alkali-feldspar granite; 12-granite diorite; 13-quartz diorite porphyry; 14-diorite; 15-quartz porphyry; 16-sub and site; 17-deposit; 18-compresso-shear fault; 19-transtensional fault; 20-inferred compressor-shear fault; 21-inferred trans tensional fault

Sources: Superimposed Mineralisation of the Tianbaoshan metallogenic region in Yanbian area (eastern Jilin Province), north-eastern China: Indicated by the isotopic dating. *Acta Petrologica Sinica*, 30(7): 2081-2091 (in Chinese with English abstract)

5.1.4 Jintai Project

The Jintai Project is located in the eastern edge of the Changdu-Lanping-Simao block of the Qiangtang-Sanjiang orogenic system and is adjacent to east of the Diancang – Yuanlao Mountain metamorphic basement complex of the upper Yangtse paleo platform. The project is in the combination area of two primary tectonic units, Qiangtang-Sanjiang orogenic system and Yangtse platform. The regional metallogenic zone belongs to the coastal Pacific metallogenic domain, the upper Yangtse platform metallogenic province, the middle part of the Lijiang-Dali-Jinping Au-Cu-Ni-Pt-Pd-Mo-Mn-Fe-Pb-Zn mineral belt. With complex geological structure, frequent magmatic activity and strong Mineralisation, the area is a favourable location for searching for gold polymetallic deposits related to the tectono-magmatic activity in the Himalayan period.

The outcropped strata in the east part of the Qiaohou - Yangbi Fault are the Paleoproterozoic Huanglongtan Formation and Shimengguan Formation, the Neoproterozoic Luopingshan Formation, and the Permian Maokou Formation and Wulongba Formation. The outcropped strata in the west part of the Qiaohou - Yangbi Fault are the Cretaceous Jingxing Formation, Nanxing Formation and Hutousi Formation, the Paleogene Yunlong Formation and Baoxiangsi Formation and the Neogene Sanying Formation. The Quaternary is commonly seen in rivers slopes and gullies in the region.

The regional tectonic structure is roughly separated by the Qiaohou-Yangbi Fault, with the Mesozoic depressional basin of Lanping to the west, the Cenozoic slip pulling basin of Qiaohou-Liantie superimposed on the eastern edge of the basin, and the crystalline metamorphic basement (orogenic belt) of the Luoping Mountain Goutoujing Group to the east. The tectonics in the region is

characterized by multi-period inherited activities, and the regional tectonic structure is generally north-northwest trending.

There are two sets of faults in the region, one is trending northwest-southeast, and the other is trending northeast-southwest. The northwest-southeast fault is the main fault in the region, which controls the whole regional tectonic structure and controls the regional geohistorical evolution. The eastern northwest-southeast fault is mainly developed in the ancient metamorphic rocks of the metasedimentary boundary, characterized by multi-stage activity, ductile in the first stage and brittle rupture in the later stage; the western northwest-southeast fault is mainly developed in the Mesozoic strata, characterized by low angle and brittle rupture, mostly positive faults with torsion. From the intersection relationship, the northwest-southeast faults are cut and staggered by the northeast-southwest faults; the northeast-southwest fault is obviously new. The northeast-southwest faults cut through the stratigraphy of the Sanying Formation of Pliocene, indicating that the last activity of the faults was later than the Pliocene.

The regional folding is divided into two parts, east and west. The western part is a fold composed of Mesozoic and Cenozoic strata and the eastern part is an anticline and monoclinal fold composed of schist in ancient metamorphic rocks. The western part of the folds is, the Changyi compound syncline and its subordinate anticline and syncline, the Heihui River compound syncline and its subordinate anticline and syncline. The Heihui River compound syncline is the norther extension of the Changyi compound syncline. The eastern fold is composed of the Lujiacun metamorphic-tectonic schist antiform and the Dayeping monoclinal fold.

The intrusive rock in the region is the Variscan gabbro outcropped in the north part of Dayeping, intruding into Wulongba Formation. The gabbro is trending northwest - southeast and generally consistent with the regional tectonic structure. It is cut off by the north-east fault to the northwest and covered by the Quaternary to the southeast. The rock outcrop is about 2,300m long and 250m wide, and it is a rock wall. The lithology is norite gabbro. The rocks have semi-automorphic granular texture and blocky structure. Near the Qiaohou-Yangbi Fault, there are vein rocks such as granite porphyry, diabase, monzonite porphyry.

There are three types of metamorphic rocks, regional metamorphic rocks, dynamic metamorphic rocks, mixed rocks, and hydrothermal metamorphism (alteration). Metamorphism is more complex.

Soil geochemical surveys at scales of 1:200,000 and 1:50,000 have been carried out in this area. The results show that most of the gold anomaly are in the distribution area of sand, gravel and mudstone of the Sanying Formation.

Gold mineralisation in the metallogenic zone is closely related to Himalayan tectonics and alkaline magmatic activities, and there are mainly two types of deposits, porphyry, and shear zone. Porphyry gold deposit is represented by Heging Beiya, Xiangyun Machangjing and Jinping Chang'an, and shear zone gold deposit is represented by Yuanyang Daping.

5.2 Property Geology

5.2.1 Jilong Project

The outcropped strata in the Zhuanshanzi Mine, including both Zhuanshanzi Block and Zhuanshanzi #4#5#6#7 Block areas are the Lower Permian Yujiabeigou Formation, the Upper Jurassic Baiyingaolao Formation and the Quaternary sediments. Figure 5-3 shows the local geology setting of the Zhuanshanzi Mine.

Figure 5-3: Local Geology Map of Zhuanshanzi Mine



The Lower Permian Yujiabeigou Formation strikes northeast (30° - 70°) and dips to southeast with a dip angle of between 10° and 90° . The thickness of this formation is 500m. This formation is divided into three members: the lower member is at the central south, and consists of crystalline limestone and layered marble, which is the wall rock of mineralisation. The middle member is composed of crystalline limestone and marble, and the lower member includes slate and siltstone.

The Upper Jurassic Baiyingaolao Formation is a set of continental intermediate-felsic volcanic lava and pyroclastic rocks, including rhyolite, andesite, amygdaloid andesite, rhyolitic tuff, and andesitic tuff. The formation strikes northeast and dips to southeast with a dip angle of 50° - 70° . The thickness of this formation is 700m.

The Quaternary sedimentary series include loess-like loamy soil, loamy soil containing calcareous nodules.

The structure in project area is developed and dominated by fault structure. The faults are developed at the Yanshan period and can be divided into three groups: northwest, nearly east west, northeast trending faults. The northwest trending faults host the gold mineralisation.

The Intrusive rocks are well developed at the deposit area, they include early Cretaceous granite, late Cretaceous granite porphyry, Jurassic and Permian diorites. Dykes include felsite porphyry, trachyte and quartz vein, which strike northwest, northeast or most east-west.

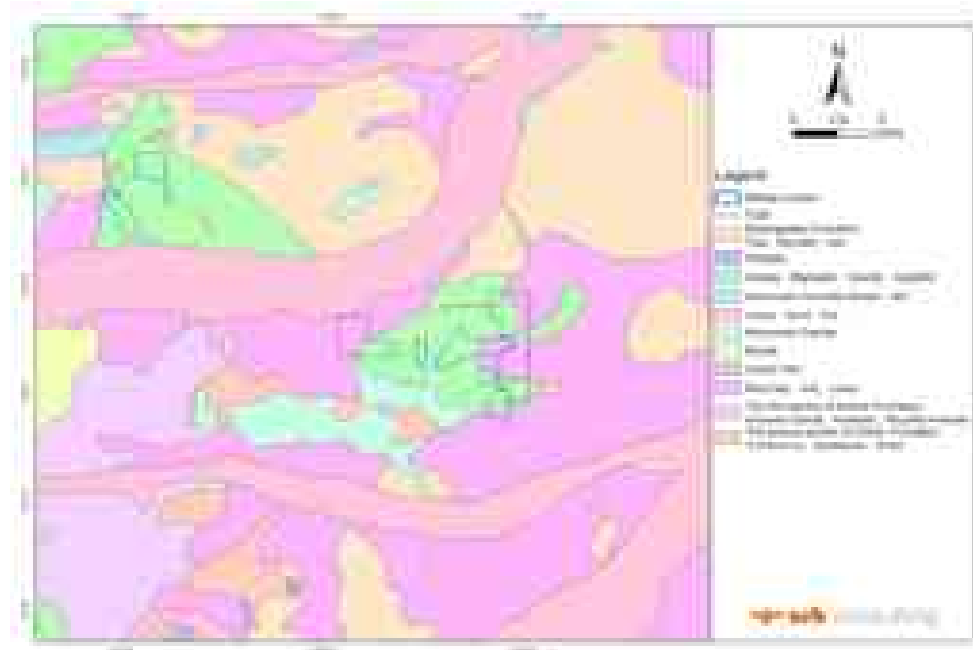
Wall rock alteration includes pyritization, carbonation, silicification, chloritization, sericitization, epidotization.

5.2.2 Huatai Project

Honghuagou #1 Mining Zone

At the Honghuagou #1 Mining Zone area, the outcropped strata include the Archean Wulashan Group, the Lower Cretaceous Jiufotang Formation, and the Quaternary sediments. Figure 5-4 is the local geology setting.

Figure 5-4: Local Geology Map



Source: SRK

The Archean Wulashan Group is widely outcropped at the #1 Mining Zone, which is main mineralisation hosting strata. Lithologically, the Wulashan Group is composed of amphibole plagioclase gneiss, amphibolite, migmatite granite, amphibolite gneiss.

The Lower Cretaceous Jiufotang Formation partially occurs at the middle west of the #3 Mining Zone, the lithology is mostly tuffaceous sandstone, discontinuous overlies above the Archean Wulashan Group.

The Quaternary sedimentary rocks are widely outcropped at the mining area, and lithologically they are primarily red clay, variegated gravel layer, yellow sub-sandy soil and loess, the thickness is 20~50m.

Fault structures in the #1 Mining Zone area can be divided into four groups: nearly east-west, nearly north-south, northwest and northeast trending faults. The nearly north-south trending faults are branches of the regional faults, which host gold mineralisation. The north-south trending fault dips to east with a dip angle of 70-80° and controls the #82 Vein. The length and width of this vein is about 330m and 0.5-2.0m, respectively.

Magmatic intrusion doesn't outcrop at the #1 Mining Zone area, only dykes outcrop as granite porphyry and diorite porphyry veins.

Wall rock alteration includes facial and linear shapes. Facial wall rock alterations include potassium feldspar, albitization, silicification, albite-epidotization, albite-zoisitization, sericitization, pyrite sericitization and carbonation. Linear wall rock alteration develops with hydrothermal replacement, at the breccia around the gold veins, and the linear wall rock alterations include sericitization, chloritization, silicification, pyritization, carbonation.

Gold mineralisation bodies develop at the structural breccia as veins. Mineralisation includes pyrite, pyrrhotite, galena, and sphalerite, which show as disseminated, veined or reticulated widespread. The contact between the wall rock and mineralised bodies is clear.

Honghuagou #86 Vein

The strata include the Xiaotazigou Formation of Archean Jianping Group, composed of plagioclase hornblende gneiss, hornblende plagioclase gneiss with magnetite quartz lenticle and marble lens; the Baiyingaolao Formation of Late Jurassic, consisting of rhyolite and andesite; and the Quaternary sediments. The fault structures well developed in the property area, they consist of nearly east west, northeast, northwest, and nearly north south trending faults.

The magmatic activity in the area is strong and frequents at different stages and types. The intrusive rocks primarily consist of the Honghuagou granite porphyry dykes.

Wall rock is the Xiaotazigou Formation plagioclase hornblende gneiss. Wall rock alterations include silicification, pyritization, sericitization, chloritization, and carbonation.

Pengjiagou Mine

The strata include the Xiaotazigou Formation of Archean Jianping Group and the Quaternary sediments. The fault structures include northeast and northwest trending faults.

The magmatic intrusive is not developed, only Yanshanian syenite porphyry and dykes is revealed.

Wall rock alterations include pyritization, sericitization, chloritization, and carbonation.

Lianhuashan #5 Mining Zone

At the Lianhuashan #5 Mining Zone area, the outcropped strata include the Archean Wulashan Group, and the Pleistocene and Holocene Series of sediments.

The Archean Wulashan Group is widely outcropped at the #5 Mining Zone area, which is main strata hosting the gold Mineralisation. The lithology of the Archean Wulashan Group includes amphibole plagioclase gneiss, amphibolite, migmatite granite, and amphibolite gneiss.

The Quaternary sediments are mainly red clay, variegated gravel layer, yellow sub-sandy soil and loess. The thickness is 60~130m.

Structures in the #5 Mining Zone area can be divided into most east-west, nearly north-south, northwest trending faults. The nearly north-south trend faults are the branch of regional faults F8 and F9, which host mineralisation, and they occur at the central south of the #5 Mining Zone area and control the occurrence of mineralised bodies of #51-1, #51-6, #51-8, #51-9, #51-10.

Magmatic intrusion doesn't expose at the #5 Mining Zone area, only dykes expose as granite porphyry and diorite porphyrite vein. The dykes do not destroy the mineralisation.

Wall rock alteration includes facial and linear shape. Facial wall rock alterations include potassium feldspar, albitization, silicification, albite-epidotization, albite-zoisitization, sericitization, pyrite sericitization and carbonation. Linear wall rock alteration develops with hydrothermal replacement, at the breccia around the gold veins, and linear wall rock alterations include sericitization, chloritization, silicification, pyritization, and carbonation.

Gold mineralised bodies develop at the structural breccia as veins. Mineralisation includes pyrite, pyrrhotite, galena, and sphalerite, which show as disseminated, veined or reticulated widespread. The contact between the wall rock and mineralised bodies is clear.

Lianhuashan #26 Vein

The outcropped strata include the Xiaotazigou Formation of Archean Jianping Group and the Baiyingaolao Formation of Upper Jurassic. Structures mainly include northwest and nearly north-south trending faults, and the nearly north south trending faults host the gold Mineralisation. Magmatic intrusive is not developed, only dykes occur.

Wall rock alterations include pyritization, sericitization, chloritization, and carbonation.

Lianhuashan #38#7 Vein

The outcropped strata include the Xiaotazigou Formation of Archean Jianping Group, composed of plagioclase hornblende gneiss and the Quaternary sediments. Magmatic intrusive is not developed and only small dykes occur.

Structures mainly include faults at small scale, which host the gold mineralisation.

Wall rock alterations include potassium feldspar, albitization, quartzitization, Albite~epidote, and albite~zoisite.

5.2.3 Wulong Project

As shown in Figure 5-5, the characteristics of the stratigraphy, structures and igneous rocks are detailed as following.

The Paleoproterozoic Liaohe Group rocks, layered metamorphic rocks, are sporadically outcropped, mostly in the form of xenoliths in the Mesozoic granites and mixed granites distributed over a large area. The stratigraphy of the area is composed of Lieryu Formation, Gaojiayu Formation, Dashiqiao Formation, Gaixian Formation and Quaternary, from the oldest to the newest. These rocks consist of various types of marble, schist and leptynite. The metamorphic rocks have a high background of gold abundance. The gold grade in marble is about 5.36~21.0 part per billion ("ppb"), and in schist and leptynite the grade is 3.88~11.0 ppb. These are the initial gold sources, and they contribute the basis for the formation of the gold deposit.

The Lieryu Formation rocks are located mainly around Sanguliu, southeast of the region. They dip to northeast with a dip angle of 35° - 65°. They are composed of biotite leptynite, biotite amphibole leptynite, and tourmaline leptynite.

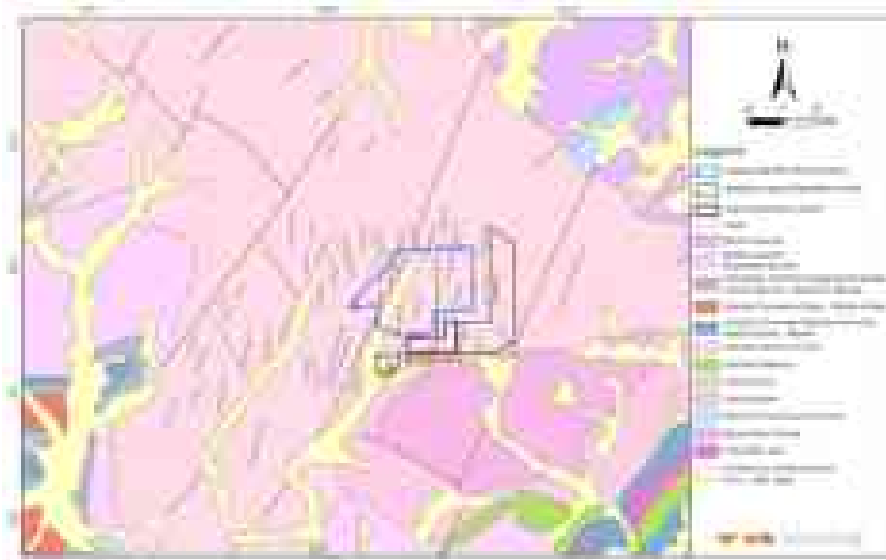
The Gaojiayu Formation rocks are in the western part of the region around Yemofang and in the southeast part around Sanguliu. They dip to northeast with a dip angle of 35° - 65°. They are composed of graphite leptynite, graphite biotite leptynite, biotite schist, and biotite gneiss with marble.

The Dashiqiao Formation rocks are in the southwestern part of the region around Songjiapu. They dip to northeast with a dip angle of 35° - 65°. They are composed of magnesite marble, calcite marble and dolomitic marble.

The Gaixian Formation rocks are in the southwestern part of the region around Songjiapu. They dip to northeast with a dip angle of 35° - 65°. They are composed of slate, biotite schist and biotite gneiss.

The Quaternary is the eluvium and diluvial sediments. They are composed of silty clay and sandy gravel. The thickness is about 0.3-2.7m.

Figure 5-5: Property Geology Map



Sources: Resource & Reserve Verification Report of the Wulong Mine in Zhen'an District, Dandong City, Liaoning Province, 2019.

The structure in this area is mainly fault structure and then fold structure. The Yalu River Fault is the largest fracture zone in the region, which is located at the edge of the region and extends northeast and dips to southeast. It is formed by multiple extrusion and shearing. This fault zone controls the spreading of copper and gold Mineralisation in the region.

The fault structure in the region is mainly the product of the Mesozoic Yanshan tectonic movement, which can be divided into northeast trending faults and northwest trending faults. Extensions of the faults are more than 10 km and the spacing is 2-4 km and 4-6 km respectively. The two groups of faults form a diamond-shaped lattice structure, controlling the distribution of the gold-bearing Mineralised bodies.

The faults can be divided into five groups: the east-west ("EW") trending, north-northeast ("NNE") trending, northwest ("NW") trending, northeast ("NE") trending, and north-south ("SN") trending faults, according to their characteristics. The faults are characterized by multi-phase activities and are mostly filled by various types of vein rocks.

The NW-trending fault is an ore-bearing, tension-torsional fault, which extends about 10 km along the direction of 320°. It dips to SW and the dip angle is from 50° to 70°. It is filled by fine diorite veins and lamprophyre, whose thickness are about 3 to 7 m and up to 25 m sometimes.

The NNE-trending faults are compressive-twisting faults and parallel distributed between each other. They dip west-northwest ("NWW") with dip angles of about 56° - 85°. The extension of the faults is ranging from 4 km to 10 km with a width of 2-30 m. The fault zone is strongly fragmented, and is characterized by strong silicification and pyritization alterations, in which there are extrusion lenses of different scales, and the silicification is very strong, and the lenses are mostly interspersed within cleavage zone, and quartz veins can be seen, and the fracture is characterized by multi-phase development, which is the main ore-bearing structure of the area.

The NE-trending fault is a compressive fault, with an extension of 45° and dip NW at dip angles ranging from 30° to 50°. The NS-trending fault is a tension-torsional fault, with an extension of 350°-0° and nearly vertical. It is filled by granite porphyry veins. The EW-trending fault (F8) is a compressive fault, with an extension of 75°-85° and dip SE at dip angles ranging from 50° to 70°. It is filled by fine diorite and quartz veins.

The fold structure is namely the Wulong anticline, with an extension of 85°. The axial surface of the fold is nearly vertical and the dip angle of the shanks is about 50°-60°. This fold structure controls the distribution of the Hegou-Wulong-Hongshi mineralised zones, which is the earliest fold in the area.

The tectonic activity of the area is mainly of Yanshan period, according to the characteristics of the fold and fault structures on the stratigraphy and their internal fillings.

The area is characterized by the intrusion of Paleoproterozoic biotite granite and granitelle, early Yanshanian diorite, granodiorite, granite, and many dykes accompanying the intrusion. In the west of the Wulong gold mine, it is the Paleoproterozoic Hongshi biotite granite. In the south, it is the Yanshanian (126 Ma) Sanguliu granodiorite. And in the north, it is the Yanshanian (112 Ma) Dingqishan biotite granite. They are closely related to gold Mineralisation.

Intermediate-acid and mafic dykes develop in the area, which are detailed described as follows.

The diorite porphyrite and the fine diorite are almost the same and can't be identified clearly, with a slight difference of crystallization. They are grey and pink, and are composed of fine plagioclase, amphibole, and little quartz. They are nearly north-south trending, and dip to east or west with dip angles mostly 80°. They extend dozens to hundreds of meters, mainly around the tectonic zone, accompanying the gold-bearing quartz veins.

The lamprophyre is located near the upper and lower plates of the quartz orthoclase porphyry. They are nearly NS-trending, dip to east with the dip angles of 55°-70°. They can be divided into two groups, the odinite and the garganite. They extend dozens of meters with a width ranging from 1 to 10m.

The diorite porphyry and the fine-grained diorite are in the wall rock near the Mineralised body. They are characteristic of silicified, chlorite, sericite, carbonatite, and potassium. The quartz orthoclase can also be seen in some parts of the alteration phenomenon. It can be considered that these three vein rocks are of the Mineralisation period, mainly formed before Mineralisation. The lamprophyre, according to its cutting relationship of vein rock and no alteration, should be of post-mining period.

5.2.4 Hanfeng Project

Lishan Mine

Tianbaoshan Lishan-Xinxing mines are located at the intersection of Jihei fold system, Yanbian Eugeosynclinal fold belt and Dunhua uplift of Jilin Eugeosynclinal fold belt. The strata in this area are mainly the Paleozoic Ordovician - Permian marine carbonate and volcanic sedimentary rock series, and the Mesozoic Jurassic continental pyroclastic rocks. Intense magmatic activity occurred and Hercynian and the Yanshan granites developed.

Fold structure and fault structure are developed in the area and were intersect with each other to form complex structural system, which provides migration channel and ore storage space for Mineralisation. In short, the metallogenic geological conditions are superior, and it is an important polymetallic Mineralisation concentration area in Jilin Province. The geology map of Tianbaoshan-Lishan mine is shown in Figure 5-6.

Figure 5-6: Geology Map of Lishan Mine

Source: SRK

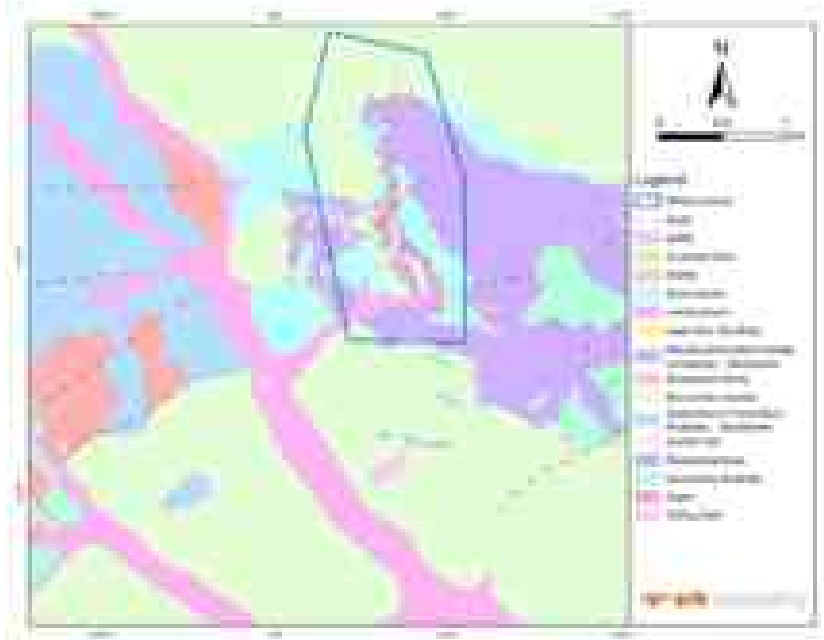
6.2.4.2 Dongfeng Mine

Tianbaoshan Dongfeng Mine is located at the intersection of the west margin of Yanbian Eugeosynclinal fold belt and Dunhua uplift of Jilin Eugeosynclinal fold belt. The strata in this area are mainly the Paleozoic Ordovician - Permian Marine carbonate and volcanic sedimentary rock series, and the Mesozoic Jurassic continental pyroclastic rocks. There are strong magmatic activities, showing the Hercynian and Yanshan granites. Fold structure and fault structure are developed in the area, and they intersect each other to form complex structural system, which provides favourable migration channel and ore storage space for Mineralisation. The geology map of Dongfeng mine is shown in Figure 5-7.

The strata in the area are mainly the Late Paleozoic Permian Miaoling Formation, and locally the Early Paleozoic Ordovician Qinglongcun Group and the Mesozoic Jurassic Tuntianying Formation.

Magmatic activity is intense and widely distributed in the area, accounting for about 70% of the whole area. They are mainly the Hercynian, Indosinian and Yanshanian, among which the Indosinian and Yanshanian magmatic activities are particularly strong and closely related to Mineralisation.

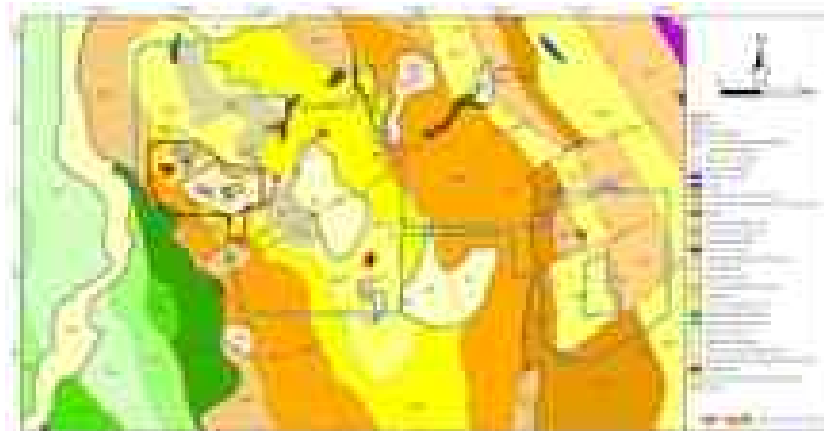
The structure in this area is mainly fault structure, which can be divided into three groups of NW-trending, NNW trending and NE trending according to the characteristics of faults. In the molybdenum mine area, there is also a group of near east-west trending structure and east-west contact zone structure.

Figure 5-7: Geology Map of Dongfeng Mine

Source: SRK

5.2.5 Jintai Project

The strata outcropped in the project area are the Paleoproterozoic Huanglongyan Formation and Shimenguan Formation, the Cretaceous Jingxing Formation, the Paleogene Yunlong Formation, the Neogene Sanying Formation and the Quaternary sediments (Figure 5-8).

Figure 5-8: Local Geology Setting

Sources: Geological (Advanced Exploration) Report of the Xidengping Gold Deposit, Eryuan County, Yunnan Province, 2022

The Paleoproterozoic Huanglongtan Formation can be subdivided into two Members: the first Member of Huanglongtan Formation is composed of gneiss and is distributed in the eastern part of the region. The second Member of Huanglongtan Formation is composed of light-yellow amphibolite gneiss, light gray biotite plagioclasic granulite, and biotite plagioclasic gneiss and is distributed in the northeast part of the region.

The strata of the Paleoproterozoic Shimenguan Formation are distributed in the middle east of the mining area and lithologically, they are composed of light-grey dolomitic marble with phlogopite, light grey sandy microcrystalline marble, and dolomitic marble.

The strata of the Cretaceous Jingxing Formation are mainly distributed in the west of the region on both banks of the Heihui River. It is parallel unconformity contact or fault contact with the overlying and underlying strata.

The strata of the Paleogene Yunlong Formation are composed of mudstone and siltstone; they are mainly located near the Qiaohou-Yangbi Fault on the eastern part of the region.

The Neogene Sanying Formation is subdivided into three members: Member 3, Member 2 and Member 1. The strata of the Member 3 are distributed in the middle of the mining area, which are covered by the Quaternary alluvial-diluvium and slop-deposit.

Member 2 is subdivided into three beds, Bed 3, Bed 2 and Bed 1. The strata of Bed 3 are distributed on the east and west sides of Member 3 and are composed of cataclastic sandstone with silty, coarse sandstone, silty breccia with thin layers of silty mudstone. The Bed 3 is the most important gold-bearing strata in the mining area.

The strata of Bed 2 are distributed on the east and west sides of Bed 3 and are mainly composed of cataclastic argillaceous siltstone with black mudstone, locally composed of fine sandstone, coarse sandstone, and conglomerate interlayer.

The strata of Bed 1 are distributed on the east and west sides of Bed 2 and are composed of gray-white carbonaceous silty mudstone, carbonaceous mudstone, and argillaceous siltstone, with coal line or thin coal seam in some parts.

Member 1 is distributed in the western and eastern part of the mining area. Affected by faults and Quaternary, the width of outcrop varies greatly. The strata exposed in the west of the mining area tend to the northeast, and the strata exposed in the east of the mining area tend to the southwest.

The Quaternary residual slope sediments in the mining area are distributed in the gentle slopes of the regional slopes, ranging from 3 to 20m thick. The lithology is mainly sand and clay, and there are also trans blocks of fine sandstone, siltstone, mudstone, medium-grained sandstone, coarse sandstone, conglomerate, siliceous rock, and siliceous conglomerate.

The general structure in the area is a syncline fold. The faults in the mine area are divided into two sets: the NW-trending fault and the NE-trending fault.

The magmatic rocks in the mining area are mainly in the form of dykes, including diabase dykes, diorite dykes and syenite porphyry dykes.

Quartz-mica-diorite dykes cover an area of about 0.03 km² in Shiqiaogou – Niugui at the northeast corner of the mine. The analytical results of sample analysis show that gold grade is 0.01 g/t, which is not closely related to gold mineralisation.

Diabase dykes are distributed in Gaoluoxi area in the eastern part of the mining area. The sandstone surrounding the diabase dykes has obvious keratosis, silicification and pyritization. The highest grade of samples was 0.92g/t Au, generally between 0.2g/t and 0.30g/t Au. The diabase dykes are closely related to gold mineralisation. It provides both heat and mineral sources.

Orthophyre dykes are outcropped in the eastern part of the mine area. The wallrock of the dykes is conglomerate, and pyritization and carbonation are seen in the conglomerate; it shows pyrite and calcite veins filling the conglomerate or sandstone in a network of veins. The sample of the rocks was taken and analysed with a gold grade of 0.051g/t, which is low in gold grade and is not clear that the dykes have a closely relationship to gold mineralisation.

5.3 Characteristics of Mineralised Bodies

5.3.1 Jilong Project

A total of 18 mineralised bodies in the Zhuanshanzi Block are discovered: namely #4, #5, #6, #6-1, #27-1, #27-2, #27-3, #27-4, #28 and #72 in the No. 1 Mining Zone, #100, #100-1 and #104 in the No. 2 Mining Zone, and #26, #26-1, #26-2, #26-3 and #26-4 in the No. 3 Mining Zone.

Mineralised body #4 strikes northwest and dips to southwest with a dip angle of 78°. Mineralised body #5 strikes northwest and dips to southwest with a dip angle of 80°. This Mineralised body is about 900 m long and 345 m downdip.

Mineralised body #6 strikes northwest and dips to southwest with a dip angle of 80°. It is approximately 467m long and 369m downdip. Mineralised body #6-1 strikes northwest and dips to southwest with a dip angle of 80°. It is about 207 m long and 416 m downdip.

Mineralised body #27-1 strikes northwest and dips to southwest with a dip angle of 79°. It is 792 m long and 416 m downdip. Mineralisation body #27-2 strikes northwest and dips to southwest with a dip angle of 79°. It is 388 m long and 496 m downdip.

Mineralised body #72 strikes northwest and dips to northeast with a dip angle of 72° . It is 530 m long and 297 m downdip.

Totally 9 mineralised bodies are discovered in the Zhuanshanzi #4#-5#-6#-7 Block, 4 of them are the main Mineralised bodies: namely Nos. #300、#310、#320 and #330. These mineralised bodies are about 80m to 282m long and 84m to 344m downdip. They strike northwest and dips to southwest with a dip angle of 61°-80°.

Ore minerals include native gold and silver, pyrite, sphalerite, galena, chalcopryrite, magnetite, hematite, and chalcocite. Gangue minerals include quartz, sericite, chlorite, calcite, epidote, feldspar, and hornblende.

Textures include crystalline texture, cataclastic texture, metasomatic residual texture, and solid melt decomposition texture. Structures include disseminated structure, vein-like structure, brecciated structure, and banded structure.

5.3.2 Huatai Project

Honghuagou #1 Mining Zone

Honghuagou #1 Mining Zone is divided into four sub-areas: Sub-area #1, Sub-area #3, Vein #3, and Longtoushan sub-area. The Sub-area #1 includes three mineralised veins, namely Vein #2, Vein #82 and Vein #14, which are controlled by either northwest, nearly north south or northeast trending faults.

Vein #2 is situated at the northwest and host by the contact of mixed granite and hornblende plagioclase gneiss. The Mineralised body is vein-like, strikes northwest and dips northeast with a dip angle of 59-85°. Vein #14 is situated at the east and host by hornblende plagioclase gneiss. The Mineralised body of Vein #14 strikes northeast and dips to southeast with a dip angle of 59-71°. Vein #82 is situated at the southwest and host by hornblende plagioclase gneiss.

Sub-area #3 is situated at the southeast, with slope landform, which is divide into Mineralised body #15 and #15-3.

Vein #3 is at the south of #1 Mining Zone, includes Mineralised bodies #3 and #3-1, which strike northwest, with the dip angle of 62-80°. The mineralised body is host by gneiss of Archean medium-deep metamorphic rock series. The shape of mineralised body is irregular.

Longshantou sub-area contains three mineralised bodies, including #23-2, #23-4 and #23-5. The Mineralised body is host by plagioclase hornblende gneiss, migmatite, plagioclase hornblende, partially hosted by K-feldspar granite. The three mineralised bodies echelon at the cross-section.

The ore minerals include native gold, pyrite, chalcopyrite, magnetite, and minor of sphalerite, galena, chalcocite, bornite, and limonite. Gangue minerals include quartz, sericite, chlorite, potassium feldspar, plagioclase, hornblende, calcite, and kaolin.

Textures include fragmented structure, metasomatic filling, fine idiomorphic crystal structure and metasomatic residue. Structures include massive structure, strip structure, disseminated structure, and breccia structure.

Honghuagou #86 Vein

Five mineralised bodies are defined, they are #86, #86-1, #86-2, #86-3, and #86-4. The #86, #86-3, #86-4 are main mineralised bodies.

Mineralised body #86 is situated at the center of the mining area and occurs as gold-bearing quartz vein. It strikes northwest and dips to northeast with a dip angle of 75°.

The structures include fragmented spot structure, fine grain replacement filling structure, self-shaped grain structure. The textures include dense block structure, strip structure, disseminated structure, breccia structure.

Ore minerals include pyrite, and native gold and silver. Gangue minerals include quartz, sericite and chlorite.

Pengjiagou Mine

A total of seven mineralised bodies are delineated at the Pengjiagou mining area: they include #1, #1-1, #2, #19-1, #19-2, #65-2 and #65-3.

Ore minerals include native gold, pyrite, chalcopryrite, galena, sphalerite, tetrahedrite, arsenopyrite, goethite, hematite, magnetite, and bornite. Gangue minerals include quartz, sericite, chlorite, calcite, feldspar and hornblende.

Textures include crushed texture, crystalline texture, dissolution texture, enveloping metasomatic texture, including texture. Structures include massive structure, disseminated structure, vein, fine vein and network vein structure.

Lianhuashan #5 Mining Zone

At Lianhuashan #5 Mining Zone area, six main mineralised bodies are defined, including #1, #51-1, #51-6, #51-8, #51-9, and #51-10. The structurally controlled mineralised bodies, shown as gold-bearing quartz veins, strike nearly north-south and/or northwest. Wall rock alteration includes silicification, sericitization and chloritization.

Mineralised body 51-1# is situated at the central south, strikes most north-south, dips to west with a dip angle of 79-81°.

Mineralised body 51-10# is situated at the central south, strikes most north-south, dips to west with a dip angle of 78-81°.

Mineralised body 1# is situated at the northwest, strikes northwest, dips to northeast with a dip angle of 65°.

Ore minerals include native gold, pyrite, chalcopryrite, magnetite, and minor of sphalerite, galena, chalcocite, bornite, and limonite. Gangue minerals include quartz, sericite, chlorite, potassium feldspar, plagioclase, hornblende, calcite, and kaolin.

Textures include fragmented structure, metasomatic filling, fine idiomorphic crystal structure and metasomatic residue. Structures include massive structure, strip structure, disseminated structure, and breccia structure.

Lianhuashan #26 Vein

Two mineralized bodies are discovered: #1 and #2. The mineralized body #1 is situated at the central, strikes nearly north south and dips to southwest with a dip angle of 65°-68°. The mineralized body #2 also strikes nearly north south and dips to southwest with a dip angle of 65°-70°.

Textures include heteromorphic granular texture, and metasomatic dissolution texture, semi-idiomorphic granular texture, mosaic, crushing, and package metasomatic texture. Structures include dense massive structure, reticulated vein, banded, brecciated, and disseminated.

Ore minerals include native gold, native silver, pyrite, chalcopryrite, galena, magnetite, and hematite. Gangue minerals include quartz, sericite, calcite, and chlorite.

Lianhuashan #3&#7 Vein

A total of 7 mineralised bodies are discovered: #3, #3-1, #3-2, #7, #7-1, #8 and #8-1. The #3, #8, and #8-2 are the main mineralised bodies.

Mineralised body #3-2 is situated at the northeast, strikes northwest and dips to northeast, with a dip angle of 55°-63°. Mineralised body #8-2 is situated at the northwest, strikes northwest and dips to northeast with a dip angle of 43°-75°. mineralised body #8 is situated at the northwest, strikes northwest and dips to northeast with a dip angle of 58°-87°.

Ore minerals include native gold, pyrite, magnetite, chalcopyrite, galena, sphalerite, argentite, and chalcocite. Gangue minerals include quartz, sericite chlorite, potassium feldspar, plagioclase, hornblende, calcite, and kaolin.

Textures include heteromorphic granular texture, semi-idiomorphic granular texture, mosaic texture, crushing texture. Structures include massive structure, disseminated structure, followed by strip and network vein.

5.3.3 Wulong Project**Wulong Mine**

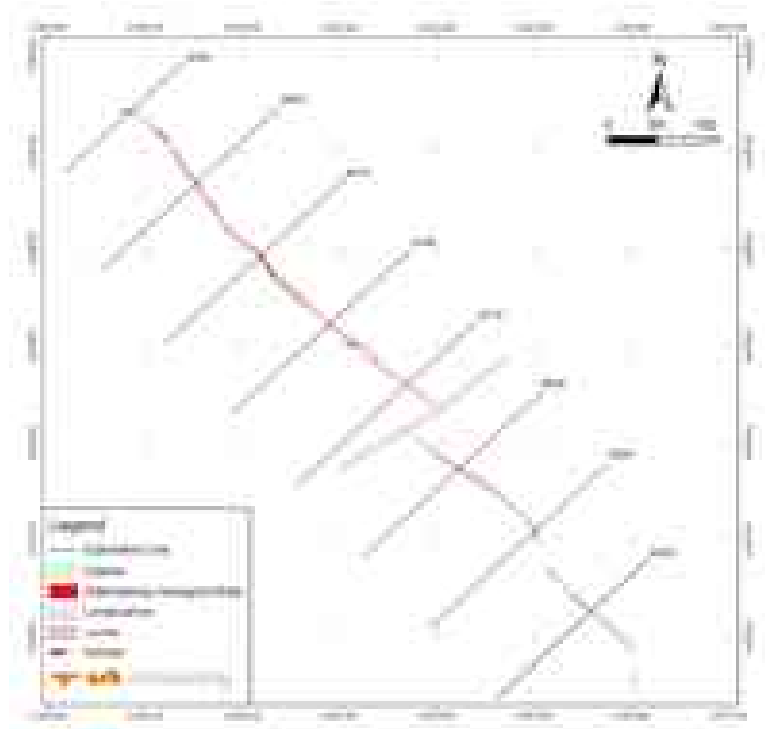
The Wulong Mine is a large quartz vein type gold deposit. The wall rock is biotite granite and monzogranite and the mineralised bodies are strictly controlled by two groups of faults, the northwest trending faults and north-northeast trending faults, consisting of rhombic lattice structure. The mineralised body is in the north-south, northwest trending compressive-twisted faults, and fine-grained diorite associated. The ore type is mainly quartz vein type, and the useful components are native gold and silver-gold.

A total of 449 gold-bearing bodies were found in the field, including 382 gold-bearing quartz veins and 67 silicified alteration zones. Due to years of mining, only 18 main mineralised bodies can be mined at present, which can be spatially divided into three ore-forming belts, namely A, B and C.

The mineralised bodies in A and B belts are nearly extending north-south, which are controlled by granite porphyry veins, fine-grained sphalerite distribution in both sides of the granite porphyry. The gold mineralised bodies are in the fine-grained diorite. The lateral trending direction is southeast, with dip angles of about 40°-60°. The shallow part of the mineralised body is far from the granite porphyry, the deep part is closer to the granite porphyry, even directly in the granite porphyry. The main mineralised body in A belt is the Vein #32, and the main mineralised bodies are the Vein #2 (Vein #2-3, Vein #2-6), Vein #4 (Vein #4-1, Vein #4-2, Vein #4-5) in B belt.

The mineralised bodies in C belt trend northwest, and the main mineralised body is Vein #163. The Vein #163 is divided into two parts, the north, and the south. The north zone has a high mineralisation elevation, while the south zone has a low mineralisation elevation.

The gold-bearing quartz veins are enriched in the deep part in a stepwise manner, with the thickness of the fine-grained diorite veins in an inverse elongation relationship, with a right-sided diagonal pattern in the plane. The gold mineralisation is scattered in the upper part of the profile, which is characterized by more veins and smaller scale, while the gold mineralisation is concentrated in the lower part, which is characterized by fewer veins and larger scale (Figure 5-9).

Figure 5-9: Geological Map of Level 20 of Vein #163

Sources: Resource and Reserve Verification Report of Wulong Mine in Zhen'an District, Dandong City, Liaoning Province, 2019.

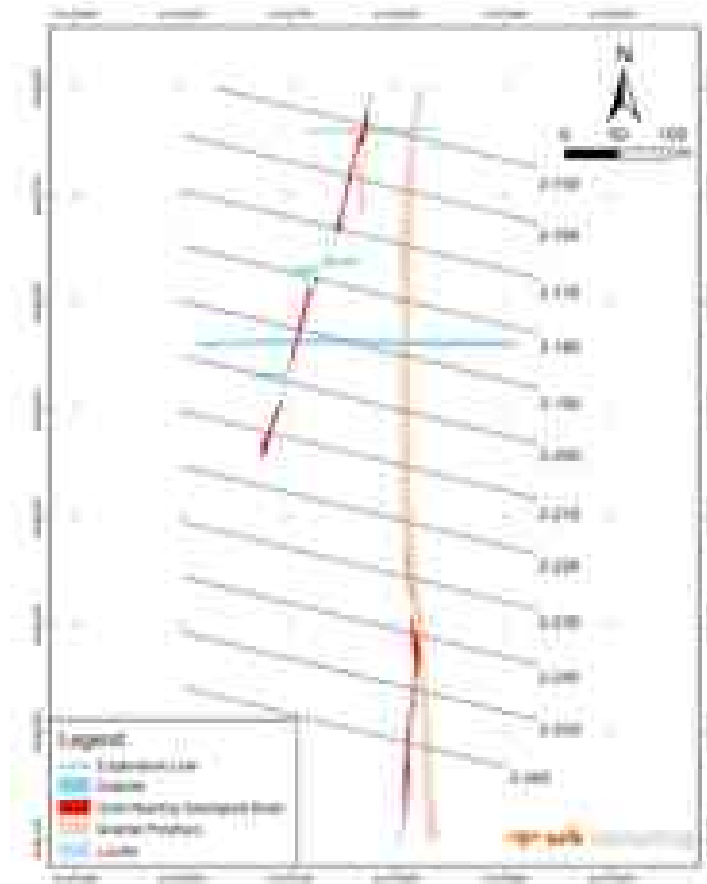
Ligunzi Gold Deposit

The Ligunzi gold mineralised body is vein-like, which is controlled by two group faults, the north-south trending fault, and the northwest trending fault. Generally, the dip length is longer than the strike length. The single vein is stable and has the characteristic of balk reappear, compound of branch (Figure 5-10). They are right-sided oblique in the plane and slightly forefront in the section.

The scale of the mineralised body is highly variable, with general extension depth of 200-300m. The max extension along strike length is up to 600m and the dip length is over 800m. The thickness of the veins varies, generally 0.2-3.0m, with maximum thickness of 10m. The north-south trending veins are nearly upright. The northwest trending veins are generally smaller in size, and dip to SW, with a dip angle of 60° to 80°, and the mineralised body is obviously expanded.

The mineralised bodies in Ligunzi are Vein #4-6, Vein #10-3, Vein #82, Vein #83, Vein #84 and Vein #85.

Figure 5-10: The Geological Map of Mining Level #16

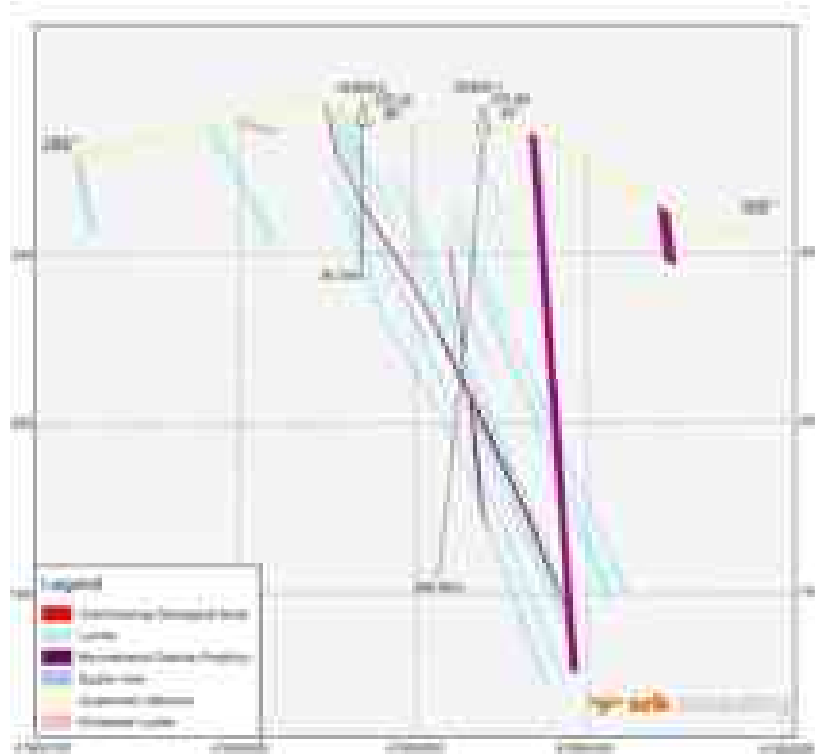


Sources: The General Exploration Report of the Ligunzi Deposit in Dandong City, Liaoning Province, 2011.

Haojingou-Ligunzi Gold Deposit

A total of 20 gold mineralised bodies and 1 gold low-grade mineralised body are outlined in Haojingou-Ligunzi area. The strike of Mineralised body is northwest, northeast, or nearly north south and dips to southwest, northwest, southeast, or west with dip angles from 45° to 80°. They are in the central or edge part of the diorite dyke, granite porphyry, sometimes in mixed granite. Generally, the mineralised bodies are 37-317m long, 20-225m downdip, with a width of 0.3-2.5m. The grade varies from 1.22 to 40.06g/t. Most of the mineralised bodies are thin.

The work area is in the east and south of the Wulong gold mine area, according to the distribution of veins, the detailed exploration area is divided into three parts, respectively, the Haojingou area, the Dahudengzi area, and the Ligunzi area. The Haojingou area is in the north-east of the region, with 8 gold mineralised bodies and 1 low-grade mineralised body (Figure 5-11). The Dahudengzi area is in the central and south-eastern part, with 5 gold mineralised bodies. The Ligunzi area is in the southwest, and with 7 gold mineralised bodies.

Figure 5-11: The Line 805 Section Map in Haojingou Area

Sources: The detailed Exploration Report of the Haojingou-Ligunzi Gold Mine in Dandong City, Liaoning Province, 2017.

5.3.4 Hanfeng Project

Lishan Mine

Lishan mining area contains three polymetallic deposits, namely Lishan, Xinxing and Lishan Plant-Houshan. Xinxing deposit and Lishan Plant-Houshan deposit has not been exploited due to the difficulty in separating lead and zinc in concentrate. According to previous exploration reports, there are 961 mineralised bodies in Lishan deposit (above -92m asl), one mineralised body in Xinxing deposit, and 12 mineralised bodies in Lishan Plant-Houshan deposit.

Lishan deposit (above -92m asl) consists of three Mineralisation zones, with a total of 961 orebodies, which are divided into Xinglong mineralisation zone, Lishan mineralisation zone and Taisheng mineralisation zone from north to south. Among them, there is one surface exposed mineralised body and 4 underground mineralised bodies in Xinglong mineralisation zone. One surface mineralised body and 636 underground mineralised bodies were interpolated in Lishan mineralisation belt. One surface mineralised body and 318 underground mineralised bodies have been interpolated in Taisheng mineralisation belt.

The Lishan mineralised zone is 700m long, 500m wide and nearly 800m downdip. The Xinglong mineralised zone is about 420 m long and 10-40 m wide, extending from the surface to level 15m. Generally, the strike of mineralised bodies is northwest with a dip angle of about 65°. The mineralised bodies orientation of Taisheng mineralisation zone is relatively complex, the mineralised body strikes generally northwest, most of the mineralised bodies dip to southwest, and some dip to northeast or south, with a dip Angle of 65°. The morphology of Lishan deposit is complex, and the shallow mineralised bodies are mainly lentic, wedge-shaped and vein shaped. In the central part of the deposit, the mineralised bodies are mainly lenticular and vein-shaped, and there are also small, mineralised bodies in the shape of nests, lentils and wedges. The mineralised bodies in the deep part of the deposit are stratiform or wedge-like, nest-like, with branch compound, pinch-out recurrence, shrinkage and enlargement.

The ore minerals are mainly sphalerite and galena, followed by chalcopyrite, pyrite, pyrrhotite, magnetite, chalcocite, bornite and arsenopyrite. Gangue minerals are diopside, garnet, epidote, quartz, calcite, sericite, actinolite and chlorite.

Lishan Pb-Zn Deposit (Below the -92m asl) is a zinc polymetallic deposit dominated by zinc ore, with some copper and lead. The mineralised bodies are vein, lenticular and lentic shaped. There are 128 zinc-lead-copper mineralised bodies were defined.

Zinc ore is metal sulfide sphalerite, and other metal minerals with relatively less content are zincite, franklinite, pyrite, siderite, galena, boulangerite, cerussite, chalcopyrite, etc. The main metal minerals of copper-zinc ore are sphalerite, chalcopyrite, magnetite, pyrite, and pyrrhotite.

According to the ore structure, the composition, content and symbiotic association of metallic minerals and non-metallic minerals, the natural type of ore is sphalerite-bearing galena skarn type.

Dongfeng Mine

Dongfeng lead-zinc ore is mainly located in the skarn mineralisation zone formed at fault zone, mostly located between 280m ~ 600m asl. The mineralised belt generally extended in the direction of NW - NW, with a length of about 1,800m, a width of about 150m. It dips to the south-west with a dip Angle of 40°-75°. A total of 123 mineralised bodies have been identified in Dongfeng lead-zinc deposit, all of which belong to polymetallic mineralisation type. The mineralised bodies are stratiform, dendritic, vein-like, lenticular-like and lentic-like, with a general length of 5-90m and a maximum of 380m. The thickness is generally 3-10m, the maximum is 35m, and the maximum depth is 450m. The surrounding rock near the mine is mineralised skarn or mineralised skarn rock, and the boundary between the mineralised body and the surrounding rock is unclear and shows a gradual transition relationship.

Dongfeng molybdenum deposit (above 250m asl) mainly occurs in the porphyritic monzogranite, contact zone of granodiorite and volcanic rock and schistosity zone of quartz diorite porphyry, which are mostly composed of quartz veins and altered breccia. The schistosity zone is generally NW - NW extend, with the length about 1,200m, the bandwidth of each slice about 50m - 100m, the strike 310°~350° ~350°, the general trend is southwest, dip to west-south with the dip Angle of 30°-70°. The orebodies are mostly vein-like and locally lentic-like, and the mineralisation is enhanced from surface to depth. Ore minerals are mainly molybdenite, followed by a small amount of chalcopyrite, sphalerite, galena, arsenopyrite, and pyrite. Gangue minerals are quartz, diopside, chlorite, epidote, zeolite, calcite, feldspar and biotite.

At present, the upper part of Dongfeng Mine is mainly engaged in the exploitation of remnant mining and primary mineralised body, and the ore is primary ore without oxidation.

The molybdenum mineralised bodies (below 250m asl) of the Dongfeng Mine are located within the contact zones of Early Jurassic diorite granite, Late Triassic quartz diorite, and fine-grained diorite, as well as along the surrounding fracture zones of the rock masses. These orebodies are controlled by the underlying concealed rock bodies and northwest-trending fault structures, resulting in two sets of northwest-trending molybdenum-bearing quartz vein zones with steep and gentle dips. The orebodies appear vein-like or kidney-shaped, arranged parallel to each other, sometimes exhibiting local contraction and dilation phenomena. The boundaries of the orebodies are defined by samples collected near the rock walls. Through deep-level tunnels and drilling engineering control, a total of 178 molybdenum orebodies of varying sizes have been discovered.

5.3.5 Jintai Project

Two mineralised domains in the mining licence and eight mineralised domains in the exploration permit are found. The main domains are V1 in the mining licence area and V4, V10 in the exploration permit area.

Mineralised Domain V1 is distributed in the northwest of mining licence, between line 0 and line 16. It strikes to the northwest of about 325~340°, dips to the southwest of about 235~250° with a dip angle of 6~15°, has a known strike length of 307m and down-dip extension of 539m. The thickness of the domain ranges from 2.00 to 25.43m, with an average of 8.90m. The gold grade is 0.31 ~ 1.84g/t, with an average of 0.90g/t. It is pinched out between lines 7 and 9 in the northwest, and between lines 8 and 16 in the southeast. It appears to be layered surface or near-surface. The domain is controlled by 15 trenches and 30 drillholes. The ore-bearing rocks is ferritization siltstone and silicified siltstone, and the hanging wall is mainly sandstone and siltstone. The foot wall is mainly carbonaceous silty mudstone, and mudstone and argillaceous siltstone, with coal line or thin coal seam (See Figure 5-12).

Figure 5-12: Section Map of Line 4 for Mineralised Domain V1



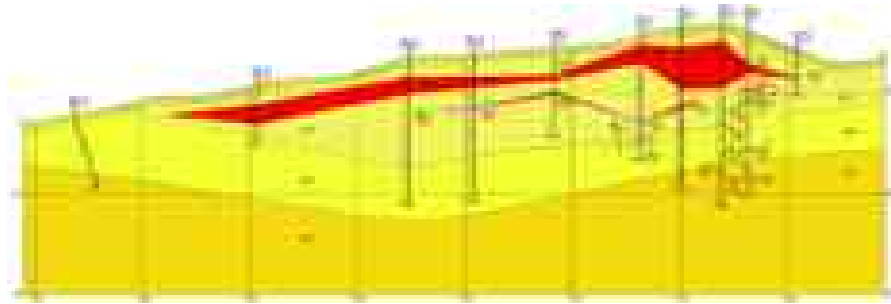
Sources: Geological (Resource Verification) Report of the Xidengping Gold Deposit, Eryuan County, Yunnan Province, 2021

Mineralised Domain V4 is distributed in the Tangzibian zone, southern part of the exploration permit area, between line 88 and line 122. It is the main and largest domain of the project. It is controlled by 76 drillholes and 10 trenches. It strikes to the northwest of about 330°, dips to the southwest of 240° with a dip angle of 2~40°, has a known strike length of about 550m and the down-dip extensions range from 40m to 560m. The thickness of the domain V4 ranges from 0.79 m to 86.76 m, with an average of 22.87m. The thickness is large in the east side and becomes thinner in the west side (see Figure 5-13 and Figure 5-14). The thickness variation coefficient is 111.58%, indicating that the

thickness variation of the domain is relatively stable. Most of the gold grade range from 0.2g/t to 10 g/t (the maximum is up to 113g/t), with an average of 1.69g/t. By combination analysis, the silver grade of the V4 domain ranges from 0.50g/t to 11.80g/t, and the average is 4.58g/t.

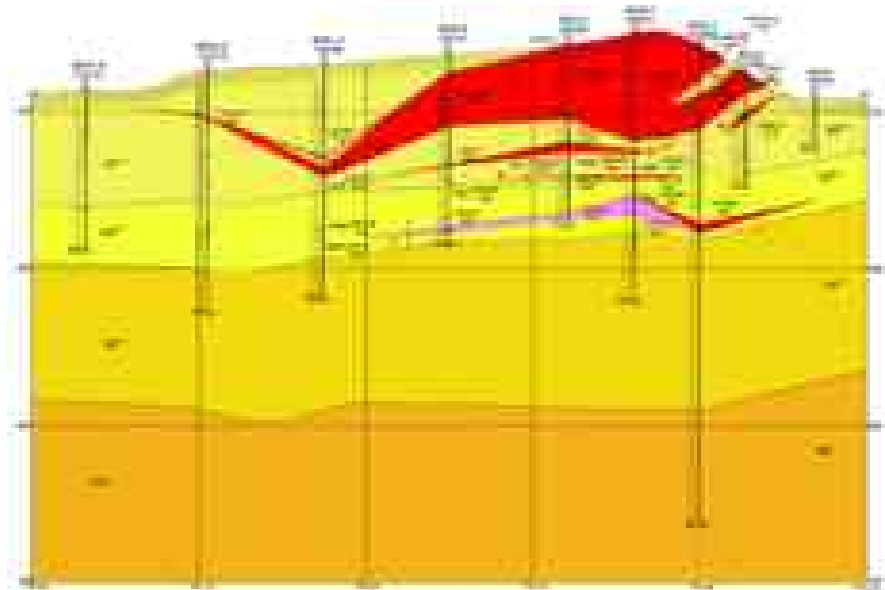
The mineralised domain V4 occurs in siliceous breccia, cataclastic siliceous rock, cataclastic siltstone and siltstone in the interlayer fracture zones of Sanying Formation. The occurrence of the domain is basically consistent with the stratigraphy.

Figure 5-13: Section Map of Line 98 for Mineralised Domain V4



Sources: Geological (Advanced Exploration) Report of the Xidengping Gold Deposit, Eryuan County, Yunnan Province, 2022

Figure 5-14: Section Map of Line 106 for Mineralised Domain V4



Sources: Geological (Advanced Exploration) Report of the Xidengping Gold Deposit, Eryuan County, Yunnan Province, 2022

Mineralised Domain V10 is distributed in the Xidengping zone, northern part of the exploration permit area, between line 87 and line 99. It is controlled by 31 drillholes. It strikes to the northwest of about 330°, dips to the southwest of about 245° with a dip angle of 2~12°, has a known strike length of 268m and the down-dip extensions range from 120~410m (Figure 5-15). The gold grade in V10 gold

domain ranges from 0.11g/t to 25g/t, with an average grade of 2.69g/t. By combination analysis, the silver grade of the V10 domain ranges from 0.35 g/t to 2.87g/t, and the average is 1.15g/t.

The mineralised domain V10 occurs in cataclastic siliceous siltstone in the interlayer fracture zones of Sanying Formation. The occurrence of the domain is basically consistent with the stratigraphy.

Figure 5-15: Section Map of Line 95 for Mineralised Domain V10



Sources: Geological (Advanced Exploration) Report of the Xidengping Gold Deposit, Eryuan County, Yunnan Province, 2022

6 Exploration, Sampling, Analytical Procedures and Quality Assurance and Quality Control

6.1 Exploration

6.1.1 Jilong Project

Jilong Mining was established in October 2005, formerly known as the state-owned Chifeng Zhuanshanzi Mine.

From 1982 to 1984, No. 108 Geological Brigade of Inner Mongolia Nonferrous Geological Exploration Bureau ("**Brigade 108**") carried out general prospecting work, compiled the "Prospecting Evaluation Report for the Zhuanshanzi Gold Mine in Aohanqi, Chifeng City, Inner Mongolia" .

From April to October 1993, Shenyang Gold Institute revised and surveyed the 1:10000 scale topographic and geological map and compiled the "1:10000 Scale Geological Mapping Report of Zhuanshanzi Mine in Aohanqi, Inner Mongolia".

From 1992 to 1993, Changchun Metallurgical Geology College conducted basic geological research in this area and compiled the "Research on the Metallogenic Structure and Metallogenic Prediction of the Zhuanshanzi deposit in Aohanqi, Inner Mongolia".

In 2005, Inner Mongolia Wuhua Tianbao Mineral Resources Co., Ltd. ("**Tianbao**") was commissioned by Aohanqi Zhuanshanzi Mine to verify the gold resource and reserves within the mining license and compiled the "Resource and Reserve Verification Report on the Zhuanshanzi Mine in Aohanqi, Inner Mongolia" in December 2005.

In 2010, Inner Mongolia Tianxin Geological Exploration and Development Co., Ltd. ("**Tianxin**") was commissioned by Jilong Mining to verify and compile the "Resource and Reserve Verification Report of the Zhuanshanzi Mine in Aohanqi, Inner Mongolia".

In May 2011 Tianxin compiled three reports including "Resource and Reserve Verification Report of #1 Mining Area (Below 150m asl) in the Zhuanshanzi Mine, Aohanqi, Inner Mongolia", "Resource and Reserve Verification Report of #2 Mining Area (Below 520m asl) in the Zhuanshanzi Mine, Aohanqi, Inner Mongolia" and "Resource and Reserve Verification Report of #3 Mining Area (Below 520m asl) in the Zhuanshanzi Mine, Aohanqi, Inner Mongolia".

In February 2012, Jilong Mining entrusted Tianxin to verify and compile the Resource and Reserve Verification Report of the Zhuanshanzi Mine in Aohanqi, Inner Mongolia".

On March 3, 2012, after re-integration and delimitation of the mining area of the Zhuanshanzi Mine, Jilong Mining obtained a new mining license with a certificate number C1500002009114120054250. The mining right covers an area of 6.2614km².

Table 6-1 lists a summary of exploration workloads completed in both #1#2#3&depth mineralised block from 2003 to 2018 and #4#5#6#7 mineralised block between 2013 and 2018 at the Zhuanshanzi Mine.

A 1:2,000 scale geological mapping was conducted to reveal the geology boundary. The profile of channelling sample is 10cm wide by 5cm deep by 0.8-2m long. A topographic survey was conducted and Xi'an 1980 coordinator system (3° for one zone and zone meridian is 117°) and 1985 Elevation reference was adopted. RTK surveying was used for 1:2,000 scale geology and topographic mapping.

Table 6-1: Completed Exploration Workload at Zhuanshanzi Mine

No.	Exploration work	Unit	Completed
#1#2#3&Depth Mineralised Block (2003-2018)			
1	1:10000 hydro-geology investigation	km ²	36
2	1:10000 geology investigation	km ²	36
3	1:2000 geology mapping	km ²	6.28
4	Core drilling	m	19,078.3
5	Tunnel exploration	m	5,989.9
6	Analysis and test		
	Basic analysis	sample	14,930
	SG test	sample	227
7	Other geological work		
	Tunnel hydrogeology and engineering geology logging	m	5,989.9
	Tunnel radioactivity measurement	m	2,050
	Channel sampling	sample	13,341
#4#5#6#7 Mineralised Block (2013-2018)			
1	1:10000 hydro-geology investigation	km ²	59.75
2	1:10000 geology investigation	km ²	59.75
3	1:2000 geology mapping	km ²	9.37
4	Core drilling	m/holes	10,925.3/64
5	Tunnel exploration	m	302
6	Analysis and test		
	Basic analysis	sample	580
	SG test	sample	60

6.1.2 Huatai Project

From 1957 to 1970, Hebei regional Geological Survey and the No. 2 Geological Brigade of Liaoning Regional Geological Survey ("**Brigade 2**") conduct regional geological mapping at Honghuagou Mine and Lianhuashan Mine.

In 2006 and 2008, Huatai Mining entrusted Tianxin to conduct a detailed geological exploration and a complementary exploration, respectively at both Honghuagou and Lianhuashan mines.

Between October 2006 and December 2007, Huatai Mining commissioned Chifeng Boyuan Mineral Exploration Co. Ltd. ("**Boyuan**") to conduct detailed geological exploration at Honghuagou #86 Vein, Pengjiagou and Lianhuashan #26 Vein and #3&#7 Vein.

From April 2011 to December 2012, Huatai Mining commissioned Chifeng Shengyuan Mineral Exploration Co. Ltd. ("**Shengyuan**") to conduct complementary detailed geological exploration and prepare report at Honghuagou #86 Vein, Pengjiagou and Lianhuashan #26 Vein and #3&#7 Vein.

Table 6-2 lists a summary of exploration workloads completed at Honghuagou #1 Mining Zone and Lianhuashan #5 Mining Zone between 2003 and 2018, and Honghuagou #86 Vein, Pengjiagou Mine, Lianhuashan #26 Vein and Lianhuashan #3&#7 Vein between 2008 and 2020, respectively.

A topographic survey was conducted, and Xi'an 1980 coordinator system (3° for one zone and zone meridian is 117°) and 1985 Elevation reference was adopted.

RTK surveying was used for 1:10,000 scale and 1:2,000 scale geological and topographic mapping. The channelling samples were collected perpendicular to the strike of mineralised bodies along the underground exploration-level adits. The profile of the channelling sample is 10cm wide by 5cm deep by 0.8-1.2m long. The weight of each channelling sample is 9.45-12.38kg.

Table 6-2: Completed Exploration workload at Honghuagou and Lianhuashan Mines

No.	Exploration work	Unit	Completed
Honghuagou #1 Mining Zone (2003-2018)			
1	1:10000 hydro-geology investigation	km ²	103.44
2	1:10000 geology investigation	km ²	103.44
3	1:2000 geology mapping	km ²	9.41
4	Core drilling	m/holes	34,746.5/110
5	Tunnel exploration	m	17,143.2
6	Analysis and test		
	Basic analysis	sample	3,638
	SG test	sample	256
7	Other geological work		
	Tunnel hydrogeology and engineering geology logging	m	17,143.2
	Tunnel radioactivity measurement		40.98
Honghuagou #86 Vein (2008-2012)			
1	1:10000 hydro-geology investigation	km ²	7.5
2	1:10000 geology investigation	km ²	7.5
3	1:2000 geology mapping	km ²	2.38
4	Core drilling	m/holes	5,739.4/22
5	Tunnel exploration	m	1,076
6	Analysis and test		
	Basic analysis	sample	497
	SG test	sample	65
Pengjiagou Mine (2008-2012)			
1	1:10000 hydro-geology investigation	km ²	15
2	1:10000 geology investigation	km ²	15
3	1:2000 geology mapping	km ²	3.79
4	Core drilling	m/holes	7,227.8/44
5	Tunnel exploration	m	357
6	Analysis and test		
	Basic analysis	sample	473
	SG test	sample	75
Lianhuashan #5 Mining Zone (2003-2018)			
1	1:10000 hydro-geology investigation	km ²	15
2	1:10000 geology investigation	km ²	15
3	1:2000 geology mapping	km ²	0.82
4	Core drilling	m/holes	4,565.4/22
5	Tunnel exploration	m	9,381.5
6	Analysis and test		
	Basic analysis	sample	1,330
	SG test	sample	96
7	Other geological work		
	Tunnel hydrogeology and engineering geology logging	m	9,381.5

No.	Exploration work	Unit	Completed
	Tunnel radioactivity measurement		3,550
Lianhuashan #26 Vein (2008-2012)			
1	1:10000 hydro-geology investigation	km ²	380
2	1:10000 geology investigation	km ²	380
3	1:2000 geology mapping	km ²	0.33
4	Core drilling	m/holes	2,787.4/13
5	Tunnel exploration	m	1,578.6
6	Analysis and test		
	Basic analysis	sample	266
	SG test	sample	30
Lianhuashan #38#7 Vein (2008-2012)			
1	1:10000 hydro-geology investigation	km ²	8.71
2	1:10000 geology investigation	km ²	18.715
3	1:2000 geology mapping	km ²	3.03
4	Core drilling	m/holes	5,879.4/50
5	Underground Drilling	m/holes	882.2/11
6	Tunnel exploration	m	5,113.7
7	Analysis and test		
	Basic analysis	sample	2,385
	SG test	sample	110

6.1.3 Wulong Project

Wulong and Liguizi Gold Deposits

From 1960 to 1987, the Brigade 103 of Liaoning Non-ferrous Geology Bureau ("**Brigade 103**", the former Brigade 107 of the Liaoning Metallurgical Geology Bureau) undertook exploration work in the Wulong mine with a total drillhole length of 185,000m and a total trenching of 230,000m³.

From 2001 to 2002, Brigade 103 carried out a national land and resources investigation work in the adjacent area of the Wulong Mine.

From June 2006 to December 2009, Brigade 103 undertook a drilling and tunnelling campaign in the Wulong Mine, with a total drillhole length of 7,128.7m and a total tunnel length of 5,006.8m.

From 2010 to 2011, General Exploration Institute of Liaoning Non-ferrous Geology Bureau undertook the detailed exploration work in Liguizi area, with a total drillhole length of 1,097.8m, a total tunnel length of 308m and a total trenching of 506m³.

In 2016 and 2019, the Brigade 7 of Liaoning Geological Bureau ("**Brigade 7**") conducted resource and reserve verification work of the Wulong Mine, respectively.

Haojingou-Liguizi Gold Deposit

In 1982, the Brigade 107 of the Liaoning Metallurgical Geology Bureau ("**Brigade 107**") undertook the general and advanced exploration in the Banshi Sandui and Dahudingzi area.

In 1993, Brigade 103 undertook a general exploration in the adjacent area of Wulong Mine and Sidaogou Mine.

In 2000, the exploration license was set up and the Brigade 103 undertook the geological, geophysical, and geochemical survey.

From 2005 to 2011, Brigade 103 undertook the general exploration in the Haojingou-Ligunzi area.

From 2012 to 2017, Brigade 103 undertook the detailed exploration, with a total surface drillhole length of 20,026m, a total underground drillhole length of 1,021.9m, a total tunnel length of 1,619m and a total trenching of 28,974.5m³.

Geophysical Survey

The geophysical survey, including a 1:50,000 scale aerial magnetic survey and a 1:200,000 gravity survey in Dandong region was conducted from 1958 to 1964, and according to the characteristics of the aerial magnetic anomaly, the Wulong Mine and its adjacent are divided into four magnetic anomaly zones, all trending northeast. In the west it is the high anomaly zone and the transitional anomaly zone (+50 to -50nt), negative anomaly zone (<-50nt) and transitional anomaly zone (+50 to -50nt) is in the east. Comparing with the 1:50,000 scale geological map, it shows that all known gold deposits in the area are distributed in the gradient zone of the transition anomaly zone. That is, the transition area of the concentrated distribution of the aerial magnetic anomaly zone in the area is the edge of the major geological bodies or contact zone area in the area, which coincides well with the geological conditions of gold deposits.

Geochemical Survey

In 1989, Brigade 103 carried out the geochemical stream sediment survey in the Wulong Mine covering an area of 900 km², and indicated 17 elements including Cu, Pb, Zn, Ni, Cr, Co, Mn, Mo, Ag, Au, Hg, V, Ti, As, Cd, Be and Bi as the indicator elements. A total of 4 comprehensive anomalies of class I, 6 comprehensive anomalies of class II and 4 comprehensive anomalies of class III were obtained. These anomalies have obvious concentration centres and good elemental combination. The Wulong gold deposit is located on the I -1 anomaly, and the discovery of these anomalies provides a solid basis for further gold exploration in the area.

Remote Sensing Geological Survey

From March 1991 to March 1994, the Geology Institute of Liaoning Geological Survey undertook a remote sensing survey. Four sets of lineal images, northeast, north-northeast, northwest, and east-west trending, are clearly developed. The ring images are mainly round and oval, with closed rings and semi-rings, and their sizes vary. The combined image is a composite of four sets of linear images with an incomplete concentric ring image superimposed. The Wulong gold deposit is in this combination image.

6.1.4 Hanfeng Project

Lishan Mine

In 1950, Northeast Geological and Mineral Survey-YanjiHelong Team conducted a mineral survey.

From 1953 to 1954, Northeast Branch 107 of Ministry of Heavy Industry of China ("Branch 107") took a deep exploration below level #6 in Lishan Deposit of Tianbaoshan Mine.

From 1958 to 1965, Jilin Metallurgical Geological Exploration Company carried out survey a detailed investigation and exploration work in Erdaogou-Lishankeng area of Tianbaoshan Mine.

In August 2011, Hanfeng Mining obtained the exploration right (below -92m asl) of Lishan lead-zinc deposit in Tianbaoshan Mine.

The deep exploration of Lishan lead-zinc mine (below -92m asl) lasted nine years and one month from August 2011 to August 2020.

Table 6-3 lists a summary of key completed exploration between 2011 and 2020 at the Lishan Mine below -92m asl.

Table 6-3: Completed Exploration Workload at Lishan Mine (below -92m asl)

No.	Exploration Work	Unit	Completed
1	Control survey GPS	Point	7
2	1:10000 hydro-geology investigation	km ²	15
3	1:10000 geology investigation	km ²	15
4	Core drilling	m	46,351.96
5	Tunnelling exploration	m	6,384.0
6	Analysis and test		
	Basic analysis	sample	9,916
	SG test	sample	466
	Processing test	sample	1
7	Other geological work		
	Geologic engineering point survey	Point	389
	Drilling hydrogeology and engineering geology logging	m	21,172.7
	Tunnel hydrogeology and engineering geology logging	m	909.6
	Tunnel radioactivity measurement		153

Dongfeng Mine

From 1958 to 1965, Jilin Metallurgical Geological Exploration Company carried out exploration work.

Between 1975 and 1990, the No. 605 Geological Brigade of Jilin Metallurgical Geological Exploration Company ("**Brigade 605**") and Tianbaoshan Mine carried out a lot of geological exploration work in the mining area and its periphery.

Table 6-4 lists a summary of key completed exploration from December 2013 to February 2023 at the Dongfeng Mine below 250m asl.

Table 6-4: Completed Exploration Workload at Dongfeng Mine (below 250m asl)

No.	Exploration Work	Unit	Completed
1	Control survey GPS	Point	4
2	1:10000 hydro-geology investigation	km ²	15
3	1:10000 geology investigation	km ²	15
4	Core drilling	m	93,391.36
5	Tunnelling exploration	m	4,707.34
6	Analysis and test		
	Basic analysis	sample	33,909
	SG test	sample	300
	Processing test		1

No.	Exploration Work	Unit	Completed
7	Other geological work		
	Geologic engineering point survey	point	423
	Drilling hydrogeology and engineering geology logging	m	85,713.06
	Tunnel hydrogeology and engineering geology logging	m	694.3
	Tunnel radioactivity measurement		208

6.1.5 Jintai Project

From 2007 to 2009, the Yunnan Yuxi Maite Industrial Co. Ltd. ("Yuxi Maite") carried out a geological exploration with a total drillhole of 200m, a total exploration pit of 150m and a total excavated trenching of 4,500m³.

Between 2009 and 2010, Shanghai Fuduo Mining Exploration Technology Co., Ltd. ("Fuduo") conducted the topographic survey, the geological survey, and the geochemical survey in the mining licence area. A total of 27 drillholes with an aggregate length of 1,410.9m were drilled. A total of 24 trenches with 8,000m³ were carried out. The general geological exploration report was submitted.

From 2012 to 2016, Fuduo conducted the geological and geochemical survey in the exploration licence area with a total length of 3,361.9m drillholes and a total volume of 1,581.7m³ trenches.

Between 2017 and 2018, Fuduo conducted the geological exploration in the exploration licence area with a total length of 997.2m drillholes and a total volume of 891.2m³ trenches.

From October 2020 to October 2021, Yunnan Yuanhao Mining Co., Ltd. ("Yuanhao") carried out the resource verification work in the mining licence area with a total length of 597.2m drillholes. The resource verification report for Xidengping Mine was submitted.

From March 2021 to September 2022, Yuanhao conducted the advanced exploration campaign in the exploration licence area with a total length of 7,386.6m boreholes and a total volume of 1,309.9m³ trenches. The advanced geological exploration report for the exploration licence area was submitted.

Table 6-5 lists the main completed exploration work in the Xidengping mining license area. The geological exploration consists of mainly three phases: the general exploration conducted by Fuduo from 2007 to 2010, the exploration for Mineralised Domain V2 conducted by Fuduo from 2012 to 2013 and the Mineral Resource verification conducted by Yuanhao from 2020 to 2021.

Table 6-5: Completed Exploration Workload in the Mining Licence Area

No.	Exploration work	Unit	Completed
1	1:10000 hydrogeology & environmental geology investigation	km ²	10.28
2	1:2000 geological survey	km ²	1.092
3	Core drilling	m	2,917.91
4	Tunnelling exploration	m ³	8,158
5	Analysis and test		
	Basic analysis	sample	1,650
	SG (piece) test	sample	30
	SG (lump) test	sample	2
	Processing test	sample	1
6	Other geological work		
	Geologic engineering point survey	Point	67
	Geology logging of drilling	m	2,917.91

No.	Exploration work	Unit	Completed
	Geology logging of tunnel	m ³	8,158

Table 6-6 lists the main completed exploration work in the Xidengping exploration permit area. The geological exploration is mainly composed of two phases: the exploration conducted by Fuduo from 2011 to 2017 and the advanced exploration conducted by Yuanhao from 2020 to 2022.

Table 6-6: Completed Exploration Workload in the Exploration Permit Area

No.	Exploration work	Unit	Completed
1	1:10000 hydrogeology & environmental geology investigation	km ²	35
2	1:2000 hydrogeology & environmental geology investigation	km ²	3.48
3	1:10000 geological survey	km ²	10.28
4	1:2000 geological survey	km ²	3.48
5	1:2000 topographic survey	km ²	3.48
6	Core drilling	m	11,699.47
7	Tunnelling exploration	m ³	3,781.57
8	Analysis and test		
	Basic analysis		9,629
	SG (piece) test		103
	SG (lump) test		4
	Processing test		1
9	Other geological work		
	Geologic engineering point survey	Point	182
	Geology logging of drilling	m	11,699.47
	Geology logging of tunnel	m	1,223.38

6.2 Drilling and Trenching

6.2.1 Jilong Project

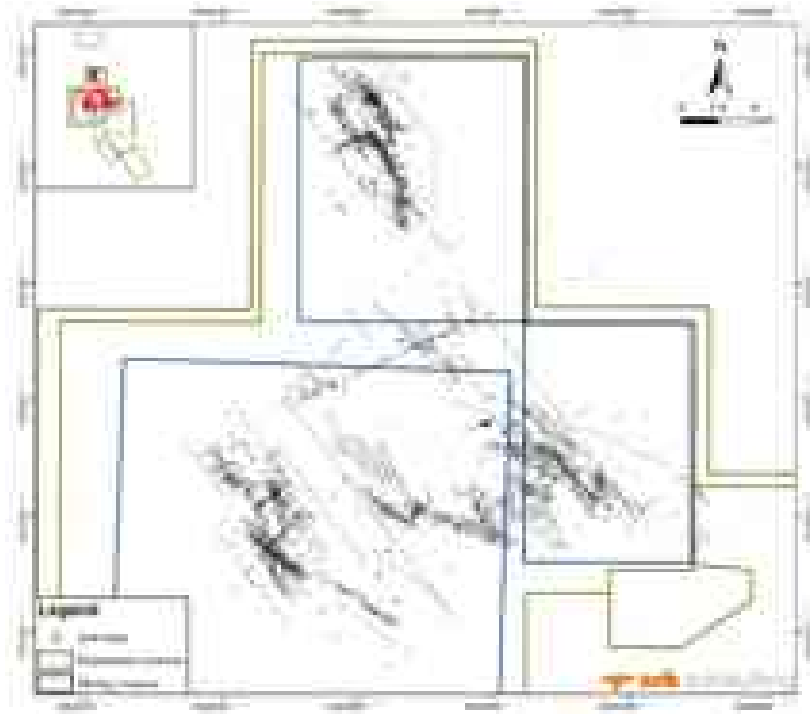
A total of 81 drillholes with an aggregate length of approximately 19,078.3m were conducted at the Zhuanshanzi #1#2#3&depth Block, and a total of 64 drill holes with an aggregate length of 10,925.3m were drilled at the exploration of Zhuanshanzi #4#-5#-6#-#7 Block.

The holes were drilled by XY-4 drill rigs, with a starting diameter of 110mm. After passing through the Quaternary loose sedimentary layer, the diameter of the drill bit was changed to 75 mm until termination of the hole. Figure 6-1 shows the drillhole locations at the Zhuanshanzi Mine.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m deep after the commencement. The down-hole surveys were conducted with YT-1 little calibre compass clinometer for the boreholes in the #1#2#3&depth Block and with BZM-R-B little calibre compass clinometer for the boreholes in the #4#5#6#7 Block, respectively.

The whole core recovery for all 81 drill cores varied from 86% to 100%, and the average recovery rate for mineralised core intervals was 100%. The whole core recovery for all 64 drill cores varied from 92% to 100%, and the recovery rates for mineralised core intervals were between 93% and 100%.

As design cementation collar seal was conducted, and the #425 cement was used for collar seal.

Figure 6-1: Distribution of Drillholes in the Zhuanshanzi #1#2#3&depth Block

A total of 5,989.89m underground tunnels were conducted in the #1#2#3&depth Block, and a total of 45,586.20m underground tunnels were completed in the #4#5#6#7 Block. The profile of tunnel was 2.0m × 2.0m.

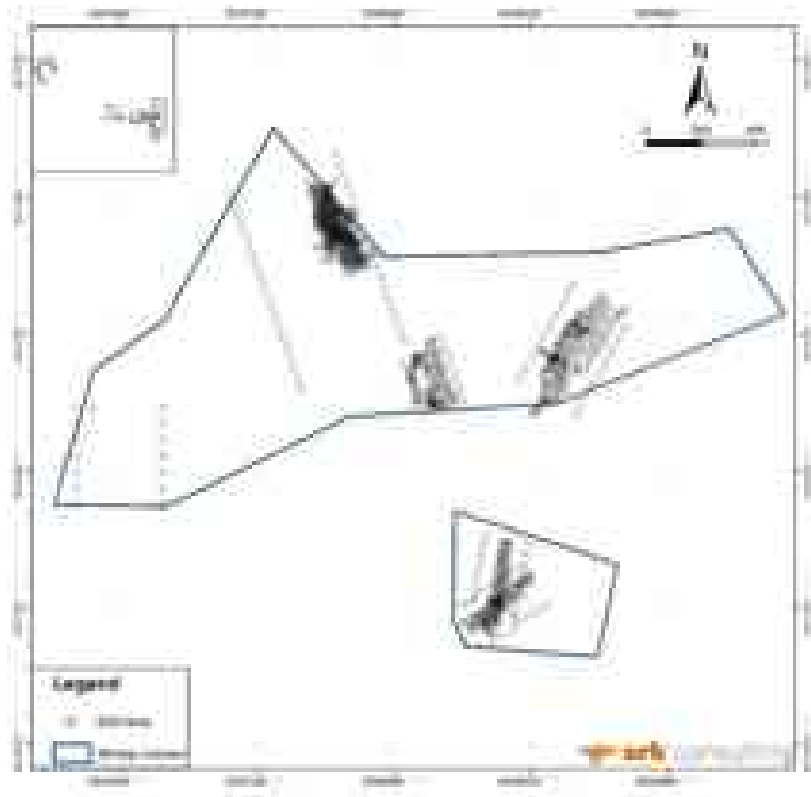
6.2.2 Huatai Project

Honghuagou #1 Mining Zone

A total of 75 drillholes with an aggregate of 27,760.05m were conducted at the 2017 resource verification program, of which 22 were surface holes, total length of 13,435.16m and 53 underground holes, total length of 14,324.89m. A total of 35 historical drillholes with an aggregate length of 6,986.43m are entered into the database. Figure 6-2 shows the distribution of the drillholes.

The surface holes were conducted by XY-4 drill rigs, with a starting diameter of 110mm. After passing through the Quaternary loose sedimentary layers, the diameter of the drill bit was changed to 75mm. The underground holes were conducted by modified XY-2 and XY-4 drill rigs, with a starting diameter of 75mm until terminate.

Figure 6-2: Borehole Location Map



Sources: SRK

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. The down-hole survey was conducted with KXP-2 little calibre compass clinometer.

The recovery rates for mineralised intervals of the 75 drill holes were 100%, and all rock core recovery rates varied from 99.28% to 100%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 17,143.24m underground tunnels were conducted and used for resource estimate. The profile of the tunnels was 2.0m × 2.0m.

Honghuagou #86 Vein

A total of 22 drillholes with an aggregate length of 5,739.44m were conducted at the Honghuagou #86 Vein. The holes were drilled by XY-4 drill rigs, with a starting diameter of 91 mm. After passing through the Quaternary loose segmentary layers, the diameter of the drill bit was changed to 75 mm until termination.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. The down-hole survey was conducted with CX-6B little calibre compass clinometer.

The recovery rates for mineralised intervals on 22 drill holes were 100%, and all rock core recovery rates varied from 75% to 100%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 1,076m long underground tunnels were conducted and used for resource estimate. The profile the adits was 2.0m × 2.0 m.

Pengjiagou Deposit

A total of 44 drill holes with an aggregate length of 7227.79m were conducted at the Pengjiagou deposit. The holes were drilled by XY-4 drill rigs, with a starting diameter of 91 mm. After passing through the Quaternary loose sedimentary layers, the drill bit with a diameter 75 mm was used until termination.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. The down-hole survey was conducted with CX-6B little calibre compass clinometer.

The mineralised core recoveries for the 22 drill holes were between 98% and 100%, and all rock core recoveries varied from 93% to 100%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 357m underground adits were used for resource estimate. The profile of the adits was 2.0m × 2.0m.

Lianhuashan #5 Mining Zone

A total of 22 underground drill holes, with an aggregate length of 4,565.42m were conducted at the Lianhuashan #5 Mining Zone. Among these boreholes, three holes are horizontal holes, and the other are inclined holes. The underground holes were conducted by modified XY-5 drill rigs, with a starting diameter of 75 mm until termination of the holes.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. The down-hole survey was conducted with S42 little calibre compass clinometer.

The recovery rates for all mineralised drill cores were 100%, and for all rock cores were 99%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 9,381.5 m underground adits were used for resource estimate. The profile of the adits was 2.0m × 2.0m.

Lianhuashan #26 Vein

A total of 13 drillholes with a total length of 2,787.39m were conducted at the Lianhuashan #26 Vein. The holes were drilled by XY-4 drill rigs, with a starting diameter of 110 mm. After passing through

the Quaternary loose sediments, the drill bit with a diameter of 75 mm was used until termination of the hole.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. The down-hole survey was conducted with CX-6B little calibre compass clinometer.

The recoveries for all mineralised cores varied from 94% to 100%, and for all rock cored varied from 93% to 100%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 1,578.60m underground adits were used for resource estimate. The profile of the adits was 2.0m × 2.0m.

Lianhuashan #3&7 Vein

Fifty drill holes, with a total length of 5,879.44m were conduct at the Lianhuashan #3&7 Vein. All holes were drilled by XY-4 drill rigs, with a starting diameter of 91 mm. After passing through the Quaternary loose sedimentary layers, the drill bit with a diameter of 75 mm was used until termination of the hole.

The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 22 m after commencement. The down-hole survey was conduct with S42 little calibre compass clinometer.

The recoveries for all mineralised cores varied from 94% to 100%, and for all rock cores varied from 93% to 100%. As design cementation collar seal was conducted and the #425 cement was used for collar seal.

A total of 5,113.66m underground tunnels were used for resource estimate. The profile of the tunnels was 2.0m × 2.0m.

6.2.3 Wulong Project

As described in section 5.1.3, the region geological and mineral exploration began in the 1960s and several phases of exploration work had been carried out since then. SRK was not provided with the former data. Only the resource and reserve verification work at Wulong Mine in 2019, the detailed exploration work at Ligunzi deposit in 2011, and the detailed exploration work at Haojingou-Ligunzi deposit from 2012 to 2017 are discussed in this section. A summary of the exploration workloads is listed in Table 6-7.

Table 6-7: Summary Characteristics of Trenching, Drilling and Tunnelling

Item	Wulong	Ligunzi	Haojingou-Ligunzi
Trenching/m ³	/	506	28,974.53
Surface Drilling/m	/	1,097.8	20,026
Underground Drilling/m	/	/	1,021.9
Tunnelling/m	3,650	308	1,619
Sampling	2,229	400	2,334

Wulong Mine

A total of 3,650m underground tunnels were excavated by Wulong Mining. The profile of drift was 1.8-2.0m × 2.0-2.2m, and the slope of drift was 0.3%-0.7%. The sketch map of the tunnels was drawn at a scale of 1:100.

Ligunzi Gold Deposit

The purpose of trenching was to reveal gold mineralised body exposed at surface and the trench was perpendicular or roughly perpendicular to the mineralised body strike with a spacing of 100-160 m. The bottom width is 0.6-0.8 m and the top width varied depending on the looseness of the soil and the depth of the trench. At least 0.3 m of the bedrock should be excavated. All the trenches were named regularly and were surveyed by the total station or GPS. The sketch map of the trenches was drawn at a scale of 1:100.

In 2010, two drillholes were drilled by the diamond wire line core drilling technique with the XY-4 drilling rig. The diameter is 75 mm. The boreholes surveys were done with the XJL compass clinometer. The depth was verified. The rock recovery was over 90% while the mineralised core was over 98%. The bores were sealed with clay and cement mortar.

Haojingou-Ligunzi Gold Deposit

A total of 559 trenches with a total of approximately 28,712.33m³ were completed. The width of trench was 1-1.2 m on the top and 0.6-0.8 m at the bottom. The depth was 0-3 m and at least 0.3 m of the bedrock should be excavated. After completion of the trenches, geological logging and sampling were performed in a timely, correct, and objective way and sketched the trenching at 1: 100 scale. The wall was sketched in its natural form and the bottom was mapped at 1.0m wide. The trench logging provided detailed text description of the lithology, structure, Mineralisation, and alteration.

Six trenches with a total of 262.3 m³ were rehandled. The width at the bottom was 0.8-1.0 m. The depth was 0-3 m and at least 0.3-0.5 m of the bedrock should be excavated.

A total of 73 surface boreholes with an aggregate length of 20,026m were drilled during the detailed exploration period in the exploration license area (Figure 6-3). The types of the drilling rigs were XY-4, XY-44 and XY-B6. The hole's diameter is 75 mm, and the core diameter is 53 mm.

The cores were cleaned, labelled, and placed regularly. The recovery rates for all rock cores varied from 88% to 100% and for all mineralised cores varied from 80% to 100%. The hanging wall and footwall recoveries were between 92% and 100%. The collars of holes were surveyed properly, and down hole survey was undertaken at 50 m intervals. Hole depth was verified at the interval of 50 m and after the bore was finished. The maximum error of hole depth correction is 0.1 m. Initial record on site included shift reports, ore/rock core cards, ore/rock recovery, and depth verification record, were orderly and reliable. The bores were sealed with clay and cement mortar and the collars were marked.

Figure 6-3: Distribution Map of Drillholes

A total of 14 underground boreholes with an aggregate length of 1,021.9m were drilled with the hole diameter of 47 mm and the core diameter of 35 mm. Hole depth was verified at the interval of 50 meters and after the bore was finished. Hole depth was verified after the bore was finished.

A total of 1,619m tunnels were excavated at the Haojingou-Ligunzi gold deposit. The profile of the tunnels was 2.0-2.2m × 1.8-2.5m, and the slope was less than 0.3-0.5%.

SRK was not provided with the whole phase of exploration work data. The exploration or mineral work including the resource and reserve verification work of Wulong mine in 2019, the detailed exploration work of Ligunzi deposit in 2011, and the detailed exploration work of Haojingou-Ligunzi deposit from 2012 to 2017 was checked and accepted by the mine. All the three reports were reviewed by the local geological authorities.

6.2.4 Hanfeng Project

The deep exploration of Lishan Mine (below -92m asl) lasted nine years and one month from August 2011 to August 2020. As of 20 August 2020, a total of 46,351.96 m of drilling and 6,384.80 m of tunnelling exploration were completed at the Lishan Mine below -92m asl (see Table 6-8).

The deep exploration programme of the Dongfeng Molybdenum Mine (below 250m asl) was conducted from December 2013 to February 28, 2023, including geological mapping in tunnels, as well as tunnel exploration and drilling. The exploration depth ranged from 250 m to -600 m. A total of 3,611.9m of drilling and 3,499.54m of tunnel exploration were completed from 2013 to 2017 and totalling 82,101.16 m of drilling and 1,207.80m of tunnel exploration were conducted from 2019 to 2023.

A summary of the exploration work of Hanfeng Project is listed in Table 6-8

Table 6-8: Drilling and Tunnelling Summary of Hanfeng Project

Item	Lishan	Dongfeng
Surface Drilling/m	3,573.1	23,828.38
Underground Drilling/m	42,778.86	73,525.42
Tunnelling/m	6,384.8	14,707.34
Drilling Sample	9,127	33,207
Tunnelling Sample	789	702

6.2.5 Jintai Project

As described in Section 6.1.2, a summary of the exploration workloads is listed in Table 6-9.

Table 6-9: A Summary of Characteristics of Trenching and Drilling

Item	Mining area	Exploration area
Trenching/m ³	8,158	3,781.57
Drilling/m	2,917.91	11,699.47
Sampling	1,650	9,629

The purpose of trenching was to reveal gold mineralised body exposed at surface and the trench was perpendicular or roughly perpendicular to the mineralised body trend. The bottom width is 0.6-1.0 m and the top width varied from 2.2 m to 2.5 m. At least 0.3 m of the bedrock should be excavated. All the trenches were named regularly.

The geological logging and sampling were carried out in time to avoid rain collapse.

Most of the trenches were not included in the Mineral Resource estimate, just for the purpose of gold domain exploration.

A total of 192 surface drillholes with an aggregate length of 14,617.38 m were drilled in both mining and exploration licence areas from 2007 to 2022 (see Figure 6-4).

The hole's diameter is greater than 75 mm, and the core diameter is 55 mm. The cores were cleaned, labelled, and placed regularly. The recovery rates for all rock cores varied from 82% to 100% and for all mineralised cores varied from 81% to 99%. The collars of holes were surveyed properly, and down hole survey was undertaken at 50 m or 100 m intervals. Hole depth was verified at the interval of 50 m or 100 m and after the bore was finished. The maximum error of hole depth correction is 0.1 m. Initial record on site included shift reports, ore/rock core cards, ore/rock recovery, and depth

verification record, were orderly and reliable. The bores were sealed with clay and cement mortar and the collars were marked.

Figure 6-4: Map Showing the Distribution of Drilling



Source: ArcGIS Mapping

6.2.6 SRK Comments

SRK has reviewed the drilling spacing and quality for all the five projects. SRK is confident that the drilling is sufficient for the Mineral Resource estimation.

6.3 Sampling, Sample Preparation, Analysis and Quality Control

6.3.1 Jilong Project

Sampling

Samples were taken from drill cores by splitting along the core axis. The sample length ranges from 0.8m to 1.0m. The weight of samples was between 9.45 kilograms ("kg") and 12.38kg.

All tunnel samples were sampled using channelling method. The samples positions were determined by the geologists and were sampled by the other workers. The sample channel was perpendicular or roughly perpendicular to the strike of mineralised body. The section of channel was 10 cm × 5 cm, and the sample length ranges from 0.1 to 1.2m. The sample intervals were 6 m in ore drift 6 m and 40 m in transverse drift.

Sample Preparation and Analysis

The sample preparation was according to the Chechott formula: $Q=Kd^2$, $K=0.8$. The core sample preparation was conducted in the following procedures:

- the original samples were crushed passing a mesh of 30 screen.
- sub-sample with 700 grams ("g") was collected from a riffle splitter, and
- the sub-sample was pulverized passing a mesh of 200 screen; and about 20g of pulp sample was bagged and labelled for analysis. The rest was stored as a pulp reject.

Spectrum and chemical analysis were employed for sample analyses. The basic item for chemical analysis is gold, which was assayed using a 20g fire assay with determination by atomic absorption spectroscopy ("AAS") method at Chifeng Geology and Exploration Laboratory ("**Chifeng Laboratory**") according to the *Geology and Mineral Laboratory Testing Quality Management Specification DZ/T0130.3-2006*.

Specific Gravity Data

A total of 227 samples for specific gravity ("**SG**") measurement were collected from underground channelling samples at the Zhuanshanzi #1#2#3&depth Block and drilling cores for specific gravity analyses. The average specific gravity for is 2.80g/cm³.

A total of 110 sample for the SG measurement were collected from underground channelling samples and drilling cores at the Zhuanshanzi #4#5#6#7 Block for specific gravity analyses. The average specific gravity for is 2.81g/cm³.

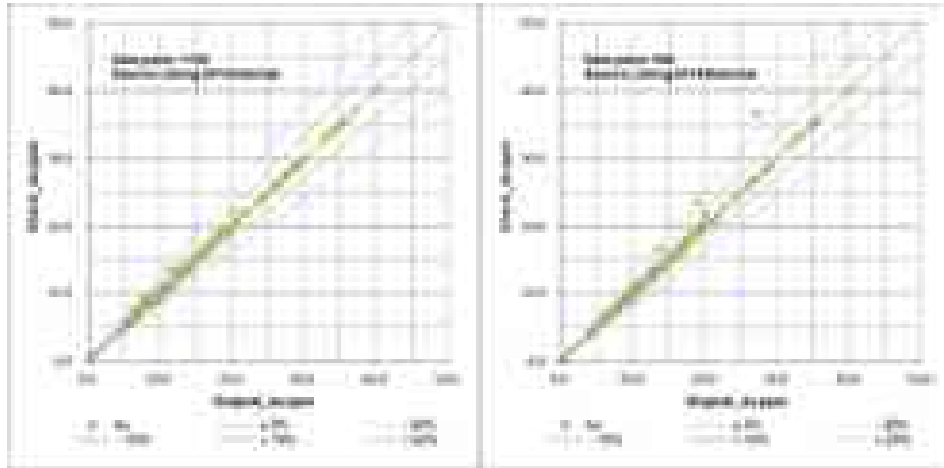
Quality Assurance and Quality Control Programs

Before 2018, for the Zhuanshanzi #1#2#3&depth Block, a total of 853 samples were randomly selected for internal check, which represented 10.3% of the original analytical samples (i.e., 8,276 samples). The results show that 840 samples are qualified, with a qualification rate of 98.48%. A total of 447 samples were selected for external check and were couriered to the Laboratory of the 10th Geology and Mineral Exploration Institute of Inner Mongolia ("**Laboratory 10**") for analyses. The results indicate that 441 samples are qualified, with a qualification rate of 98.66%.

For the Zhuanshanzi #4#5#6#7 Block, a total of 50 samples were selected for internal check, which represented 24.5% of the original analytical samples (i.e., 204 pieces). The results show that 48 pieces are qualified, with a qualification rate of 96%. A total of 30 samples were selected and couriered to the Laboratory 10 for external check. The results show that 29 samples are qualified, with a qualification rate of 96.67%.

In 2018, a total of 1,150 samples were selected as internal duplicates, taking 10% of total, the qualification rate is 98.32%; a total of 596 samples were selected and sent to Chengde No. 514 Geological Assay Co., Ltd. ("**Chengde 514**") for external check, taking 5% of total, the qualification rate is 97.32%. All duplicate gold grades versus original sample gold grades have been plotted into the scatter charts to check the performance as shown in Figure 6-5. Assay results of internal and external check samples display good correlations with the majority of original assay results.

Figure 6-5: Performance of Internal and External Samples from 2018 Production Exploration by Jilong Mining



Source: SRK

6.3.2 Huatai Project

Sampling

Samples were taken from drill cores by splitting along the core axis. The sample length ranges from 0.8m to 1.0m. The weight of samples was between 9.45 and 12.38kg.

The tunnel samples were collected using channelling method. The samples positions were determined by the geologists and were sampled by the other workers. The sample channel was perpendicular or roughly perpendicular to the strike of mineralised body. The section of channel was 10cm × 5cm, and the sample length ranges from 0.1m to 1.5m. The sample intervals were 6 m in ore drift and 40 m in transverse drift.

Sample Preparation and Analysis

The sample preparation was based on the Chechott formula: $Q = Kd^2$, $K = 0.8$. The core sample preparation was conducted in the following procedures:

- the original samples were crushed passing a mesh of 30 screen.
- sub-sample with 700 g was collected from a riffle splitter, and
- the sub-sample was pulverized passing a mesh of 200 screen; and about 20g of pulp sample was bagged and labelled for analysis. The rest was stored as a pulp reject.

Spectrum and chemical analysis were employed for sample analyses. The basic item for chemical analysis is gold, which was assayed using a 20g fire assay with determination by AAS method at Chifeng Laboratory according to the *Geology and Mineral Laboratory Testing Quality Management Specification* DZ/T0130.3-2006.

Specific Gravity Data

All samples used for the SG measurement were collected from underground channelling samples and drilling cores at the Lianhuashan #5 Mining Zone, Lianhuashan #26 Vein, Lianhuashan #3&#7 Vein, Honghuagou #1 Mining Zone, Honghuagou #86 Vein and Pengjiagou Mine. for specific gravity analyses. The average results of specific gravity measurement for the Huatai Project are listed in Table 6-10.

Table 6-10: Results of Specific Gravity Measurement for Huatai Project

Mine	Sample Count.	Average SG Value (g/cm³)
Lianhuashan #5 Mining Zone	96	2.80
Lianhuashan #26 Vein	30	2.86
Lianhuashan #3&#7 Vein	35	2.80
Honghuagou #1 Mining Zone		
Mineralised Body 2#, Sub-area 1#		3.10
Mineralised Body 14#, Sub-area 1#		2.88
Mineralised Body 82#, Sub-area 1#	256	2.81
Sub-area 3#		2.82
Vein 3#		2.80
Longtoushan		2.88
Honghuagou #86 Vein	35	2.80
Pengjiagou Mine	30	2.70

Quality Assurance and Quality Control Programs

During the deep exploration of the Lianhuashan #5 Mining Zone in 2018, a total of 54 samples were selected for internal check, which represented 12% of the total number of samples analysed (449 samples). The return results show that the qualification rate is 96.30%. Totalling 30 pieces samples were selected and couriered to the Laboratory of 514th Geology Brigade ("Laboratory 514") for external check. The analytical results indicate that the qualification rate is 96.67%.

For the Lianhuashan #26 Vein, a total of 30 samples were selected for internal check, which represented 8.8% of the total number of samples analysed (342 samples), and the results show that 30 pieces are qualified, with a qualification rate of 100%. A total of 31 samples were selected and couriered to the Laboratory 10 for external check, and the results show that 29 pieces are qualified, with a qualification rate of 96.67%.

A total of 82 samples were selected from the Lianhuashan #3&#7 Vein for internal check, which represented 22.5% of the total number of samples analysed (264 samples). The results show that 79 pieces are qualified, with a qualification rate of 86.64%. Totalling 63 samples were selected and couriered to the Laboratory 10 for external check. The results show that 61 pieces are qualified, with a qualification rate of 96.82%.

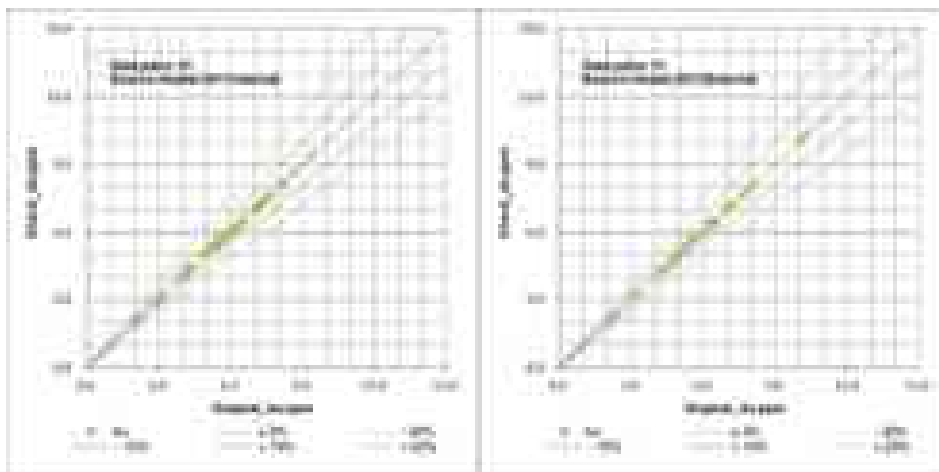
During the resource and reserve verification program at the Honghuagou #1 Mining Zone in 2010, a total of 312 samples were selected for internal check, which represented approximately 11.3% of the total number of samples analysed (2,786 samples). The results show that 304 pieces are qualified, with a qualification rate of 97.44%. A total of 166 samples were selected and couriered to the Laboratory 10 for external check, and the results show 160 pieces are qualified, with a qualification rate of 96.39%. During the resource and reserve verification program in 2017, a total of 70 samples

were selected for internal check, which represented about 13.4% of the total number of samples analysed (524 samples) and the results show that 69 pieces are qualified, with a qualification rate of 98.57%. Totalling 38 samples were selected and couriered to the Laboratory 514 for external check, and the results show that 37 pieces are qualified, with a qualification rate of 97.37%.

For the Honghuagou #86 Vein, a total of 30 samples were selected for internal check, which represented about 9% of the total number of samples analysed (334 samples). The results show that 30 pieces are qualified, with a qualification rate of 100%. A total of 30 samples were selected and couriered to the Laboratory 10 for external check, and the results show that 29 pieces are qualified, with a qualification rate of 96.67%.

For the Pengjiagou Mine, a total of 51 samples were selected for internal check, which represented about 14.9% of the total number of samples analysed (342 samples). The results show that 30 pieces are qualified, with a qualification rate of 96.58%. Totalling 30 samples were selected and couriered to the Laboratory 10 for external check, and the results show that 29 pieces are qualified, with a qualification rate of 95.26%. Figure 6-8 shows the internal and external checks performance of the Pengjiagou Mine.

Figure 6-6: Internal and External Samples Performance of the Pengjiagou Mine



6.3.3 Wulong Project

Sampling

The drilling core samples were sampled by 1/2 split core method. The sample length was 1.0 m. The maximum length was 1.5 m, and the minimum length was 0.2 m.

All tunnel samples were taken by channelling method. The samples positions were determined by the geologists and were sampled by the other workers. The sample channel was perpendicular or roughly perpendicular to the strike of mineralised body. The profile of channel was 10cm × 5cm, and the length was 1m. The maximum length was less than 1.5m. The sample intervals were 6m in ore drift and 40m in transverse drift.

The trench samples were taken by channeling method. The section of channel was 10cm × 3cm, and the length was less than 1.5 m.

A total of 229 samples, 400 samples and 2,334 samples were respectively collected from the Wulong Mine during the resource and reserve verification program in 2019 the Ligunzi gold deposit during the detailed exploration in 2011 and the Haojingou-Ligunzi gold deposit during the detailed exploration from 2012 to 2017.

Sample Preparation and Analysis

The sample preparation was according to the Chechott formula: $Q=Kd^2$, $K=0.8$. The sample preparation was conducted in the following procedures:

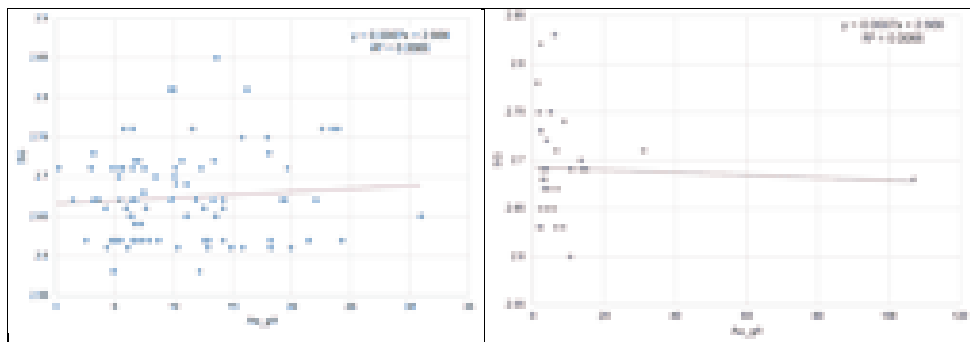
- the original samples were firstly coarse crushed by the jaw crusher and were crushed to 10mm.
- the samples were then medium crushed to 0.25 mm (60 mesh) by rod mill.
- the sub-sample with 350-450g was collected as duplicate from a riffle.
- the sub-sample with 150-500g was collected from a riffle, was then pulverized passing a mesh of 200 screen, and then was packed and labelled for analysis.

Samples from the Wulong Mine were analysed by the laboratory of Liaoning 7th Geological Brigade Co., Ltd. ("**Laboratory 7**"). Samples from the Ligunzi and Haojingou-Ligunzi gold deposits were assayed by the laboratory of the Brigade 103 of Liaoning Non-ferrous Geology Bureau ("**Laboratory 103**"). The basic item for chemical analysis is gold using AAS method at these laboratories according to the *Specification of Testing Quality Management for Geological Laboratories (DZ/T0130)*.

Specific Gravity Data

A total of 90 SG ore samples were collected from the tunnels at the Wulong Mine and a total of 48 SG samples were collected from drilling cores at Haojingou-Ligunzi gold deposit according to the different grade resulted from the basic analyses. The samples size was 5cm × 5cm × 5cm. They were sealed and sent to the Laboratory for both gold and SG analysis.

Figure 6-7 is scatter plots of the specific gravity against gold content. The results show that the SG has no significant correlation against the gold grade for Wulong Mine and Haojingou-Ligunzi gold deposit. The average results of SG samples are 2.67g/cm³ for Wulong Mine and 2.69g/cm³ for Ligunzi and Haojingou-Ligunzi deposits, which can be applied in the resource estimation.

Figure 6-7: Scatter Plots of SG against gold Grade

Source: SRK

Note: Wulong Mine (left) and Haojingou-Ligunzi Gold Deposit (right)

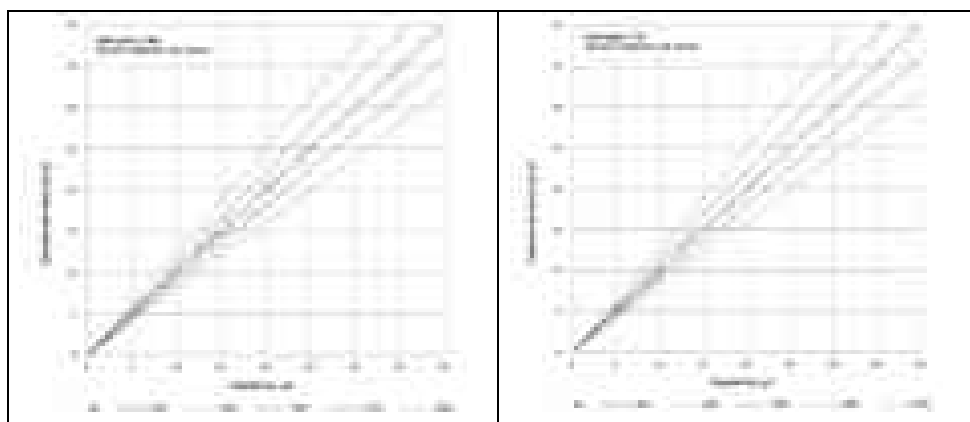
Quality Assurance and Quality Control Programs

In the Wulong Mine, a total 198 samples, accounting for 8.9% of the total number of samples assayed (2,230 sample) were selected and reanalysed in the Laboratory 103 for internal checking, while 132 samples, accounting for 5.9% of the total number of analysed samples, were sent to the laboratory of Liaoning Nuclear Geological Survey ("Liaoning Lab") for external lab checking.

The quality control samples summary is shown in Table 6-11, and the performances of the internal and external lab checks are shown in Figure 6-8.

Table 6-11: Summary of Wulong QA/QC data

Category	Data Pairs	Coverage	Relative Difference					
			<10%		10%-20%		>20%	
Internal	198	8.88%	172	86.87%	22	11.11%	4	2.02%
External	132	5.92%	117	88.64%	12	9.09%	3	2.27%

Figure 6-8: Internal and External Performance of Wulong Mine

Source: SRK

In the Ligunzi gold deposit, a total of 30 samples were re-analysed in the Laboratory 103 for internal checking and a total of 15 samples were sent to Liaoning Lab for external lab checking. The pass rates were 97% for internal checks and 100% for external checks.

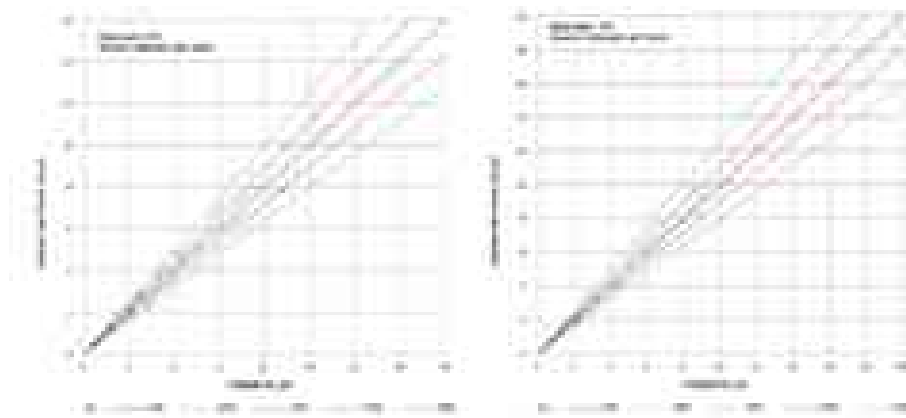
In the Haojingou-Ligunzi gold deposit, a total of 233 samples were re-assayed in the Laboratory 103 for internal checking, with a proportion of 10% and a total of 115 samples were sent to Liaoning Lab for external checking, with a proportion of 4.9%.

The QC samples summary is shown in Table 6-12 and the performance of the internal and external lab check are shown in Figure 6-9.

Table 6-12: Summary of Haojingou-Ligunzi QC data

Category	Data Pairs	Coverage	Relative Difference					
			<10%		10%-20%		>20%	
Internal	231	9.90%	118	51.08%	83	35.93%	30	12.99%
External	115	4.93%	98	85.22%	13	11.30%	4	3.48%

Figure 6-9: Internal and External Performance of Haojingou-Ligunzi Gold Deposit



Source: SRK

6.3.4 Hanfeng Project

Lishan Mine

A resource and reserve verification program for both Lishan and Dongfeng mines was carried out from 2010 to 2011. A deep exploration of Lishan Mine (-92m asl) was executed during 2011 to 2020.

Tunnel Sampling

The tunnel samples were carried out using a channeling method. The section of channel was 10cm×3cm, and most of the sample length was less than 2m. The sampling work was conducted using chisel and hammer. The samples representation met the needs of mineralised body evaluation.

A total of 2,853 channel samples of Lishan Mine were taken separately based on different mineralisation types.

During the deep exploration at Lishan Mine (-92m asl) from 2011 to 2020, the tunnel samples were sampled at the waistline of tunnel continuously based on different rock type and grade rank using channelling method. The samples were marked with red paint after sample division. The section size of the channel sample was 10cm × 3cm, and the sample length is generally 1.0-1.5m. The sample weight was generally 9.5-10.5kg. A total of 789 samples were collected.

Drilling Core Sampling

A total of 194 boreholes were drilled. The hole diameter of the drilling is 75mm with wire-line coring method. The cores were kept the original structural characteristics and integrity without ore core crushing, dilution and leakage during drilling.

The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralised body and Mineralisation. The core was split along the core axis into two halves by the YPK-1 type core splitter. One half was retained as the core, and the other half was bagged and weighed before being sent to the laboratory for analysis. The sample length generally ranged from 1.00m to 1.50m, with a few samples ranging from 0.30m to 0.80m and the longest being 1.90m. A total of 9,127 borehole samples were collected during this stage. The average recovery rate was 99%. The sample weight was between 0.80kg and 4.40kg.

Sample Preparation and Analysis

The sample preparation included coarse crushing (jaw crusher), medium crushing (disc mill) and fine crushing (disc mill). Each stage was divided into crushing, screening, mixing and shrinkage. The samples analyses were undertaken by the 6th laboratory of Jilin geology and survey Institute. According to DZG93-09 analysis procedures, the analysis instrument for Pb, Zn, Cu is GGX-600 atomic absorption spectrophotometer, the analysis method is AAS method.

During the deep exploration of Lishan Mine (-92m asl) from 2011 to 2020, the sample preparation followed drying, crushing, screening, mixing and splitting procedures. After crushing, the samples were pulverised to 200 mesh and then about 400g was taken for assay and the remains of the pulverised material were stored in the laboratory as pulp rejects.

Specific Gravity Data

From 2011 to 2020, the samples were collected from cores and tunnels from the Mineralised bodies with various grades and positions. The wax method was used for the SG test.

A total of 466 SG samples were collected, including 326 core samples and 140 channel samples, among which the samples of copper-zinc ores accounts for 36%, lead- zinc ores account for 12%, zinc ores account for 46%, and copper ores account for 6%.

Quality Assurance and Quality Control Programs

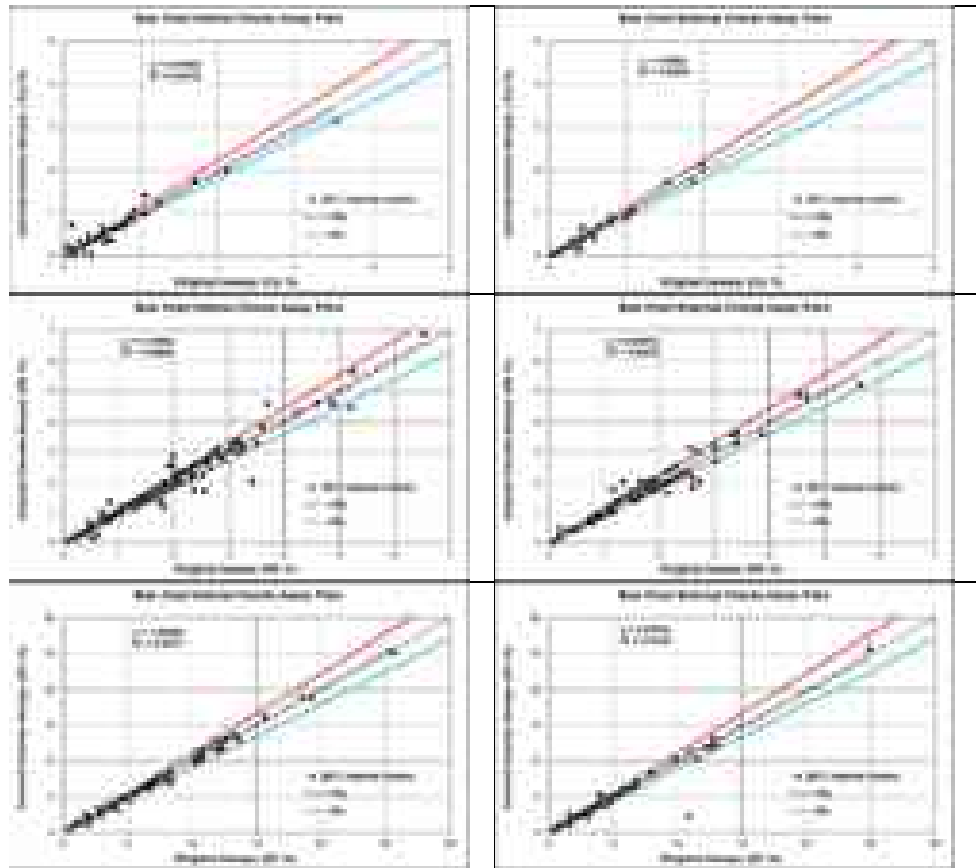
From 2010 to 2011, a total of 2,853 channel samples were taken, and 288 samples were taken for internal check, with a proportion of 10.09%, and 144 samples for external check, accounting for 5.05% of the total samples, were sent to the 4th Laboratory of Chemical Geology and Mining

("Laboratory 4") for analyses. The sample summary is shown in Table 6-13, and the performance of the internal and external checks are shown in Figure 6-10.

Table 6-13: QA/QC Data Summary of Lishan Mine from 2010 to 2011

Sample	Sample Number		Assay result					
	Count	Percent (%)	Cu		Pb		Zn	
			Samples Above 10x Det. Lim.	Pairs ≤ 10% HARD (%)	Samples Above 10x Det. Lim.	Pairs ≤ 10% HARD (%)	Samples Above 10x Det. Lim.	Pairs ≤ 10% HARD (%)
Internal Checks	288	10.09	31	89.24	35	87.85	25	91.32
External Checks	144	5.05	11	92.36	13	90.97	12	91.67

Figure 6-10: Internal and External Checks of Lishan Mine from 2020-2011



Note: Internal checks on the left and External checks on the right

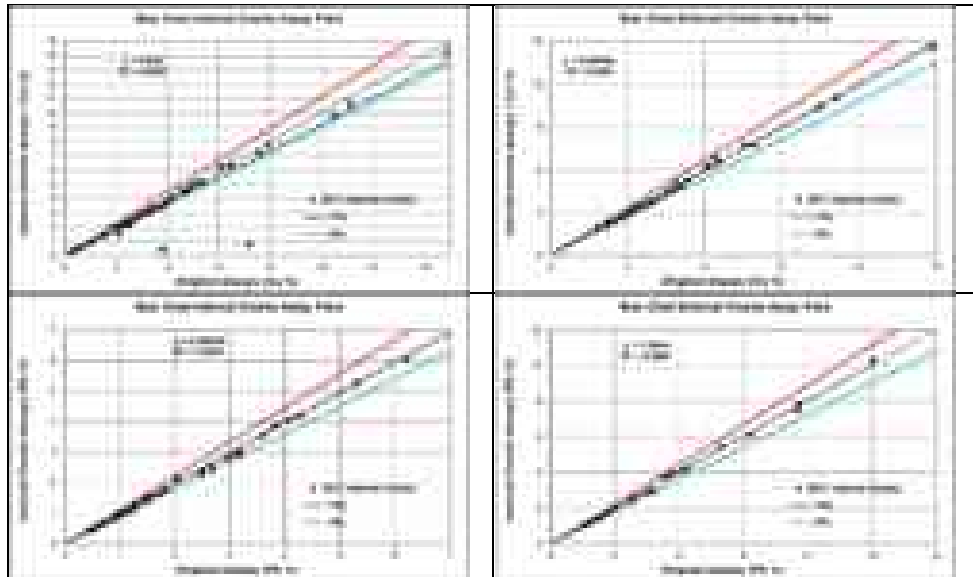
From 2011 to 2020, a total of 9,916 basic analysis samples, 116 combination analysis samples and 26 phase analysis samples of the Lishan deposit (below -92m asl) were collected. there are 1,208 internal check samples and 710 external check samples for zinc, 80 internal check samples and 40

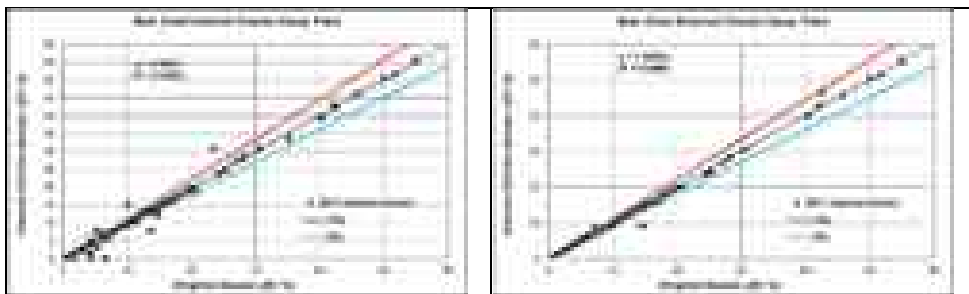
external samples for copper, 80 internal check samples and 12 external samples for lead. The pass rates of internal and external samples are list in Table 6-14 and the performance of the internal and external checks are shown in Figure 6-11.

Table 6-14: QA/QC Data Summary of Lishan Mine (below -92m asl) from 2011 to 2020

Item	Year	Samples number	Qualified	Pass rate (%)
Basic analysis (Zn)	2018	308	298	97
	2019	510	489	96
	2020	390	374	96
	Sub total	1,208	1,160	96
Basic analysis (Zn)	2018	150	141	94
	2019	360	349	97
	2020	200	199	100
	Sub total	710	689	97
Basic analysis (Cu)	2020	80	76	95
	2020	40	40	100
Basic analysis (Pb)	2020	80	79	99
	2020	40	40	100
Combination analysis (Zn)	2020	12	12	100
	2020	5	5	100
Combination analysis (Cu)	2020	4	4	100
	2020	2	2	100
Combination analysis (Pb)	2020	1	1	100
	2020	1	1	100

Figure 6-11: Internal Check of Lishan Deposit (below -92m asl) from 2011 to 2020





Note: Internal checks on the left and External checks on the right

Dongfeng Mine

Tunnel Sampling

Tunnel sampling was carried out using channelling method for newly discovered mineralised bodies, residual mineralised bodies and mineralised bodies missing previous laboratory data. The samples are arranged as vertically as possible to the direction of mineralised bodies. The section of channel size is 10cm × 3cm, and the most sample length is less than 2 m. A total of 1,216 channel samples were taken from different mineralisation types in 2010 to 2011.

During the deep exploration of Dongfeng deposit (-250m asl) from 2013 to 2023, the tunnel samples were sampled at the waistline of tunnel continuously based on different rock type and grade rank using channelling method. The section size of the channel sample was 10cm × 3cm, and the sample length is generally 1.0-1.5m. The sample weight was generally 7.5-8.5kg. A total of 702 samples were collected.

Core Drilling Sampling

A total of 252 boreholes were drilled from 2013 to 2023. The hole diameter of the drilling is 75mm with wire-line coring method. The cores were kept the original structural characteristics and integrity without ore core crushing, dilution and leakage during drilling.

The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralised body and Mineralisation. The core was split along the core axis into two halves by the YPK-1 type core splitter. One half was retained as the core, and the other half was bagged and weighed before being sent to the laboratory for analysis. The sample length generally ranged from 1.00m to 1.50m, with a few samples ranging from 0.3m to 0.8m and the longest being 2.0 m. A total of 33,207 borehole samples were collected during this stage. The average recovery rate was 99.87%. The sample weight was between 0.63kg and 3.86kg.

Sample Preparation and Analysis

The sample preparation included coarse crushing (jaw crusher), medium crushing (disc mill) and fine crushing (disc mill). Each stage was divided into crushing, screening, mixing and shrinkage. The sample testing work was undertaken by the 6th laboratory of Jilin geology and survey Institute. According to DZG93-09 analysis procedures, the analysis instrument for Pb, Zn, Cu is GGX-600 atomic absorption spectrophotometer, the analysis method is AAS method.

Specific Gravity Data

In 1987, the Brigade 650 of Jilin Nonferrous Metal Geological Exploration Company collected 175 SG samples from different levels of Dongfeng Pb-Zn Mine. The average SG is 3.26g/cm³, and there was no significant difference between the different mining levels.

A total of 310 SG samples were taken from orebodies in the deep area of Dongfeng Mine (-250m asl), of which 227 from drillings and 83 samples form tunnels.

Quality Assurance and Quality Control Programs

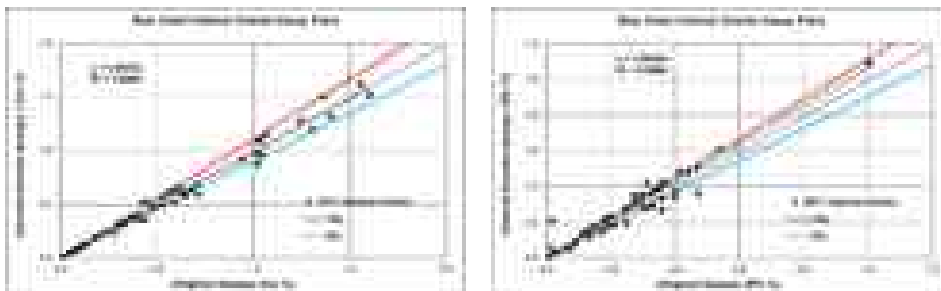
From 2010 to 2011, resource and reserves verification of Dongfeng Deposit was carried out. A total of 1,216 channel samples were taken from Dongfeng lead-zinc deposit, including 705 Pb, Zn, Cu samples, of which 71 samples was taken for internal check and 35 samples was taken for external check. A total of 511 channel samples were taken from Mo sample, of which 52 samples was taken for internal check and 26 samples was taken for external check.

The Chemical Geology and Mining Laboratory #4 carried out external analysis. The pass rates of internal and external samples are list in Table 6-15 and the performance of the internal and external checks are shown in Figure 6-12 and Figure 6-13.

Table 6-15: QC Data Summary of Dongfeng Deposit in 2011

Item	Sample	Percent (%)	Pass rate			
	Count		Cu (%)	Pb (%)	Zn (%)	Mo (%)
Internal check	Cu Pb Zn: 71	10.07	92.96	85.92	88.73	92.31
	Mo: 52	10.17				
External check	Cu Pb Zn: 35	4.96	91.43	94.29	91.43	93.21
	Mo: 26	5.09				

Figure 6-12: Internal check of Dongfeng Deposit in 2011



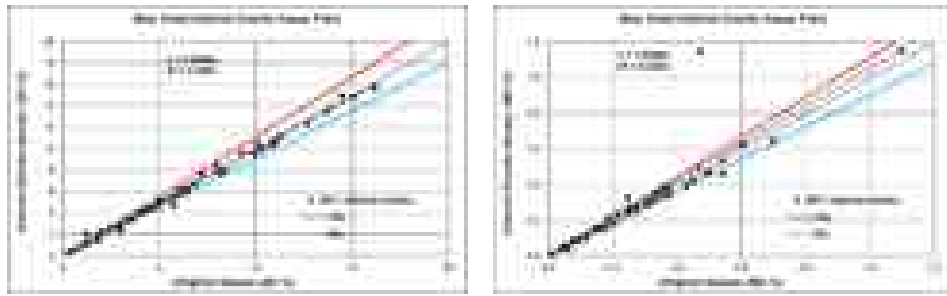
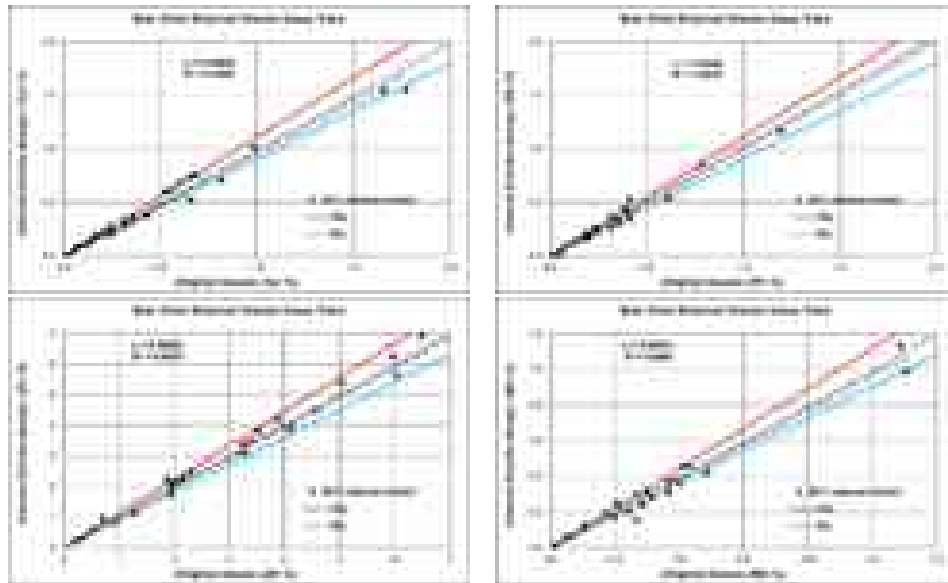


Figure 6-13: External check of Dongfeng Deposit in 2011

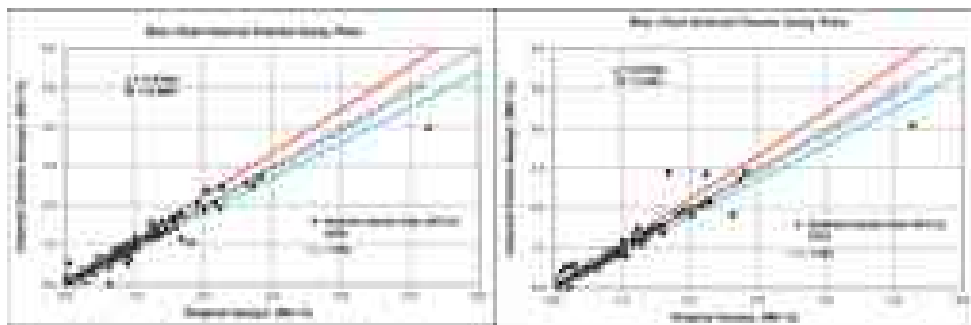


From 2013 to 2023, a total of 33,909 basic analysis samples, 141 combination analysis samples and 114 phase analysis samples of the Dongfeng deposit (below 250m asl) were collected. and there are 3,832 internal check samples and 2,431 external check samples for Mo. The pass rates of internal and external samples are list in Table 6-16 and the performance of the internal and external checks are shown in Figure 6-14.

Table 6-16: QA/QC Data Summary of Dongfeng Deposit from 2013 to 2023

Item	Sample Count	Percent (%)	Pass rate
Internal check	3,832	113	96.41
External check	2,431	7.17	97

Figure 6-14: Mo Internal check of Dongfeng Deposit from 2013 to 2023



6.3.5 Jintai Project

Trench Sampling

In the mining licence area, a total of 618 channel samples were taken separately based on different mineralisation types. The section of channel was 10 cm × 5 cm, and most of the sample length was 1.2 m.

In the exploration licence area, a total of 540 channel samples were collected separately based on different mineralisation types. The section of channel was 10 cm × 3 cm, and the length ranged from 1.0 m to 1.5 m.

The samples representation met the needs of mineralised body evaluation.

Core Drilling Sampling

In the mining licence area, samples were collected separately based on different mineralisation types. The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralised body and mineralisation, ranging from 0.5 m to 1.5 m.

In the exploration licence area, a total of 9,089 samples were collected separately based on different Mineralisation types. The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralised body and mineralisation, ranging from 1 m to 1.5 m. The samples were collected by manual in the loose rock area, while hard rock with core splitter.

The samples representation met the needs of mineralised body evaluation.

Sample Preparation and Analyses

From 2007 to 2010, a general exploration for Xidengping deposit was carried out. The sample preparation included coarse crushing, medium crushing and fine crushing. Each stage was divided into crushing, screening, mixing and shrinkage. The samples analyses were undertaken by the lab of Kunming Mineral Resources Supervision and Testing Centre and Yunnan 3rd Geological Brigade ("Kunming Laboratory"). The basic analysis item was gold. Both internal and external lab check

samples were according to the Specification of Testing Quality Management for Geological Laboratories.

From 2020 to 2021, Mineral Resource verification was conducted. The sample preparation included coarse crushing, medium crushing and fine crushing. Each stage was divided into crushing, screening, mixing and shrinkage. The total loss rate was less than 5%. The K value was set to 0.5 in the formulation $Q = Kd^2$ and the sample was crushed to 0.074 mm (200 mesh). Samples were analysed by the central laboratory of Yunnan Bureau of Geology and Mineral Resources Exploration and Development ("**Central Laboratory**"). External check samples were sent to Henan Rock and Mineral Testing Center ("**Henan Laboratory**"). The basic analysis item was gold. Both internal and external lab check samples were according to the Specification of Testing Quality Management for Geological Laboratories (DZ/T0130-2006).

From 2020 to 2022, advanced exploration was conducted. The sample preparation included coarse crushing, medium crushing and fine crushing. Each stage was divided into crushing, screening, mixing and shrinkage. The samples were firstly coarse crushed by the jaw crusher and were crushed to 4 mm. Then the samples were medium crushed by the disc mill and were crushed to 1 mm. After that, there were the mixing and splitting procedures. The K value was set to 0.8 in the formulation $Q = Kd^2$ and the sample was crushed to 0.074 mm (200 mesh). Samples were analysed by the Central Laboratory. External check samples were sent to Henan Laboratory. The basic analysis item was gold. Both internal and external lab check samples were according to the Specification of Testing Quality Management for Geological Laboratories (DZ/T0130-2006).

Specific Gravity Data

From 2007 to 2010, a total of 30 SG piece samples were collected from the mineralised bodies with various grades and positions. The wax method was used for the SG test. The average SG was 2.14 g/cm³. And 2 bulk samples were collected, and the result was 1.76g/cm³. The SG samples were more representative, so the SG value of 2.14g/cm³ was applied in the Mineral Resource estimate.

From 2020 to 2022, a total of 103 SG piece samples were collected from the mineralised bodies with various grades and positions. The wax method was used for the SG test. 40 samples were collected for domain V4, 31 samples were collected in the Xidengping area, and 32 samples were collected for domain V8. The samples representation met the needs of mineralised body evaluation. 4 bulk samples were collected, and the result was consistent with piece samples. The SG values were 2.15g/cm³ for domain V9 and V10, 2.29g/cm³ for domain V8, and 2.24g/cm³ for domain V4, V5, V6 and V7.

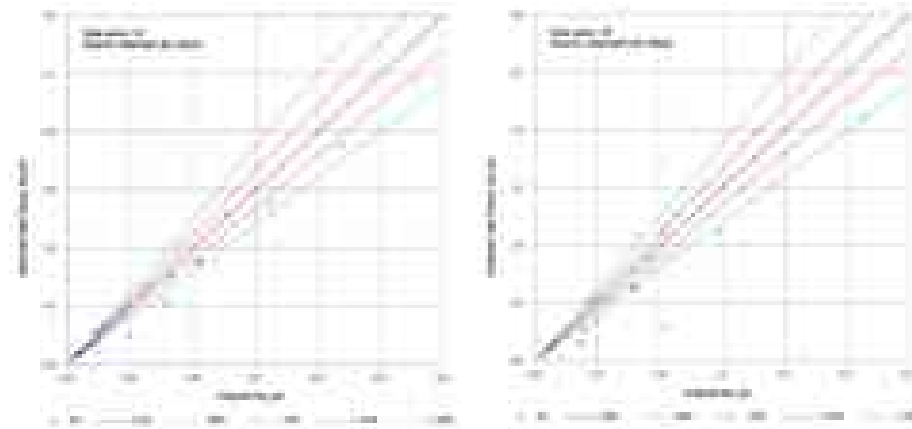
Quality Assurance and Quality Control Programs

From 2007 to 2010, general exploration for Xidengping deposit was carried out. A total of 1,506 samples were sent to labs for gold grade. A total of 30 samples were taken for internal lab check with a proportion of 1.99%. 30 samples were taken for external lab check with a proportion of 1.99%. The qualification rate was 70% for internal check and 56.67% for external check.

The QA/QC samples summary is shown in **Table 6-17**, and the performance of the internal and external lab check are shown in Figure 6-15.

Table 6-17: Summary of General Exploration QA/QC data

Category	Data Pairs	Coverage	Relative Difference					
			<10%		10%-20%		>20%	
Internal	30	1.99%	12	40.00%	9	30.00%	9	30.00%
External	30	1.99%	9	30.00%	8	26.67%	13	43.33%

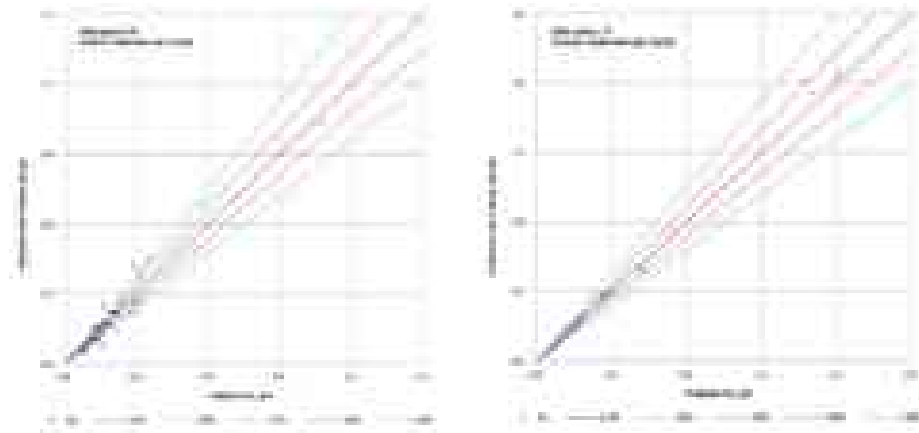
Figure 6-15: Performance of Internal and External Checks for General Exploration

From 2020 to 2021, Mineral Resource verification for Xidengping deposit was carried out. A total of 563 samples were sent to labs for gold grade. A total of 50 samples were taken for internal lab check with a proportion of 8.91%. 31 samples were taken for external lab check with a proportion of 5.51%. The qualification rate was 70% for internal check and 100% for external check.

The QA/QC samples summary is shown in **Table 6-18** and the performance of the internal and external lab check are shown in Figure 6-16.

Table 6-18: Summary of Resource Verification QA/QC data

Category	Data Pairs	Coverage	Relative Difference					
			<10%		10%-20%		>20%	
Internal	50	8.91%	21	42.00%	14	28.00%	15	30.00%
External	31	5.51%	29	93.55%	2	6.45%	-	-

Figure 6-16: Performance of Internal and External Checks for Resource Verification

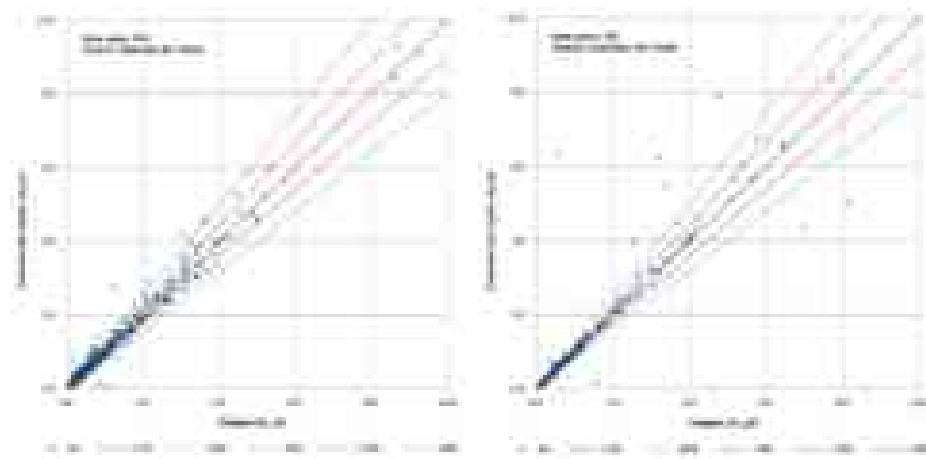
From 2012 to 2022, in the exploration licence area, a total of 9,629 samples were sent to labs for gold grade. A total of 819 samples were taken for internal lab check with a proportion of 8.51%. 350 samples were taken for external lab check with a proportion of 3.63%. The qualification rate was 68.62% for internal check and 89.71% for external check.

The QA/QC samples summary is shown in **Table 6-19**, and the performance of the internal and external lab check are shown in Figure 6-17.

Table 6-19: Summary of Advanced Exploration QA/QC data

Category	Data Pairs	Coverage	Relative Difference					
			<10%		10%-20%		>20%	
Internal	819	8.51%	369	45.05%	193	23.57%	257	31.38%
External	350	3.63%	278	79.43%	36	10.29%	36	10.29%

Figure 6-17: Performance of Internal and External Checks for Advanced Exploration



6.3.6 SRK Comments

In the opinion of SRK, the sampling, sample preparation and analytical procedures used for Jilong, Huatai, Wulong, Hanfeng and Jintai projects are acceptable. The pass rates of both internal and external check samples for these projects are acceptable, while blank sample were not used in these projects.

7 SRK Data Verification

7.1 Introduction

In accordance with the JORC Code guidelines, SRK team conducted multiple site visits of the Chifeng Gold's five subsidiaries' mining projects, including the Jilong, Huatai and Wulong projects from 22 to 26 December 2022, the Hanfeng project between 9 and 10 January 2023, and the Jintai project on 8 March 2023 in the first round; the Jilong, Huatai, Wulong and Hanfeng project from 14 to 19 May 2024 and the Jintai project from 21 to 23 May 2024 in the second round, and the Jilong and Wulong projects from 28 May 2024 to 1 June 2024 in the third round. During the site visit, SRK conducted the following verification procedures:

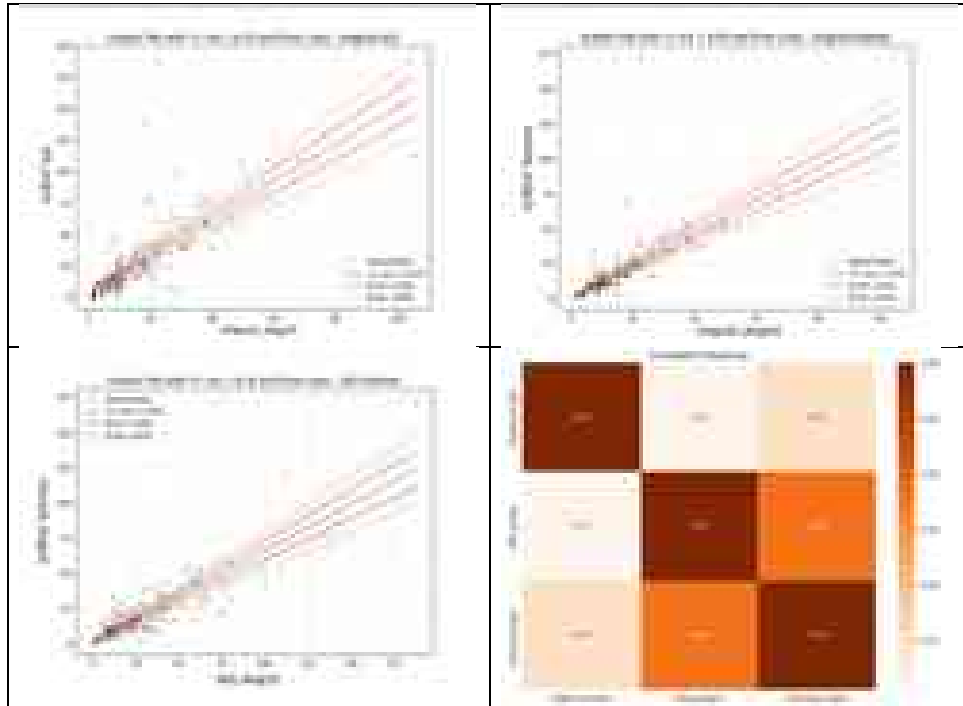
- Site inspection of each project area by SRK's competent persons and senior geologists.
- Met with Company representatives.
- Discussed with the technical personnels.
- Checked the historical exploration work.
- Borehole coordinates verification by handheld GPS.
- Inspection of the core warehouse.
- Witnessed underground channel sampling.
- Witnessed the underground and/ or open pit mining development, and
- Re-sampled historical pulp samples from the five projects.

7.2 Jilong Project

SRK used the cut-off grade of 1.0g/t Au to select verification samples, based on the exploration report on the Zhuanshanzi Mine in 2018, a total of 154 samples have been taken. The samples were re-numbered and sent to SGS Mineral Laboratory located in Tianjin, China ("**SGS Lab**") for verification assay.

The assay results are listed in Appendix D and the scatter plots are shown in Figure 7-1. A large bias was observed between original assay and check results, SRK has checked with both main laboratory and SGS Lab staff, found that the sample preparation and sample assay methods are different, the sample preparation protocol which the original main laboratory adopted is relatively conservative, they use sieve to remove potential visible gold and then for assay to minimize the nugget effect, which may lead to a system lower bias compared to SGS Lab using screen fire assay method. SRK advised to send the samples to the Intertek laboratory in Beijing ("**Intertek Lab**"), for further verification, the assay results are listed in Appendix D and plotted in Figure 7-1, a general trend can be observed although larger biases are found in the higher grade samples, which may be led by the nugget effect of visible gold .

Figure 7-1: Performance of SRK Verification Samples from Zhuanshanzi Mine



Source: SRK

7.3 Huatai Project

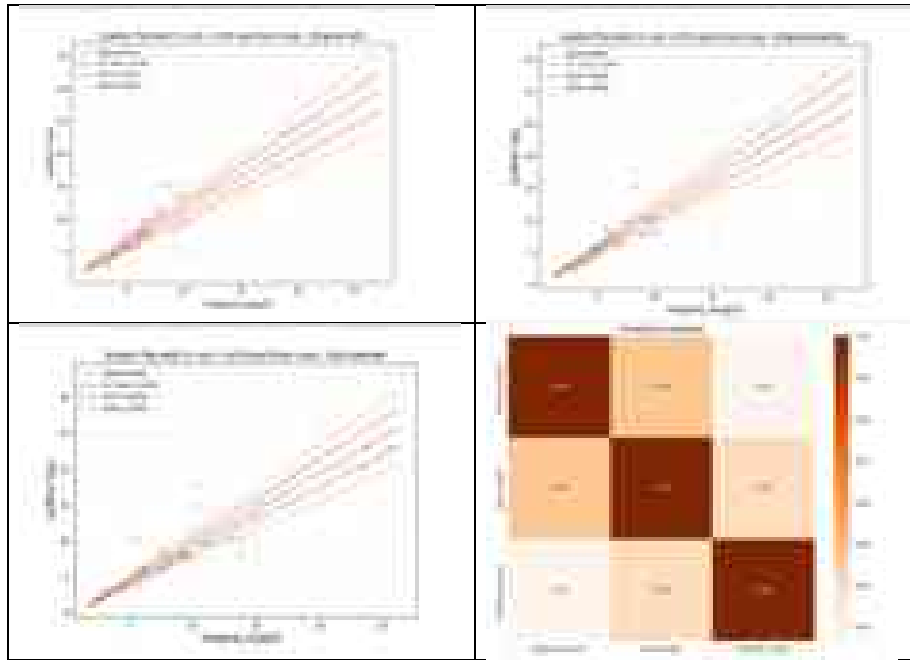
The data verification of Huatai project is divided into two parts: one part is from the Honghuagou Mine including #1 mining zone, #86 Vein and Pengjiagou Deposit; the other part is from the Lianhuashan Mine including #3&#7 Vein, #26 Vein and #5 mining zone.

SRK used the cut-off grade of 1.0g/t Au to select verification samples, a total of 50 pulp duplicate samples are from the Honghuagou Mine and a total of 55 pulp samples are from the Lianhuashan Mine. All samples were re-numbered and sent to SGS Lab for re-analysis.

The assay results from Honghuagou Mine are listed in Appendix B and plotted in Figure 7-2. A large bias was observed between original assay and check results, SRK has checked with both main laboratory and SGS Lab staff, found that the sample preparation and sample assay methods are different, the sample preparation protocol which the original main laboratory adopted is relatively conservative, they use sieve to remove potential visible gold and then for assay to minimize the nugget effect, which may lead to a system lower bias compared to SGS Lab using screen fire assay method. The samples have been sent to Intertek Lab for further verification, the assay results are listed in Appendix B and plotted in Figure 7-2, and a general trend can be observed although larger biases are found in the higher grade samples, which may be caused by the nugget effect of visible gold.

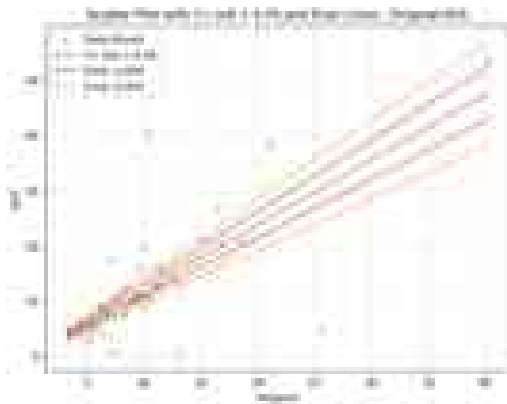
For the verification samples from the Lianhuashan Mine, a large bias was also observed between original assay and check results. About 60% plotting pairs are within $\pm 20\%$. About 40% pairs are out of $\pm 20\%$, which may be caused by the nugget effect. The assay results are listed in Appendix B and plotted in Figure 7-3.

Figure 7-2: Performance of SRK Verification Samples from Honghuagou Mine



Source: SRK

Figure 7-3: Performance of SRK Verification Samples from Lianhuashan Mine



Source: SRK

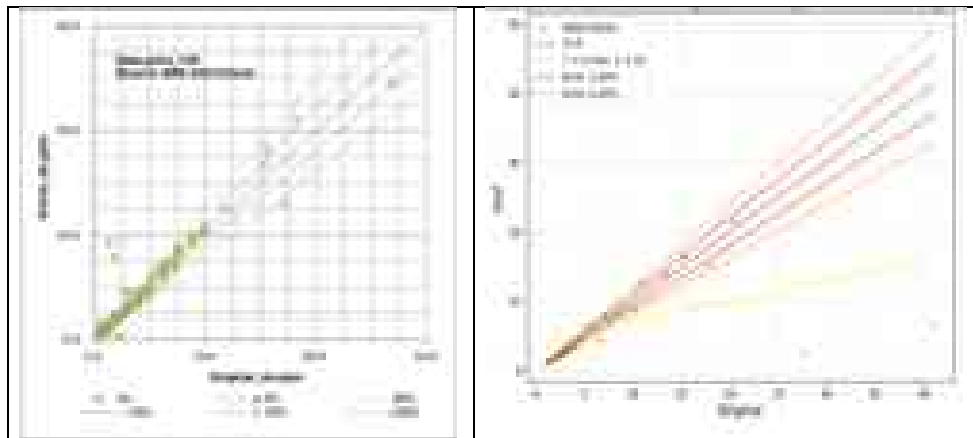
7.4 Wulong Project

The data verification of Wulong Project is divided into two parts: one part is from the Wulong Mine and the other part is from the Haojingou gold deposit and Haojingou-Ligunzi gold deposit.

SRK used the cut-off grade of 1.0g/t Au to select verification samples based on the Wulong Resource and Reserve Verification report 2019, a total of 129 pulp samples are from the Wulong Mine and a total of 36 pulps from the Haojingou and Haojingou-Ligunzi gold deposits. All samples were re-numbered and sent to SGS Lab for analysis.

The scatter plots are shown in Figure 7-4. The comparison of assay results between the original samples and SRK check samples show that the relative differences between them are mostly within $\pm 20\%$, with only a few pairs exceeded $\pm 20\%$, but is still acceptable considering this type of gold mineralisation.

Figure 7-4: Performance of SRK Verification for Wulong Project



Source: SRK

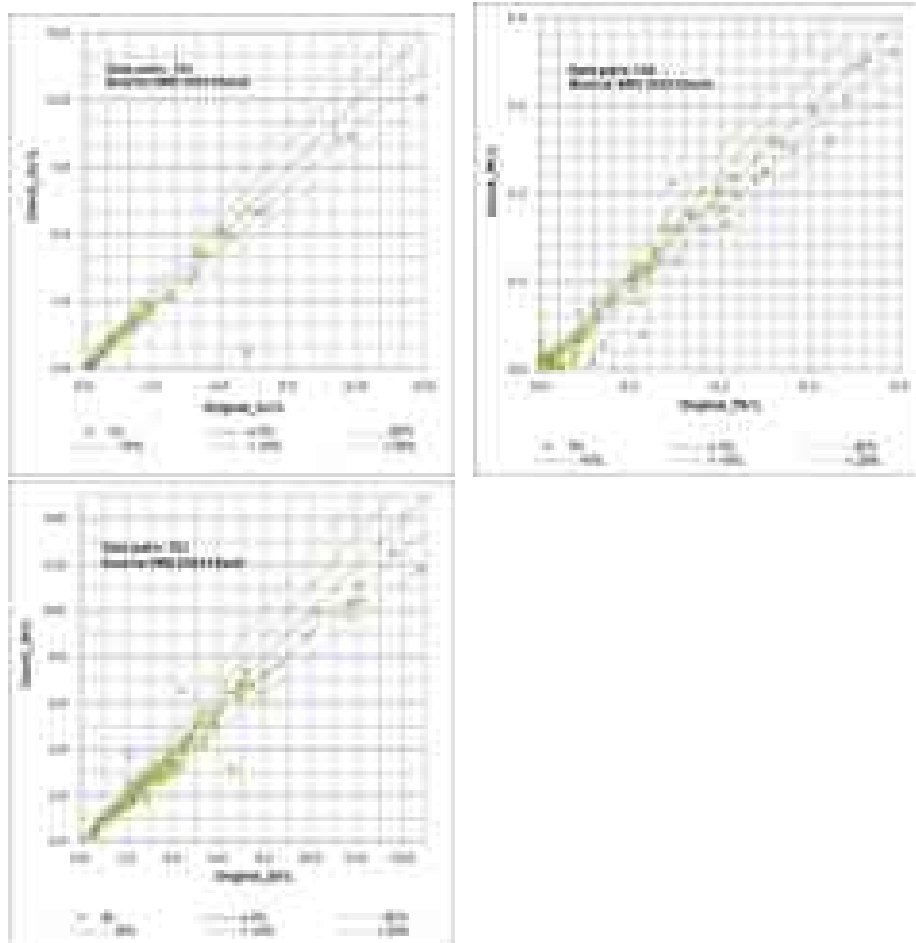
Note: Wulong Mine on the left and Haojingou and Haojingou-Ligunzi deposits on the right

7.5 Hanfeng Project

Lishan Project

SRK used the cut-off grade of 0.5% Zn to select verification samples. A total of 152 pulp samples are taken from the Lishan Mine (based on the Lishan Exploration Report 2020). The verification samples were re-numbered and sent to SGS Lab for re-analysis. The assay results are listed in Appendix B and plotted in Figure 7-6. The scatter diagrams show that most of the returned analysis results for Cu and Zn are within $\pm 20\%$, the Pb have returned poorer performance, however, most of which are in the very low grade, and therefore the results are considered acceptable.

Figure 7-5: Performance of SRK 2023 Verification Samples from Lishan Mine

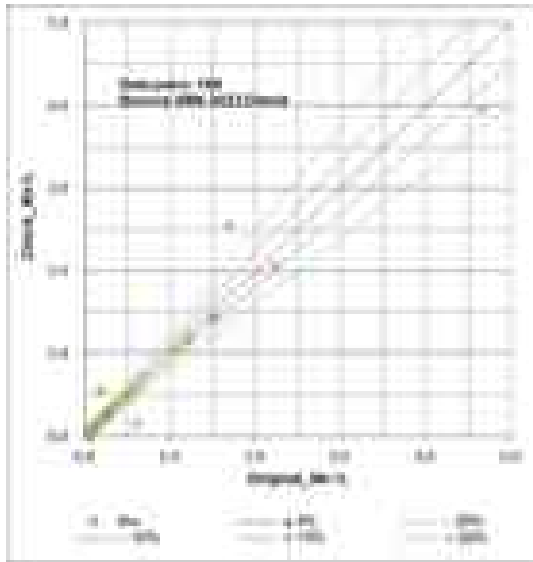


Source: SRK

Dongfeng Project

SRK used the cut-off grade of 0.03% Mo to select verification samples. A total of 189 samples have been taken from the Dongfeng Mine and were sent to SGS Lab for analysis. The assay results are listed in Appendix B and plotted in Figure 7-6. The scatter diagrams show that all of the returned analysis results for Mo are within $\pm 20\%$, which are considered acceptable.

Figure 7-6: Performance of SRK 2023 Verification Samples from Dongfeng Mine



Source: SRK

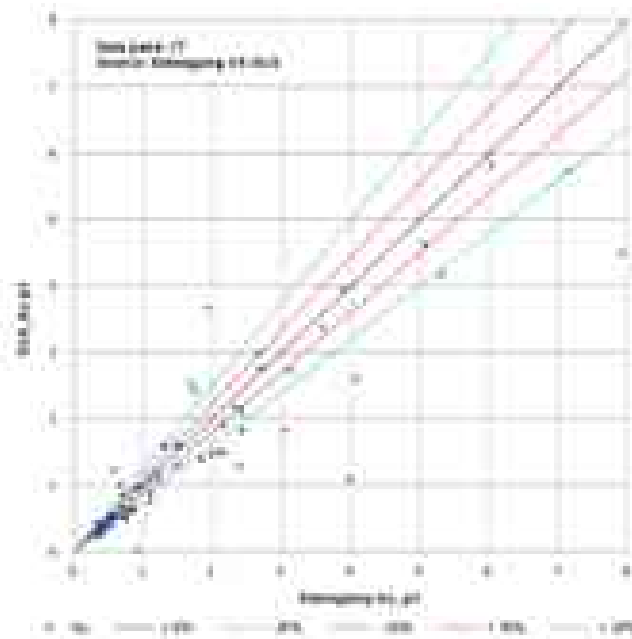
7.6 Jintai Project

SRK used the cut-off grade of 0.17g/t Au to select verification samples. A total of 77 pulp samples from different exploration phases are collected and are sent to SGS Lab for analysis. Details of the verification samples are presented in Appendix B, are summarised in Table 7-1 and are plotted in Figure 7-7. The scatter diagrams show that about 52% results for gold are within $\pm 20\%$. About 48% results are outside $\pm 20\%$, which may be caused by the nugget effect.

Table 7-1: Summary of SRK Verification Samples

Phase	Samples	Samples Au $\geq$ 0.17	Verification Samples	Percentage Au $\geq$ 0.17
General Exploration	684	256	13	5.08%
Mineral Resource Verification	880	50	2	4.00%
Advanced Exploration	9,629	1,505	62	4.12%
Total	11,193	1,811	77	4.25%

Figure 7-7: SRK 2023 Verification on Xidengping Gold Mine



Source: SRK

7.7 SRK Comments

Overall, SRK is satisfied with the quality and result of the sample preparation and assay conducted by related analytical laboratories. The analytical procedures are consistent with generally accepted industry practices and the primary sample results are therefore suitably reliable for use in Mineral Resource estimation.

8 Mineral Resource Estimates

8.1 Introduction

The Mineral Resource Statement presented herein represents Mineral Resource estimation prepared for the Chifeng Gold Project in accordance with the JORC Code.

The effective date of the Mineral Resource Statement is 30 September 2024.

This section describes the Mineral Resource estimation methodology and summarizes the key assumptions considered by SRK. In the opinion of SRK, the Mineral Resource estimation reported herein is a reasonable representation of the global Mineral Resources found in Jilong, Huatai, Wulong, Hanfeng and Jintai projects at the current level of sampling. The Mineral Resources are reported in accordance with the JORC Code. The Mineral Resources are not Ore Reserves and there is no certainty that all or any part of the Mineral Resource will be converted into Ore Reserve.

The database used to estimate the Chifeng Gold Project Mineral Resources was audited by SRK. SRK is of the opinion that the current drilling, tunnelling and trenching information is sufficiently reliable to interpret with confidence the boundaries for gold, lead-zinc and molybdenum mineralisation and that the assay data are sufficiently reliable to support Mineral Resource estimation.

The Surpac 2020.1 ("**Surpac**") software was used to construct the grade solids, prepare assay data for analysis, construct the block model, estimate gold grades, and tabulate Mineral Resources.

8.2 Mineral Resource Estimation Procedures

The Mineral Resource estimation methodology involved the following procedures:

- Database compilation and verification;
- Construction of wireframe models for the boundaries of the gold Mineralisation;
- Definition of resource domains;
- Data conditioning (compositing and capping) for analysis;
- Block modelling and grade interpolation;
- Resource classification and validation;
- Assessment of "reasonable prospects for eventual economic extraction ("**RPEEE**")" and selection of appropriate cut-off grades; and
- Preparation of the Mineral Resource Statement.

8.3 Mineral Resource Database

8.3.1 Jilong Project

Jilong Project is composed of the Zhuanshanzi Mine including two mineralised blocks of the #1#2#3&depth Blocks and the #4#5#6#7 Block.

SRK was provided with geological exploration reports and maps, topography, database, QA/QC data, and SG data. The coordinate system of Jilong Project is CGCS 2000. SRK undertook a thorough review for the database, followed by various verification procedures, and verified that the database was acceptable for a Mineral Resource estimation.

Based on the data, SRK constructed a Mineral Resource database, composed of borehole collar, survey, lithology, assay, and SG data. Table 8-1 summaries the database covering the entire project area. The boundary of the estimation is the Zhuanshanzi mining licence.

Table 8-1: Mineral Resource Database Statistics of Jilong Project

Mine/Deposit	Type	Counts	Length (m)	Assay Samples
Zhuanshanzi Mine (#1#2#3&depth Block)	Drillholes	81	1,9078.32	602
	Tunnels	6,240	5,989.89	14,328
	Total	6,321	25064.21	14,930
Zhuanshanzi Mine (#4#5#6#7 Block)	Drillholes	64	10,810.47	339
	Trenches	55	90.69	106
	Tunnels	12	45.94	87
	Total	131	10,947.1	532

8.3.2 Huatai Project

Huatai Project consists of the Honghuagou Mine including #1 Mining Zone and #86 Vein, the Pengjiagou Mine and the Lianhuashan Mine including #5 Mining Zone, #26 Vein and #3-7 Vein.

The resource database included all the samples both from drillholes and mining levels. SRK was provided with geological exploration reports and maps, topography, database, QA/QC data, and SG data. The coordinate system of Huatai Project is CGCS 2000. SRK undertook a thorough review for the database, followed by various verification procedures, and verified that the database was acceptable for a Mineral Resource estimation.

Based on the data, SRK constructed a Mineral Resource database, composed of borehole collar, survey, lithology, assay, and SG data. Table 8-2 summaries the database covering the entire project area. The boundary of the estimation is the Honghuagou, Pengjiagou and Lianhuashan mining licenses.

Table 8-2: Mineral Resource Database Statistics of Huatai Project

Mine/Deposit	Type	Counts	Length (m)	Assay Samples
Honghuagou mine	Drillholes	96	33,424.71	478
	Tunnels	764	2,031.80	2,652
	Total	860	35,456.51	3,130
Pengjiagou deposit	Drillholes	44	9,438.6	92
	Tunnels	112	282.85	292
	Total	156	9,721.45	384
Lianhuashan deposit	Drillholes	96	14,179.76	188
	Tunnels	1,153	2,159.86	3,271
	Total	1,249	16,339.62	3,459

8.3.3 Wulong Project

Wulong Project is composed of the Wulong Mine, and the Ligunzi gold deposit and the Haojingou-Ligunzi deposit.

SRK was provided with geological exploration reports and maps, topography, database, QA/QC data and SG data. The coordinate system of Wulong Mine and Ligunzi deposit is Beijing 54 while Haojingou-Ligunzi deposit is Xi'an 80. SRK undertook a thorough review for the database, followed by various verification procedures, and verified that the database was acceptable for a Mineral Resource estimation.

Based on the data, SRK constructed a Mineral Resource database, composed of borehole collar, survey, lithology, assay, and SG data. Table 8-3 summaries the database covering the entire project area. The boundary of the estimation is the Wulong mining licence, and the Ligunzi and Haojingou-Ligunzi exploration permits.

Table 8-3: Mineral Resource Database Statistics of Wulong Project

Mine/Deposit	Type	Counts	Length (m)	Assay Samples
Wulong Mine	Drillholes	38	15,135.9	1,164
	Tunnels	5,167	8,809.7	13,123
	Total	5,205	23,945.6	14,287
Ligunzi Deposit	Drillholes	2	1,077.8	104
	Tunnels	303	537.4	303
	Trenches	3	2.0	3
	Total	308	1,617.2	410
Haojingou-Ligunzi Deposit	Surface Drillholes	88	21,158.4	1,935
	UG Drillholes	11	787.7	74
	Tunnels	131	195.0	231
	Trenches	279	169.2	452
	Total	509	22,310.2	2,692

8.3.4 Hanfeng Project

Hanfeng Project consists of two mining rights, the Lishan Mine and the Dongfeng Mine. The Mineral Resources are reported in the deep area of below -92m asl of for the Lishan Mine and in the deep area of below 250m asl for Dongfeng Molybdenum Deposit.

The solid models were prepared using vein tool by Leapfrog 2021.1 and IDW estimation techniques by GEOVIA Surpac 2020.1. The entire estimate procedure, consisting of database compilation, mineralised domains construction, the grade interpolation as well as the resources classification, were completed by SRK.

The data SRK received from the client include collar, assay, survey, density and lithologies in excel format, internal and external checks data, and geology maps. Detail information is as shown in Table 8-4, and the drillhole location is shown in Figure 8-1.

Table 8-4: Resource Database Statistics of Hanfeng Project

Mine	Type	Counts	Profiles(m)	Assay records
Lishan	Drillholes	194	46,352	9,556
	Tunnels	102	477	487
Dongfeng	Drillholes	252	88,402	31,949
	Tunnels	63	431	417

Figure 8-1: Hole location of Lishan and Dongfeng Mines

Note: Lishan Mine on the left and Dongfeng Mine on the right

8.3.5 Jintai Project

SRK was provided with geological exploration reports and maps, topography, database, QAQC data, and SG data. The coordinate system is CGCS2000. SRK undertook a thorough review for the database, followed by various verification procedures, and verified that the database was acceptable for a Mineral Resource estimation.

Based on the data, SRK constructed a Mineral Resource database, composed of borehole collar, survey, lithology, assay, and SG data. Table 8-5 summaries the database covering the entire project area.

Table 8-5: Mineral Resource Database Statistics for Jintai Project

Mine/Deposit	Type	Counts	Length (m)	Assay Samples
Xidengping Mine	Drillholes	196	14,615.38	10,653
	Trenches	12	105.30	102
	Total	208	14,720.68	10,755

8.4 Solid Body Modelling

SRK was provided with section maps and mining level maps of all mineralised domains. SRK has constructed and reviewed the solid models according to the maps provided by the client and they are acceptable for the estimation.

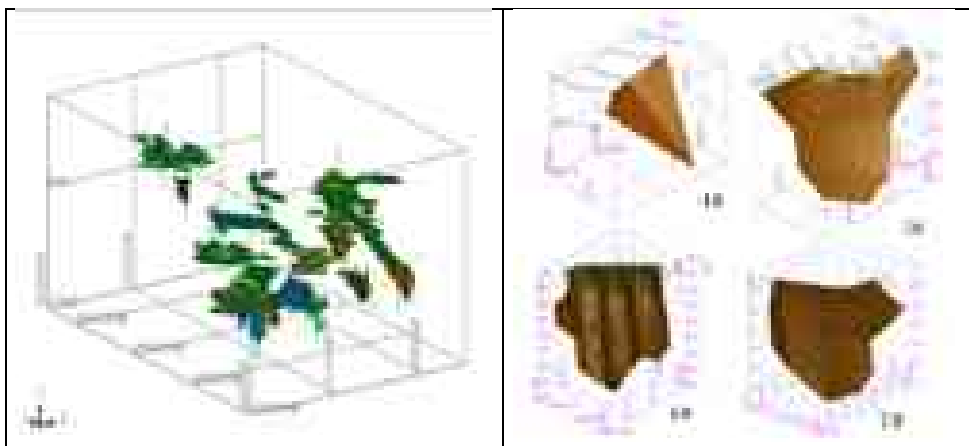
For the Jilong, Huatai and Wulong and Jintai projects, the mineralisation is dominated by gold. The mineralised domains for the Jilong, Huatai and Wulong projects were interpreted by samples collected based on a cut-off grade of 1.0g/t Au, and the mineralised domains for the Jintai Project were interpreted by samples collected based on a cut-off grade of 0.17g/t Au.

For the Hanfeng Project, the zinc mineralised domains were interpreted by samples collected based on a cut-off grade of 0.5% Zn, and the molybdenum mineralised domains were interpreted by samples collected based on a cut-off grade of 0.03% Mo.

8.4.1 Jilong Project

A total of 44 mineralised domains for the #1#2#3&depth Block and 4 mineralised domains for the #4#5#6#7 Block were constructed in the Zhuanshanzi Mine (see Figure 8-2).

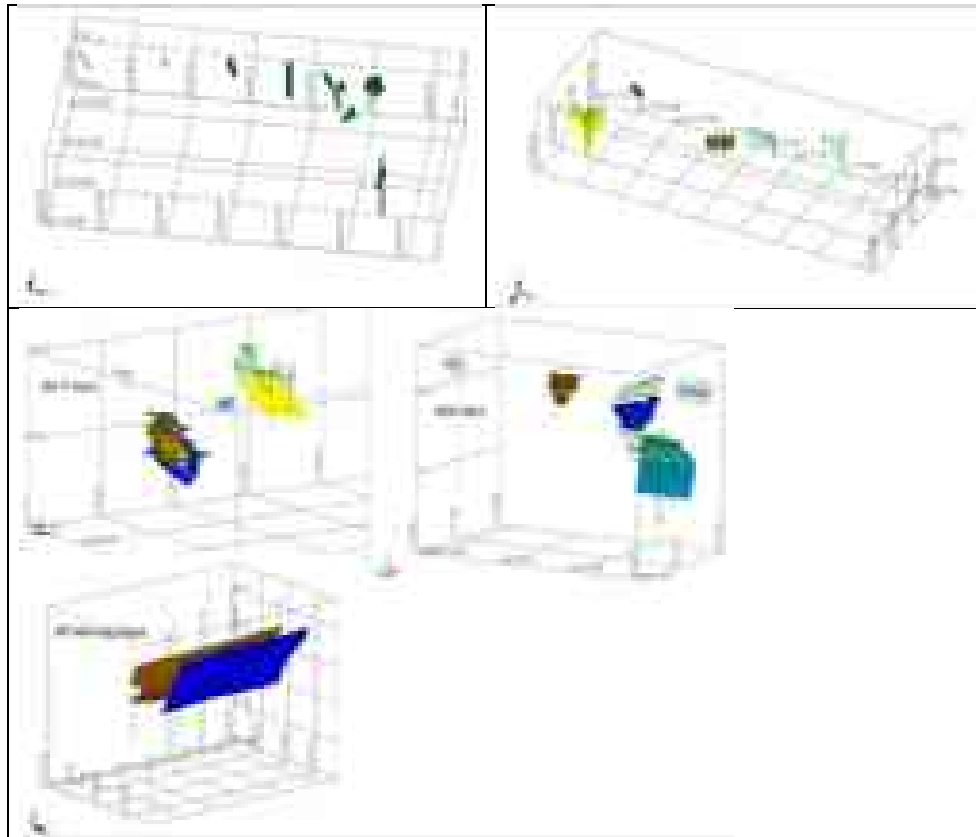
Figure 8-2: Mineralised Domains in the Zhuanshanzi Mine



Note: Solid bodies of #1#2#3&depth block on the left and #4#5#6#7 block on the right

8.4.2 Huatai Project

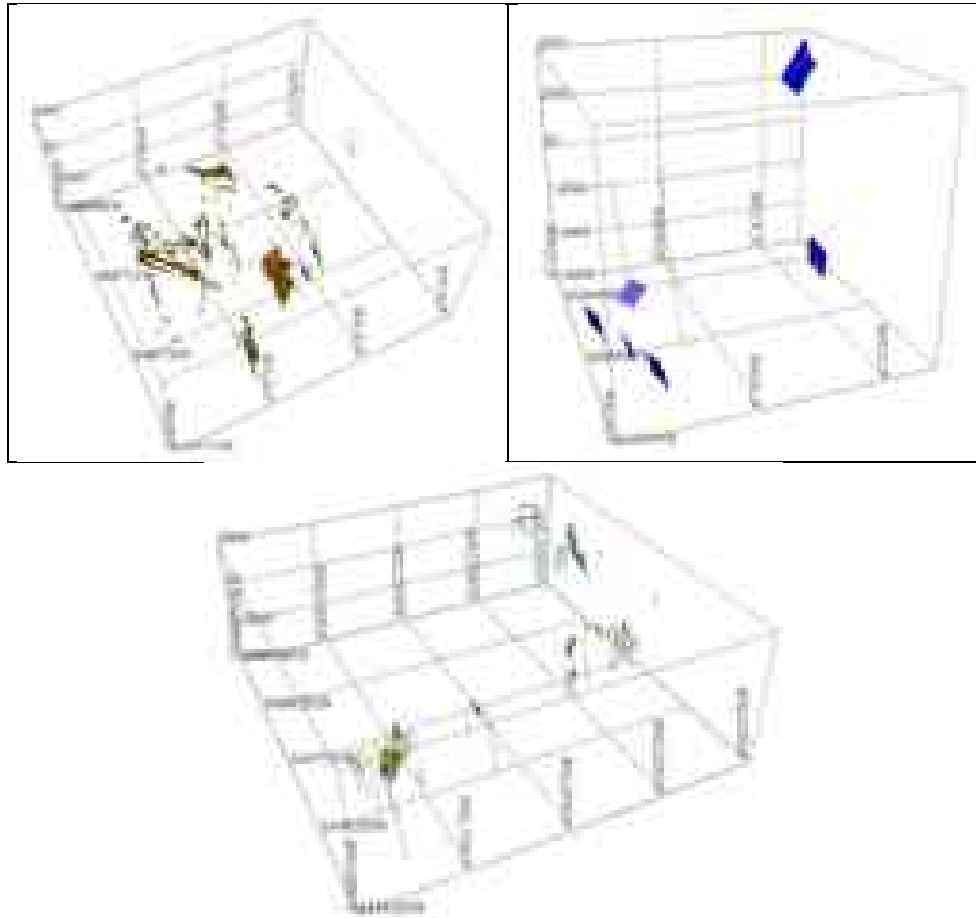
As shown in Figure 8-3, a total of 16 mineralised domains for the Honghuagou Mine, 6 mineralised domains for the Pengjiagou Mine and a total of 12 mineralised domains for the Lianhuashan Mine were constructed.

Figure 8-3: Mineralised Domains of Honghuagou, Pengjiagou and Lianhuashan Mines

Note: Solid bodies of Honghuagou Mine on the upper left, Pengjiagou Mine on the upper right and Lianhuashan Mine on the bottom.

8.4.3 Wulong Project

A total of 33 mineralised domains for the Wulong Mine, 6 mineralised domains for the Ligunzi deposit and a total of 17 mineralised domains for the Haojingou-Ligunzi deposit were constructed (Figure 8-4).

Figure 8-4: Mineralised Domains of Wulong Mine and Ligunzi and Haojingou-Ligunzi Deposits

Note: Solid bodies of Wulong Mine on the upper left, Ligunzi deposit on the upper right and Haojingou-Ligunzi deposit on the bottom.

8.4.4 Hanfeng Project

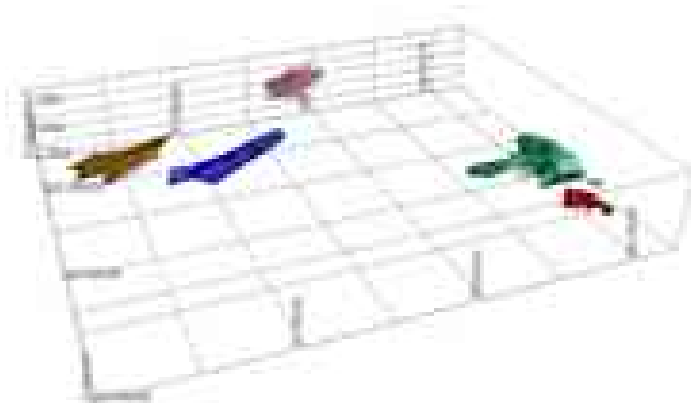
A total of 128 lead-zinc mineralised domains for the Lishan Mine (below-92m asl) and a total of 178 molybdenum mineralised domains the Dongfeng Mine were constructed (see Figure 8-5).

Figure 8-5: Mineralisation Domains of Lishan and Dongfeng Mines

Note: Solid bodies of Lishan Mine (below -92m asl) on the left and Dongfeng Mine (below 250m asl) on the right.

8.4.5 Jintai Project

A total of 11 mineralised domains were constructed in Xidengping Mine (see Figure 8-6).

Figure 8-6: Mineralised Domains of Xidengping Mine

Source: SRK

8.5 Compositing

8.5.1 Jilong Project

The database of the #1#2#3 depth block in the Zhuanshanzi Mine indicates that most of the sample intervals are 0.4 m, and a 0.4 m interval composite length was selected for compositing. All raw samples were composited to 0.4 m downhole lengths, with a minimum of 0.75 m for each composite

sample. A 0.4 m interval composite length was applied by SRK for subsequent statistic and grade interpolation. The distribution of sample lengths is shown in Figure 8-7.

The database of the #4#5#6#7 block in the Zhuanshanzi Mine indicates that most of the sample intervals are 1.0 m, and a 1.0 m interval composite length was selected for compositing. A 1.0 m interval composite length was applied by SRK for subsequent statistic and grade interpolation. The distribution of sample lengths is shown in Figure 8-7.

Figure 8-7: Histograms of Sample Length of Zhuanshanzi Mine



Note: Histograms of sample length for the #1#2#3&depth block on the left and for #4#5#6#7 block on the right.

The calculated univariate statistics for gold within the #1#2#3&depth block and #4#5#6#7 block of Zhuanshanzi Mine are presented in Table 8-6.

Table 8-6: Composites Statistics of Zhuanshanzi Mine

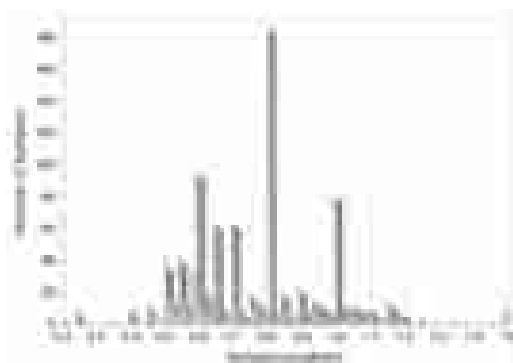
Mine/Deposit	Samples	Min	Max	Mean	Median	SD
#1#2#3&depth block, Zhuanshanzi Mine	2502	0.30	0.40	0.39	0.40	0.03
#4#5#6#7 block, Zhuanshanzi Mine	194	0.4	1	0.95	1	0.13

8.5.2 Huatai Project

The database of the #1 Mining Zone in the Honghuagou Mine indicates that most of the sample intervals are 0.8 m, and a 0.8 m interval composite length was selected for compositing. All raw samples were composited to 0.8 m downhole lengths, with a minimum of 0.75 m for each composite sample. A 0.8 m interval composite length was applied by SRK for subsequent statistic and grade interpolation. The distribution of sample lengths of the #1 Mining Zone is shown in Figure 8-8.

For the #86 Vein of Honghuagou Mine, #26 Vein, #3&7# Vein and #5 Mining Zone of the Lianhuashan Mine, and Pengjiagou Mine, a 0.5 m interval composite length was selected for compositing. All raw samples were composited to 0.5 m downhole lengths, with a minimum of 0.75 m for each composite sample. A 0.5 m interval composite length was applied by SRK for subsequent statistic and grade interpolation.

Figure 8-8: Histogram of Sample Length of #1 Mining Zone of Honghuagou mine



The statistical results of the composited gold data from Huatai Project are presented in Table 8-7.

Table 8-7: Composites Statistics of Huatai project

Mine/Deposit	Ore block	Samples	Min	Max	Mean	Median	SD	CoV.
Honghuagou	#86 Vein	355	0.02	0.5	0.45	0.5	0.01	0.23
	#1 Mining Zone	764	0.60	0.80	0.79	0.80	0.04	0.05
	#3-7 Vein	821	0.01	0.5	0.40	0.47	0.03	0.47
Lianhuashan	#26 Vein	91	0.2	0.5	0.41	0.5	0.01	0.29
	#5 Mining Zone	698	0.01	0.50	0.40	0.50	0.03	0.41
Pengjiagou	Pengjiagou	323	0.01	0.50	0.45	0.50	0.01	0.27

8.5.3 Wulong Project

Prior to the statistical analysis, the samples were generally combined to the length of each sample was basically equivalent. The basic statistics of geological sampling length of original samples are carried out by SRK, as shown in Table 8-8.

Table 8-8: Statistics of Sample Length of Each Deposit

Mine/Deposit	Samples	Min	Max	Mean	Median	SD	Kurtosis	Skewness
Wulong	6,705	0.10	18.38	0.98	1.00	0.65	92.83	4.80
Ligunzi	268	0.30	3.10	1.83	2.00	0.70	-1.03	-0.17
Haojingou-Ligunzi	308	0.03	1.50	0.72	0.70	0.34	-0.43	0.26

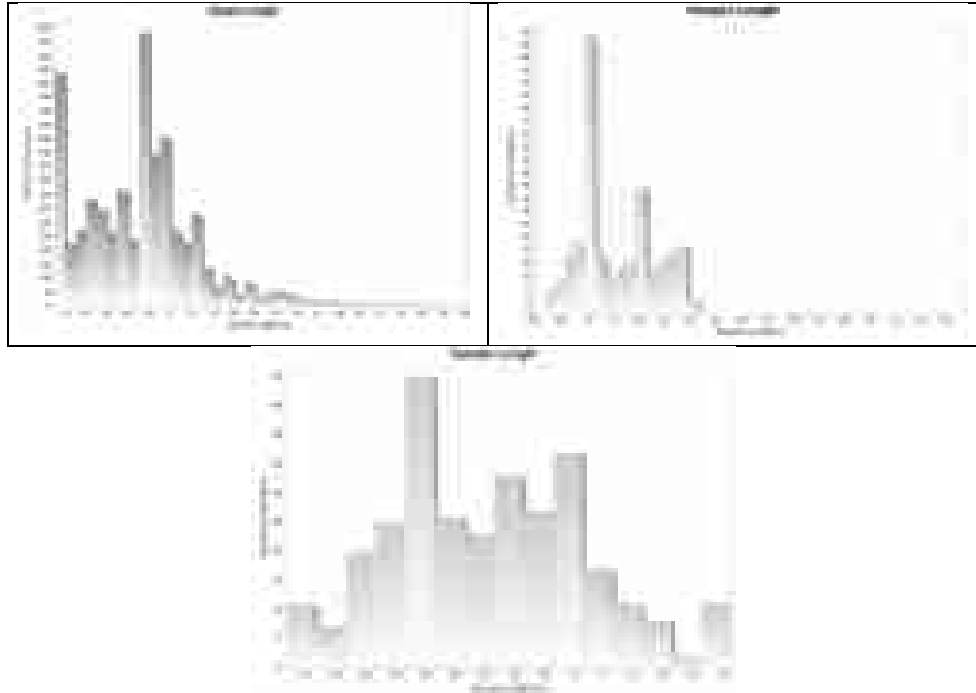
The database of the Wulong Mine indicates that most of the sample intervals are 1 m, and a 1 m interval composite length was selected for compositing. All raw samples were composited to 1 m downhole lengths, with a minimum of 0.75 m for each composite sample. A 1 m interval composite length was applied by SRK for subsequent statistic and grade interpolation.

The database of the Ligunzi deposit indicates that most of the sample intervals are 2 m, and a 2 m interval composite length was selected for compositing. All raw samples were composited to 2 m downhole lengths, with a minimum of 1.5 m for each composite sample. A 2 m interval composite length was applied by SRK for subsequent statistic and grade interpolation.

The database of the Haojingou-Ligunzi deposit indicates that most of the sample intervals are 1 m, and a 1 m interval composite length was selected for compositing. All raw samples were composited to 1 m downhole lengths, with a minimum of 0.75 m for each composite sample. A 1 m interval composite length was applied by SRK for subsequent statistic and grade interpolation.

The distributions of sample lengths of the Wulong Mine, and the Ligunzi and Haojingou-Ligunzi deposits are shown in Figure 8-9.

Figure 8-9: Histograms of Sample Length for Wulong Mine, Ligunzi and Haojingou-Ligunzi Deposits



Note: Histograms of sample length for Wulong Mine on the upper left, Ligunzi deposit on the upper right and Haojingou-Ligunzi deposit on the bottom.

Table 8-9 lists the summarised statistics of composites against raw samples for each mine and deposit. No material errors were found.

Table 8-9: Summary Statistic of Composites against Raws of Each Deposit

Deposit	Type	Counts	Min	Max	Mean	Variance	SD	Cov
Wulong	Raw	6705	0.00	172.00	8.36	92.25	9.60	1.15
	Composite	6674	0.00	172.00	9.01	86.45	9.30	1.03
	Difference (%)	-0.46	0.00	0.00	7.67	-6.29	-3.20	-10.09
Ligunzi	Raw	268	0.30	41.00	5.34	18.56	4.31	0.81
	Composite	233	0.30	41.00	5.46	18.22	4.27	0.78
	Difference (%)	-13.06	0.00	0.00	2.22	-1.85	-0.90	-3.05
Haojingou-Ligunzi	Raw	308	0.05	107.00	6.25	96.93	9.85	1.57

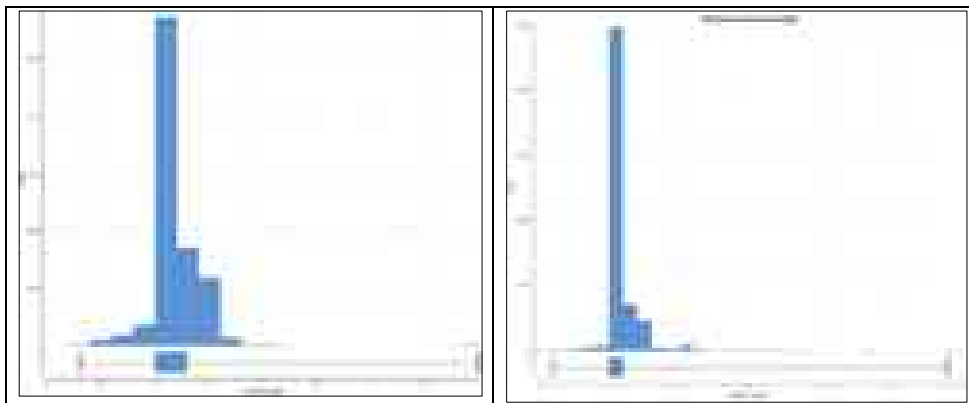
Deposit	Type	Counts	Min	Max	Mean	Variance	SD	Cov
	Composite	254	0.05	46.75	6.52	54.93	7.41	1.14
	Difference (%)	-17.53	0.00	-56.30	4.29	-43.33	-24.74	-27.83

8.5.4 Hanfeng Project

The compositing interval was selected by reviewing sample length histograms. A mineralised sample length histogram from the Lishan Mine (below -92m asl) and Dongfeng Mine (below 250m asl) are displayed in Figure 8-10.

A composite length of 1 m was chosen for both Lishan and Dongfeng Mine as it does not distort the grade distribution for the mine when compared to the length-weighted raw grade statistics.

Figure 8-10: Histogram of Sample Length for Lishan and Dongfeng Mines



Note: Histograms of sample length for Lishan Mine (below -92m asl) on the left and Dongfeng Mine (below 250m asl) on the right.

The statistical results of the composited Zn, Pb and Cu data from the Lishan Mine is presented in Table 8-10, and the statistical results of the composited Mo data from the Dongfeng Mine is presented in Table 8-11.

Table 8-10: Composites Statistics of Lishan Mine (below -92m asl)

Item	Cu Composites	Pb Composites	Zn Composites
Number of samples	1,818	1,818	1,818
Minimum value	0	0	0.001
Maximum value	6.41	9.04	43.73
Mean	0.056	0.13	2.47
Variance	0.12	0.33	8.78
Standard Deviation	0.34	0.58	2.96
Coefficient of variation	6.18	4.30	1.20

Table 8-11: Composites Statistics of Dongfeng Mine (below 250m asl)

Item	Mo Composites
Number of samples	8,988
Minimum value	0.001

Item	Mo Composites
Maximum value	5.265
Mean	0.11
Variance	0.04
Standard Deviation	0.19
Coefficient of variation	1.69

8.5.5 Jintai Project

Prior to the statistical analysis, the samples were generally combined to the length of each sample was basically equivalent. The basic statistics of geological sampling length of original samples are carried out by SRK, as shown in Table 8-12.

Table 8-12: Statistics of Sample Length of Xidengping Mine

Mineralised Domain	Samples	Min	Max	Mean	Median	SD	Kurtosis	Skewness
V1	215	0.57	1.65	1.01	1.00	0.12	9.90	1.55
V2	79	0.67	1.42	1.02	1.00	0.14	2.15	1.14
V2_1	6	1.00	1.50	1.19	1.15	0.22	-1.83	0.45
V2_2	18	0.80	1.50	1.14	1.00	0.24	-1.18	0.66
V4	1,145	0.20	1.50	0.99	1.00	0.19	1.46	-0.80
V5	47	0.60	1.38	0.99	1.00	0.16	0.57	-0.41
V6	3	1.00	1.00	1.00	1.00	0.00	/	/
V7	79	0.51	1.38	1.00	1.00	0.16	1.66	-0.70
V8	122	0.40	2.70	1.01	1.00	0.29	8.73	1.47
V9	30	0.38	1.49	1.03	1.01	0.21	2.21	-0.61
V10	42	0.64	1.55	1.03	1.01	0.18	0.99	0.00
Total	1,786	0.20	2.70	1.00	1.00	0.19	5.10	-0.11

As shown in Figure 8-11, the result indicates that most of the sample intervals at the Xidengping Mine are 1 m, and a 1 m interval composite length was selected for compositing. All raw samples were composited to 1 m downhole lengths, with a minimum of 0.75 m for each composite sample. A 1 m interval composite length was applied by SRK for subsequent statistic and grade interpolation.

The statistical results of the composited gold data from Jintai Project are presented in Table 8-13.

Figure 8-11: Histogram of the Sample Length of Xidengping Mine

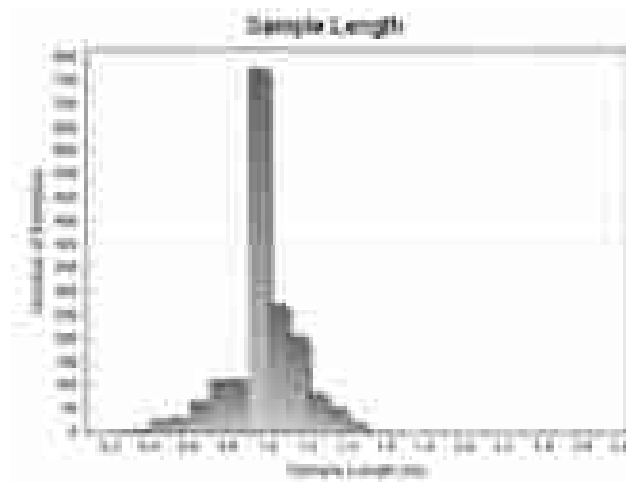


Table 8-13: Summary Statistic of Composites against Raws of Each Domain

Type	Item	V1	V2	V2_1	V2_2	V4	V5	V6	V7	V8	V9	V10
Composite	Counts	215	75	7	19	1,120	45	3	74	124	28	41
	Min	0.09	0.12	0.30	0.09	0.06	0.14	0.44	0.18	0.07	0.14	0.18
	Max	4.40	21.40	0.41	0.90	107.48	5.19	1.20	37.67	4.99	4.66	20.88
	Mean	0.78	1.65	0.34	0.41	1.72	0.83	0.84	0.93	0.83	1.45	2.90
	Variance	0.41	12.31	0.00	0.04	16.17	0.96	0.15	18.80	0.61	1.52	25.02
	SD	0.64	3.51	0.04	0.20	4.02	0.98	0.38	4.34	0.78	1.23	5.00
	Cov	0.83	2.12	0.11	0.50	2.34	1.19	0.45	4.67	0.94	0.85	1.73
Raw	Counts	215	79	6	18	1,145	47	3	79	122	30	42
	Min	0.09	0.10	0.30	0.06	0.06	0.07	0.44	0.09	0.06	0.06	0.11
	Max	4.43	21.40	0.45	1.04	113.00	5.19	1.20	47.00	4.99	6.13	25.00
	Mean	0.78	1.59	0.34	0.41	1.71	0.82	0.84	1.01	0.79	1.36	2.86
	Variance	0.42	12.98	0.00	0.05	17.37	1.08	0.15	27.52	0.59	2.00	33.36
	SD	0.65	3.60	0.05	0.23	4.17	1.04	0.38	5.25	0.77	1.42	5.78
	Cov	0.84	2.26	0.16	0.56	2.43	1.26	0.45	5.18	0.97	1.04	2.02
Au Mean Difference (%)		-0.23	3.66	-1.24	0.11	0.26	0.30	0.00	-8.20	5.30	6.55	1.27

8.6 Evaluation of Outliers

Top cut analysis is undertaken to assess the influence extreme grade outliers have on the sample population of each data type. Although the extreme grades are real, these outliers are not representative of the domain assay population and so may overstate the block grades in some parts of the deposit if left uncut.

8.6.1 Jilong Project

In order to avoid any disproportionate influence of random, anomalously high-grade assays on the resource average grade, assay capping for gold was applied for the #1#2#3&depth block of Zhuanshanzi Mine. The histogram and cumulative probability plot are presented in Figure 8-12 and the capping values of the #1#2#3&depth block are listed in Table 8-14.

Figure 8-12: Cumulative Probability Plot and Histogram for the #1#2#3&depth Blocks

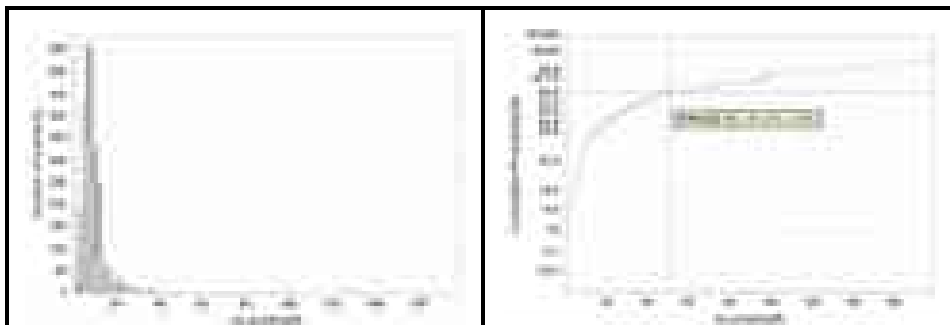


Table 8-14: Capping Values Statistics of #1#2#3&depth Block of Zhuanshanzi Mine

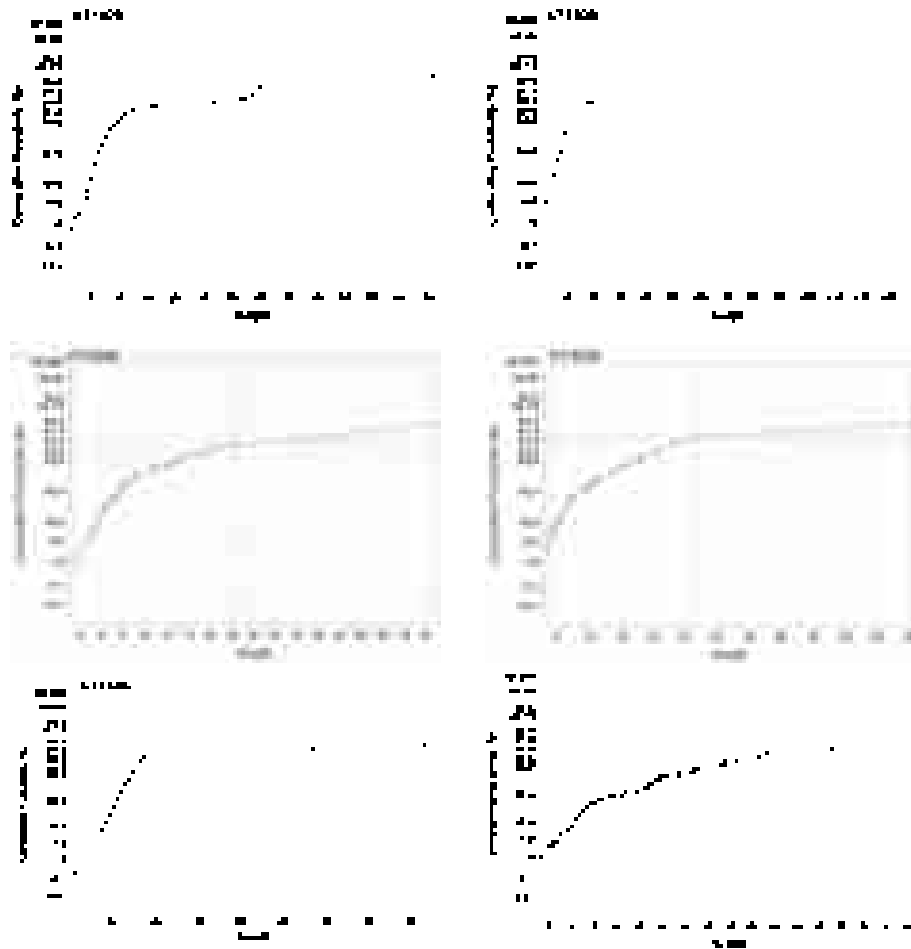
Mine\Deposit	Assay Cap	Number of Replaced Samples	Capped Ratio (%)	Mean	
				Before Capping	After Capping
Zhuanshanzi Mine (#1#2#3&depth block)	52	74	1.71%	9.31	9.07

SRK have conducted corresponding statistical analysis for the gold composited data of the 4#5#6#7# Block of Zhuanshanzi Mine. The grade variation coefficient of the gold mineralised body in the mining area is between 39.35-65.90%, which is less than 100%. Capping grade should be 82.62g/t, which is six times of the average grade (13.77g/t) and larger than the highest grade (45.03g/t). Since all the sample grades are lower than the capping grade, no capping was applied.

8.6.2 Huatai Project

In order to avoid any disproportionate influence of random, anomalously high-grade assays on the resource average grade, assay capping for gold was applied for the Huatai Project. The cumulative-probability plots and the capping values for the #1 Mining Zone and #26 Vein are presented in Figure 8-13 and Table 8-15.

Figure 8-13: Cumulative Probability Plots for #1 Mining Zone and #26 Vein



Note: 5 plots of KT2100, KT1420, KT3000, KT3100 and KT2300 from #1 Mining Zone and the last plot on bottom right from #26 Vein.

Table 8-15: Capping Values Statistics of Huatai Project

Mine\Deposit	Assay Cap	Number of Replaced Samples	Capped Ratio (%)	Mean	
				Before Capping	After Capping
Honghuagou #1 Mining Zone kt2100	15.26	4	0.11	10.41	6.86
Honghuagou #1 Mining Zone kt1420	15.96	7	0.06	7.92	6.94
Honghuagou #1 Mining Zone kt3000	25.00	4	0.08	10.61	9.89
Honghuagou #1 Mining Zone kt3100	8.30	6	0.04	6.04	5.41
Honghuagou #1 Mining Zone kt2340	17.13	5	0.10	8.93	8.35
Lianhuashan #26 Vein	19.54	2	0.04	8.29	8.16

8.6.3 Wulong Project

The composite grade distributions of each deposit were examined via histograms and cumulative probability plots to determine if capping was required and if so at what level. Figure 8-14, Figure 8-15 and Figure 8-16 show the histogram and cumulative probability curve of the composite gold for each mine and deposit.

Figure 8-14: Au Histogram and Cumulative Probability Curve of Wulong Mine

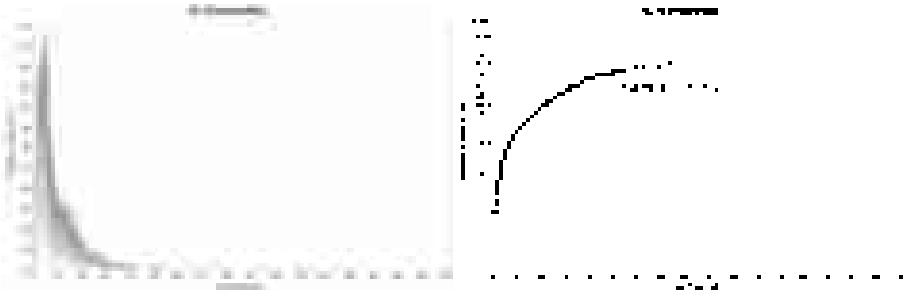


Figure 8-15: Au Histogram and Cumulative Probability Curve of Ligunzi Deposit

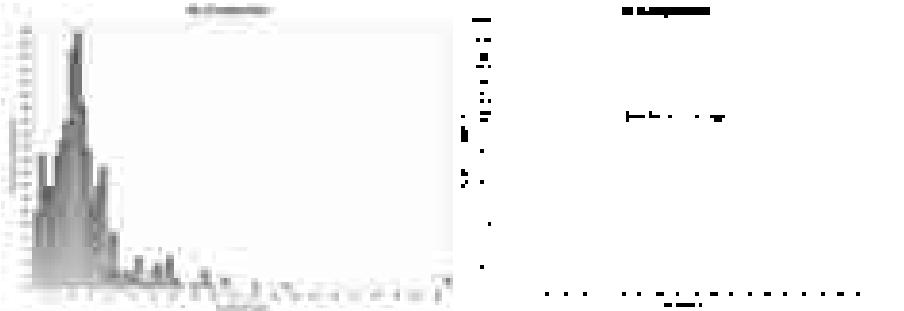


Figure 8-16: Au Histogram and Cumulative Probability Curve of Haojingou-Ligunzi Deposit



The composite samples statistics are listed in Table 8-9 and are shown in figures from Figure 8-14 to Figure 8-16, indicating that grades are defined as outlier value samples. Table 8-16 contains the outlier value details.

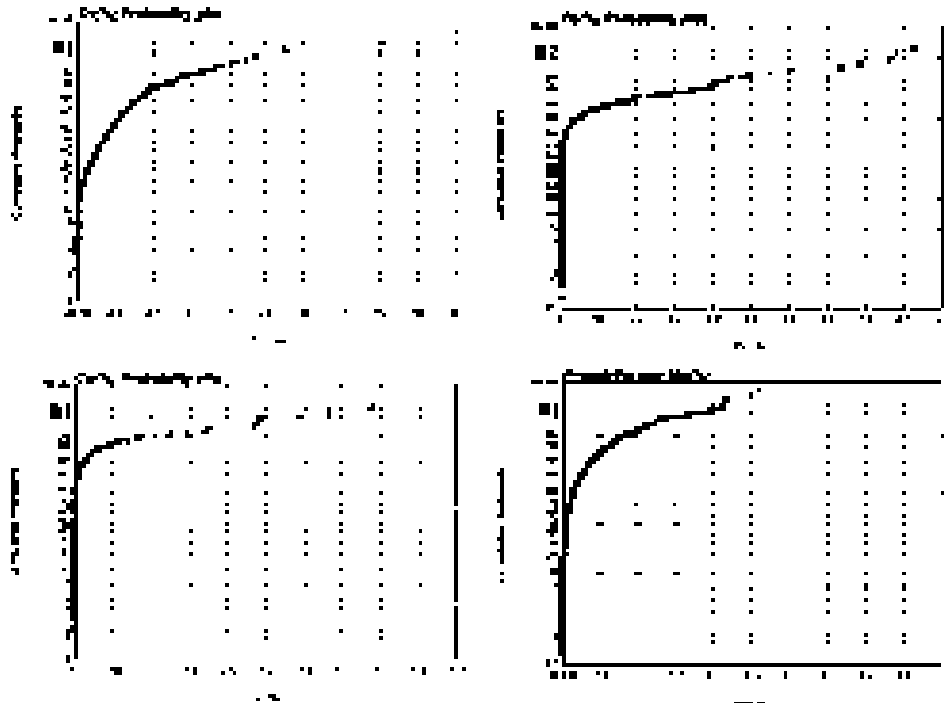
Table 8-16: Capping Values Statistics of Wulong Project

Mine/Deposit	Assay Cap	Number of Replaced Samples	Capped Ratio (%)	Au Mean (g/t)		Difference (%)
	Au (g/t)			Before Capping	After Capping	
Wulong	54	29	0.43	9.01	8.88	-1.44
Ligunzi	15	8	5.15	5.46	5.26	-3.66
Haojingou- Ligunzi	28	5	1.97	6.52	6.32	-3.07

8.6.4 Hanfeng Project

In order to avoid any disproportionate influence of random, anomalously high-grade assays on the resource average grade, Assay capping for Pb, Zn and Cu was applied for the mineralised domains of Lishan Mine and Assay capping for Mo for Dongfeng Mine. The cumulative-probability plots and Capping Values of Lishan and Dongfeng are presented in Figure 8-17 and Table 8-17.

Figure 8-17: Cumulative-probability plots for Lishan and Dongfeng Mines



Note: Lishan Mine (below -92m asl) on the top and bottom left and Dongfeng Mine (below 250m asl) on the bottom right.

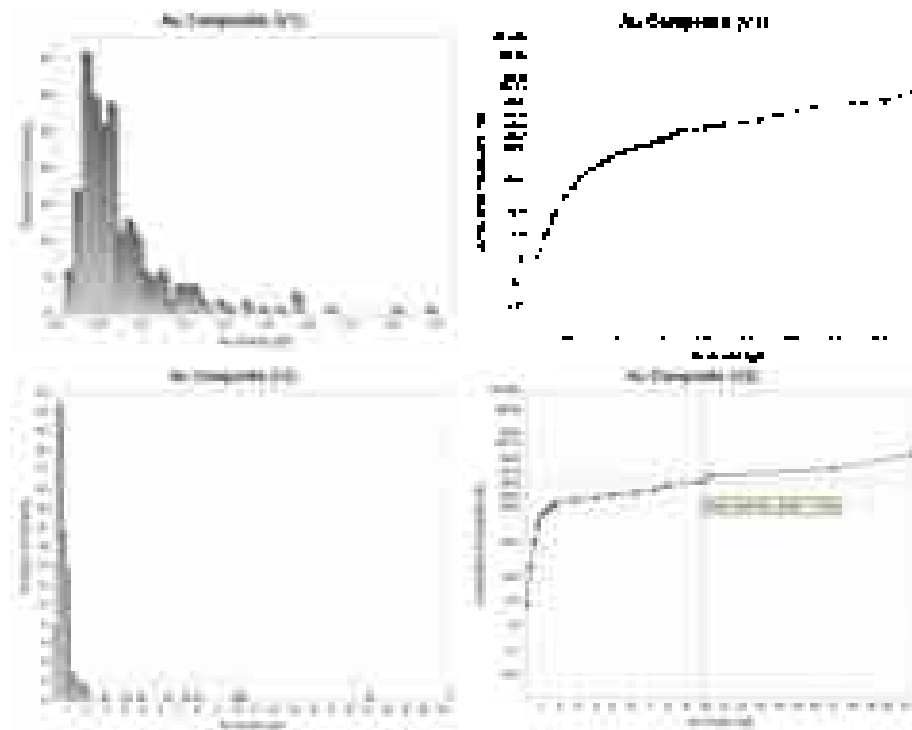
Table 8-17: Outliers Treatment of Hanfeng Project

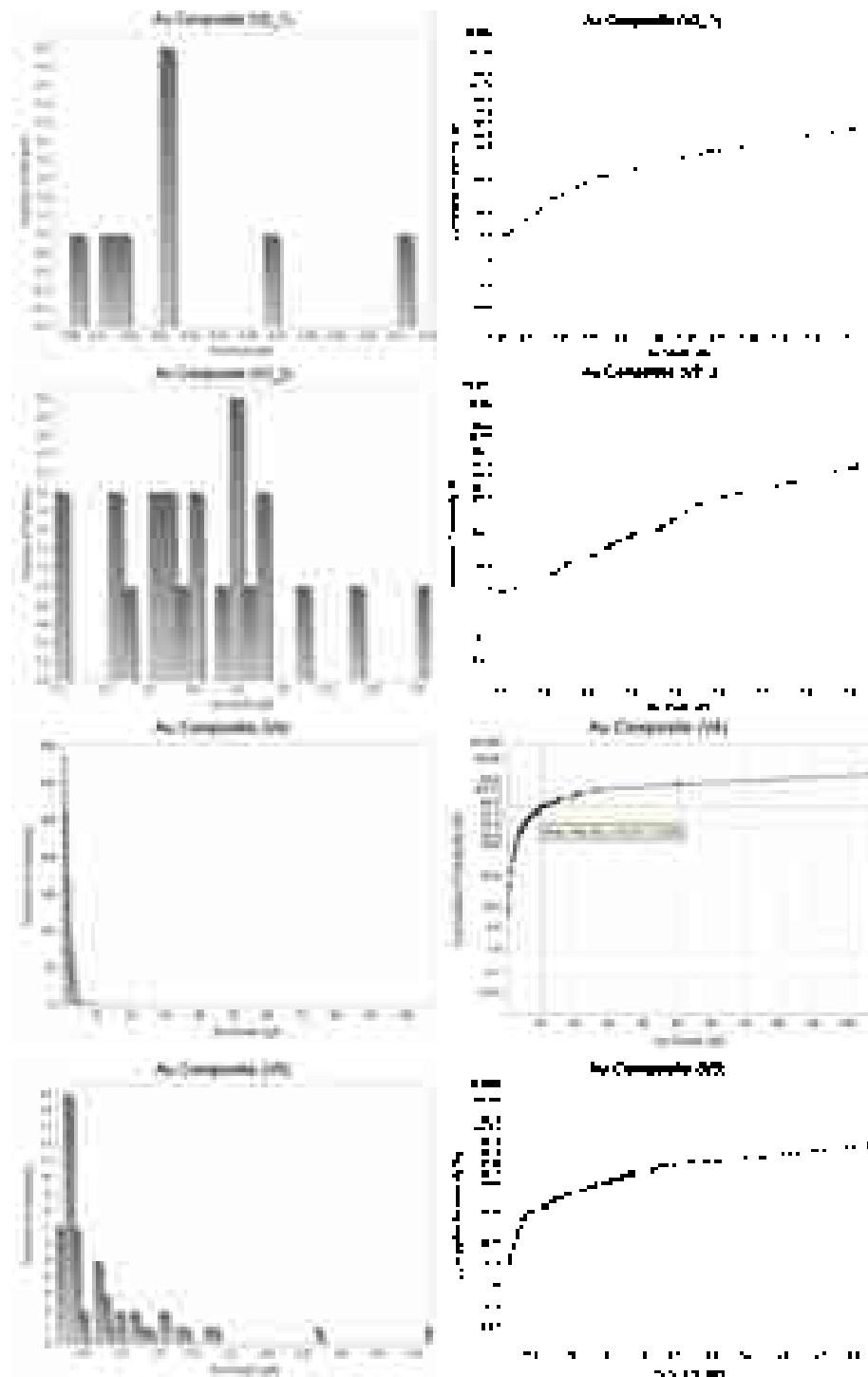
Mine	Element	Assay Cap	Number of Replaced Samples	Capped Ratio (%)	Mean	
					Before Capping	After Capping
Lishan	Zn (%)	20.69	4	0.22	2.47	2.45
	Pb (%)	4.60	7	0.39	0.13	0.12
	Cu (%)	1.35	19	1.05	0.05	0.04
Dongfeng	Mo (%)	2.28	4	0.04	0.11	0.11

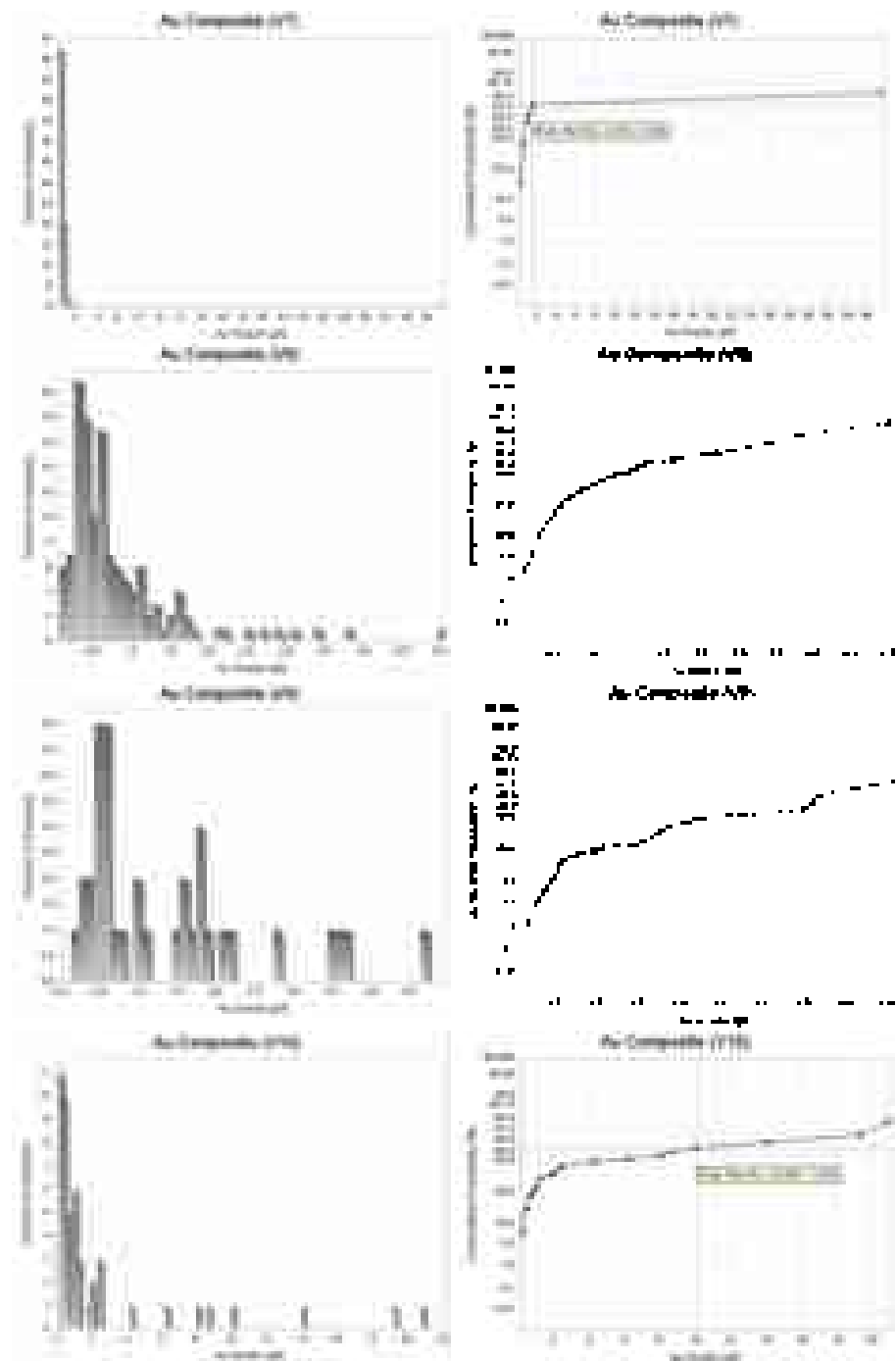
8.6.5 Jintai Project

The composite grade distributions of each domain were examined via histograms and cumulative probability plots to determine if capping was required and if so at what level. Figure 8-18 below show the histograms and cumulative probability curves of the composites Au for the domains V1, V2, V2_1, V2_2, V4, V5, V7, V8, V9 and V10, respectively.

Figure 8-18: Histograms and Cumulative Probability Curves of Gold Mineralised Domains







The composite samples statistics are listed in Table 8-13 and are shown in Figure 8-18 indicating that grades are defined as outlier value samples. Table 8-18 contains the outlier value details.

Table 8-18: Capping Values Statistics of Xidengping Mine

Domain	Assay Cap	Number of Replaced Samples	Capped Ratio (%)	Au Mean (g/t)		Difference (%)
	Au (g/t)			Before Capping	After Capping	
V2	10	3	4.00	1.65	1.40	-15.15
V4	11	10	0.89	1.72	1.55	-9.82
V7	2	1	1.35	0.93	0.45	-51.56
V10	11	3	7.32	2.90	2.37	-18.16

8.7 Block Model and Grade Estimation

8.7.1 Jilong Project

For the #1#2#3&depth Block of Zhuanshanzi Mine, a block size of 4 m easting by 4 m northing by 4 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-19.

Table 8-19: Block Model Specifications of #1#2#3&depth Block of Zhuanshanzi Mine

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Zhuanshanzi Mine (#1#2#3&depth block)	N	4684100	4687252	4	1	0
	E	466100	468500	4	1	0
	Z	-400	652	4	1	0

The Inverse Distance Weighting ("IDW") method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-20 and Table 8-21. According to the general dipping trend, different dip angles were adopted. The domain, category, SG and depletion attributes were assigned directly using the solid models.

Table 8-20: Search Parameters Used in #1#2#3&depth Block of Zhuanshanzi Mine

Domain	major/semi-major	major/minor	Azimuth	Plunge	Dip
KT540, KT2714, KT2851, KT10800	1.2	4	130	0	80
KT2821, KT2820, KT2830, KT7220	1.2	4	120	0	70
KT5730, KT5720, KT5710, KT2702, KT2701, KT512, KT521, KT530, KT2710, KT2720	1.2	4	130	0	-80
KT2810, KT2812, KT2814	1.2	4	130	0	-50
KT2501, KT2502	1.2	4	150	0	-90
KT930	1.2	4	100	0	90
KT1100	1.2	4	133	0	80
KT1110	1.2	4	96	0	90
KT1212	1.2	4	140	0	40
KT2510	1.2	4	160	0	-90

Domain	major/semi-major	major/minor	Azimuth	Plunge	Dip
KT2840	1.2	4	140	0	50
KT2860	1.2	4	160	0	50
KT5220	1.2	4	150	0	70
KT7230, KT7250	1.2	4	140	0	-80
KT7251	1.2	4	140	0	-90
KT10490, KT10481, KT10482	1.2	4	174	0	70
KT10410	1.2	4	160	0	-60
KT10400	1.2	4	170	0	-50
KT1044	1.2	4	110	0	-90
KT2604, KT2703, KT2704, KT10010	1.2	4	140	0	10

Table 8-21: Search distance and Samples Used in #1#2#3&depth Block of Zhuanshanzi Mine

Pass	Max Radius(m)	Min samples	Max samples
1	40	5	45
2	80	3	45
3	160	1	45

For the #4#5#6#7 Block of Zhuanshanzi Mine, 4 block models were created, with size of 4 m easting by 4 m northing by 4 m elevation. The block models used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-22.

Table 8-22: Block Model Specifications of #4#5#6#7 Block of Zhuanshanzi Mine

Block	Coords	Min	Max	Block Size	Sub Block Size	Rotation
#4	N	4689340	4689900	4	0.5	60
	E	466400	466892	4	0.5	0
	Z	500	900	4	0.5	0
#5	N	4684400	4685100	4	0.5	30
	E	468300	469200	4	0.5	0
	Z	300	900	4	0.5	0
#6	N	4681770	4682202	4	0.5	30
	E	467300	467920	4	0.5	0
	Z	200	900	4	0.5	0
#7	N	4680640	4681232	4	0.5	30
	E	469800	470600	4	0.5	0
	Z	200	900	4	0.5	0

The IDW method was used for grade estimation via Surpac in the block models. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-23. According to the general dipping trend, different parameters were adopted for each model. The domain, category and SG attribute were assigned directly using the solid models.

Table 8-23: Distance and Samples Used in #4#5#6#7 Block of Zhuanshanzi Mine

Block	Pass	Search Distance	Min num of Samples	Max num of Samples	Bearing	Plunge	Dip	Major/Semi-major	Major/Minor
#	1	40	13	45	150	0	60	1.2	4
	2	80	7	45	150	0	60	1.2	4
	3	160	3	45	150	0	60	1.2	4
#5	1	50	13	45	125	0	80	1.2	4
	2	80	7	45	125	0	80	1.2	4
	3	160	3	45	125	0	80	1.2	4
#6	1	40	13	45	120	0	-75	1.2	4
	2	80	7	45	120	0	-75	1.2	4
	3	160	3	45	120	0	-75	1.2	4
#7	1	50	13	45	120	0	-75	1.2	4
	2	80	7	45	120	0	-75	1.2	4
	3	160	3	45	120	0	-75	1.2	4

8.7.2 Huatai Project

For the #1 Mining Zone, a block size of 4 m easting by 4 m northing by 4 m elevation was used. For the #86 Vein, #26 Vein, #3&#7 Vein, #5 Mining Zone, and Pengjiagou Mine, a block size of 2 m easting by 2 m northing by 2 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-24.

Table 8-24: Block Model Specifications of Huatai Project

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Honghuagou #1 Mining Zone	N	4674000	4676980	4	1	0
	E	386050	389102	4	1	0
	Z	-400	800	4	1	0
Honghuagou #86 Vein	N	4676200	4677000	2	1	0
	E	383550	385160	2	1	0
	Z	250	810	2	1	0
Lianhuashan #3-7 Vein	N	4682360	4683220	2	1	0
	E	376450	377310	2	1	0
	Z	210	980	2	1	0
Lianhuashan #26 Vein	N	4682200	4682770	2	1	0
	E	375620	375840	2	1	0
	Z	660	880	2	1	0
Lianhuashan #5 Mining Zone	N	4680300	4681800	2	1	0
	E	375290	376190	2	1	0
	Z	-200	730	2	1	0
Pengjiagou	N	4674800	4678140	2	1	0
	E	388730	389840	2	1	0
	Z	120	880	2	1	0

The IDW method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-25 and Table 8-26. According to the general dipping trend, different dip angle was adopted. The domain, category, SG and depletion attribute were assigned directly using the solid models.

Table 8-25: Parameters Used in #1 and #5 Mining Zones, #86, #3&#7, #26 Veins, Pengjiagou

Domain	major/semi-major	major/minor	Azimuth	Plunge	Dip
Honghuagou #1 Mining Zone					
kt_1420	2.5	10	170	0	65
kt_1501	2.5	10	170	0	-75
kt_1502	2.5	10	170	-60	85
kt_2100	2.5	10	170	0	60
kt_2340	2.5	10	170	0	75
kt_2350	2.5	10	170	0	75
kt_2801	2.5	10	170	0	70
kt_2802	2.5	10	170	0	70
kt_3000	2.5	10	170	0	-70
kt_3100	2.5	10	170	0	-75
kt_8210	2.5	10	170	0	70
Honghuagou #86 Vein	2.5	10	160	0	70
Lianhuashan #3&#7 Vein	2.5	10	160	0	70
Lianhuashan #26 Vein	2.5	10	175	0	-65
Lianhuashan #5 Mining Zone	2.5	10	180	0	-70
Pengjiagou	2.5	10	160	0	70

Table 8-26: Distance and Samples Used in Huatai project

Pass	Max Radius (m)	Min samples	Max samples
1	40	5	45
2	80	3	45
3	160	1	45

8.7.3 Wulong Project

For the Wulong Mine, a block size of 4 m easting by 4 m northing by 4 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-27. The attributes and descriptions are presented in Table 8-28.

Table 8-27: Block Model Specifications of Wulong Mine

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Wulong	N	4445900	4448400	4	1	0
	E	47200	475600	4	1	0
	Z	-800	200	4	1	0

Table 8-28: Attributes and Descriptions of Wulong Mine

Attribute	Description
domain	V2-3, V4-1, V4-2, V4-4, V4-5, V6, V6-1, V6-2, V7, V9, V9-1, V10, V32, V32-1, V33, V40, V42, V65, V68, V76, V76-1, V80, V80-5, V100, V107, V109, V162, V163, V163-1, V163-3, V164, V500, V500-1
au_gpt_capped	Gold grade, capped
category	1=Mea, 2=Ind, 3=Inf
sg	Specific gravity
depletion	0=unmined, 1=mined

The Inverse Distance Weighting Square ("IDW²") method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarised in Table 8-29 and Table 8-30. According to the general dipping trend, different dip angles were adopted. The domain, category, SG and depletion attribute were assigned directly using the solid models.

Table 8-29: Search Parameters Used in Wulong Mine

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
V2-3	10	0	-80	1	5
V4-1	0	0	70	1	5
V4-2, V4-4	10	0	-75	1	5
V4-5	350	0	60	1	5
V6, V6-1, V6-2	300	0	80	1	5
V7	320	0	80	1	5
V9, V9-1	10	0	-80	1	5
V10, V32, V32-1, V33, V40, V42	10	0	-75	1	5
V65	10	0	80	1	5
V68	350	0	60	1	5
V76	300	0	50	2	5
V76-1	300	0	70	2	5
V80	10	0	-80	2	5
V80-5	310	0	-70	1.3	5
V100	10	0	-70	1	5
V107	10	0	75	1.5	5
V109	350	0	75	2	5
V162	320	0	50	1	5
V163	320	0	70	1	5
V163-1	345	0	80	1	5
V163-3, V164	310	0	65	1	5
V500	10	0	-70	1.2	5
V500-1	10	0	50	1	5

Table 8-30: Distance and Samples Used in Wulong Mine

Domain	Pass	Search Distance (m)	Min Samples	Max Samples
V4-1, V4-2, V6-1, V7, V9, V10, V33, V40, V76-1, V100, V109, V164	1	45	3	15
V2-3, V4-4, V4-5, V6, V6-2, V9-1, V32, V32-1, V42, V65, V68, V76, V80, V80-5, V107, V162, V163, V163-1, V163-3, V500	1	45	3	15
	2	90	1	15
	1	45	3	15
V500-1	2	90	3	15
	3	180	1	15

For the Ligunzi deposit, a block size of 4 m easting by 4 m northing by 4 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-31. The attributes and descriptions are presented in Table 8-32.

Table 8-31: Block Model Specifications of Ligunzi Deposit

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Ligunzi	N	4445400	4446600	4	1	0
	E	473700	474900	4	1	0
	Z	-600	400	4	1	0

Table 8-32: Attributes and Descriptions of Ligunzi Deposit

Attribute	Description
domain	V10_3, V4_6, V82, V83, V84, V85
au_gpt_capped	Gold grade, capped
category	1=Mea, 2=Ind, 3=Inf
sg	Specific gravity, 0=air
partial percent	Partial percent
boundary	0=Outside licence, 1=Inside licence

The IDW² method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-33 and Table 8-34. According to the general dipping trend, different dip angles were adopted. The Domain, Category, SG and Boundary attribute were assigned directly using solid models.

Table 8-33: Search Parameters Used in Ligunzi Deposit

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
V10-3	0	0	-77	1.6	10
V4-6	2	0	80	1.5	10
V82	350	0	-78	1.75	10
V83	350	0	-78	2.4	10
V84	330	0	52	1	10
V85	11	0	40	1	10

Table 8-34: Distance and Samples Used in Ligunzi Deposit

Domain	Pass	Search distance (m)	Min Samples	Max Samples	Max Samples of per Hole
Others	1	40	6	25	3
	2	80	3	25	3
	1	80	6	25	3
V85	2	160	3	25	3
	3	200	1	25	3
V84	1	40	1	25	3

For the Haojingou-Ligunzi deposit, a block size of 4 m easting by 4 m northing by 4 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-35. The attributes and descriptions are presented in Table 8-36.

Table 8-35: Block Model Specifications of Haojingou-Ligunzi Deposit

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Haojingou-Ligunzi	N	4445600	4449100	4	1	0
	E	41600900	41604500	4	1	0

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
	Z	-350	502	4	1	0

Table 8-36: Attributes and Descriptions of Haojingou-Ligunzi Deposit

Attribute	Description
domain	v225,v230,v231,v232,v255,v497,v500_2,v547,v549,v550,v551,v551_1,v702,v703,v703_2,v711_2,v711_3
au_gpt_capped	Gold grade, capped
category	1=Mea, 2=Ind, 3=Inf
sg	Specific gravity, 0=air
partial percent	Partial percent
boundary	0=Outside licence, 1=Inside licence

The IDW² method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-37 and Table 8-38. According to the general dipping trend, different dip angles were adopted. The domain, category, SG and boundary attribute were assigned directly using the solid models.

Table 8-37: Search Parameters Used in Haojingou-Ligunzi Deposit

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
V225	330	0	70	1	5
V230, V231, V232, V497	20	0	-60	2	5
V255	0	0	80	1	5
V500_2	8	0	75	3	5
V547, V549, V550, V551, V551_1	25	0	50	1	5
V702, V703_2, V711_2	10	0	-70	1	5
V711_3	10	0	70	1	5
V703	35	0	70	1	5

Table 8-38: Distance and Samples Used in Haojingou-Ligunzi Deposit

Domain	Pass	Search distance (m)	Min Samples	Max Samples
V225, V230, V497, V255, V547, V550, V551, V551_1, V702, V703_2, V711_2, V711_3, V703	1	45	3	15
	2	90	1	15
	1	45	3	15
V231, V232, V500_2, V549	2	90	3	15
	3	180	1	25

8.7.4 Hanfeng Project

SRK generated the non-rotational model for Lishan Mine (below-92m asl) and Dongfeng Molybdenum Mine (below 250m asl) by Surpac software for grade and tonnage estimation. Suitable block interval and unit size was adopted to build a block model which was able to contain the mineralised zones. The block model used the same coordinate system as data collection. The block model summary of Lishan and Dongfeng mines are presented in Table 8-39.

Table 8-39: Block Model Parameters for Lishan and Dongfeng Mines

Mine	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Lishan	N	4756770	4757350	20	10	0
	E	43495640	43496460	20	10	0
	Z	-620	0	2	1	0
Dongfeng	N	4757100	4758800	20	5	0
	E	500000	501100	20	5	0
	Z	-500	760	20	5	0

The IDW method was applied for grade estimation in the mineralised domains for Lishan and Dongfeng Mine. The three progressively more relaxed search criteria used are presented in Table 8-40. For a small local un-estimated area, interpolation was performed with a larger search radius. Three different search ellipsoids (see Table 8-41 and Table 8-42) were aligned with the different mineralisation orientations for both Lishan and Dongfeng mines.

Table 8-40: Specific Search Parameters for Hanfeng Project

Mine	Pass	Search Distance	Minimum of Samples	Maximum of Samples
Lishan	1	40	3	15
	2	80	3	15
	3	160	3	15
Dongfeng	1	50	3	15
	2	100	3	15
	3	200	3	15

Table 8-41: Ellipsoid Parameters for Lishan Mine (below-92m asl)

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
X1-X5 series, X31-36 series	56	10	70	1	3
X6-10 series	76	60	-70	2	5
X11-X23 series, X37-43 series	93	37	-58	1.2	6

Table 8-42: Ellipsoid Parameters for Dongfeng Mine (below 250m asl)

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
DM series	0	16	67	2	5
D series	17	40	73	2	5
H series	163	-13	-19	2	5

8.7.5 Jintai Project

The block model of Xidengping Mine was created using Surpac, and it was used to estimate tonnage and grade. Appropriate block cell size was selected for the deposits.

A block size of 10 m easting by 10 m northing by 5 m elevation was used. The block model used the same coordinate system as that was used in data collection. A summary of the block model specifications is listed in Table 8-43. The attributes and descriptions are presented in Table 8-44.

Table 8-43: Block Model Specifications of Xidengping Mine

Deposit	Coords	Min	Max	Block Size	Sub Block Size	Rotation
Xidengping	N	2875400	2879000	10	2.5	0
	E	578500	581600	10	2.5	0
	Z	1900	2200	5	1.25	0

Table 8-44: Attributes and Descriptions of Xidengping Mine

Attribute	Description
domain	V1, V2, V2_1, V2_2, V4, V5, V6, V7, V8, V9, V10
au_gpt_capped	Gold grade, capped
classification	1=Mea, 2=Ind, 3=Inf
sg	Specific gravity, 0=air
partial percent	Partial percent
depletion	1=after depletion, 0=air

The IDW² method was used for grade estimation via Surpac in the block model. The parameters of the searching ellipsoid were thus manually optimized, and the parameters are summarized in Table 8-45 and Table 8-46. According to the general dipping trend, different dip angles were adopted. The domain, classification, SG and depletion attribute were assigned directly using the solid models.

Table 8-45: Search Parameters Used in Xidengping Mine

Domain	Bearing	Plunge	Dip	major/semi-major	major/minor
V1	335	0	8	1	10
V2	335	0	8	1.6	10
V2_1	335	0	4	1.6	10
V2_2	335	0	10	1	10
V4	335	0	6	1	10
V5	335	0	0	1.3	10
V6	335	0	0	1.4	10
V7	335	0	0	1.1	10
V8	335	0	50	3	7
V9	300	0	3	1	10
V10	335	0	0	1	10

Table 8-46: Distance and Samples Used in Xidengping Mine

Domain	Pass	Search distance (m)	Min Samples	Max Samples	Max Samples of per Hole
V1, V2, V2_1, V2_2	1	80	3	15	2
	2	160	3	15	2
	3	160	1	15	2
V4, V5, V7	1	40	3	15	2
	2	80	3	15	2
	3	160	1	10	2
V6	1	80	1	15	2
V8	1	40	3	15	2
	2	40	1	15	2
	3	80	1	15	2
V9	1	80	3	15	2
	2	80	1	15	2

	3	160	1	15	2
V10	1	80	3	15	2
	2	160	3	15	2
	3	160	1	15	2

8.8 Model Validation and Sensitivity

Model validation is a common approach for determining whether grade estimation has performed as expected. SRK has undertaken a thorough validation of the resultant interpolated model, including visual inspection, and swath plot validation as well.

Visual inspection provides a validation of the interpolated block model on a local block scale, using visual assessments of sample grades versus estimated block grades.

8.8.1 Jilong Project

The details of swath plot validation for each domain can be seen in Figure 8-19 to Figure 8-22. There is no swath plot for #4 block because there are too few samples for a valid swath plot. These data indicate that the block models constructed by SRK are reliable.

Figure 8-19: Au Swath Plot of #1#2#3&depth Block of Zhuanshanzi Mine

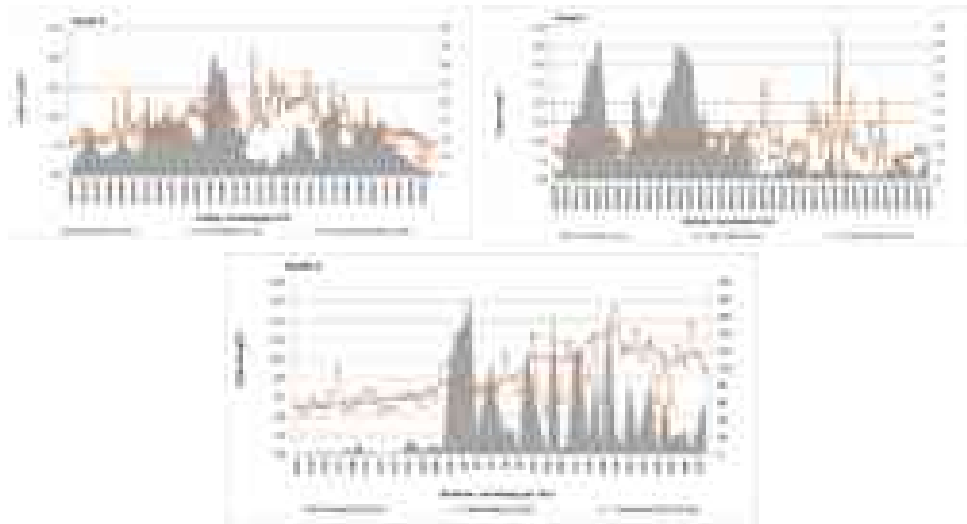


Figure 8-20: Au Swath Plot of #5 block of Zhuanshanzi Mine

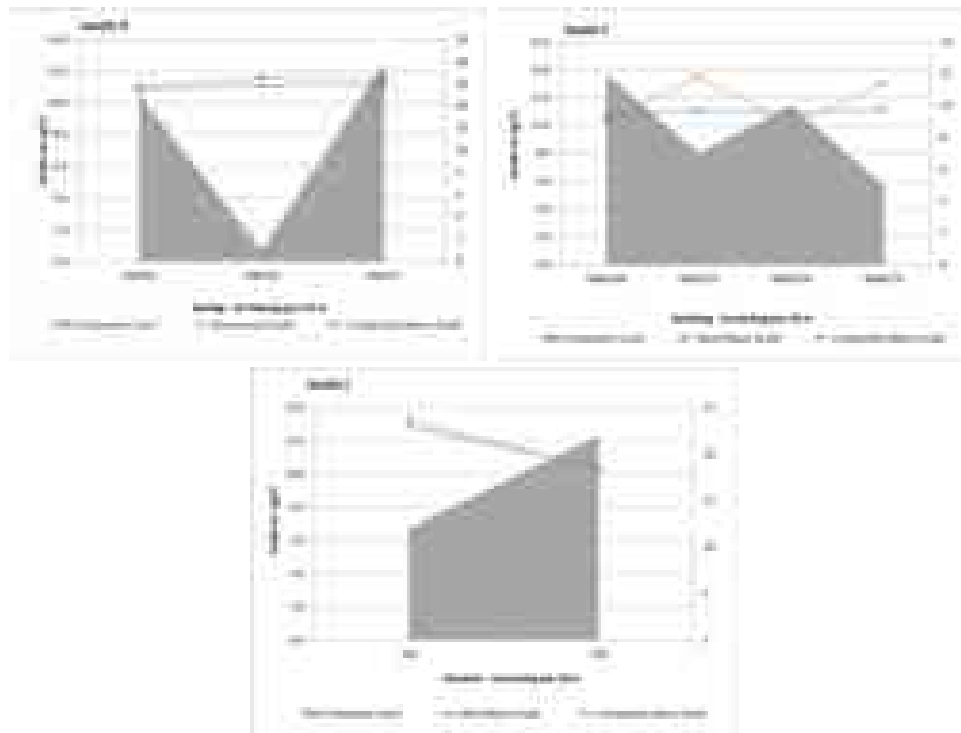


Figure 8-21: Au Swath Plot of #6 block of Zhuanshanzi Mine

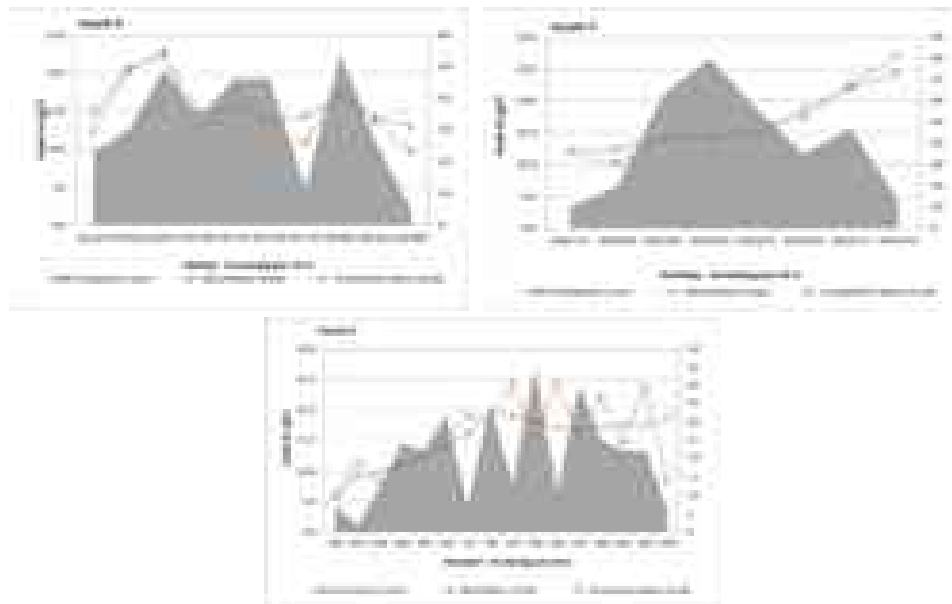
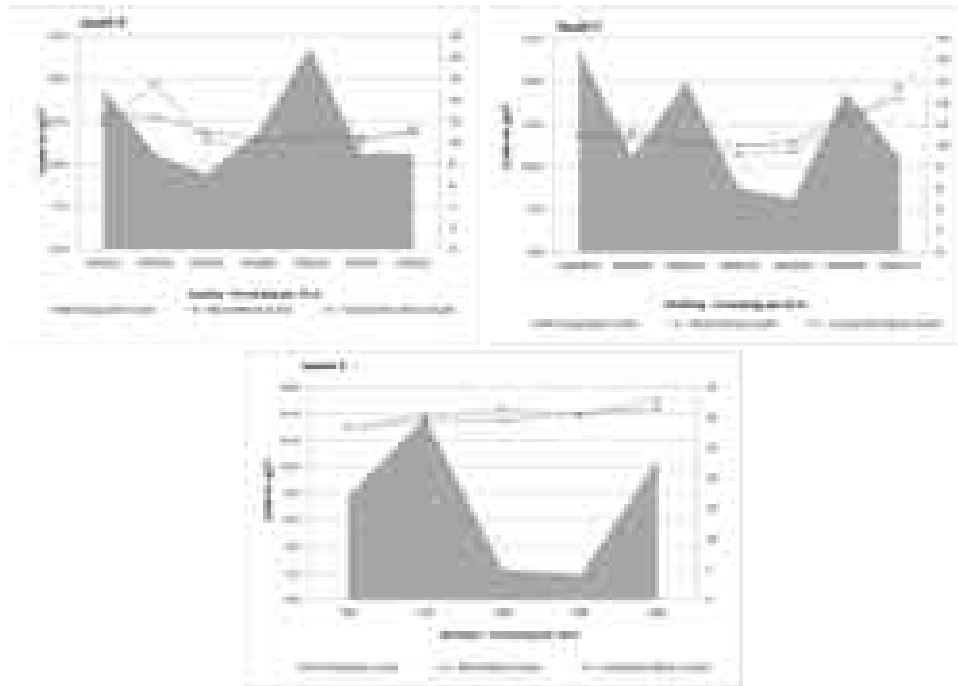


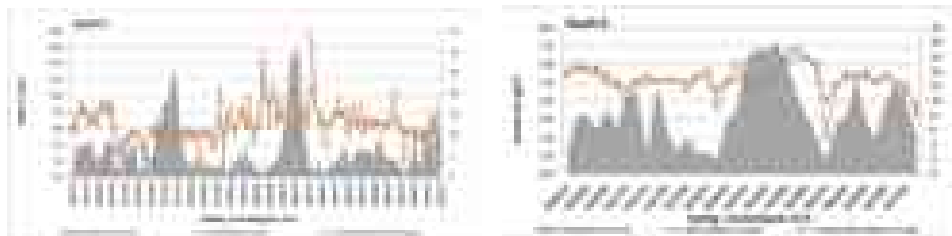
Figure 8-22: Au Swath Plot of #7 block of Zhuanshanzi Mine



8.8.2 Huatai Project

For the #1 Mining Zone and #86 Vein, the details of swath plots validation can be seen in Figure 8-23, for the #26 Vein and #3&#7 Vein, the details of swath plots validation can be seen in Figure 8-24 and for the #5 Mining Zone and Pengjiagou Mine, the details of swath plots validation can be seen in Figure 8-25. These data indicate that the block models constructed by SRK are reliable.

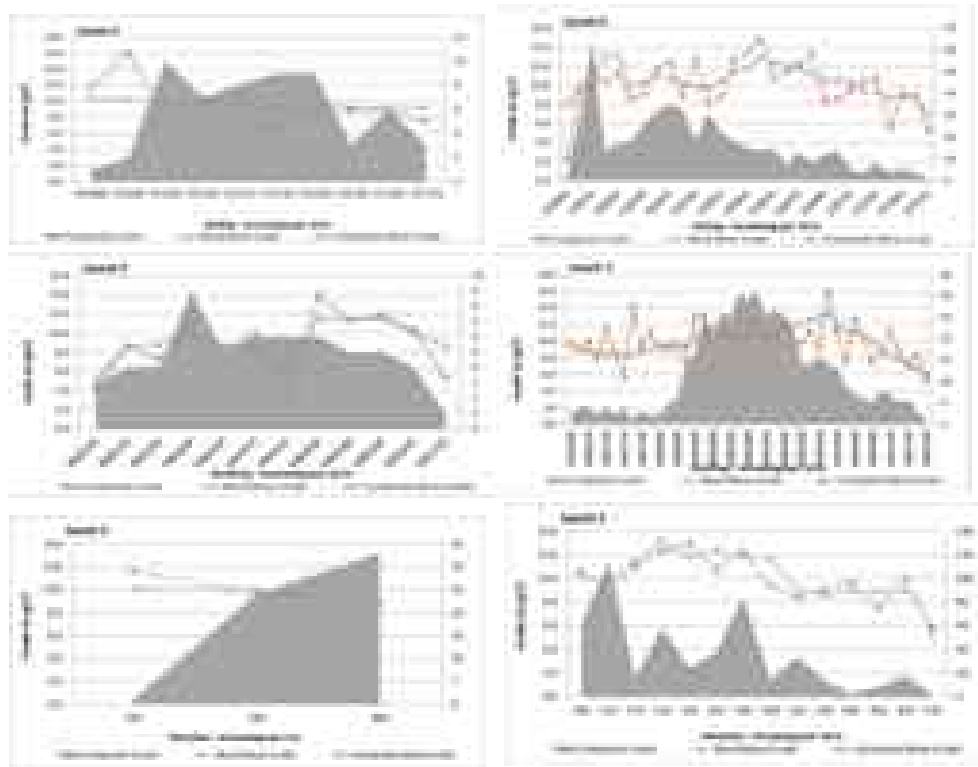
Figure 8-23: Au Swath Plots of #1 Mining Zone and #86 Vein



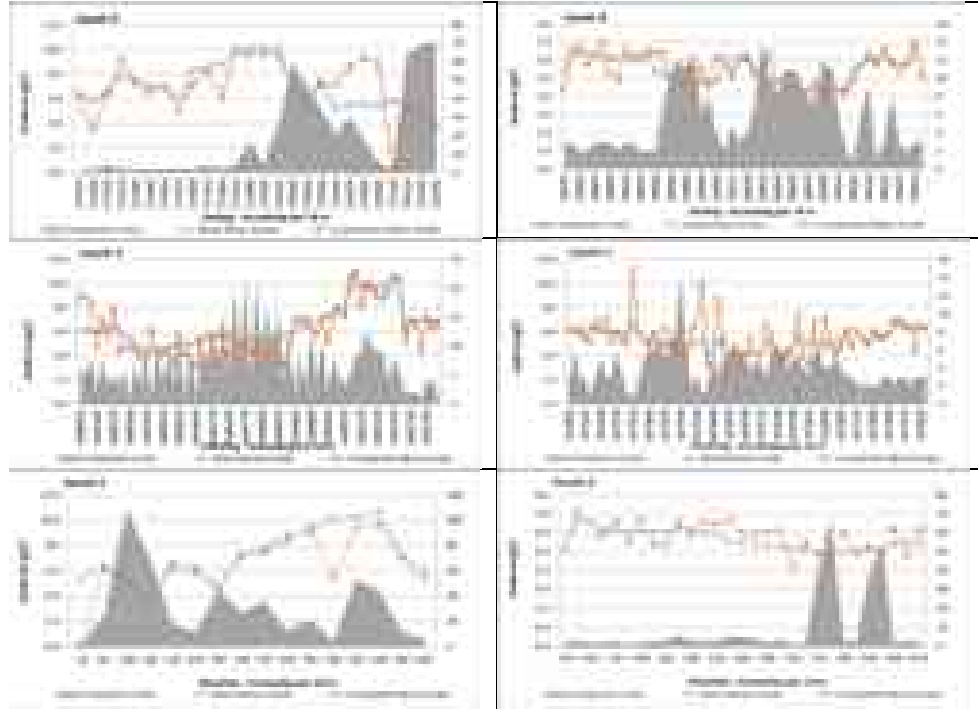


Note: #1 Mining Zone on the left and #86 Vein on the right.

Figure 8-24: Au Swath Plots of #26 Vein and #3&#7 Vein



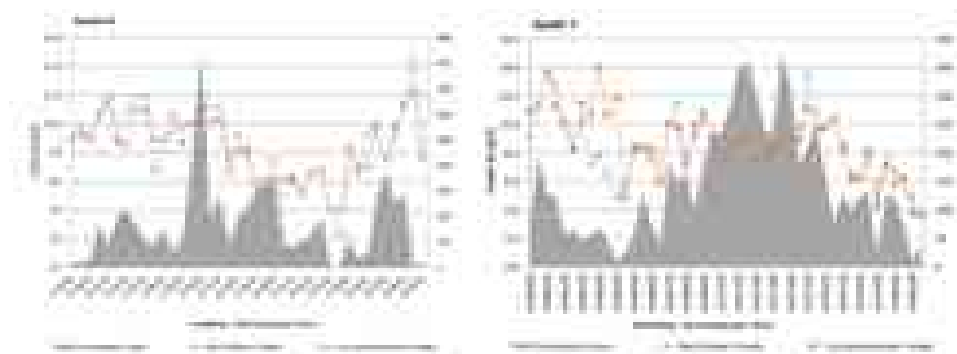
Note: #26 Vein on the left and #3&#7 Vein on the right.

Figure 8-25: Au Swath Plots of #5 Mining Zone and Pengjiagou Mine

Note: #5 Mining Zone on the left and Pengjiagou Mine on the right.

8.8.3 Wulong Project

For the Wulong Mine, the details of swath plot validation for each domain can be seen in figures from Figure 8-26 and for the Ligunzi and Haojingou-Ligunzi deposits, the details of swath plots validation can be seen in Figure 8-27. These data indicate that the block models constructed by SRK are reliable.

Figure 8-26: Au Swath Plot of Wulong Mine

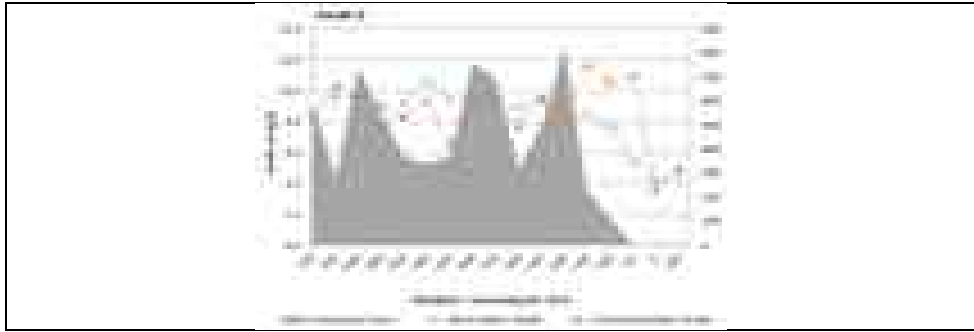
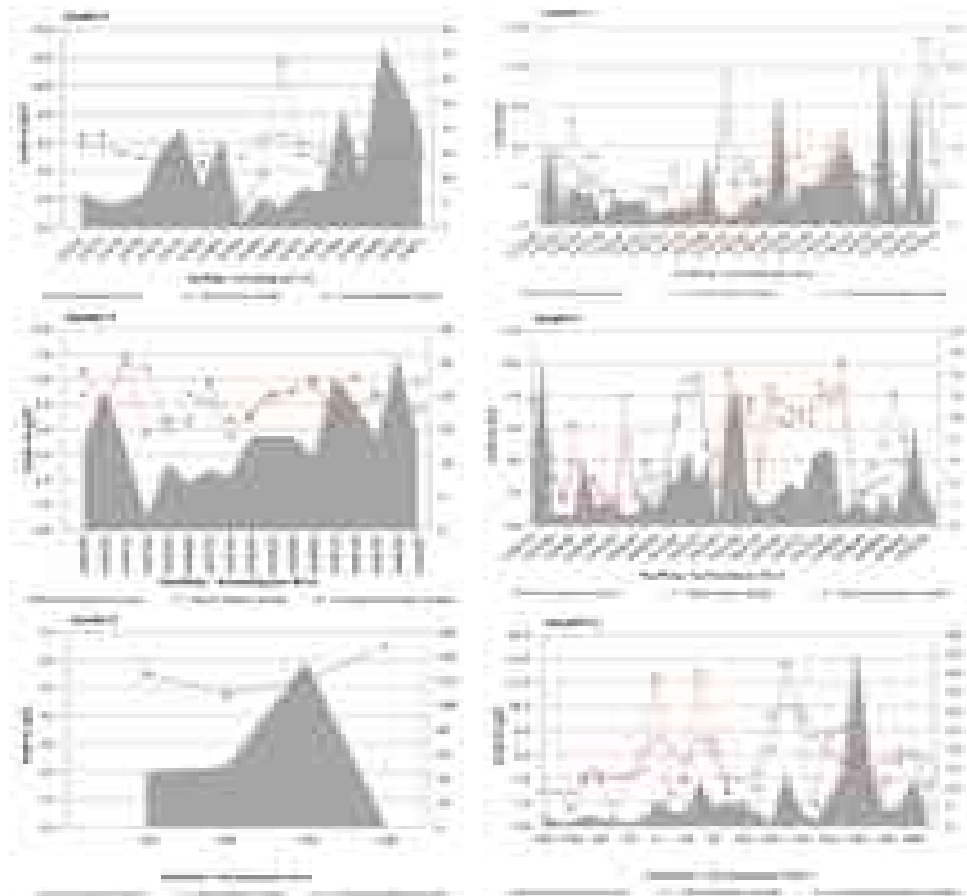


Figure 8-27: Au Swath Plots of Ligunzi and Haojingou-Ligunzi Deposits

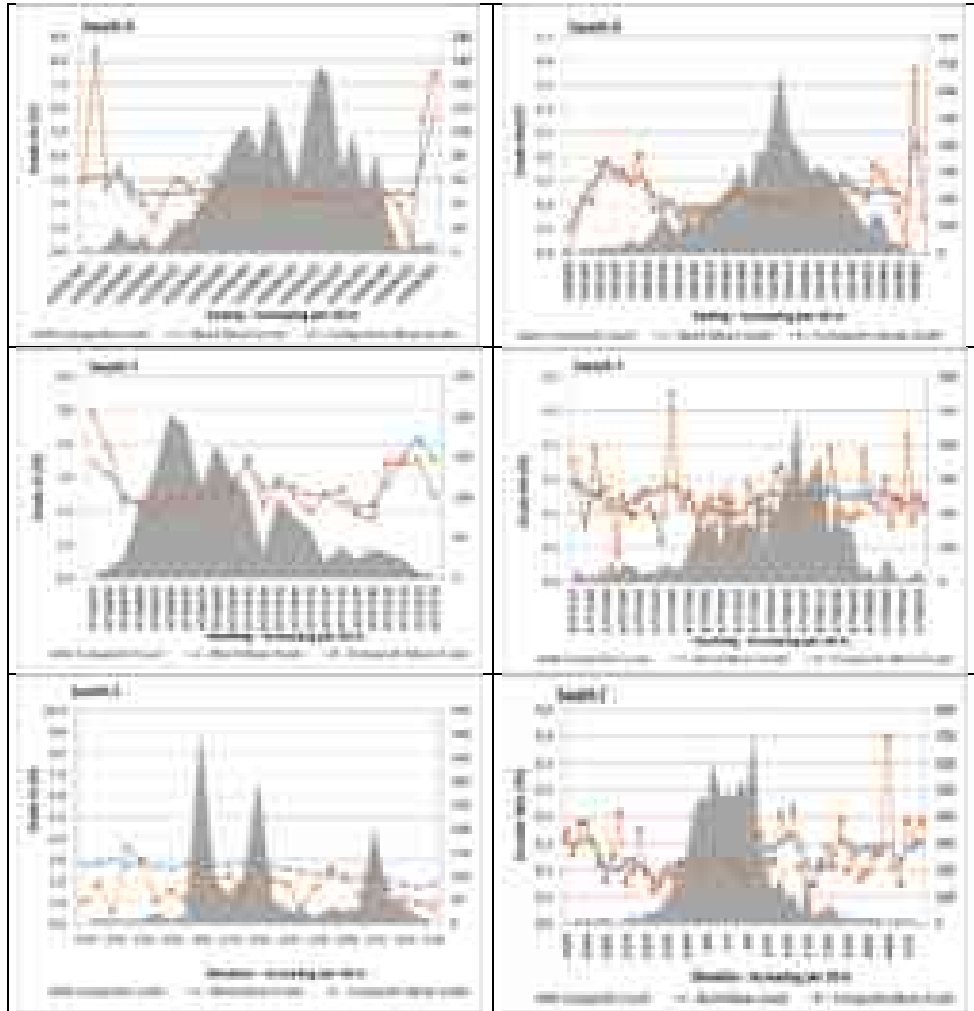


Note: Ligunzi deposit on the left and Haojingou-Ligunzi deposit on the right.

8.8.4 Hanfeng Project

Swath plots of Zn grade were created in three orthogonal directions for Lishan and Mo grade for Dongfeng Mine (easting, northing, and vertical, as X, Y, and Z) in particular slice thicknesses in each direction to validate the resultant block models. As shown in Figure 8-28, the block models and composites match reasonably well in all orthogonal directions. This comparison shows close agreement between the block model and composites in terms of overall distribution as a function of X, Y, and Z location.

Figure 8-28: Zn Swath Plot of Lishan Mine and Mo Swath Plot for Dongfeng Mine

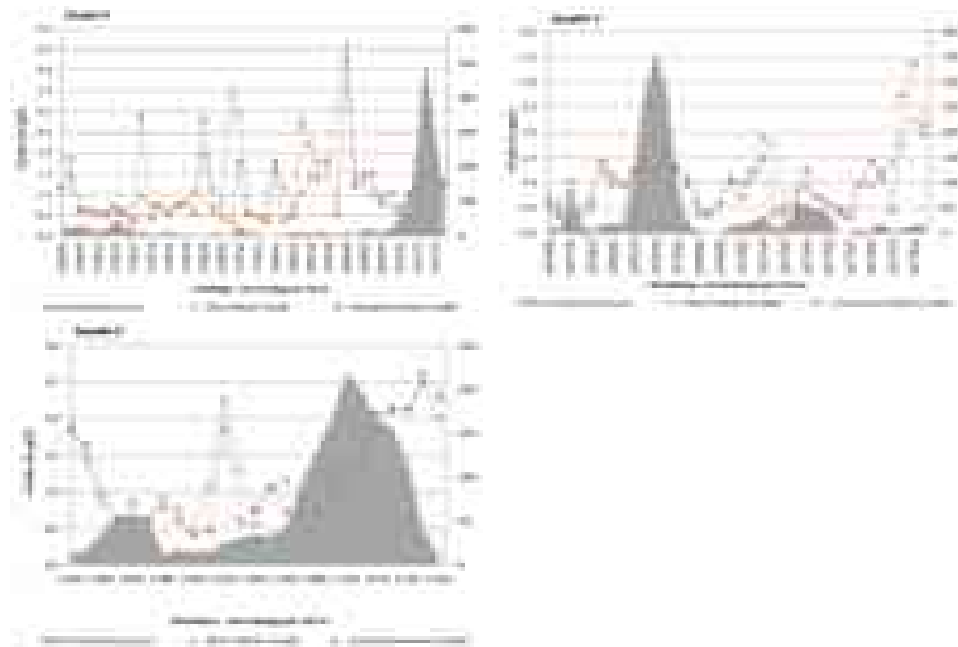


Note: Lishan Mine on the left and Dongfeng Mine on the right.

8.8.5 Jintai Project

The details of swath plot validation of the Xidengping Mine can be seen in Figure 8-29. The data indicate that the block models constructed by SRK are reliable.

Figure 8-29: Au Swath Plot of Xidengping Mine



8.9 Mineral Resource Classification

Block model quantities and grade estimates for the Jilong, Huatai, Wulong, Hanfeng and Jintai projects were classified according to the JORC Code by Mr. Mingyan Wang, Mr. Huaixiang (Hubert) Li, Ms. Yanfang (Bonnie) Zhao and Mr. Shaobo Dai, under the supervision of Yiefei Jia, PhD, a Principal Consultant and a Fellow of the AusIMM (No. 230607) and a chartered professional in geology (CP Geo). They are appropriate Competent Persons for the purpose of JORC Code.

Mineral Resource classification is typically a subjective concept. Industry best practices suggest that Mineral Resource classification should consider both the confidence in the geological continuity of the mineralised structures, the quality and quantity of exploration data supporting the estimates, and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas at similar Mineral Resource classification.

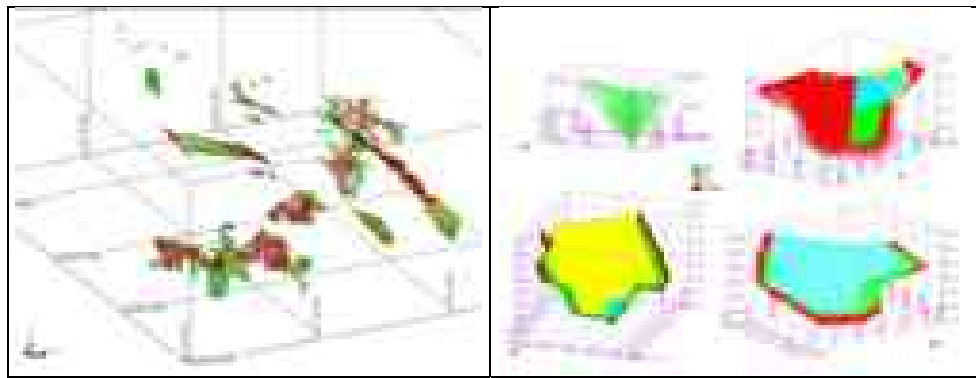
SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support Mineral Resource evaluation.

Generally, for mineralization exhibiting good geological continuity investigated at an adequate spacing with reliable sampling information accurately located, SRK considers that blocks estimated during the first estimation run (pass) can be classified in the Measured Mineral Resource category, the second estimation run can be classified in the Indicated Mineral Resource category within the meaning of the JORC Code.

8.9.1 Jilong Project

For all the blocks of the Zhuanshanzi Mine, the Mineral Resource with a mean sample distance of 40m are classified as Measured Mineral Resource; the Mineral Resource with a mean sample distance of 80m are classified as Indicated Mineral Resource; and the Mineral Resource with a mean sample distance of 160m are classified as Inferred Mineral Resource. Figure 8-30 shows the Mineral Resource classification of the Zhuanshanzi Mine.

Figure 8-30: Mineral Resource Category Distribution of Zhuanshanzi Mine

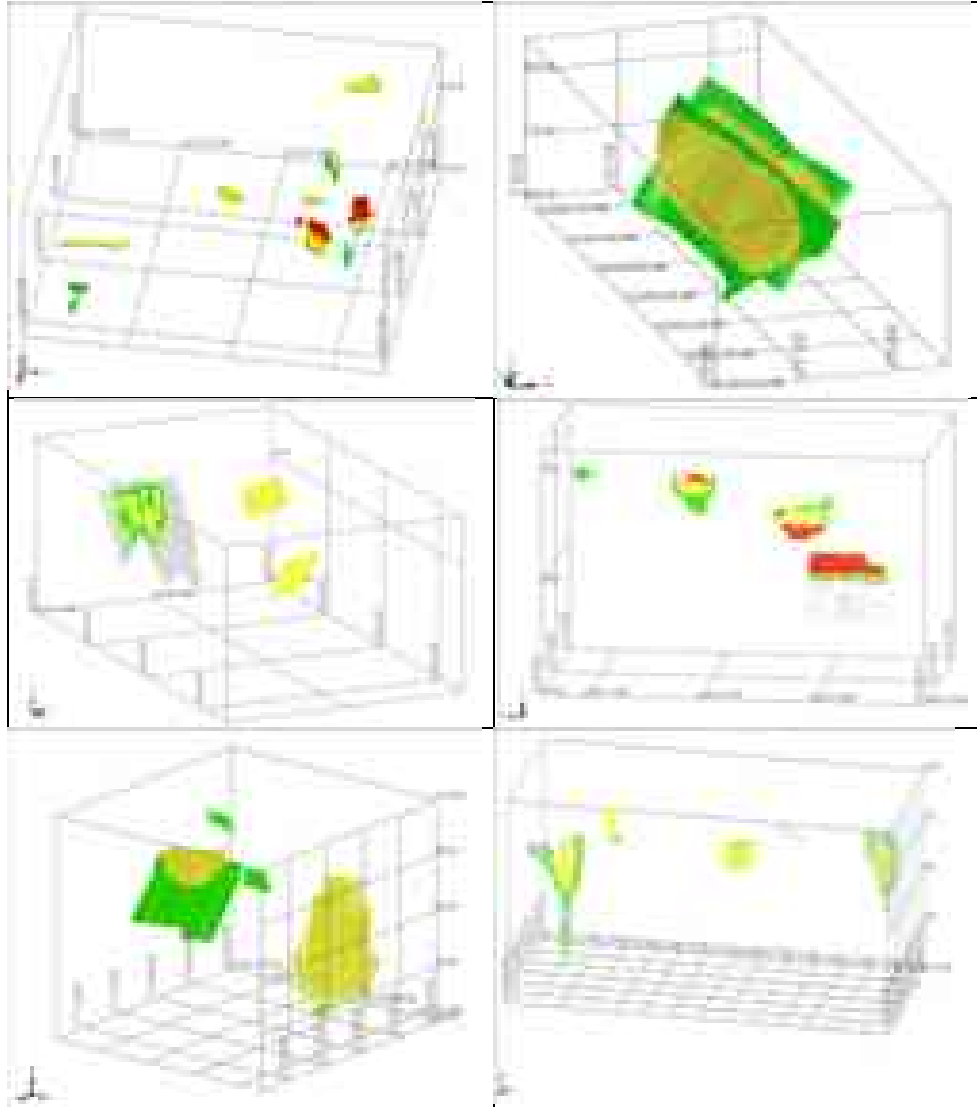


Note: #1#2#3&depth Block (dark red: Measured, brown: Indicated and green: Inferred) on the left and #4#5#6#7 Block on the right.

8.9.2 Huatai Project

For the Huatai project, the Mineral Resource with a mean sample distance of 40m are classified as Measured Mineral Resource; the Mineral Resource with a mean sample distance of 80m are classified as Indicated Mineral Resource, and the blocks excluded by Measured and Indicated categories and within the mineralised domains should be appropriately classified in the Inferred category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and economic parameters or to enable an evaluation of economic viability. Figure 8-31 shows the Mineral Resource classification of the Huatai Project.

Figure 8-31: Mineral Resource Category Distribution of Huatai Project



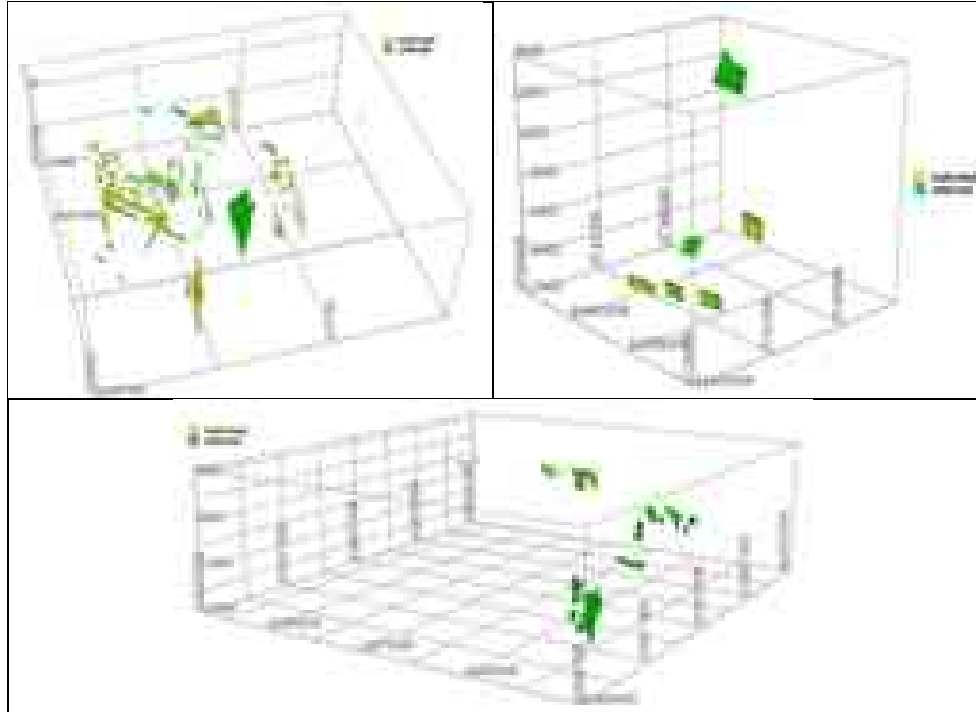
Note: #1 Mining Zone of Honghuagou Mine on the top left; #86 Vein of Honghuagou Mine on the middle left; #3&#7 Vein of Lianhuashan Mine on the bottom left; #26 Vein of Lianhuashan Mine on the top right; #5 Mining Zone of Lianhuashan Mine on the middle right; and Pengjiagou Mine on the bottom right (dark red: Measured, brown: Indicated and green: Inferred) on the left and #4#5#6#7 Block on the right.

8.9.3 Wulong Project

SRK considers that blocks estimated with an average drillhole spacing of less than 40 m can be classified in the Indicated Mineral Resource, and the blocks excluded by Indicated category and within the mineralised domains should be appropriately classified in the Inferred category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and

economic parameters or to enable an evaluation of economic viability. Figure 8-32 shows the Mineral Resource classification of the Wulong Project.

Figure 8-32: Mineral Resource Category Distribution of Wulong Project



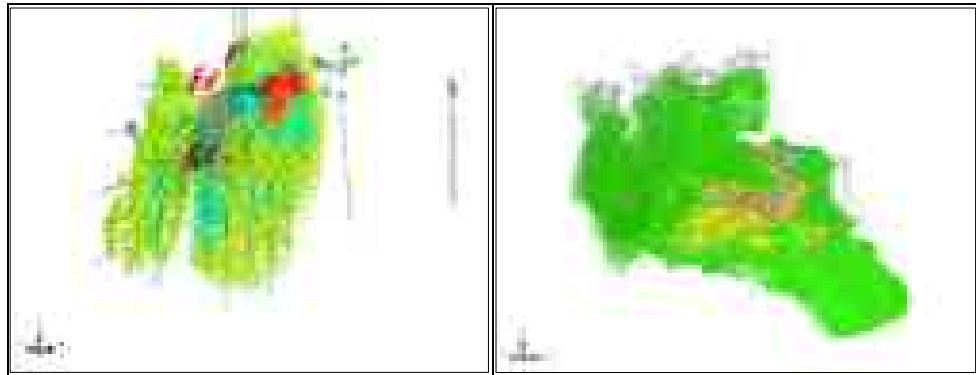
Note: Wulong Mine on the top left, Ligunzi Deposit on the top right and Haojingou-Ligunzi Deposit on the bottom.

8.9.4 Hanfeng Project

For the Lishan Mine, the resources with a mean sample distance of 40m are classified as Measured Mineral Resource; Resource with a mean sample distance of 80m are classified as Indicated resources; the resources with a mean sample distance of 160m are classified as Inferred Mineral Resource.

For the Dongfeng Mine, the resource with a mean sample distance of 50m are classified as Measured Mineral Resource; the resource with a mean sample distance of 100m are classified as Indicated Mineral Resource; and the resources with a mean sample distance of 200m are classified as Inferred Mineral Resource.

For the spotted dog phenomenon caused by some samples with the sampling interval out of set range, SRK adjusted it by considering the geological continuity, data quality and geologist's confidence in the models of both mines (Figure 8-33).

Figure 8-33: Mineral Resource Category Distributions of Lishan and Dongfeng Mines

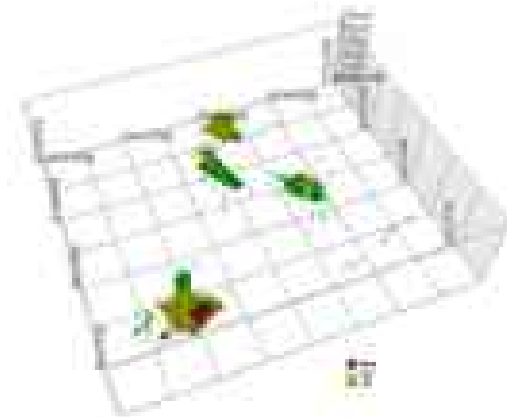
Note:

Lishan Mine (below -92m asl) on the left and Dongfeng Mine (below 250m asl) on the right.

Mineral Resource category: Measured in red, Indicated in blue and Inferred in green.

8.9.5 Jintai Project

SRK considers that the blocks estimated with an average drillhole spacing of less than 40 m for both strike and dip directions can be classified in the Measured Mineral Resource category, the blocks estimated with an average drillhole spacing of less than 80 m for both strike and dip directions can be classified in the Indicated Mineral Resource category, and the blocks excluded by Measured and Indicated categories and within the mineralised domains should be appropriately classified in the Inferred Mineral Resource category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and economic parameters or to enable an evaluation of economic viability. Figure 8-34 shows the Mineral Resource classification of the Jintai Project

Figure 8-34: Mineral Resource Category Distribution of Xidengping Mine

8.10 Mineral Resource Statement

The JORC Code defines a Mineral Resource as:

“a concentration or occurrence of material of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.”

The RPEEE requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the Mineral Resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. In order to meet this requirement, SRK considers that major portions of the Jilong Project, Huatai Project, Wulong Project and Hanfeng Project are amenable for underground mining and that major portions of the Jintai Project are amenable for open pit extraction.

The conceptual parameters used in the Chifeng Gold Project are summarised in Table 8-47. The reader is cautioned that the results of the estimate are used solely for the purpose of testing the RPEEE by underground mining and do not represent an attempt to estimate Ore reserves. The results are to be used as a guide for assisting in the preparation of a Mineral Resource Statement and for selecting an appropriate Mineral Resource-reporting cut-off grade.

Table 8-47: Conceptual Assumptions Considered for Chifeng Gold Project

Parameter	Unit	Jilong	Huatai	Wulong	Hanfeng	Jintai
Gold Metal Price	US\$ per ounce	2,150	2,150	2,150		2,150
Zinc Metal Price	US\$ per ton				2,550	
Molybdenum	US\$ per ton				29,500	
Mining Cost	US\$ per ton ore	104.51	125.78	96.41	9.07	1.52
Processing Cost	US\$ per ton ore	19.31	25.80	76.33	9.31	6.70
G&A Cost	US\$ per ton ore	30.62	30.62	30.62	3.49	4.32
Mining Dilution	percent	20	20	20	32	5
Processing Recovery	percent	97% Au	93% Au	91% Au	88% Zn; 70% Mo	78% Au
Gold cut-off Grade	Grams per tonne	1.5g/t Au	1.5g/t Au	1.5g/t Au	0.5% Zn; 0.03% Mo	0.17g/t Au

SRK considers that the blocks not below a cut-off grade of 1.5g/t Au show “reasonable prospects for eventual economic extraction” from an underground mine for the Jilong, Huatai and Wulong projects can be reported as a Mineral Resource, that the blocks not below a cut-off grade of 0.5% Zn for the Lishan Mine and 0.03% Mo for the Dongfeng Mine show “reasonable prospects for eventual economic extraction” from an underground mine for the Hanfeng Project can be reported as a Mineral Resource, and that the blocks not below a cut-off grade of 0.17g/t Au show “reasonable prospects for eventual economic extraction” from an open pit mine for the Jintai Project can be reported as a Mineral Resource.

8.10.1 Jilong Project

As of 30 September 2024, the Jilong Project is estimated to contain 484 kt of Measured Mineral Resources with an average grade of 12.19g/t Au, 424 kt of Indicated Mineral Resources with an

average grade of 9.25g/t Au, and 508 kt of Inferred Mineral Resources with an average grade of 9.24g/t Au (see Table 8-48).

Table 8-48: Mineral Resource Statement of Jilong Project, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage kt	Grade (g/t Au)	Contained Au (t)	Contained Au (koz)
Zhuanshanzi #1#2#3&depth	Measured	299	9.21	2.76	89
	Indicated	282	7.24	2.04	66
	Measured + Indicated	581	8.25	4.80	154
	Inferred	433	8.56	3.71	119
Zhuanshanzi #4#5#6#7	Measured	184	17.04	3.14	101
	Indicated	142	13.27	1.88	60
	Measured + Indicated	326	15.40	5.02	161
	Inferred	75	13.16	0.99	32
Total	Measured	484	12.19	5.90	190
	Indicated	424	9.25	3.92	126
	Measured + Indicated	907	10.82	9.82	316
	Inferred	508	9.24	4.70	151

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Mingyan wang and Dr. Yiefei Jia who are both full time employees of SRK Consulting China. Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). Both have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Dr. Jia consents to the reporting of this information in the form and context in which it appears.

³ The cut-off grad is 1.5g/t.

8.10.2 Huatai Project

As of 30 September 2024, the Huatai Project is estimated to contain 385 kt of Measured Mineral Resources with an average grade of 5.88g/t Au, 2,146 kt of Indicated Mineral Resources with an average grade of 7.27g/t Au, and 1,281 kt of Inferred Mineral Resources with an average grade of 6.90g/t Au (see Table 8-49).

Table 8-49: Mineral Resource Statement of Huatai Project, as of 30 September 2024

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Honghuagou #1 Mining Zone	Measured	251	6.21	1.56	50.1
	Indicated	759	6.48	4.92	158.1
	Measured + Indicated	1,011	6.41	6.48	208.2
	Inferred	419	5.87	2.46	79.2
Honghuagou #86 Vein	Measured	-	-	0.00	-
	Indicated	315	5.30	1.67	53.7
	Measured + Indicated	315	5.30	1.67	53.7
	Inferred	103	5.34	0.55	17.7

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Honghuagou Pengjiagou mine	Measured	-	-	0.00	-
	Indicated	338	5.36	1.81	58.3
	Measured + Indicated	338	5.36	1.81	58.3
	Inferred	148	5.88	0.87	28.0
Lianhuashan #5 Mining Zone	Measured	134	5.28	0.71	22.7
	Indicated	109	8.00	0.87	28.0
	Measured + Indicated	243	6.50	1.58	50.7
	Inferred	148	5.88	0.87	28.0
Lianhuashan #26 Vein	Measured	-	-	0.00	-
	Indicated	217	9.54	2.07	66.5
	Measured + Indicated	217	9.54	2.07	66.5
	Inferred	135	9.34	1.26	40.6
Lianhuashan #3-7 Vein	Measured	-	-	0.00	-
	Indicated	408	10.46	4.27	137.1
	Measured + Indicated	408	10.46	4.27	137.1
	Inferred	328	8.61	2.82	90.7
Total	Measured	385	5.88	2.27	73
	Indicated	2,146	7.27	15.60	502
	Measured + Indicated	2,531	7.06	17.87	575
	Inferred	1,281	6.90	8.83	284

Notes:

¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang (Hubert) Li, Mr. Mingyan wang and Dr. Yiefei Jia who are full time employees of SRK Consulting China. Mr. Li is a Member of AIG and Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). They have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr Li, Mr. Wang and Dr. Jia consents to the reporting of this information in the form and context in which it appears.³ The cut-off grad is 1.5g/t Au.

8.10.3 Wulong Project

As of 30 September 2024, the Wulong Project is estimated to contain 1,261 kt of Indicated Mineral Resources with an average grade of 8.17g/t Au, and 1,738 kt of Inferred Mineral Resources with an average grade of 7.21g/t Au (see Table 8-50).

Table 8-50: Mineral Resource Statement, Wulong Project, as of 30 September 2024

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Wulong	Measured	-	-	-	-
	Indicated	997	8.88	8.85	285
	Measured + Indicated	997	8.88	8.85	285

Mineralized Zone/Block	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
	Inferred	1,371	7.39	10.15	326
Ligunzi	Measured	-	-	-	-
	Indicated	126	5.16	0.65	21
	Measured + Indicated	126	5.16	0.65	21
	Inferred	99	5.36	0.53	17
Haojingou-Ligunzi	Measured	-	-	-	-
	Indicated	138	5.74	0.80	26
	Measured + Indicated	138	5.74	0.80	26
	Inferred	268	6.73	1.85	59
Total	Measured	-	-	-	-
	Indicated	1,261	8.17	10.30	332
	Measured + Indicated	1,261	8.17	10.30	332
	Inferred	1,738	7.21	12.53	402

Notes:

- ¹ All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.
- ² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang (Hubert) Li and Dr. Yiefei Jia who are full time employees of SRK Consulting China. Mr. Li is a Member of AIG and Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). Both have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr. Li and Dr. Jia consents to the reporting of this information in the form and context in which it appears.
- ³ The cut-off grad is 1.5g/t Au.

8.10.4 Hanfeng Project

Within the current mining License area and permitted elevation range, as of 30 September 2024, the Lishan Mine (below-92m asl) contains 752 kt of Measured Mineral Resources at an average grade of 2.36% Zn, 0.01% Cu and 0.12% Pb; 8,583 kt of Indicated Mineral Resources at an average grade of 2.66% Zn, 0.07% Cu and 0.12% Pb, and 10,616 kt of Inferred Mineral Resources at an average grade of 2.90% Zn, 0.09% Cu, 0.13%Pb. Details of estimated Mineral Resources are shown in Table 8-51.

Table 8-51: Mineral Resource Statement of Lishan Mine, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Zn Grade (%)	Zn Metal Contained (kt)	Cu Grade (%)	Cu Metal Contained (kt)	Pb Grade (%)	Pb Metal Contained (kt)
Lishan	Measured	752	2.36	18	-	-	0.12	1
	Indicated	8,583	2.66	229	0.07	6	0.12	10
	Measured + Indicated	9,335	2.64	246	0.06	6	0.12	11
	Inferred	10,616	2.90	308	0.09	10	0.13	14

Notes:

- ¹ Differences may occur in totals due to rounding.
- ² All figures are rounded to reflect the relative accuracy of the estimate.

³ The information in this report which relates to Mineral Resource is based on information compiled by Ms. Yanfang (Bonnie) Zhao and Dr. Yiefei Jia who are both full time employees of SRK Consulting China, Ms. Zhao is a Member of AusIMM, and Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). Dr. Yiefei Jia have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Zhao and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

⁴ The cut-off grade is 0.5% Zn.

As of 30 September 2024, the Dongfeng Mine (below 250m asl) contains 1,819 kt of Measured Mineral Resources at an average grade of 0.11% Mo, 26,495 kt of Indicated Mineral Resources at an average grade of 0.12% Mo, and 37,053 kt of Inferred Mineral Resources at an average grade of 0.12% Mo. Details of estimated resources are shown in Table 8-52.

Table 8-52: Mineral Resource Statement of Dongfeng Mine, as of 30 September 2024

Mineralised Zone/Block	Category	Tonnage (kt)	Mo Grade (%)	Mo Metal Contained (kt)
Dongfeng	Measured	1,819	0.11	2
	Indicated	26,495	0.12	32
	Measured + Indicated	28,314	0.12	34
	Inferred	37,053	0.12	45

Notes:

¹ Differences may occur in totals due to rounding.

² All figures are rounded to reflect the relative accuracy of the estimate.

³ The information in this report which relates to Mineral Resource is based on information compiled by Ms. Yanfang (Bonnie) Zhao and Dr. Yiefei Jia who are both full time employees of SRK Consulting China, Ms. Zhao is a Member of AusIMM, and Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). Dr. Yiefei Jia have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Ms. Zhao and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

⁴ The cut-off grade is 0.03% Mo

8.10.5 Jintai Project

As of 30 September 2024, the Jintai Project contains 3,363 kt of Measured Mineral Resources at an average grade of 1.68g/t Au, 4,604 kt of Indicated Mineral Resources at an average grade of 1.02g/t Au, and 2,699 kt of Inferred Mineral Resources at an average grade of 1.29g/t Au. Details of estimated resources are shown in Table 8-53.

Table 8-53: Mineral Resource Statement, Jintai Project, as of 30 September 2024

Domain	Category	Quantity (kt)	Au Grade (g/t)	Contained Au Metal (t)	Contained Au Metal (koz)
V1	Measured	-	-	-	-
	Indicated	1,738	0.74	1.29	42
	Measured + Indicated	1,738	0.74	1.29	42
	Inferred	164	0.47	0.08	2
V2	Measured	-	-	-	-
	Indicated	266	0.96	0.26	8
	Measured + Indicated	266	0.96	0.26	8
	Inferred	605	2.17	1.31	42
V2_1	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-

Domain	Category	Quantity (kt)	Au Grade (g/t)	Contained Au Metal (t)	Contained Au Metal (koz)
V2_2	Inferred	36	0.34	0.01	0
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V4	Inferred	125	0.44	0.05	2
	Measured	3,363	1.68	5.64	181
	Indicated	2,270	1.19	2.71	87
	Measured + Indicated	5,633	1.19	8.34	268
V5	Inferred	593	1.22	0.72	23
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V6	Inferred	211	0.68	0.14	5
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V7	Inferred	7	0.86	0.01	0
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V8	Inferred	336	0.46	0.15	5
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V9	Inferred	173	0.87	0.15	5
	Measured	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
V10	Inferred	255	1.39	0.36	11
	Measured	-	-	-	-
	Indicated	331	1.34	0.44	14
	Measured + Indicated	331	1.34	0.44	14
Total	Inferred	193	2.60	0.50	16
	Measured	3,363	1.68	5.64	181
	Indicated	4,604	1.02	4.70	151
	Measured + Indicated	7,967	1.30	10.33	332
	Inferred	2,699	1.29	3.49	112

Notes:

¹ Differences may occur in totals due to rounding.² All figures are rounded to reflect the relative accuracy of the estimate.³ The information in this report which relates to Mineral Resource is based on information compiled by Mr. Shaobo Dai, Mr. Huaixiang (Hubert) Li and Dr. Yiefei Jia who are full time employees of SRK Consulting China. Mr. Li is a Member of AIG, and Dr. Jia is a Fellow of AusIMM and a Chartered Professional in Geology (CP Geo). Dr. Yiefei Jia have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves", the JORC Code. Mr. Li and Dr. Jia consent to the reporting of this information in the form and context in which it appears.⁴ The cut-off grade is 0.17g/t Au.

8.11 Grade Sensitivity Analysis

8.11.1 Jilong Project

The Mineral Resources of the Jilong Project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates of the

#1#2#3&depth Block of the Zhuanshanzi Mine are presented in Table 8-54 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 8-35 present this sensitivity as grade tonnage curves of the #1#2#3&depth Block of the Zhuanshanzi Mine.

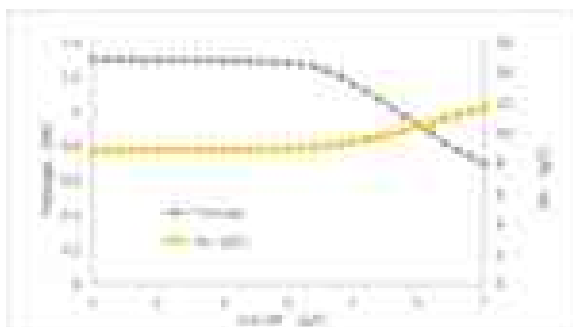
Table 8-54: Global Block Model Quantities and Grade Estimates¹, #1#2#3&depth Block of Zhuanshanzi Mine

Cut-off Grade Au (g/t)	Quantity (Mt)	Au Grade (g/t)
1.40	1.30	8.87
1.60	1.30	8.88
1.80	1.30	8.88
2.00	1.30	8.89
2.20	1.30	8.89
2.40	1.30	8.89
2.60	1.30	8.89
2.80	1.30	8.90
3.00	1.30	8.90
3.20	1.30	8.91
3.40	1.29	8.92
3.60	1.29	8.93
3.80	1.29	8.95
4.00	1.28	8.97
4.20	1.27	9.00
4.40	1.26	9.05
4.60	1.24	9.14
4.80	1.20	9.27
5.00	1.16	9.44
5.20	1.12	9.58
5.40	1.07	9.76
5.60	1.02	9.97

Notes:

¹ The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

Figure 8-35: Grade Tonnage Curves of #1#2#3&depth Block of Zhuanshanzi Mine



8.11.2 Huatai Project

The Mineral Resources of the Huatai Project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates of the #1 Mining Zone, #86 Vein, #3&#7 Vein, #26 Vein, #5 Mining Zone and Pengjiagou Mine are presented in Table 8-54 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 8-36 present this sensitivity as grade tonnage curves of the #1 Mining Zone, #86 Vein, #3&#7 Vein, #26 Vein, #5 Mining Zone and Pengjiagou Mine.

Table 8-55: Global Block Model Quantities and Grade Estimates¹, Huatai Project

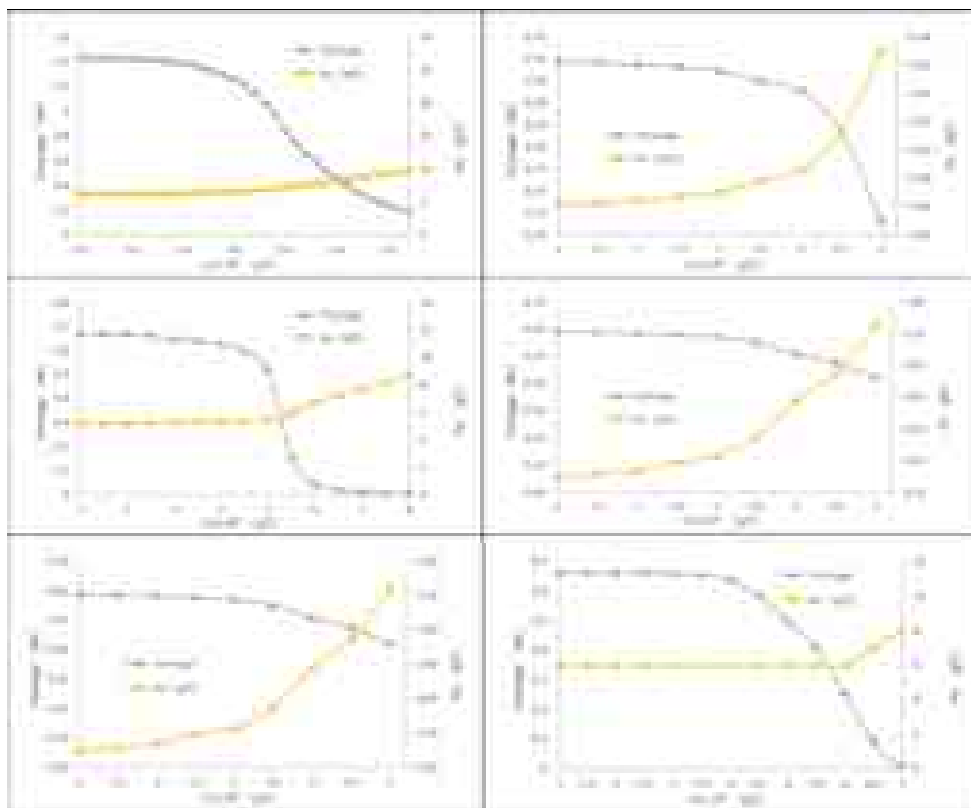
Mine	Cut-off Grade Au (g/t)	Quantity (Mt)	Au Grade (g/t)
Honghuagou #1 Mining Zone	1.6	1.43	6.25
	1.8	1.43	6.25
	2.0	1.43	6.26
	2.2	1.43	6.26
	2.4	1.42	6.27
	2.6	1.42	6.27
	2.8	1.42	6.28
	3.0	1.41	6.29
	3.2	1.41	6.30
	3.4	1.40	6.32
	3.6	1.39	6.35
	3.8	1.37	6.38
	4.0	1.35	6.42
	4.2	1.32	6.47
	4.4	1.29	6.52
	4.6	1.26	6.58
Honghuagou #86 Vein	4.8	1.22	6.64
	5.0	1.15	6.74
	5.2	1.06	6.88
	1.0	0.67	5.18
	1.5	0.67	5.18
	2.0	0.67	5.19
	2.5	0.66	5.21
	3.0	0.65	5.27

Mine	Cut-off Grade Au (g/t)	Quantity (Mt)	Au Grade (g/t)
	3.5	0.64	5.30
	4.0	0.63	5.32
	4.5	0.60	5.38
	5.0	0.52	5.46
Lianhuashan #3&#7 Vein	1.0	0.59	6.29
	1.5	0.59	6.31
	2.0	0.58	6.34
	2.5	0.58	6.39
	3.0	0.57	6.43
	3.5	0.55	6.55
	4.0	0.51	6.78
	4.5	0.48	6.95
	5.0	0.42	7.25
Lianhuashan #26 Vein	1.0	0.35	9.46
	1.5	0.35	9.46
	2.0	0.35	9.46
	2.5	0.35	9.47
	3.0	0.35	9.47
	3.5	0.35	9.48
	4.0	0.35	9.49
	4.5	0.35	9.51
	5.0	0.34	9.57
Lianhuashan #5 Mining Zone	1.0	0.59	6.29
	1.5	0.59	6.31
	2.0	0.58	6.34
	2.5	0.58	6.39
	3.0	0.57	6.43
	3.5	0.55	6.55
	4.0	0.51	6.78
	4.5	0.48	6.95
	5.0	0.42	7.25
Honghuagou Pengjiagou Mine	1.6	1.43	6.25
	1.8	1.43	6.25
	2.0	1.43	6.26
	2.2	1.43	6.26
	2.4	1.42	6.27
	2.6	1.42	6.27
	2.8	1.42	6.28
	3.0	1.41	6.29
	3.2	1.41	6.30
	3.4	1.40	6.32
	3.6	1.39	6.35
	3.8	1.37	6.38
	4.0	1.35	6.42
	4.2	1.32	6.47
	4.4	1.29	6.52
	4.6	1.26	6.58
	4.8	1.22	6.64
	5.0	1.15	6.74

Notes:

¹ The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

Figure 8-36: Grade Tonnage Curves of Huatai Project



Note:

Honghuagou #1 Mining Zone on the top left, Honghuagou #86 Vein on the middle left and Lianhuashan #3&#7 Vein on the bottom left
Lianhuashan #26 Vein on the top right, Lianhuashan #5 Mining Zone on the middle right and Pengjiagou Mine on the bottom right.

8.11.3 Wulong Project

The Mineral Resources of the Wulong project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Table 8-56 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 8-37 presents the sensitivity as grade tonnage curves of the Wulong Project.

Table 8-56: Global Block Model Quantities and Grade Estimates¹, Wulong Project

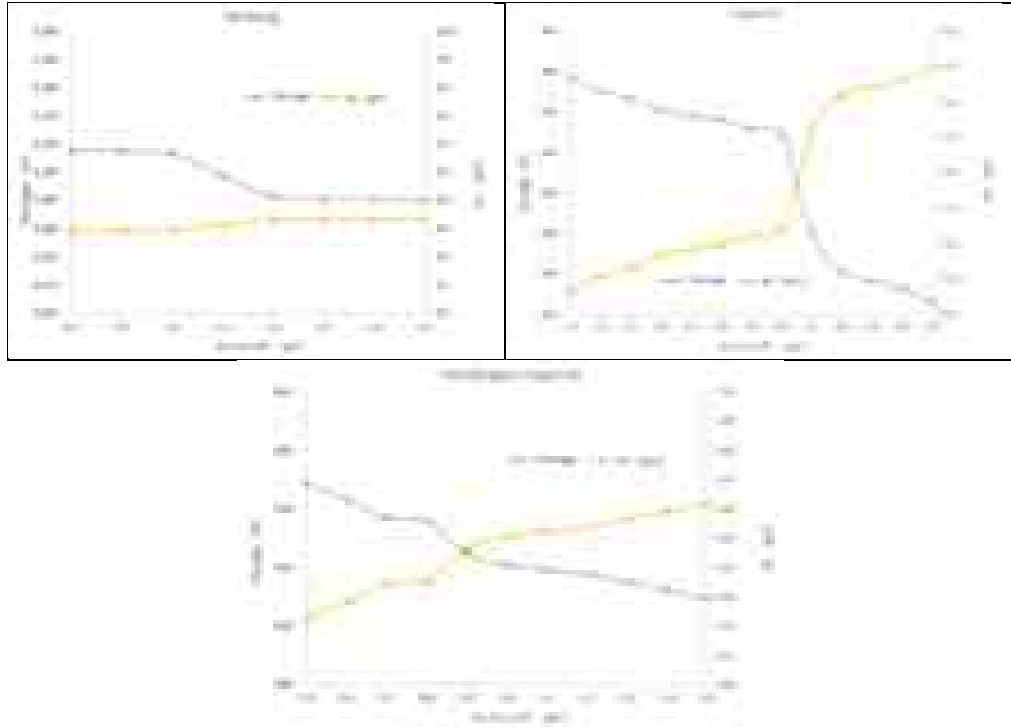
Mine/Deposit	Cut-off Grade Au (g/t)	Quantity (Mt)	Au Grade (g/t)
Wulong Mine	0.8	3,115	8.59
	0.9	3,115	8.59
	1.0	3,113	8.59

Mine/Deposit	Cut-off Grade Au (g/t)	Quantity (Mt)	Au Grade (g/t)
Ligunzi Deposit	1.1	3,098	8.63
	1.2	3,083	8.66
	1.3	3,081	8.67
	1.4	3,081	8.67
	1.5	3,081	8.67
	1.3	306	5.35
	1.4	305	5.36
	1.5	305	5.37
	1.6	304	5.37
	1.7	304	5.38
	1.8	304	5.38
	1.9	303	5.38
	2.0	303	5.39
	2.1	298	5.44
	2.2	296	5.46
Haojingou-Ligunzi Deposit	2.3	296	5.47
	2.4	295	5.47
	2.5	295	5.48
	0.5	569	6.23
	0.6	563	6.28
	0.7	557	6.34
	0.8	556	6.36
	0.9	545	6.47
	1.0	541	6.51
	1.1	539	6.53
	1.2	538	6.54
	1.3	535	6.57
	1.4	532	6.59
	1.5	530	6.62

Notes:

¹ The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

Figure 8-37: Grade Tonnage Curves of Wulong Project



8.11.4 Hanfeng Project

Mineral Resource is sensitive to the selection of cut-off grade. To illustrate this sensitivity, ore quantities and grade estimates at different cut-off grades of the Lishan and Dongfeng mines are presented in Table 8-57. The reader is cautioned that the figures presented in this table should not be mistaken for a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 8-38 represents this sensitivity as tonnage-grade curves of the Lishan and Dongfeng mines.

Table 8-57: Block Model Quantities and Grade Estimates¹, Hanfeng Project

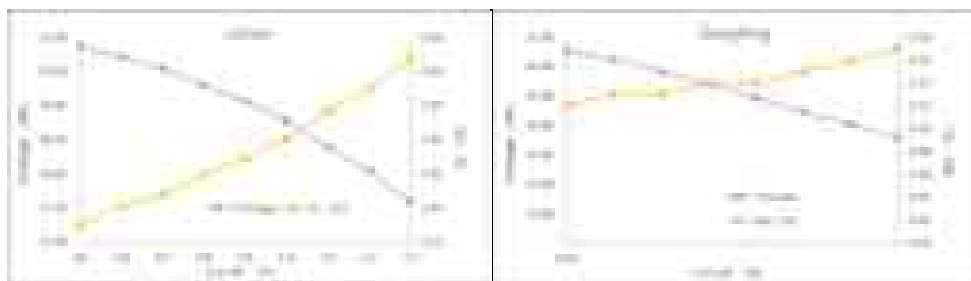
Mine	Cut-off Grade (Zn %)	Quantity (Mt)	Zn Grade (%)
Lishan Mine	0.5	19.95	2.78
	0.6	19.71	2.80
	0.7	19.55	2.82
	0.8	19.30	2.85
	0.9	19.06	2.87
	1.0	18.78	2.90
	1.1	18.40	2.94
	1.2	18.05	2.98
	1.3	17.61	3.02

Mine	Cut-off Grade (Mo %)	Quantity (Mt)	Mo Grade (%)
Dongfeng Mine	0.03	65.37	0.12
	0.04	62.56	0.13
	0.05	58.48	0.13
	0.06	53.74	0.14
	0.07	49.47	0.14
	0.08	44.59	0.15
	0.09	40.49	0.16
	0.10	35.66	0.17

Notes:

¹ The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

Figure 8-38: Tonnage-Grade Curves of Lishan and Dongfeng Mines



8.11.5 Jintai Project

The Mineral Resources of the Xidengping mine are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Table 8-58 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 8-39 presents this sensitivity as grade tonnage curves.

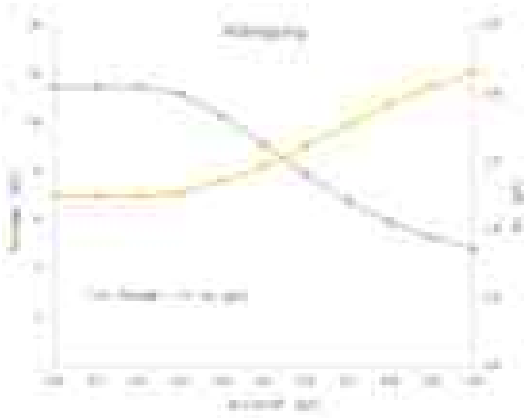
Table 8-58: Global Block Model Quantities and Grade Estimates¹, Xidengping Mine at Various Cut-off Grades

Deposit	Cut-off Grade Gold(g/t)	Quantity (Mt)	Grade Gold(g/t)
Xidengping	0.0	11.48	1.25
	0.1	11.48	1.25
	0.2	11.47	1.25
	0.3	11.18	1.27
	0.4	10.24	1.36
	0.5	9.10	1.47
	0.6	7.90	1.61
	0.7	6.81	1.77
	0.8	5.92	1.92
	0.9	5.29	2.05
	1.0	4.83	2.16

Notes:

¹ The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

Figure 8-39: Grade Tonnage Curves of Xidengping Mine



9 Ore Reserve Estimates

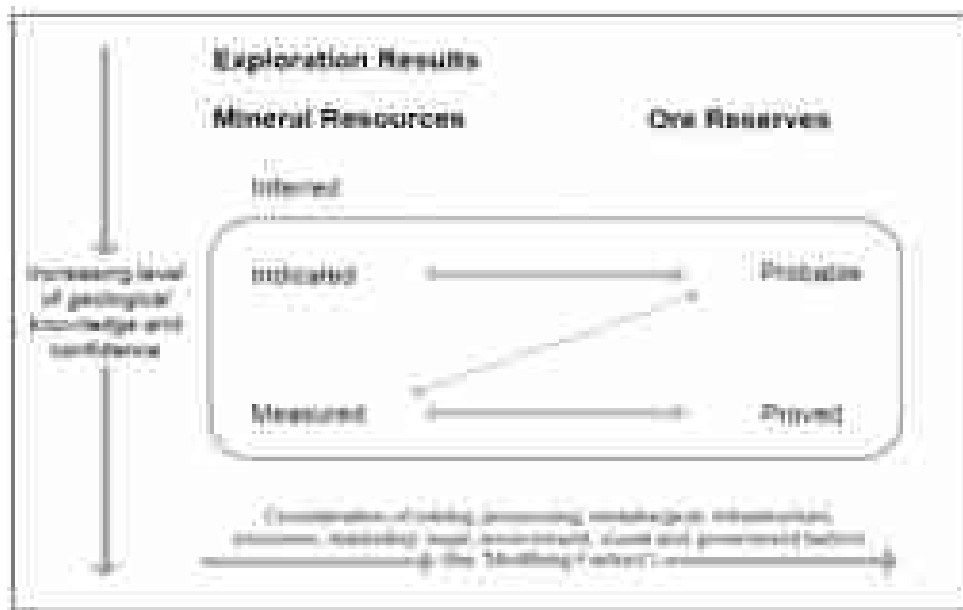
According to the JORC Code,

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

The Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental. Social and governmental factors.

Figure 9-1 provide for a direct relationship between Indicated Mineral Resources and Probable Ore Reserve and between Measured Mineral Resources and Proved Ore Reserve.

Figure 9-1: Relationship Between Mineral Resources and Ore Reserve



Sources: JORC Code (2012)

According to the JORC Code, a Probable Ore Reserve is the economically mineable part of an Indicated, and in some cases, a Measured Mineral Resource. The confidence in the modifying factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. A Proved Ore Reserve, on the other hand, is the economically mineable part of a Measured Mineral Resource and implies a high degree of confidence in the modifying factors.

The Ore Reserve estimates for the Jilong, Huatai, Wulong, Hanfeng, and Jintai Projects have been prepared in accordance with the JORC Code. These estimates were derived by applying modifying factors to the Mineral Resource Estimate, with only Measured and Indicated resources being

converted to Ore Reserve. Inferred resources were treated as waste with zero grade. These projects are operational mines, and their designs and operating practices were reviewed to at least a prefeasibility study level.

The Jilong, Huatai, Wulong, and Hanfeng Projects are underground mines. Skin dilution was applied into the stope shape as an equivalent linear overbreak slough. Subsequently, these annealed mineable shapes were cut using Stope Slicer within GEOVIA Surpac™. Stopes falling outside the design scope or with irregular shapes were filtered out. The cut-off grade with gold price of US\$2,050/oz and a zinc price of US\$2,550/t were used to estimate the in-stope Ore Reserves. The factors such as ore loss were factored in Microsoft Excel.

The Jintai Project is an open pit mine. The optimal economic shape for the open pit was determined using GEOVIA Whittle™ optimization. SRK compared this optimal shape with the open pit design from the prefeasibility study and found minimal discrepancies. Consequently, SRK decided to use the prefeasibility study's open pit design. The mining dilution and ore loss were also considered and factored into Ore Reserves.

9.1 Jilong Project

9.1.1 Introduction

Jilong Mining is actively operating and includes several deposits within its various mining zones, specifically Zone 1 through Zone 7. Each of these zones is either currently being exploited or is planned for future exploitation. The locations of these mines, along with their respective veins, are detailed in Figure 9-2, which has been reviewed for the Ore Reserve estimation.

Figure 9-2: Plan View of Mining Zones



Sources: SRK

9.1.2 Mineral Resources Model

The Jilong Project resource block model was completed by SRK geologist in a *.mdl file format, and it has been converted into *.dm file format for design and scheduling purposes.

9.1.3 Feasibility Study

SRK has reviewed the following preliminary design studies:

- Zhuanshanzi #1 Mining Zone Preliminary Design by Chifeng Zhenghang Design Company in February 2024;
- Zhuanshanzi #2 Mining Zone Preliminary Design by Chifeng Jilong Mining Company in February 2024;
- Zhuanshanzi #3 Mining Zone Preliminary Design by Inner Mongolia Mining Development Company in February 2024;
- Zhuanshanzi periphery Mining Zone (#4, #5, #6, #7 Mining Zone) Preliminary Design by Chifeng Zhenghang Design Company in February 2024.

9.1.4 Cut-off Grade

The unit cost of mining, processing, general and administrative, and processing recovery from 2021 to 2024 Q3 were provided by Jilong Mining, as detailed in Table 9-1. The cut-off grade is calculated to be 2.76g/t, based on the average historical three-year unit costs, while also considering processing recovery and royalty factors, as shown in Table 9-2.

Table 9-1: Unit Cost of Jilong Project from 2021 to 2024Q3

Item	Unit	2021	2022	2023	2024 Q1-Q3
Mining Cost	RMB/t Ore	1,379	1,632	1,050	983
Processing Cost	RMB/t Ore	110	113	108	106
G&A Cost	RMB/t Ore	211	200	283	172
Processing Recovery for Au	%	97	97	98	97

Sources: Client

¹ The mining production and unit cost only include stope production.

Table 9-2: Cut-off Grade Calculation

Item	Unit	Assumption
Gold Price	USD/oz	2,050
Gold Price ¹	RMB/g	476
Mining	RMB/t ore	903
Processing	RMB/t ore	109
G&A	RMB/t ore	216
Processing Recovery	%	97
Royalty	%	4
Cut-off Grade	g/t	2.76

Sources: SRK

¹ The exchange rate of 7.22 USD to RMB was applied.

² The mining production and unit cost only include stope production. Since the mining contractor also mining remnants extraction and hauling low-grade ore, the mining cost has been factored and adjusted downward.

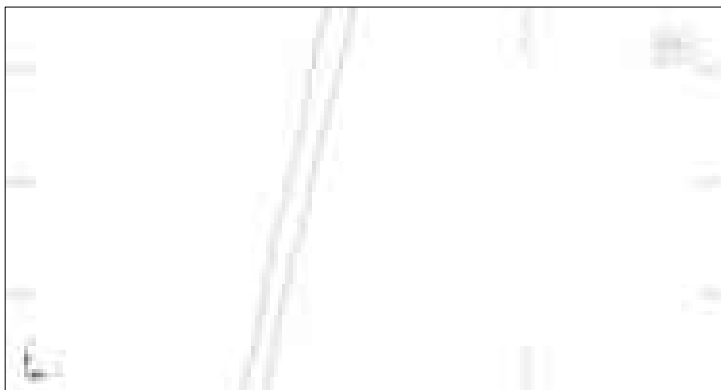
9.1.5 Mining Dilution and Ore Loss

Mining dilution includes unplanned dilution from stope wall failures and overbreak from stope walls and floors. Waste rock dilution primarily originates from material sloughing off the hanging wall, with minor contributions from the ends and floors of the stoping area. Waste dilution typically ranges between 0.04m and 0.2m, depending on the size and shape of the orebodies.

To estimate mining dilution, SRK has expanded the orebody wireframe by 0.04 to 0.2m in all directions (Green line in Figure 9-3), creating skins as an equivalent linear overbreak slough. Overall, it is estimated that mining dilution will be approximately 16-17%.

Additionally, a mining loss of 5% was estimated and applied to the Ore Reserve estimation.

Figure 9-3: Skin Analysis for Mining Dilution



Sources: SRK

9.1.6 Ore Reserve Estimates

The estimated process details are provided in Table 9-3, with the corresponding waterfall charts illustrated in Figure 9-4 and Figure 9-5.

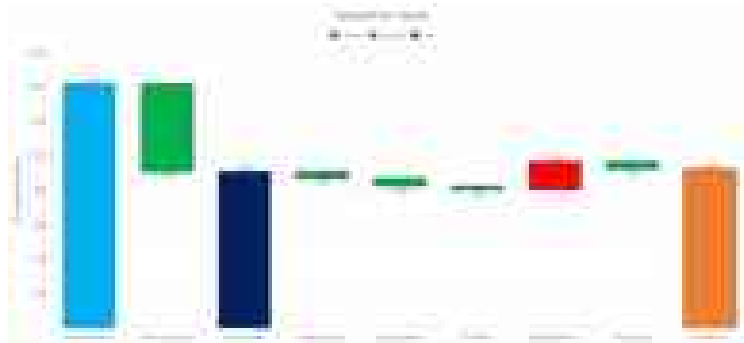
Approximately 65% of tonnes and 55% of metal have been converted from Mineral Resources to Ore Reserve. Key negative factors affecting this conversion include the exclusion of Inferred Mineral Resources.

Table 9-3: Estimated Process Summary

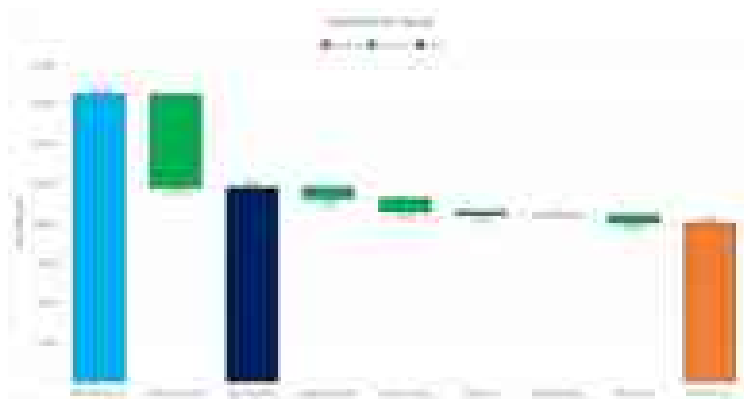
Conversion Process	Tonnage (kt)	Au Contained (kg)
M+I+I Resources	1,415	14,514
Inferred Resources Exclusion	(508)	(4,697)
M+I Resources	907	9,817
Design Boundary	(39)	(584)

Conversion Process	Tonnage (kt)	Au Contained (kg)
Irregular Shape	(46)	(636)
COG Filter	(20)	(154)
Mining Dilution	166	1
Ore Loss	(48)	(422)
Ore Reserve	920	8,022

Sources: SRK

Figure 9-4: Estimated Process - Change in Tonnes

Sources: SRK

Figure 9-5: Estimated Process - Change in Metal Contained

Sources: SRK

9.1.7 Ore Reserve statement

SRK has estimated the Ore Reserve for the Jilong Project in compliance with the JORC Code. The Ore Reserve, with an effective date of 30 September 2024, is summarised in Table 9-4.

As of 30 September 2024, the total Ore Reserve for the Jilong Project is estimated at 919 kt at an average grade of 8.73g/t Au, containing 8.02 t of gold. This includes the Proved Ore Reserve

estimated at 510 kt at an average grade of 9.81g/t Au, containing 5.00 t of gold, and the Probable Ore Reserve estimated at 409 kt at an average grade of 7.38g/t Au, containing 3.02 t of gold.

Table 9-4: Jilong Project Underground Ore Reserve Statement, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	510	9.81	5.00	161
Probable	409	7.38	3.02	97
Total	919	8.73	8.02	258

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Ms. Tzuhsuan Chuang, MAusIMM and Dr. Yiefei Jia, FAusIMM and a Chartered Professional in Geology (CP Geo), employees of SRK Consulting China Ltd. Both Dr. Jia and Ms. Chuang have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Dr. Jia supervised the work of Ms. Chuang. Dr. Jia and Ms. Chuang consent to the reporting of this information in the form and context in which it appears;

² The Ore Reserves Statement is based on the depletion data provided by Jilong Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Jilong Mine data may differ from that reported by SRK, due the updated Block model now used by Jilong Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Jilong Mine provided data as the basis for this statement.

³ Ore Reserve are estimated at a cut-off grade of 2.76g/t Au;

⁴ Number was rounded to the second significant digit;

⁵ Total may not add due to rounding discrepancies; and

⁶ Mining dilution is 16-17% and ore loss is 5%.

9.2 Huatai Project

9.2.1 Introduction

Huatai Project is actively operating and includes several deposits within the following mining zones:

- Pengjiagou Mine;
- Honghuagou #1 Mining Zone (referred to as Zone 1);
- Honghuagou #86 Vein (referred to as Vein 86);
- Lianhuashan #5 Mining Zone (referred to as Area 5);
- Lianhuashan #26 Vein (referred to as Vein 26);
- Lianhuashan #3&#7 Vein (referred to as Vein 3&7).

The locations of the mining zones are shown in Figure 9-6. It should be noted that Vein 86 is not included in the Ore Reserve estimation due to its remote spatial location relative to other mines, making its exploitation potentially unprofitable.

Figure 9-6: Plan View of Mining Zones

Sources: SRK

9.2.2 Ore Resources Models

The Huatai Project resource block model was completed by SRK geologist in a *.mdl file format, and it has been converted into *.dm file format for design and scheduling purposes.

9.2.3 Feasibility Study

SRK has reviewed the following preliminary design studies:

- Pengjiagou Preliminary Design by Chifeng Gaoda Engineering Design Company in May 2018. There are 2 veins named 65-2 and 2. The design has covered levels between 456m to 769m with capacity of 30ktpa run-of mine (ROM).
- Honghuagou #1 Mining Zone Expansion Preliminary Design by Inner Mongolia Mining Industry Development Co., Ltd. in May 2013. There are 4 sections named LTS, YCFQ, SHMFQ and SCFQ with 16 veins. The design has covered levels for each section with a total capacity of 30.3ktpa ROM.
- Lianhuashan #5 Mining Zone Expansion Preliminary Design by Chifeng Zhenghang Design Co., Ltd. in November 2022. There are 4 veins named 51-1, 51-6, 51-8 and 51-10. The design has covered 18 levels between 105m to 752m with a total capacity of 60ktpa ROM.
- Lianhuashan #26 Vein Preliminary Design by Chifeng Gaoda Engineering Design Company in May 2018. There are 2 veins named 1 and 2. The design has covered levels between 480m to 760m with capacity of 30ktpa ROM.
- Lianhuashan #3&#7 Vein Preliminary Design (Only 3-2 vein considered) by Chifeng Zhenghang Design Co., Ltd. in July 2015. The design has covered levels between 700m to 820m with capacity of 30ktpa ROM.
- Lianhuashan #3&#7 Vein Mineral Resources Development and Utilization Scheme by Inner Mongolia Geology and Mineral Technology Co., Ltd in December 2019. There are 3 veins named

3-2, 8 and 8-2 considered in this scheme. The scheme has limited its boundary for 8 and 8-2 within 470m level above, 3-2 within 745m level above because of low geology confidence. According to the scheme, the capacity of 3&7 is 60ktpa ROM.

9.2.4 Cut-off Grade

The unit cost of mining, processing, general and administrative, and processing recovery from 2020 to 2022 were provided by Huatai Mining, as detailed in Table 9-5. The fiscal data for 2023 was not collected due to ongoing technological upgrades during the year.

The cut-off grade is calculated to be 2.93g/t, based on the adjustment from average historical three-year unit costs, while also considering processing recovery and royalty factors, as shown in Table 9-6.

Table 9-5: Unit Cost of Huatai Project from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024 Q3
Mining Cost	RMB/t Ore	732	939	-	-
Processing Cost	RMB/t Ore	151	188	586	-
G&A Cost	RMB/t Ore	246	1,440	-	-
Processing Recovery for Au	%	94	93	93	-

Sources: Client

Table 9-6: Cut-off Grade Calculation

Item	Unit	Assumption
Au Price	USD/oz	2,050
Au Price ¹	RMB/g	476
Mining	RMB/t ore	840
Processing	RMB/t ore	160
G&A ²	RMB/t ore	246
Processing Recovery	%	93
Royalty	%	4
Break-even Cut-off Grade	%	2.93

Sources: SRK

¹ The exchange rate of 7.22 USD to RMB was applied.

² The G&A costs are unusually high, so SRK opted to use the G&A costs in 2021, which is more reasonable in the context of the Huatai overall operating expenses.

9.2.5 Mining Dilution and Ore Loss

Mining dilution includes unplanned dilution from stope wall failures and overbreak from stope walls and floors. Waste rock dilution primarily originates from material sloughing off the hanging wall, with minor contributions from the ends and floors of the stoping area. Waste dilution typically ranges between 0.02m and 1m, depending on the size and shape of the orebodies.

To estimate mining dilution, SRK has expanded the orebody wireframe by 0.03 to 0.4m in all directions (Pink line in Figure 9-7), creating skins as an equivalent linear overbreak slough. Overall, it is estimated that mining dilution will be approximately 20%.

Additionally, a mining loss of 15% was estimated and applied to Ore Reserves.

Figure 9-7: Skin Analysis for Mining Dilution



Sources: SRK

9.2.6 Ore Reserve Estimates

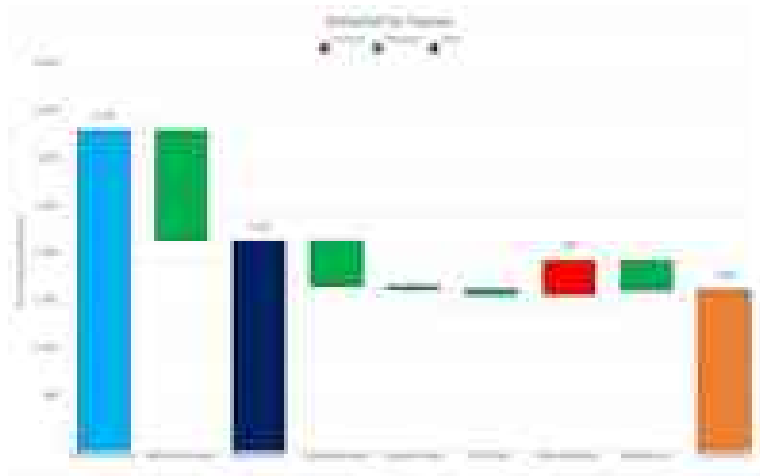
The estimated process details are provided in Table 9-7, with the corresponding waterfall charts illustrated in Figure 9-8 and Figure 9-9.

Approximately 50% of tonnes and 43% of metal have been converted from Mineral Resources to Ore Reserve. Key negative factors affecting this conversion include the exclusion of Inferred Mineral Resources and design boundaries.

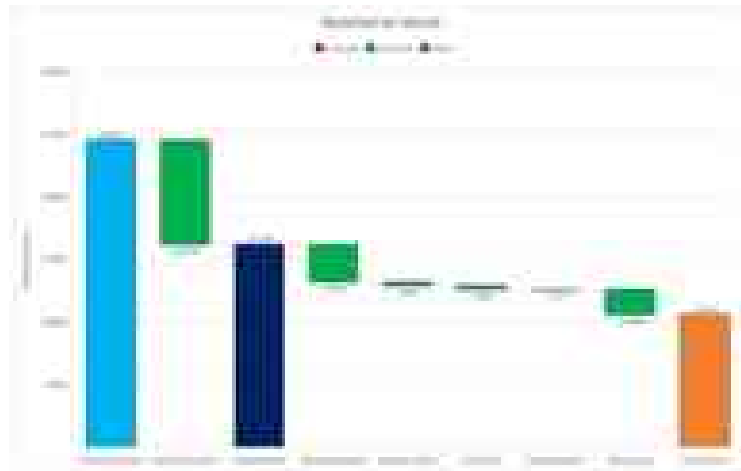
Table 9-7: Estimated Process Summary

Conversion Process	Tonnage (kt)	Au Contained (t)
M+I+I Resources	3,378	24.45
Inferred Resource Exclusion	(1,160)	(8.34)
M+I Resources	2,218	16.11
Design Boundary	(479)	(3.00)
Irregular Shape	(38)	(0.27)
COG Filter	(57)	(0.32)
Mining Dilution	358	(0.02)
Ore Loss	(313)	(1.99)
Ore Reserves	1,694	10.50

Sources: SRK

Figure 9-8: Estimated Process - Change in Tonnes

Sources: SRK

Figure 9-9: Estimated Process - Change in Metal Contained

Sources: SRK

9.2.7 Ore Reserves Statement

SRK has estimated the Ore Reserve for the Huatai Project in compliance with the JORC Code. Ore Reserves, with an effective date of 30 September 2024, is summarized in Table 9-8.

As of 30 September 2024, the total Ore Reserve for the Huatai Project is estimated at 1,694 kt at an average grade of 6.20g/t Au, containing 10.50 t of gold. This includes the Proved Ore Reserve estimated at 226 kt at an average grade of 5.21g/t Au, containing 1.18 t of gold, and the Probable Ore Reserve estimated at 1,468 kt at an average grade of 6.35g/t Au, containing 9.32 t of gold.

Table 9-8: Huatai Project Underground Ore Reserve Statement, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	226	5.21	1.18	38
Probable	1,468	6.35	9.32	300
Total ³	1,694	6.20	10.50	338

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Dr. Yiefei Jia, FAusIMM and a Chartered Professional in Geology (CP Geo), employees of SRK Consulting China Ltd. Both Dr. Jia and Mr. Lu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Dr. Jia supervised the work of Mr. Lu. Dr. Jia and Mr. Lu consent to the reporting of this information in the form and context in which it appears.

² Ore Reserve are estimated at a cut-off grade of 2.93g/t Au;

³ Number was rounded to the second significant digit;

⁴ Total may not add due to rounding discrepancies; and

⁵ Mining dilution is 20% and ore loss is 15%.

9.3 Wulong Project

9.3.1 Introduction

Wulong Mining is actively operating and includes several deposits within its various mining zones, specifically Zone 1 through Zone 5. Each of these zones is currently being exploited. The locations of these mines, along with their respective veins, are detailed in Figure 9-10, which has been reviewed for the Ore Reserve estimation.

Figure 9-10: Plan View of Mining Zones of Wulong

Sources: SRK

9.3.2 Mineral Resources Models

The Wulong Project resource block model was completed by SRK geologist in a *.mdl file format, and it has been converted into *.dm file format for design and scheduling purposes.

9.3.3 Feasibility Study

SRK has reviewed the following preliminary design studies:

- Wulong #2 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022.
- Wulong #3 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022.
- Wulong #4 and #5 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022.

9.3.4 Cut-off Grade

The unit cost of mining, processing, general and administrative, and processing recovery from 2021 to 2024Q3 were provided by Wulong Mining, as detailed in Table 9-9. The cut-off grade is calculated to be 2.50g/t, based on the adjustment from average historical three-year unit costs, while also considering processing recovery and royalty factors, as shown in Table 9-10.

Table 9-9: Unit Cost of Wulong Project from 2021 to 2024Q3

Item	Unit	2021	2022	2023	2024 Q1-Q3
Mining Cost	RMB/t Ore	1,129	1,569	2,061	2,259
Processing Cost	RMB/t Ore	76	97	94	85
G&A Cost	RMB/t Ore	56	106	49	27
Processing Recovery for Au	%	89	90	92	91

Sources: Client

¹ The mining production and unit cost only include stope production.

Table 9-10: Cut-off Grade Calculation

Item	Unit	Assumption
Gold Price	USD/oz	2,050
Gold Price ¹	RMB/g	476
Mining ²	RMB/t ore	873
Processing	RMB/t ore	89
G&A	RMB/t ore	57
Processing Recovery	%	97
Payable Rate	%	92
Royalty	%	4
Break-even Cut-off Grade	%	2.50

Sources: SRK

¹ The exchange rate of 7.22 USD to RMB was applied.

² The mining production and unit cost only include stope production. Since the mining contractor also mining remnants extraction and hauling low-grade ore, the mining cost has been factored and adjusted downward.

9.3.5 Mining Dilution and Ore Loss

Mining dilution includes unplanned dilution from stope wall failures and overbreak from stope walls and floors. Waste rock dilution primarily originates from material sloughing off the hanging wall, with minor contributions from the ends and floors of the stoping area. Waste dilution typically ranges between 0.04m and 0.2m, depending on the size and shape of the orebodies.

To estimate mining dilution, SRK has expanded the orebody wireframe by 0.04m and 0.2m in all directions (Grey line in Figure 9-11), creating skins as an equivalent linear overbreak slough. Overall, it is estimated that mining dilution will be approximately 15%.

Additionally, a mining loss of 8% was estimated and applied to the Ore Reserve estimation.

Figure 9-11: Skin Analysis for Mining Dilution



Sources: SRK

9.3.6 Ore Reserve Estimates

The estimated process details are provided in Table 9-11, with the corresponding waterfall charts illustrated in Figure 9-12 and Figure 9-13.

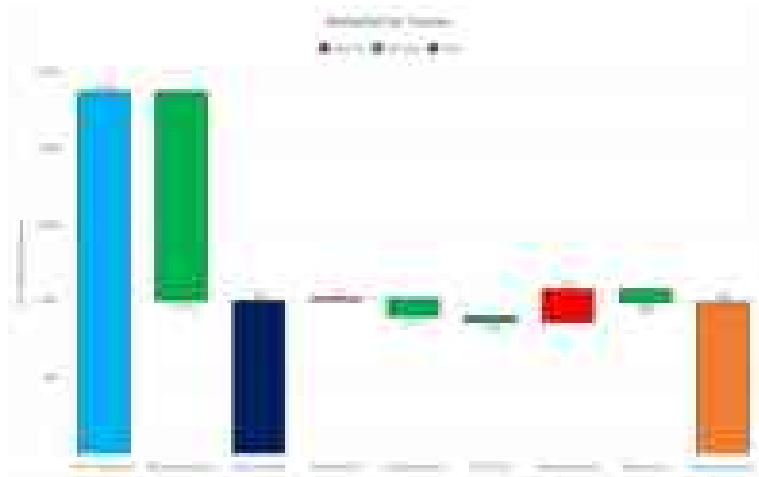
Approximately 42% of tonnes and 38% of metal have been converted from Mineral Resources to Ore Reserve. Key negative factors affecting this conversion include the exclusion of Inferred Mineral Resources and design boundaries.

Table 9-11: Estimates Process Summary

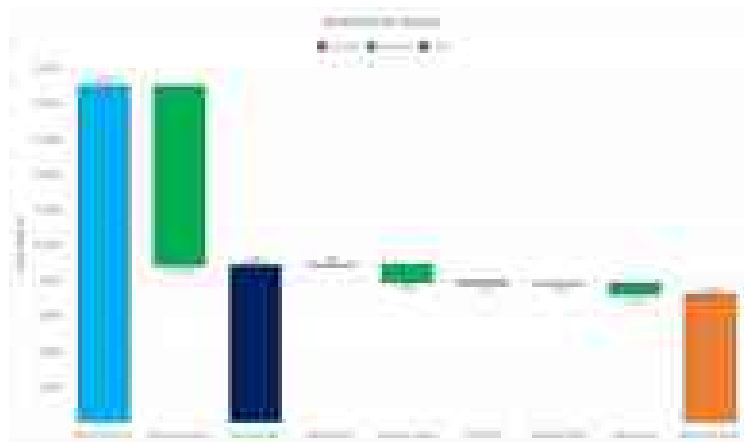
Conversion Process	Tonnage (kt)	Au Contained (kg)
M+I+I Resources	2,368	18,997

Conversion Process	Tonnage (kt)	Au Contained (kg)
Inferred Resource Deduction	(1,371)	(10,146)
Remained M+I Resources	997	8,851
Design Boundary	15	44
Irregular Shape	(117)	(993)
COG Filter	(36)	(72)
Mining Dilution	210	(20)
Mining Loss	(86)	(625)
Ore Reserves	984	7,185

Sources: SRK

Figure 9-12: Estimated Process - Change in Tonnes

Sources: SRK

Figure 9-13: Estimated Process - Change in Metal Contained

Sources: SRK

9.3.7 Ore Reserve Statement

SRK has estimated the Ore Reserve for the Wulong Project in compliance with the JORC Code. The Ore Reserve, with an effective date of 30 September 2024, is summarized in Table 9-12.

As of 30 September 2024, the total Ore Reserve for the Wulong Project is estimated at 984 kt at an average grade of 7.30g/t Au, containing 7.19 t of gold.

Table 9-12: Wulong Project Underground Ore Reserve Statement, as of 30 September 2024

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	-	-	-	
Probable	984	7.30	7.19	231
Total³	984	7.30	7.19	231

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Ms. TzuHsuan Chuang, MAusIMM and Dr. Yiefei Jia, FAusIMM and a Chartered Professional in Geology (CP Geo), employees of SRK Consulting China Ltd. Both Dr. Jia and Ms. Chuang have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Dr. Jia supervised the work of Ms. Chuang. Dr. Jia and Ms. Chuang consent to the reporting of this information in the form and context in which it appears;

² The Ore Reserves Statement is based on the depletion data provided by Wulong Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Wulong Mine data may differ from that reported by SRK, due the updated Block model now used by Wulong Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Wulong Mine provided data as the basis for this statement.

³ Ore Reserve are estimated at a cut-off grade of 2.50g/t Au;

⁴ Number was rounded to the second significant digit;

⁵ Total may not add due to rounding discrepancies; and

⁶ Mining dilution is 20% and ore loss is 8%.

9.4 Hanfeng Project

9.4.1 Introduction

Hanfeng Project is actively operating and includes several deposits within the following mining zones:

- Lishan Lower Part (Stage1- levels between -92m to -373m);
- Lishan Lower Part (Stage2- levels between -373m to -700m);
- Dongfeng Lower part.

It should be noted that only Lishan Lower Part (Stage1) is included in Ore Reserves since there are no sufficient technical studies regarding the Lishan Lower Part (Stage 2) and Dongfeng Lower part.

In order to classify as Proved or Probable Ore Reserve category, technical studies need to be completed to at least a PFS level with an appraisal of how access would be achieved, mining methodology (including extraction and dilution factors), the geotechnical understanding as well as ventilation. Along with the technical understanding and extraction achievability, the economics of each area needs to be proved, i.e. with the application of Capex and Opex, is it economic to mine, cash flow positive.

In addition, the Dongfeng Molybdenum Mine is expected to begin construction in 2025. Currently, the mine is preparing the feasibility study report. The projected annual mining capacity is 1.65 million tons per year, using underground mining methods, with an annual production of 3,990 tons of molybdenum concentrate at 47% Mo content. The estimated life of mine is 33 years.

9.4.2 Mineral Resources Models

The Hanfeng Project resource block model was completed by SRK geologist in a *.mdl file format, and it has been converted into *.dm file format for design and scheduling purposes.

9.4.3 Feasibility Study

SRK has reviewed the following preliminary design studies:

- Lishan Lower Part (Stage1) Preliminary Design (“**Lishan LS1**”) by Changchun Gold Design Institute in Dec. 2021 with capacity of 435ktpa ROM

9.4.4 Cut-off Grade

The unit cost of mining, processing, general and administrative, and processing recovery from 2021 to 2024 Q3 were provided by Hanfeng Mining, as detailed in Table 9-13. The cost data is extracted from operational zinc mine, which is Lishan Mine Upper and the Dongfeng Mine Upper South.

The cut-off grade for Lishan Lower Part is calculated to be 1.42% Zn, based on the adjustment from average historical three-year unit costs, while also considering processing recovery factors, as shown in Table 9-14.

Table 9-13: Unit Cost of Lishan Upper Part and the Dongfeng Upper South from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024 Q3
Mining Cost	RMB/t Ore	94	115	129	112
Processing Cost	RMB/t Ore	58	61	67	67
G&A Cost	RMB/t Ore	31	22	42	32
Processing Recovery for Zinc	%	87	88	89	88

Sources: Client

¹ The mining production and unit cost is extracted from Lishan Upper Part and the Dongfeng Upper South.

Table 9-14: Zinc Cut-off Grade Calculation of Lishan Lower Part

Item	Unit	Assumption
Zinc Price ¹	USD/t	2,500
Zinc Price ²	RMB/t	18,050
Underground Mining	RMB/t ore	77
Processing	RMB/t ore	63
Processing Recovery	%	88
G&A	RMB/t ore	25

Item	Unit	Assumption
Payable Rate	%	76
Royalty	%	4
Cut-off Grade	%	1.42

Sources: SRK

¹ CMF price in Q1, 2024 was used for cut-off estimation.

² The exchange rate of USD to RMB at 7.22 was applied.

³ The cut-off grade is applied to Lishan Lower Part, therefore the cost is adjusted.

9.4.5 Mining Dilution and Ore Loss

Lishan Lower Part (Stage1) contains various stopes based on horizontal width of the stopes. Mining dilution includes unplanned dilution from stope wall failures and overbreak from stope walls and floors. Waste rock dilution primarily originates from material sloughing off the hanging wall, with minor contributions from the ends and floors of the stoping area. Waste dilution typically ranges between 0.2 m and 1.0 m, depending on the size and shape of the orebodies.

To estimate mining dilution, SRK has expanded the orebody wireframe by 0.2 m and 1.0 m in all directions (Orange line in Figure 9-14), creating skins as an equivalent linear overbreak slough. Overall, it is estimated that mining dilution will be approximately 22%.

Additionally, a mining loss of 20% was estimated and applied to the Ore Reserve estimation.

Figure 9-14: Skin Analysis for Mining Dilution



Sources: SRK

9.4.6 Ore Reserve Estimates

The estimated process details are provided in Table 9-15, with the corresponding waterfall charts illustrated in Figure 9-15 and Figure 9-16.

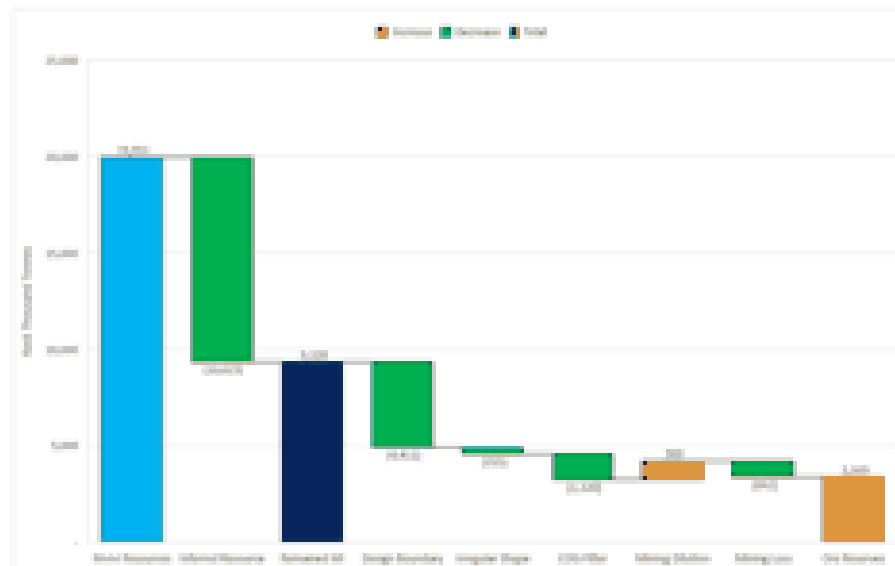
Approximately 17% of tonnes and 15% of metal have been converted from Mineral Resources to Ore Reserve. Key negative factors affecting this conversion include the exclusion of Inferred Mineral Resources and design boundaries.

Table 9-15: Estimated Process Summary

Conversion Process	Tonnage (kt)	Zn Contained (t)
M+I+I Resources	19,951	553,966
Inferred Resource Deduction	(10,623)	(307,867)
M+I Resources	9,328	246,099
Design Boundary	(4,411)	(113,683)
Irregular Shape	(355)	(10,331)
COG Filter	(1,348)	(21,416)
Mining Dilution	923	604
Mining Loss	(828)	(20,255)
Ore Reserves	3,310	81,019

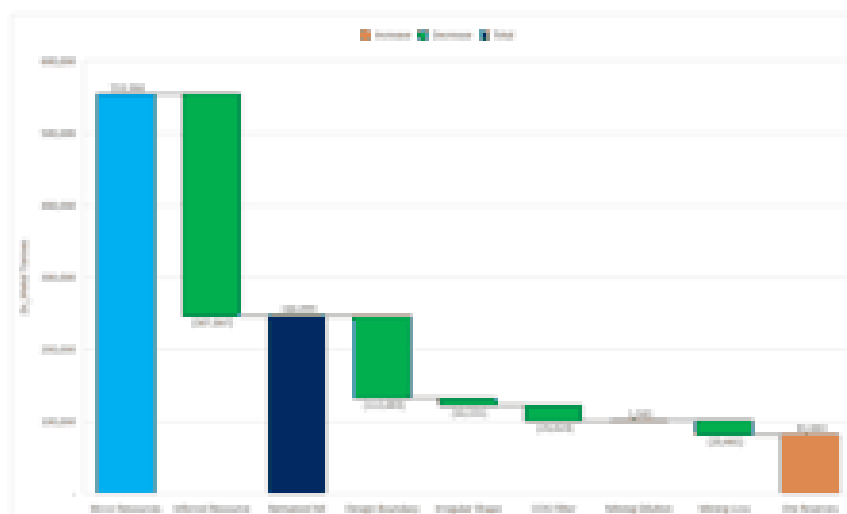
Sources: SRK

Figure 9-15: Estimated Process - Change in Tonnes



Sources: SRK

Figure 9-16: Estimated Process - Change in Metal Contained



Sources: SRK

9.4.7 Ore Reserve statement

SRK has estimated the Ore Reserve for the Hanfeng Project in compliance with the JORC Code. The Ore Reserve, with an effective date of 30 September 2024, is summarised in Table 9-16.

As of 30 September 2024, the total Ore Reserve for the Hanfeng Project (Lishan Lower Part - Stage1) is estimated at 3,310 kt at an average grade of 2.45% Zn, containing 81 kt of Zn. This includes the Proved Ore Reserve estimated at 390 kt at an average grade of 2.26% Zn, containing 9 kt of Zn, and the Probable Ore Reserve at 2,920 kt at an average grade of 2.47% Zn, containing 72 kt of Zn.

Table 9-16: Hanfeng Project Underground Ore Reserve Statement, as of 30 September 2024

Reserve Category	Tonnage (kt)	Zn Grade (%)	Zn Metal Contained (kt)
Proved	390	2.26	9
Probable	2,920	2.47	72
Total	3,310	2.45	81

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Dr. Yiefei Jia, FAusIMM and a Chartered Professional in Geology (CP Geo), employees of SRK Consulting China Ltd. Both Dr. Jia and Mr. Lu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Dr. Jia supervised the work of Mr. Lu. Dr. Jia and Mr. Lu consent to the reporting of this information in the form and context in which it appears.

² Ore Reserve are estimated at a cut-off grade of 1.42% Zn;

³ Number was rounded to the second significant digit;

⁴ Total may not add due to rounding discrepancies; and

⁵ Mining dilution is 22% and ore loss is 20%.

9.5 Jintai Project

9.5.1 Introduction

Jintai Project is actively operating and includes several deposits within its various mining zones:

V1, V2 (V2_1, V2_2), V4, V5, V6, V7, V8, V9, and V10

It should be noted that only V1, V2, V4 and V10 have measured resource and indicated resource, but only V1 and V2 are included in Ore Reserves since there are no sufficient technical studies for the rest of mining zones.

9.5.2 Mineral Resources Models

The Jintai Project resource block model was completed by SRK geologist in a *.mdl file format, and it has been converted into *.dm file format for pit optimization, design, and scheduling purposes.

9.5.3 Feasibility Study

SRK has reviewed the following preliminary design studies:

- Preliminary Design for Xidengping Mine with a capacity of 140ktpa ROM conducted by Jinjian Engineering Design Co., Ltd. ("**GOCOM**") in February 2022 ("**FS 2022**").
- Xidengping Mine Mineral Resources Development and Utilization Scheme with a capacity of 650ktpa conducted by Yunnan Shangli Mining Co., Ltd. ("**Shangli**") in March 2024 ("**FS 2024**").

9.5.4 Cut-off Grade

Economically mineable ore was defined based on the results of open pit optimization. Open pit optimization was used to identify the optimum economic pit shape based on the highest project cash flow. The cut-off grade ("**COG**") of gold is defined the destination for material within designed pit. If the material that has a grade more than COG, these materials would truck to the draw-point of mill plant, otherwise would be dump into WRD.

The inputs were applied by SRK to estimate MCOG of gold ore, which are presented in Table 9-17.

Table 9-17: Estimates of MCOG for Gold Ore

Inputs	Unit	Parameter
Mining cost	RMB/t TMM	11
Heap leaching	RMB/t ore feed	45
G&A cost	RMB/t ore feed	31
Recovery Rate	Percentage	78
Payable Rate	Percentage	97
Gold Price	USD/ oz	2,050
Exchange Rate	RMB/USD	7.22
Royalty	%	4

Inputs	Unit	Parameter
Gold Price	RMB/g	476
Cut-off Grade	g/t	0.25

Sources: SRK

The COG is estimated to be 0.25g/t Au. SRK is of the view that material within pit has more than 0.25g/t Au can be processed economically, and reserves at COG will have positive revenues.

The COG was calculated based on technical and economic assumptions described in the Table above. These assumptions may change in the future, which will affect the COG calculation, which will impact the mine inventory estimation.

9.5.5 Modifying Factors

The following modifying factors are used to determine the mine inventory.

- Optimal pit shell: Includes the economic pit limits to the vein domains and excludes resources outstanding mining license or road limit as mining 'no-go' area.
- Pit design: The conversion factor for the mining inventory between the optimized pit shell and the practical mine design has been accounted for in this parameter.
- Dilution: Mining dilution is estimated as 5% by FS 2022. The modifying factor would be updated when more experience parameters were gained during pilot and operation reconciliation data.
- Mining recovery: A 95% mining recovery rate was applied by FS 2022 and similar as dilution rate, updates would be applied when more data obtained.

9.5.6 Ore Reserve Estimates

The estimated process details are provided in Table 9-18, with the corresponding waterfall charts illustrated in Figure 9-17 and Figure 9-18.

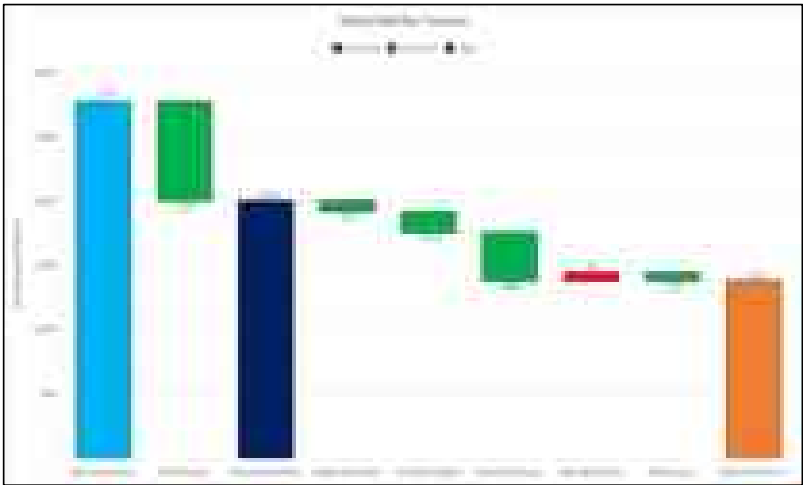
Approximately 49% of tonnes and 33% of metal have been converted from Mineral Resources to Ore Reserve. Key negative factors affecting this conversion include the exclusion of Inferred Mineral Resources.

Table 9-18 Estimated Process Summary

Conversion Process	Tonnage (kt)	Au Metal Contained (t)
M+I+I Resources	2,772	3.10
Inferred Resource	(769)	(1.55)
M+I Resources	2,004	1.55
Design Boundary	(81)	(0.04)
Pit Optimization	(161)	(0.03)
Detailed Design	(388)	(0.40)
Mining Dilution	69	-
Mining Loss	(72)	(0.05)
Ore Reserves	1,370	1.03

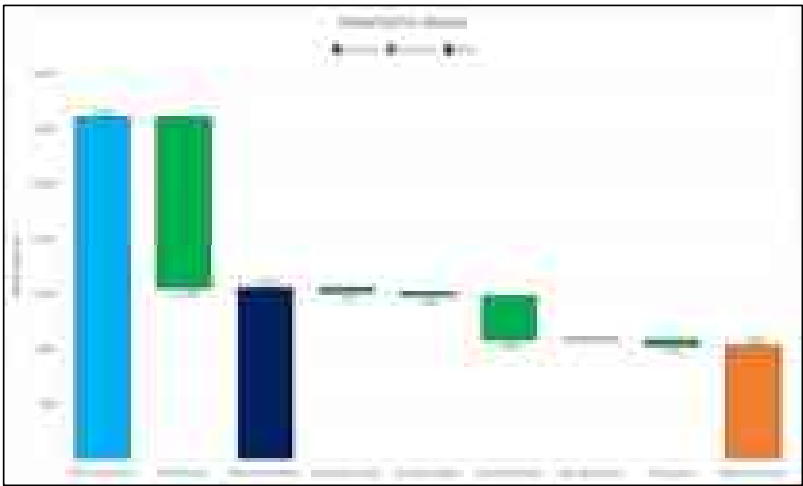
Sources: SRK

Figure 9-17: Estimated Process - Change in Tonnes



Sources: SRK

Figure 9-18: Estimated Process - Change in Metal Contained



Sources: SRK

9.5.7 Ore Reserve Statement

SRK has estimated the Ore Reserve for the Jintai Project in compliance with the JORC Code. The Ore Reserve, with an effective date of 30 September 2024, is summarized in Table 9-19.

As of 30 September 2024, the total Ore Reserve for the Jintai Project (V1&V2) is estimated at 1,370 kt at an average grade of 0.75 g/t Au, containing 1.03 t of gold.

Table 9-19 Open Pit Mineral Ore Reserve Statement of Jintai Project, as of 30 September 2024^{1,2,3,5}

Reserve Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Proved	-	-	-	-
Probable	1,370	0.75	1.03	33
Total⁴	1,370	0.75	1.03	33

Sources: SRK

Notes:

¹ The information relates to Ore Reserves conversion is based on information compiled by Mr Erwei Lu, Mr. Falong Hu, MAusIMM, and Dr. Yiefei Jia, FAusIMM and a Chartered Professional in Geology (CP Geo), employees of SRK Consulting China Ltd. Both Dr. Jia and Mr. Hu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Mr Lu, Mr Hu and Dr. Jia consent to the reporting of this information in the form and context in which it appears.

² Ore Reserve are estimated at a cut-off grade of 0.25g/t Au;

³ Number was rounded to the second significant digit;

⁴ Total may not add due to rounding discrepancies;

⁵ Mining dilution is 5% and ore loss is 5%; and

The Ore Reserves Statement is based on the depletion data provided by Jintai for the six-month period, 1 April 2024 to 30 September 2024. The reported Jintai data may differ from that reported by SRK, due the updated block model now used by Jintai for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Jintai provided data as the basis for this statement.

10 Mining Assessment

10.1 Jilong Project

10.1.1 Introduction

Jilong Gold Mine now has three stand-alone underground operating systems: Zone 1, Zone 2, and Zone 3. Zone 1 is located on the southwest side of the mine, including No. 27 area and Yangpo area. Zone 2 (also known as Huangjindong) is located on the north side of Zone 1. Zone 3 (also known as Luofengmao) is located on the east side of Zone 1. All of these zones are utilizing underground mining method, accessing the orebody via shafts or adits.

Jilong Gold Mine intends to increase its production capacity by developing peripheral Zones 4, 5, 6, and 7. This expansion is projected to commence operations in 2027, with an expected production rate of 60 ktpa.

In addition, the mine is expected to build a processing plant in June 2024 with a capacity of 180 ktpa, combining with the existing processing capacity of 120 ktpa to total 300 ktpa. The mining capacity will increase to 300 ktpa by the end of 2025 due to deeper mining and the expansion of the mining zone, which will match the capacity of the processing plant.

10.1.2 Geotechnical and Hydrogeological Conditions

Visually, the geotechnical and hydrogeological conditions of Jilong Project, where SRK visited, are fair to good. The rock underground appears competent, and the drifts are mostly unsupported. Local support by wood or steel arcs is necessary where small faults cross the drift.

The tunnels back and walls are dry, and the water on floor is minimum, collecting at the ditch then staged pumps to water tanks close to the adit exits.

SRK opines that both geotechnical and hydrogeological risks are medium to low as the available data and the site views

10.1.3 Mining Method

The Jilong Mine mainly adopted the resuing method since the orebody is very steep and thin with solid surrounding wall rocks. Since the vein's thickness is so thin and the void area so small, miners cannot work within the vein during mining. However, if the waste is removed all at once, the depletion is too high, raising transportation and processing expenses, which is not economically feasible. As a result, this mining method enables the separation of the ore and surrounding rocks, with the ore being transported and extracted while the waste is kept in the stope for backfilling. (See Figure 10-1)

The vein's width is so small that a section of the surrounding rock must be blasted to create a minimum working width, hence the stope's width is crucial. Every effort should be made to limit the mining of waste rock because it is an unprofitable operation.

Figure 10-1: Resuing Method

Source: Design from a PFS level of study (2018)

The mining process is to lay the rubber pad, blast the ore, ventilate, skid the roof support, carry the ore to the chute by hand with rubber pad, withdraw the rubber pad, reuse, level the working platform, and set up the ore chute to the next operation cycle.

Materials Movement and Handling

Electric locomotives are used for transportation to haul ore and waste rocks, and wooden sleeper light rails are laid in the mine (Figure 10-2). The ore is lifted to the surface by shafts with double-deck cages, unloaded to the stockpile and transported by trucks to the processing plant.

Figure 10-2: Mine cart in the underground

Source: Site visit on 31st May 2024

10.1.4 Production**History Production**

In Zone 1, Zone 2, and Zone 3, the current mining stope operation produces approximately 76 ktpa of ore per with an average gold grade of 10.99g/t . Table 10-1 shows the historical stope production in the last three years.

Table 10-1: Jilong Mine Yearly Stope Production from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	62	57	85	98
Au Grade	g/t	13.11	14.90	11.41	7.02
Au Metal	kg	813	853	967	688

The Jilong Mine contains mineralized waste rock, development materials, residues in stopes, and low-grade stockpiles both underground and on the surface. Residues are the stopes that the prior old mine regarded low-grade with no value. The stockpile is low-grade ores from the prior old mine with an Au grade of less than 3g/t, which was heaped in the drift rather than being transferred to the processing plant.

With the recent increase in gold prices, these materials have gained economic value and are now considered as ROM material for comprehensive utilization in mining operations. The mine has begun to haul the low-grade stope and transport the stockpile of previously low-grade ore to the processing plant. **Table 10-2** shows the historical production for comprehensive utilization in the last three years.

Table 10-2: Jilong Mine Yearly Production for comprehensive utilization from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	76	96	70	63
Au Grade	g/t	3.44	2.02	4.70	5.77
Au Metal	kg	263	194	328	361

Mine Design and Access

The stope's length is 50 m, and its height is 40-45 m. Wooden hopper is used, and the ore is transported manually. The distance between hopper is 10m, the sill pillar is 3 m, and no pillar is left. There are raises beside the stope, and the section of the raise is 2.0m × 1.5m. The drift section is about 2.4m × 2.5m depending on the orebody. SRK notes that most of the drifts are solid enough to not to be supported. A few of the drifts with weak surrounding rocks need to support with shotcrete.

Figure 10-3 shows the design of the shaft, which is used in every zone in Zhuanshanzi Mine. There are different types of orebody access which is shown in **Table 10-3**. **Table 10-4** shows the purpose of each development in each zone.

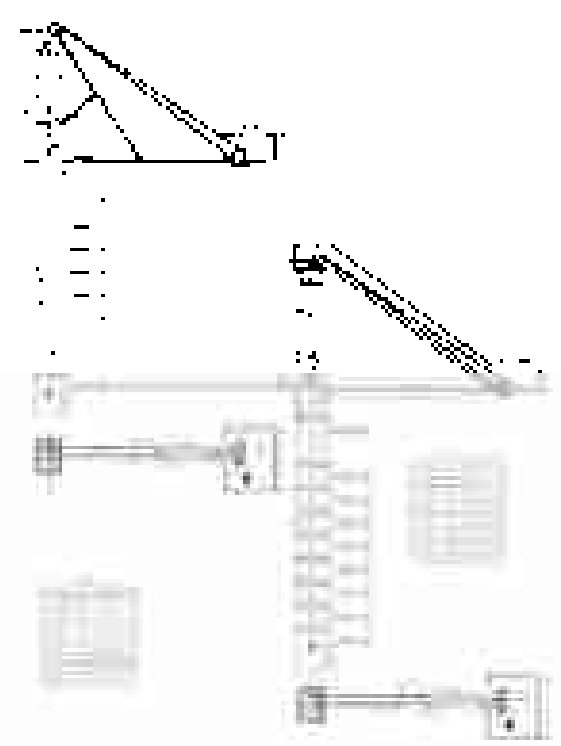
Table 10-3: Type of Access in Each Zone

Zone	Type of orebody access
Zone 1	Vertical shaft and Blind shaft

Zone	Type of orebody access
Zone 2	Adit and Vertical shaft
Zone 3	Vertical shaft
Zone 4	Vertical shaft
Zone 5	Vertical shaft
Zone 6	Vertical shaft
Zone 7	Vertical shaft

Source: Summarized from a PFS level of study (2018) and PFS level of study (2024)

Figure 10-3: Design of Shaft



Source: Shaft design from a PFS level study (2018)

Table 10-4: Development System in Each Zone

Zone	Development	Purpose
Zone 1	Yangpo Shaft	Transport for people, equipment, ore and waste; Downcast
	Yangpo Blind Shaft	Transport for people, equipment, ore and waste; Downcast
	No. 27 Shaft	Transport for people, equipment, ore and waste; Downcast
	No. 27 Blind Shaft	Transport for people, equipment, ore and waste
	No. 72 Blind Shaft	Transport for people, equipment, ore and waste; Downcast
	No. 1 Ventilation Shaft	Upcast
	No. 3 Ventilation Shaft	Upcast

Zone	Development	Purpose
Zone 2	Adit	Transport for people, equipment, ore and waste; Downcast
	Huangjindong Shaft	Transport for people, equipment, ore and waste; Downcast
	Blind Shaft	Transport for people, equipment, ore and waste; Downcast;
	Ventilation Shaft	Uplift; Emergency exit
Zone 3	Luofengmao Shaft	Transport for people, equipment, ore and waste; Downcast
	Blind Shaft	Transport for people, equipment, ore and waste; Downcast
	Inclined Shaft	Uplift
	Ventilation Shaft	Uplift

Source: Summarized from a PFS level of study (2018)

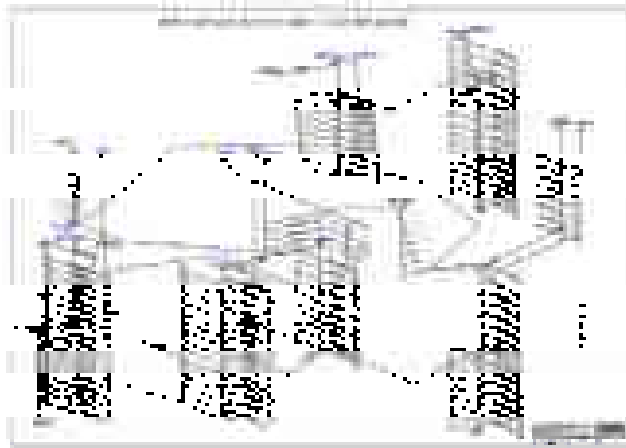
10.1.5 Underground Service

Ventilation

The air flows down the mine to the working places and levels from shafts and downcasts, and then is discharged through upcasts. The studies had designed the air flow in 2D diagram (Figure 10-4) and had estimated the air volume required for each zone individually.

During the site visit, SRK observed that the ventilation was satisfactory and did not present any potential hazards.

Figure 10-4: Example of Ventilation Design in Jilong Mine (Zone 1 to Zone 3)



Source: Design from a PFS level of study (2018)

Dewatering

In its current configuration, the mine utilizes a two-stage drainage system. First, water from the drifts drains into a sump, and then water is pumped by pumping stations to a surface pond.

During the site visit, SRK observed that the drainage was satisfactory and did not present any potential hazards.

Air Compressor

There is an air compressor station near the wellhead, and the air leg is the drilling equipment. The analysis demonstrates that the compressed air delivery system satisfies the majority of production requirements. A comprehensive calculation of air consumption and the selection and amount of air compressors is included in a PFS-level research study (2018).

10.1.6 Mining Equipment

The mining equipment in each zone is shown in **Table 10-5** to **Table 10-7**.

Table 10-5: Mine Equipment in Zone 1

Zone 1			
Equipment	Model	Quantity	Power (kw)
Jackleg	YT28	48	
Jackleg	YSP45	12	
Fan	JK58-1- No.3.5	8	3
Fan	JK58-1-No.4	8	5.5
Hoist	2JK2.5×1.5/11.5	1	280
Hoist	2JK2.5×1.5/20	3	315
Hoist	2JK3.0×1.5/20	1	450
Hoist	2JK2×1/20	1	200
Hoist	GK2×1.6×0.9/24	1	115
Air compressor	BLT350A-VFC/1.0	1	250
Air compressor	BLT350A-1.0	1	250
Air compressor	BLT175A-20.5/1.0	2	132
Air compressor	LG-40/8G	1	250
Cage	Double-decks	1	
Cage	Double-decks	7	
Skip	FJD3.2(7)	1	
Mine cart	YFC0.5 (6)	100	
Main Fan	FKZ(K40-4) №12	3	37
Main Fan	FKZ(K40-4) №11	1	30
Auxiliary Fan	K40-4-8	16	5.5
Pump	D85-67×7	3	200
Pump	D46-50×10	3	110
Pump	D46-50×12	9	132
Pump	D46-50×9	3	110
Trolley electric locomotives	CJY3/6G	26	13

Source: Summarized from a PFS level of study (2018)

Table 10-6: Mine Equipment in Zone 2

Zone 2			
Equipment	Model	Quantity	Power (kw)
Jackleg	YT-28	11	
Jackleg	YSP-45	11	

Zone 2			
Equipment	Model	Quantity	Power (kw)
Fan	JK58-1№3.5	6	3
Hoist	2JTP1.6×0.9-24	1	115
Hoist	2JK-2×1.25	1	110
Air compressor	BLT175A-20.5/1.0	1	132
Air compressor	3L-10/8	1	75
Pump	D25-30×8	3	37
Pump	D25-50×8	3	75
Main Fan	K45-4-8	1	7.5
Mine cart	YFC0.7m ³	40	

Source: Summarized from a PFS level of study (2018)

Table 10-7: Mine Equipment in Zone 3

Zone 3			
Equipment	Model	Quantity	Power (kw)
Jackleg	YT-28	11	
Jackleg	YSP-45	11	
Fan	JK58-1№3.5	6	3
Hoist	2JK-2.0×1.0	1	155
Pump	D12-25×12	3	110
Mine cart	YFC0.5m ³	60	

Source: Summarized from a PFS level of study (2018)

10.1.7 Production Schedule

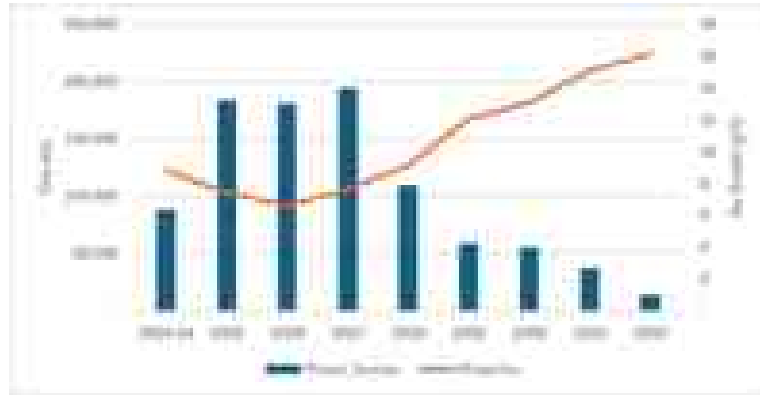
The mine schedule was developed using Deswik software, based on productivity estimates for each task. For instance, stope excavation requires several days for preparation. The assumptions for mining sequence and dependencies are as follows:

- Mining and Processing Operation: The ROM capacity remains at 180 ktpa, with Zones 4, 5, 6, and 7 scheduled to operate in 2027.
- Vertical Overlap: Mining progresses downward, level by level, with typically 3-4 levels grouped into one section for better operational flexibility.
- Horizontally Overlap: Mining advances from the hanging wall to the footwall.
- Priority: Stopes accessible via existing development will be mined first.
- Life of Mine: 9 years.

The development schedule is not considered, as the mine has been previously operational and further development is not seen as high-risk. Mining activities are expected to last approximately nine years. Zones 4, 5, 6, and 7 are new to Jilong Mining, and with the existing infrastructure in Zones 1, 2, and 3.

Figure 10-5 illustrates the production schedule, detailing both the ROM production and the ROM grade. **Table 10-8** provides the details of mine production.

Figure 10-5: Production Schedule



Sources: SRK

Notes:

⁶ The line represents the average gold grade, corresponding to the right axis.⁷ The column represents the ore amount, corresponding to the left axis.

Table 10-8: Production Schedule

Total	Unit	LoM	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Total Tonnes Mined	kt	919	88	184	180	194	109	58	55	38	13
Au grade	g/t	8.73	8.88	7.44	6.54	7.67	9.18	12.11	13.09	15.09	16.12
Contained Au	koz	258	25	44	38	48	32	23	23	18	7
Zone 1											
Total Tonnes Mined	kt	353	69	131	84	38	31	-	-	-	-
Au grade	g/t	7.24	8.67	7.13	6.84	6.21	5.61	-	-	-	-
Contained Au	koz	82	19	30	19	8	6	-	-	-	-
Zone 2											
Total Tonnes Mined	kt	-	-	-	-	-	-	-	-	-	-
Au grade	g/t	-	-	-	-	-	-	-	-	-	-
Contained Au	koz	-	-	-	-	-	-	-	-	-	-
Zone 3											
Total Tonnes Mined	kt	276	20	52	96	93	15	-	-	-	-
Au grade	g/t	6.41	9.13	8.24	6.27	5.25	3.91	-	-	-	-
Contained Au	koz	57	6	14	19	16	2	-	-	-	-
Zone 5											
Total Tonnes Mined	kt	5	-	-	-	5	-	-	-	-	-
Au grade	g/t	8.94	-	-	-	8.94	-	-	-	-	-
Contained Au	koz	1	-	-	-	1.3	-	-	-	-	-
Zone 6											
Total Tonnes Mined	kt	184	-	-	-	36	45	34	28	28	13
Au grade	g/t	13.82	-	-	-	12.57	12.7	12.51	14.92	16.55	16.12
Contained Au	koz	82	-	-	-	15	18	14	14	15	7

Total	Unit	LoM	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Zone 7											
Total Tonnes Mined	kt	102	-	-	-	23	19	25	26	10	-
Au grade	g/t	11.37	-	-	-	12.06	10.93	11.57	11.1	10.79	-
Contained Au	koz	37	-	-	-	9	7	9	9	3	-

Sources: SRK

10.2 Huatai Project

10.2.1 Introduction

Huatai Project includes six (6) gold mines, each with an independent development system. They are all utilizing or planning conventional underground mining methodologies, access via adit & shaft or incline shaft, resuing stoping method, railway ore car transportation. Huatai Project operation and plan status are described as follows:

- Pengjiagou Mine: the mining license (30ktpa) was obtained in 2015. The client conducted a preliminary design on this mine, decided to commend its production in 2028.
- Honghuagou #86 Vein: the mining license limits capacity of 30ktpa as the same as Pengjiagou, the client decided to delay construction on this mine.
- Honghuagou #1 Mining Zone: this mine contained 4 sub-zones with their own mining license, which are #1 vein, #3 sub-zone, #1 sub-zone, and Longtoushan. The client conducted a preliminary design on these sub-zones, decided to commend its production in 2027.
- Lianhuashan #26 Vein: the mining license limits capacity of 30ktpa as similar as the Pengjiagou and #86. The client conducted a preliminary design on this mine, decided to commend its production in 2028.
- Lianhuashan #3&#7 Vein: the mining license is also 60ktpa capacity. The client conducted a scoping studies and preliminary design on this mine, decided to commend its production in 2027.
- Lianhuashan #5 Mining Zone: this mine has also decided to modify mining system to achieve the capacity of 60ktpa from the previous 30ktpa. The client conducted a preliminary design on this mine, decided to commend its production in 2026.

10.2.2 Geotechnical and Hydrogeological Conditions

Visually, the geotechnical & hydrogeological conditions of Lianhuashan #5 Zone, where SRK visited are fair to good. The rock underground appears competent, and the drifts are mostly unsupported. Local support by wood or steel arcs is necessary where small faults cross the drift.

The tunnels back and walls are dry, and the water on floor is minimum, collecting at the ditch then staged pumps to water tanks close to the adit exits.

SRK opines that both geotechnical and hydrogeological risks are medium to low as the available data and the site views.

10.2.3 Mining Method

Huatai Project using a modified resuing stoping method, named slice and fill with rock, for all stopes of mining zones, and planned to use this method for the rest Mineral Resources in future.

The stoping method is suitable for the veins horizontal thickness is less than 0.8m. the mining cycle is from the footwall waste mining, to give a space for miner operation to drill ore blasting holes. Then mine the ore down to the pad at the bottom of slice. The broken ore will be cleaned into artificial ore pass within the stope down to the draw point for ore car collection. Then fill the slice with rock from development heading on upper levels via raises, or mine footwall rock down to perform the work platform for miners to drill the next lift. The modifying point from traditional resuing is the rock sourced out of stope partly, not all from surrounding rock mined down.

The stope length is about 50 to 100m and the height is the same as level interval. There are no crown pillar or rib pillar planned, the sill pillar is proposed for draw point installation and separation stopes. The square-set raise for manway is planned at each end of stope. The draw points interval is about 10m middle to middle.

10.2.4 Production

Historical Production

The current mining operation has been suspended due to technical upgrade and expansion. **Table 10-9** below displays the historical production records.

Table 10-9: Huatai Project Yearly Ore Production from 2020 to 2023

	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	53	17	-	-
Au Grade	g/t	2.28	1.80	-	-
Au Metal	kg	121	31	-	-

Sources: Client

Mine Design and Access

As for Lianhuashan #5 Zone, the underground mine is accessed via 3 staged shafts from surface down to Level 18, as followings:

- Stage I: adit and incline shaft, serving the first 5 levels, the Mineral Resources on these 5 levels are nearly depleted.
- Stage II: a blind caged shaft from Level 5 down to Level 12 as the main access to these levels. The resources on these levels have been mined in recent years.
- Stage III: a third shaft have been established to serve the Level 12 down to Level 18. The resources on these levels are the key mining target supporting the production expansion plan.

The broken ore from the stopes is loaded into ore cars from the draw point at the sill of stope. The ore cars are hauled by locomotive via the level drift to shaft station at the level access. The ore is then relayed hoisted to surface by the hoisting system in the shafts.

The waste rock from development headings is backfilled into mined stope.

All personnel and materials are transported in and out of the mine via the staged shafts and level drifts. The level interval is about 40m height, totally 18 levels have been established. The main adit portal and shaft station of level 5 are shown in Figure 10-6, the typical level drift and crosscut drift are shown in Figure 10-7.

Figure 10-6: Photos of Main Adit Portal and Shaft Station on Level 5



Sources: shot during site visit on 25th Dec 2022

Note: Exit Adit of Lianhuashan #5 Zone (left) and Stage II Shaft Station on Level 5 (right)

Figure 10-7: Photos of Typical Level Drift and Cross Cut Drift of Lianhuashan #5 Zone



Sources: shot during site visit on 25th Dec 2022

Note: Typical Level Drift on Level 5 (left) and Typical Cross-cut Drift on Level 8 (right)

Other Mining Zones

As previously described, similar to the Lianhuashan #5 Zone, all other sub-zones are either currently utilizing or planning to utilize conventional underground mining methodologies. Concurrently, preliminary designs for all sub-zones have been conducted in accordance with Chinese Standards. Along with historical operation records, SRK considers these designs to be pre-feasible for guiding Ore Reserves estimation.

10.2.5 Underground Service

Ventilation system, water supply compressed air supply, drainage, and power supply system for #5 Zone is established, and the expansion construction is ongoing. For the Lianhuashan #1 Zone and Lianhuashan #38#7 Vein, the expansion construction and technical updates are planned to be completed by the end of 2026. For the Pengjiagou and Lianhuashan #26 Vein, the construction is scheduled to be completed in 2029. The expansion plan consists of development system update, machinery purchase and installation, drift renew and re-rail or enlarge the cross-section size, as well as update the service system to fit the enlarged capacity from 30ktpa to 60ktpa.

The level 5 staged sump of #5 Zone and the main power substation underground is shown in Figure 10-8 below.

Figure 10-8: Photos of Level 5 Sump and Main Power Substation of Lianhuashan #5 Zone



Sources: shot during site visit on 25th Dec 2022

Note: Level Sump of # 5 Zone (left) and Main Power Substation on Level 5 (right)

10.2.6 Mining Equipment

The mining equipment in each zone is shown in Table 10-10.

Table 10-10 Main Mine Equipment for Huatai Project

Equipment	Model	#5 Mining Zone Quantity	Power (kw)
Cage	GLM1/6/2/2	4	
Cage	GDG1/6/2/2	2	
Compressor	LG-13/8G	1	75
Compressor	LG-1.5/8	3	55
Electric	CTY2.5-6GB	3	4
Locomotives			
Hoist	2JK2×1/2	2	2
Hoist	2JK2.5×1.2	1	28
Hoist	JKM-2.25×4	1	28
Jackleg	YT-28	4	
Jackleg	YSP-45	2	
Main Fan	FKCDZ No.13/2×37	1	2×37
Material Trolley		3	
Pump	D46-5 ×5	3	55
Pump	D46-5 ×7	6	9
Pump	D46-5 ×1	3	132
Secondary Fan	FBY No. 5.	8	11
Equipment	Model	#3&#7 Vein Quantity	Power (kw)
Cage	YJGG-1.8-2	3	
Compressor	LG-20/8	3	110
Electric	ZK3-250/6	6	13
Locomotives			
Hoist	2JK-2/30A	1	153
Hoist	2JK-3/30A	1	355
Loading Machine	Z-17AW	12	21
Main Fan	K40-4-11	2	30
Pump	D25-30×6	3	30
Pump	D25-50×11	3	90
Pump	D45-50×7	3	75
Secondary Fan	YBT52-2	12	11
Equipment	Model	#26 Vein Quantity	Power (kw)
Cage	YJGG-1.8-1	1	
Compressor	EX-132A 22.5m³/min	2	132
Electric	CTY2.5/6G	3	4
Locomotives			
Hoist	2JK-2/20A	1	215
Jackleg	YT-28	8	
Jackleg	YSP45	4	
Loading Machine	Z-17A	3	21
Main Fan	FKZ-No10/15	2	15
Pump	D85-45×10	3	200
Scraper	2JP-7.5	4	8
Secondary Fan	JK58-1 №4.0	6	6
Secondary Fan	JK58—1№4.5	2	11
Equipment	Model	Pengjiagou Mine Quantity	Power (kw)
Cage	YJGG-1.8-1	2	
Compressor	EX-55A 10.2m³/min	6	55
Electric	CTY2.5/6G	6	4
Locomotives			
Hoist	2JK-2/20A	2	215
Jackleg	YT-28	12	
Jackleg	YSP45	8	
Loading Machine	Z-17A	6	21
Main Fan	FKZ-No11/30	2	30

		#5 Mining Zone	
Equipment	Model	Quantity	Power (kw)
Pump	D25-50×8	6	75
Scraper	2JP-7.5	6	8
Secondary Fan	JK58-1№4.0	6	6
Secondary Fan	JK58—1№4.5	4	11
		#1 Mining Zone	
Equipment	Model	Quantity	Power (kw)
Cage	GLGA-1.8-1	1	-
Cage	Double Deck	4	-
Compressor	LG-10.5/8	6	55
Compressor	BLT100A-10.5/1.0	2	75
Compressor	4L-20/8	1	130
Compressor	2V-7/7	1	39
Hoist	2JTP-1.6×0.9	2	40
Hoist	2JK-2/30A	1	155
Hoist	2JTP-1.6/20A	1	80
Hoist	2JTP-1.2×0.8	2	55
Hoist	2JK-2.0×1.25	1	155
Hoist	JTP-1.2×1.0	1	55
Hoist	2JTP-1.6	1	80
Hoist	JTK-1.0	2	22
Jackleg	YT28	5	-
Main Fan	K40-4-No9	1	11
Main Fan	K40-4-11	1	30
Main Fan	K40-4-10	2	15
Main Fan	K40-4-9	1	11
Pump	D46-50×8	3	90
Pump	D25-50×7	6	55
Pump	D46-50×7	9	95
Pump	D25-30×3	3	15
Pump	D25-50×9	3	75
Pump	D25-30×4	3	19
Pump	D46-50×3	6	37
Secondary Fan	BT52-2	4	11
Secondary Fan	JK58—NO4	4	6
Secondary Fan	JK58-1№4	8	6
Secondary Fan	K40-4-8	8	6
Secondary Fan	JK58-1NO4	4	6
Trolley Car		9	-

Source: Summarized from the studies

10.2.7 Production Schedule

The mine schedule was developed using Deswik software, based on productivity estimates for each task. For instance, stope excavation requires several days for preparation. The assumptions for mining sequence and dependencies are as follows:

- Mining and Processing Operation: Operations is estimated to start in 2026 with the ROM capacity of 60ktpa.
- Vertical Overlap: Mining progresses downward, level by level, with typically 3-4 levels grouped into one section for better operational flexibility.
- Horizontally Overlap: Mining advances from the hanging wall to the footwall.
- Priority: Based on the current development system and the anticipated yield of mined metals, as well as considering the client's operational strategy, the initial mining operations will focus on #1

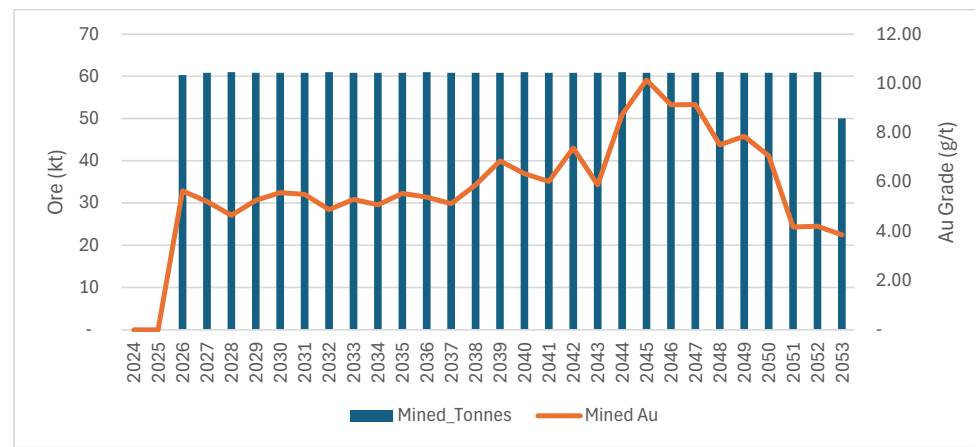
Zone and #3&#7 Vein. These will be followed by the extraction of resources from #26 Vein, #5 Zone, and Pengjiagou.

■ Life of Mine: 28 years.

The development schedule is not considered, as the mine has been previously operational and further development is not seen as high-risk.

Figure 10-9 illustrates the production schedule, detailing both the ROM production and the ROM grade. Table 10-11 provides the details of mine production.

Figure 10-9: Production Schedule



Sources: SRK

Notes:

- ¹ The line represents the average gold grade, corresponding to the right axis.
- ² The column represents the ore amount, corresponding to the left axis.

Table 10-11: Production Schedule

Total	Unit	LoM	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056		
Total Tonnes Mined	kt	1,693.20	-	-	60.3	60.8	61	60.8	60.8	61	60.8	60.8	61	60.8	60.8	61	60.8	60.8	60.8	61	60.8	60.8	60.8	61	60.8	60.8	60.8	61	60.8	60.8	61	50	-	-	-	-	
Au grade	g/t	6.2	-	-	5.6	5.2	4.6	5.3	5.6	5.5	4.9	5.3	5.1	5.5	5.4	5.1	5.9	6.9	6.3	6	7.4	5.9	8.7	10.1	9.1	9.1	7.5	7.9	7.1	4.2	4.2	3.9	-	-	-	-	
Contained Au	koz	337.5	-	-	10.9	10.2	9.1	10.3	10.9	10.7	9.6	10.3	9.9	10.8	10.6	10	11.5	13.4	12.4	11.8	14.4	11.5	17.1	19.8	17.9	17.9	14.7	15.4	13.8	8.2	8.2	6.2	-	-	-	-	
Zone 1																																					
Total Tonnes Mined	kt	789.2	-	-	-	-	-	33.9	60.8	60.8	61	60.8	60.8	60.8	61	60.8	60.8	60.8	61	60.6	22.7	2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Au grade	g/t	5.7	-	-	-	-	-	6.1	5.6	5.5	4.9	5.3	5.1	5.5	5.4	5.1	5.9	6.9	6.3	6	8.4	5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contained Au	koz	145.1	-	-	-	-	-	6.7	10.9	10.7	9.6	10.3	9.9	10.8	10.6	10	11.5	13.4	12.4	11.7	6.1	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vein 26																																					
Total Tonnes Mined	kt	154.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Au grade	g/t	7.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Contained Au	koz	38.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vein 3&7																																					
Total Tonnes Mined	kt	357.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	38.1	58.6	61	60.8	60.8	60.8	16.8	-	-	-	-	-	-	-	-	-	
Au grade	g/t	8.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.7	6.8	5.9	8.7	10.1	9.1	9.1	7.5	-	-	-	-	-	-	-	-	-	
Contained Au	koz	96.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	8.3	11.1	17.1	19.8	17.9	17.9	4.1	-	-	-	-	-	-	-	-	-	
Area 5																																					
Total Tonnes Mined	kt	209	-	-	60.3	60.8	61	26.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Au grade	g/t	5	-	-	5.6	5.2	4.6	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contained Au	koz	33.8	-	-	10.9	10.2	9.1	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PJG																																					
Total Tonnes Mined	kt	183	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Au grade	g/t	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contained Au	koz	24.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Sources: SRK

10.3 Wulong Project

10.3.1 Introduction

The administrative division of the Wulong Gold Mine is governed by Zhen'an District of Dandong City, which is located 15km to the northwest of Dandong City. The mine is located on mining lease C2100002011084140116558. The mining level is from 100m asl to -750m asl, with a total area of 6.2732 km². The mine started small-scale mining in 1938, became a state-run mine in 1948, and changed from a state-run mine to a private mine in 2009, and the mine has closed the abandoned drift and backfilled the excavated voids with waste rock.

Wulong Gold Mine now has three stand-alone underground operating systems: Zone 2, Zone 3, and Zone 4. Zone 4 is further separated into the main shaft zone and the service shaft zone, which is also known as Zone 5. Figure 10-10 shows the location of each zone.

Figure 10-10: Zone Layout



10.3.2 Geotechnical and Hydrogeological Conditions

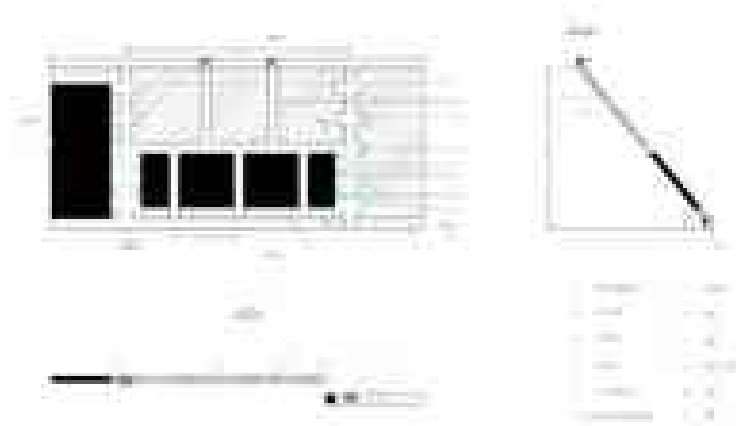
Visually, the geotechnical and hydrogeological conditions at the Wulong Project, as observed by SRK during the site visit, range from fair to good. The underground rock appears intact, with most drifts being unsupported. However, localized support using wood or steel arches is necessary where minor faults intersect the drifts. The tunnel backs and walls are dry, with minimal water on the floor, which is collected in ditches and pumped to water tanks near the adit exits. Based on the available data and site observations, SRK considers the geotechnical and hydrogeological risks to be medium to low.

10.3.3 Mining Method

For steep and thin orebody with solid surrounding wall rocks, resuing method is adopted to separate the ore and surrounding rocks, with the ore being transported and extracted while the waste is kept in the stope for backfilling.

For relatively thicker orebody, overhand cut and fill mining is adopted (See Figure 10-11). Cut and fill mining allows selective mining, separate recovery of high-grade portions, and stope retention of low-grade rock. Excavated voids are backfilled with waste rock once the stope has been mined out. This method provides a relatively inexpensive and convenient way to advance a working platform in order to keep access to the ore for drilling, blasting, and mucking.

Figure 10-11: Overhand Cut and Fill



Source: Design from a PFS level of study (2020)

The stope is around 40 to 60 m wide, and it is not more than 40 m height. The section of the raise is 1.5m x 2.5m. There is a hopper set up every 15 m or so. Each stope has one to two raises that are connected to the upper middle level so that the waste rock can be used to backfill the stope. Once the bottom drift has mined out, the void is backfilled with waste rock generated by development to other level. The waste rock is stored underground in unused drifts.

Materials Movement and Handling

Electric locomotives are used for transportation to haul ore and waste rocks, and wooden sleeper light rails are laid in the mine. The ore is lifted to the surface by shafts with double-deck cages, unloaded to the stockpile and transported by trucks to the processing plant.

10.3.4 Production**History Production**

The current stope operation has produced approximately 100 ktpa of ore with an average gold grade of 6.86g/t over the past three years. Table 10-12 shows the historical stope production from 2021 to the third quarter of 2024.

Table 10-12: Wulong Mine Yearly Stope Production from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	104	104	106	78
Au Grade	g/t	3.39	5.92	9.08	9.74
Au Metal	kg	353	615	966	758

The Wulong Mine contains mineralized waste rock, development materials, residues in stopes, and low-grade stockpiles both underground and on the surface. Residues are the stopes that the prior old mine regarded low-grade with no value. The stockpile is low-grade ores from the prior old mine with an Au grade of less than 3g/t, which was heaped in the drift rather than being transferred to the processing plant.

With the recent increase in gold prices, these materials have gained economic value and are now considered as ROM material for comprehensive utilization in mining operations. The mine has begun to haul the low-grade stope and transport the stockpile of previously low-grade ore to the processing plant. **Table 10-13** shows the historical production for comprehensive utilization in the last three years.

Table 10-13: Wulong Mine Yearly Production for comprehensive utilization from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	279	285	470	451
Au Grade	g/t	1.86	2.62	1.86	1.60
Au Metal	kg	519	746	876	721

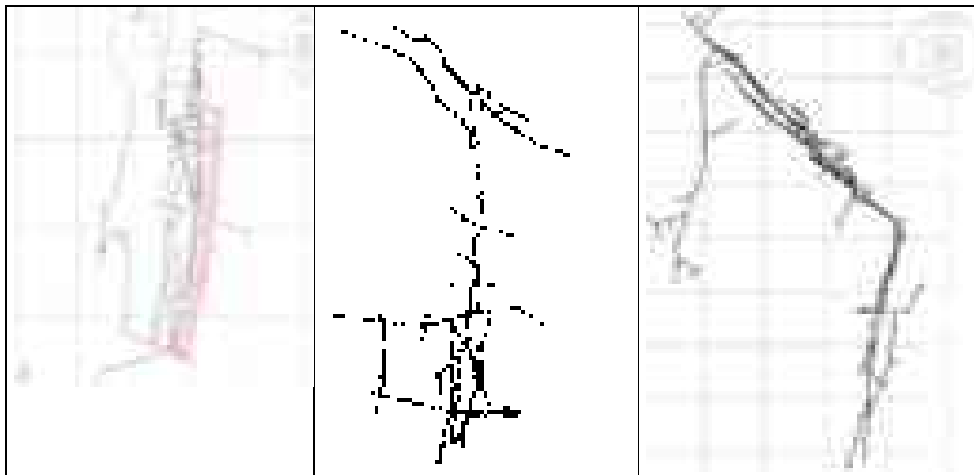
Mine Design and Access

The section of the drift is about 2.4m x 2.5m. SRK notes that most of the drifts are solid enough to not to be supported (Figure 10-12). A few of the drifts with weak surrounding rocks are supported with wood or steel arcs.

Wulong Mine is accessed from shafts with double-deck cages in each zone. Each cage carries 9 people at one time. The current mine as-builts for each area are shown in Figure 10-13.

Figure 10-12: Level 7 in Zone 2 (-136m asl)

Source: Site visit on 23rd Dec 2022

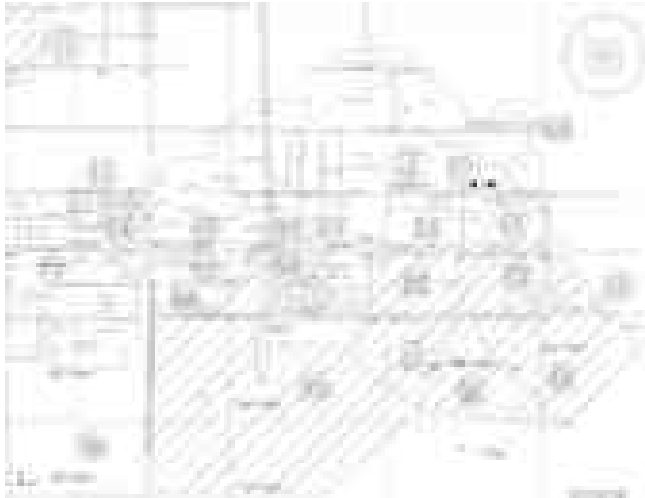
Figure 10-13: Pan Views of Zone 2 (left), Zone 3 (centre) and Zones 4 and 5 (right) As-builts

Source: Management

SRK notes that the individual stopes are designed using 2D polygonal long sections once they reach the level through development. Figure 10-14 shows the long section in Zone 4. This method is to divide the orebody into different small blocks according to the geological characteristics and conditions of the deposit (such as ore grade, natural type, reserve category, technical conditions of mining and hydrogeological conditions of the deposit, etc.) or exploration engineering, and for each block, the reserves can be estimated by the arithmetic average method.

SRK notes that this is a medium-risk mine design method, although it is frequently used in highly variable vein systems in China.

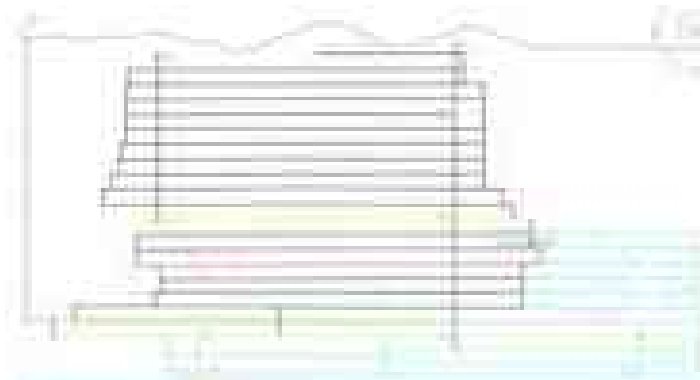
Figure 10-14: Aver Example of 2D polygonal long sections in Zone 4



Source: Management

The development system is shafts and blind shafts. Shafts are being used for transporting ore and waste and personnel. Development to access these stope blocks is designed years in advance. An example of the development design is shown in Figure 10-15. The schedule is based on designs, crosscut assess, faces, raises, and ventilation.

Figure 10-15: Example of development design in Zone 4 and Zone 5



Source: Management

10.3.5 Underground Service

Ventilation

The air flows down the mine to the working places and levels from shafts and downcasts, and then is discharged through upcasts. Figure 10-16 shows the internal design of ventilation. SRK notes that there is no software simulate the rates of flow but only 2D design.

During the site visit, SRK observed that the ventilation was satisfactory and did not present any potential hazards.

Figure 10-16: Ventilation system design in Zone 3



Source: Ventilation design from a PFS level of study (2020)

Dewatering

The current dewatering capacity for the mine is supported by a system of electric pumps set in various levels and locations. Water from the drifts drains into a sump, and then water is pumped by pumping stations to a surface pond.

SRK notes that the problem of water accumulation is not serious during site visit.

Air Compressor

According to a PFS-level research study, the amount of air compressors was calculated by the air consumption of jackleg. The analysis demonstrates that the compressed air delivery system satisfies the majority of production requirements.

10.3.6 Mining Equipment

The quantity of major mining equipment used underground is summarized in **Table 10-14**. The amount and size of the equipment seem to be enough for the operation. SRK notes that only a few equipment is in poor condition. It is less likely that there would be a scarcity of equipment because the mining equipment is less expensive and requires a smaller investment.

Table 10-14: Mining Equipment in Each Zone

Equipment	Zone 2	Zone 3	Zone 4	Zone 5	Total
Trolley electric locomotives	46	25	47	16	134
Electric loader	17	15	20	14	66
Electric scraper	12	13	23	5	53
Mine cart	203	213	281	165	862

Source: Management

10.3.7 Production Schedule

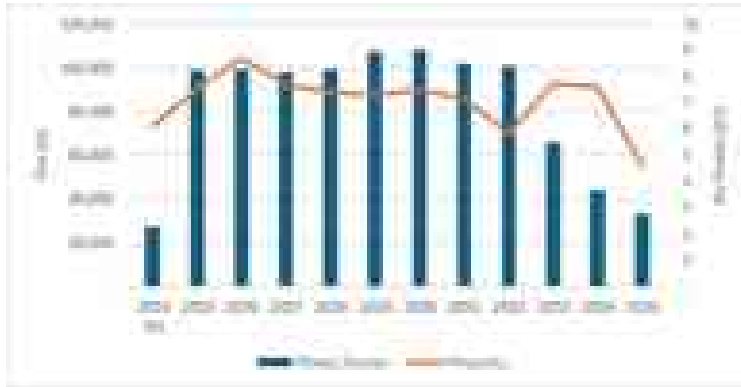
The mine schedule was developed using Deswik software, based on productivity estimates for each task. For instance, stope excavation requires several days for preparation. The assumptions for mining sequence and dependencies are as follows:

- Mining and Processing Operation: Operations remain with the ROM capacity of 100ktpa.
- Vertical Overlap: Mining progresses downward, level by level, with typically 3-4 levels grouped into one section for better operational flexibility.
- Horizontally Overlap: Mining advances from the hanging wall to the footwall.
- Priority: Stopes accessible via existing development will be mined first.
- Life of Mine: 12 years.

Due to the existing infrastructure, there is no ramp-up period.

Figure 10-17 illustrates the production schedule, detailing both the ROM production and the ROM grade. Table 10-15 provides the details of mine production.

Figure 10-17: Production Schedule



Sources: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.² The column represents the ore amount, corresponding to the left axis.

Table 10-15: Production Schedule

Wulong	Unit	LoM	2024Q4	2025	2026	2027	2028	2029	2030
Total									
Total Tonnes Mined	kt	984	27	99	99	98	99	108	108
Au grade	g/t	7.30	6.11	7.55	8.70	7.71	7.40	7.32	7.51
Contained Au	koz	231	5	24	28	24	24	25	26
Zone 2									
Total Tonnes Mined	kt	160	9	30	30	29	30	17	14
Au grade	g/t	7.22	7.43	5.96	6.94	8.17	6.28	7.84	8.00
Contained Au	koz	37	2	6	7	8	6	4	4
Zone 3									
Total Tonnes Mined	kt	591	8	30	30	29	30	50	70
Au grade	g/t	6.83	3.33	5.66	8.37	6.77	6.94	6.75	7.79
Contained Au	koz	130	1	5	8	6	7	11	18
Zone 4									
Total Tonnes Mined	kt	132	3	14	20	21	27	26	21
Au grade	g/t	7.96	8.14	10.16	9.10	6.18	9.34	7.63	6.47
Contained Au	koz	34	1	5	6	4	8	6	4
Zone 5									
Total Tonnes Mined	kt	98	7	26	20	19	12	14	
Au grade	g/t	9.37	6.78	10.16	11.42	10.17	6.91	8.13	
Contained Au	koz	29	1	8	7	6	3	4	

Sources: SRK

Wulong		LoM	2031	2032	2033	2034	2035
Total							
Total Tonnes Mined	kt	984	102	101	66	44	33
Au grade	g/t	7.30	7.19	5.83	7.74	7.58	4.63
Contained Au	koz	231	24	19	16	11	5

Wulong		LoM	2031	2032	2033	2034	2035
Zone 2							
Total Tonnes Mined	kt	160	1				
Au grade	g/t	7.22	7.28				
Contained Au	koz	37	0				
Zone 3							
Total Tonnes Mined	kt	591	100	101	66	44	33
Au grade	g/t	6.83	7.18	5.83	7.74	7.58	4.63
Contained Au	koz	130	23	19	16	11	5
Zone 4							
Total Tonnes Mined	kt	132	0				
Au grade	g/t	7.96	8.01				
Contained Au	koz	34	0				
Zone 5							
Total Tonnes Mined	kt	98					
Au grade	g/t	9.37					
Contained Au	koz	29					

Sources: SRK

10.4 Hanfeng Project

10.4.1 Introduction

Hanfeng Mining operate 2 established mines, the Lishan Mine and the Dongfeng Mine. They are both utilising conventional underground mining methodologies, access via adit & shaft, shrinkage stoping method, railway ore car transportation. There are 2 processing plants which located in Lishan and Dongfeng respectively. Lishan plant is focused on zinc, lead, and copper resources. Dongfeng Plant processes molybdenum feeds. The infrastructure of both mines is established, and the risk of shortage of power, water, fuel, and materials is low.

The two mines of Hanfeng Project operation and plan status are described as followings:

- Lishan Mine is divided into 2 parts in vertical.
 - The upper part which is above -92m asl, is operated at a nominated capacity of 165ktpa ROM contains zinc, lead, and copper elements, feeding the Lishan plant. The upper part is currently in operation to mine the historically residual inventory. It has been confirmed with the client that the upper part is not within the scope of the Ore Reserves estimation
 - The lower part which is from -92m asl to -700m asl is planned to construct in 2 stages.
 - Stage I is targeting the Mineral Resource from -92m asl down to -373m asl. Stage I is proposed at a capacity of 435ktpa, operating with upper part together to achieve 600ktpa capacity. The construction of Stage I is on progress currently (as of September 2024). Main shaft has been development but not equipped due to ventilation shaft and return air drift is on developing.
 - Stage II will focus on the Mineral Resource under -373m asl, downwards -700m asl. The management of the Company aims achieving 600ktpa capacity of this stage II relay the Stage I and the upper part operation. However, the technical studies and/or design on this stage is not initiated yet.

- Dongfeng Mine is also divided into 2 parts in vertical, and the intersection elevation is 250m asl.
 - The upper part is on operating as South section and North section
 - South section contains the Mineralisation veins of Zinc, Lead, and copper. This section mined 36kt feed in 2022, and the management the Mineral Resource is nearly depleted. However, they are hoping that the exploration during operation by along veins developing would reveal more resource to maintain a mining plan of 60ktpa for next 3 years. The ore of this section is trucked to Lishan plant for treatment.
 - North section contains veins of Molybdenum element. This section was on care and maintenance before 2022. In 2022 this section was re-operated 6k ROM. Dongfeng Plant was also re-operated to treat this 6k ROM and 9k ore from surface stockpile, which was stored for nearly 10 years.
 - The lower part is for North section which is Moly resources. As of 30 September 2024, the lower part Mineral Resources were estimated, but the technical study is not initialled yet for lower part as well as the mining license is not applied.

Only the Lower Part (Stage 1) of the Lishan Mine was considered during the Ore Reserves estimation, based on the status as of 30 September 2024.

10.4.2 Geotechnical & Hydrogeological Conditions

Visually, the geotechnical & hydrogeological conditions of Dongfeng mine, where SRK visited, are fair to good. The rock underground appears competent, and the drifts are mostly unsupported. Local support by wood or steel arcs is necessary where small faults are crossing the drift. The surrounding rock of zinc veins are fair, but those around moly veins are weaker than zinc veins. The exposure time is controlled by the operation to mitigate the risk of hanging wall failure, as stated by the management.

The tunnels back and walls are dry, and the water on floor is minimum, collected at the ditch then pumped in stages to water tanks close to the adit shaft exits.

The geotechnical & hydrogeological parameters for upper parts of Lishan and Dongfeng mines are unavailable to review. The lower part (Stage I) of Lishan Mine has studied and reported geotechnical & hydrogeological conditions. The mechanical properties of rock and ore are summarized in **Table 10-16**. Considering the size of openings, the preliminary design proposed unsupported tunnelling for most drifts and stopes, wood or steel arc would be applied where weak zones occurred, or faults are encountered.

Table 10-16: Summary of Rock Mechanical Properties of Lishan Lower Part (Stage I)

Property	Unit	Ore	Surrounding
Testing Blocks	QTY	11	37
Uniaxial Compressive Strength	MPa	77.68-80.31	84.92-42.71
Extension Strength	MPa	6.69-7.09	2.77-7.52
Cohesion	MPa	8.82-9.02	4.92-9.76
Internal Friction Angle	degree	50.96-51.07	42.16-53.71
Average RQD	%	90.8	90.9
Class	N/A	Fair	Fair

Sources: Lishan LS1

The water inflow estimated for the Lishan Lower part, are 434m³ per day normally, and 3,430m³ per day maximum. Considering the records of drainage at the range of 200m³ to 500m³ per day, the hydrogeological condition is classified as simple.

SRK opines that both geotechnical and hydrogeological risks are medium to low based on the available data and the site inspections.

10.4.3 Mining Method

Lishan Upper Part

Lishan Upper Part using shallow hole shrinkage stopeing method for all the stopes. When the horizontal width of vein is wider than 2m, no sill pillar stope structure is applied. Otherwise, the stope will leave a 5m high sill pillar for draw points. The crown pillar of stope is 3-4m height. The stope length is about 50m and the height is the same as level interval. The rib pillar is 5-6m and the raise for manway is located in the rib pillar. the draw points interval is about 6-7m middle to middle.

Lishan Lower Part Stage I

The preliminary design for Lishan lower Part proposed 4 stoping methods that suit different vein widths, which are as presented in **Table 10-17**.

Table 10-17: Summary of Stoping Methods for Lishan Lower Part (Stage I)

Parameters	Unit	Shrinkage delay fill	Slice & fill	Resuing	sub-level open stope delay fill
Vein horizontal thickness	m	0.8-5	0.8-5	<0.8	>5
Dipping	degree		>50		
Percentage	%	35	15	10	40
Stope productivity	tpd	150-200	60-80	20-30	200-250
Loss	%	10	12	15	10
Dilution	%	11	10	17	10

Sources: Lishan LS1

The backfill material is waste rock during drift developing.

Dongfeng Upper Part

Dongfeng Upper Part is using the same method as Lishan upper part, which is shrinkage stoping method for all the stopes.

10.4.4 Production

History Production

Table 8-18 shows the historical production record of Lishan Mine Upper Part and the Dongfeng Mine Upper South, which primarily contains zinc and lead, and is processed at the Lishan Plant.

Table 8-19 shows the historical production record of Dongfeng Mine Upper North, which primarily contains molybdenum and is processed at the Dongfeng Plant.

Table 10-18: Hanfeng Project (Lishan Mine Upper Part and the Dongfeng Mine Upper South) Yearly Ore Production from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	510	502	296	397
Comprehensive Grade	%	2.94	2.80	2.58	2.16
Metal	t	15,028	14,032	7,649	8,595

Sources: Client

Table 10-19: Hanfeng Project (Dongfeng Mine Upper North) Yearly Ore Production from 2021 to 2024 Q3

Item	Unit	2021	2022	2023	2024Q1 – Q3
Ore Tonnes	kt	-	-	73	120
Molybdenum Grade	%	-	-	0.14	0.16
Molybdenum Metal	t	-	-	102	186

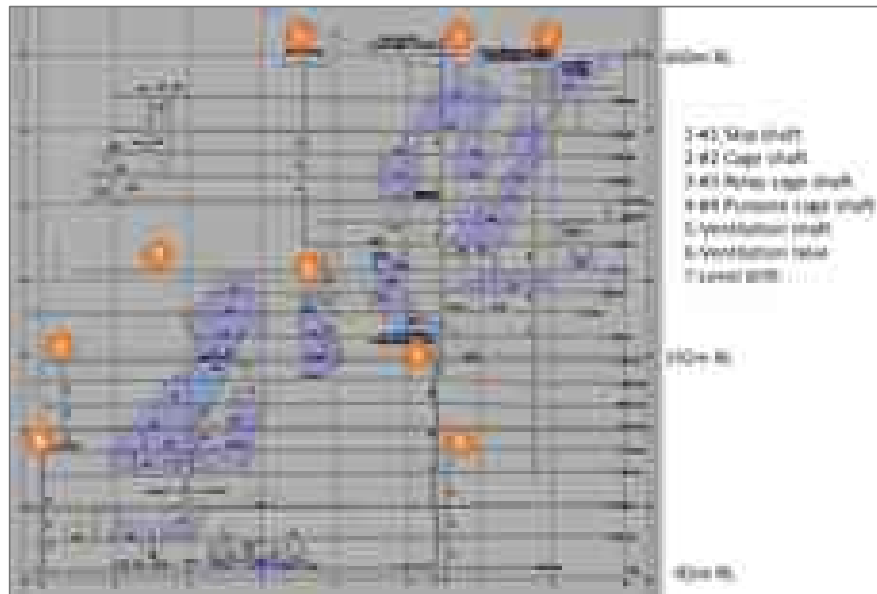
Sources: Client

Underground Mine Design

Lishan Upper Part

The underground mine is accessed via a #2 cage shaft which is from the surface down to 42m asl, the under levels are accessed via relay cage shaft. The run of mine is hoisted up to surface via the #1 skip shaft. The projected view of the mine design is presented in Figure 10-18.

Figure 10-18: Longitudinal Projected View of Lishan Upper Part



Sources: Client

The broken ore from the stopes is loaded into ore cars by the railway ore loader. The ore cars are hauled by locomotive via the level drift to shaft station at the level access. The ore is then hoisted to surface by the hoisting system in the skip shaft. All personnel and materials as well as the waste rock are transported in and out of the mine via the #2 cage shaft and level drifts. The level interval is about 30m height, totally 20 levels have been established.

Lishan Lower Part Stage I

Lishan lower part Stage I designed as adit & blind shaft development. The adit is at 554m asl and the shaft from this adit down to -373m asl with a diameter of 5m, equipping cage. All materials, personal and run of mine are transported via this main shaft. the waste rock will be backfilled into mined voids as planned. When waste rock could not be balanced to fill, the rest waste will be hoisted via the main shaft out.

The level transported as similar as the upper part using ore car hoisted by locomotive from stope to shaft station on each level access.

Dongfeng Upper Part

Dongfeng Mine upper part is accessed via a main cage shaft which is from the surface down to 288m RL. The run of mine from both North and South Sections are hoisted up to surface via the main shaft. The projected view of the mine design is presented in Figure 10-19.

Figure 10-19: Longitudinal Projected View of Dongfeng Upper Part



Sources: Client

All materials, personal and run of mine are transported via this main shaft. the distance from North Section to main shaft is somehow long which is around 800 to 1000m. the main adit and drift of level 3 are shown in Figure 10-20.

Figure 10-20: Photos of Access of Adit and Drift on Level 3 at Dongfeng Mine



Sources: shot during site visit on 9th Jan 2023

Note: Access of Adit (left) and Drift (right) on Level 3 of Dongfeng Mine

10.4.5 Underground Service

Lishan Upper Part

Ventilation system for upper part is established. The water supply, compressed air supply, drainage system as well as power supply system have been established already.

Lishan Lower Part Stage I

Lishan lower part has designed underground service system, the ventilation shaft is sinking when the site visit, and the main shaft is sunk but not equipped.

Dongfeng Upper Part

Dongfeng upper part is the same situation as Lishan upper part. The main sump and power substation underground of Dongfeng upper part is shown in Figure 10-21.

Figure 10-21: Photos of Main Sump and Power Substation on Adit Level of Dongfeng Mine



Sources: shot during site visit on 9th Jan 2023

Note: Main Sump on Adit level (left) and Main Power Substation underground (right) at Dongfeng Mine

10.4.6 Mining Equipment

There is no heavy mobile equipment on site. The mine machinery is mostly shaft hoisting equipment and trailway locomotive and ore cars, as well as fans for ventilation.

The machinery of hoisting system is maintenance well during site visit, as shown in Figure 10-22.

Figure 10-22: Shaft Access on Adit Level of Dongfeng Upper Part



Sources: shot during site visit on 9th Jan 2023

The mining equipment in each zone is shown in Table 10-20.

Table 10-20 Mine Equipment Requirements for Hanfeng Project

Equipment	Model	Quantity	Power (kw)
Secondary Fan	JK58—1NO.4	24	5.5
Secondary Fan	JK58—1NO.4.5	20	11
Jack Leg	YT-28	20	
Jack Leg	YSP45	8	
Jack Leg	YGZ90	2	
Loading Machine	Z-17AW	14	21
Scraper	2DPJ—30	8	30
Scraper	ZWY-60/18.5T	12	18.5
Charger	BQF-100	2	

Source: Summarized from the preliminary design

10.4.7 Production Schedule

The mine schedule was developed using Deswik software, based on productivity estimates for each task. For instance, stope excavation requires several days for preparation. The assumptions for mining sequence and dependencies are as follows:

- Mining and Processing Operation: Operation is estimated to be started in 2025 with the ROM capacity of 430ktpa.
- Vertical Overlap: Mining progresses downward, level by level, with typically 3-4 levels grouped into one section for better operational flexibility.
- Horizontally Overlap: Mining advances from the hanging wall to the footwall.
- Priority: Stopes accessible via existing development will be mined first.
- Life of Mine: 8 years.

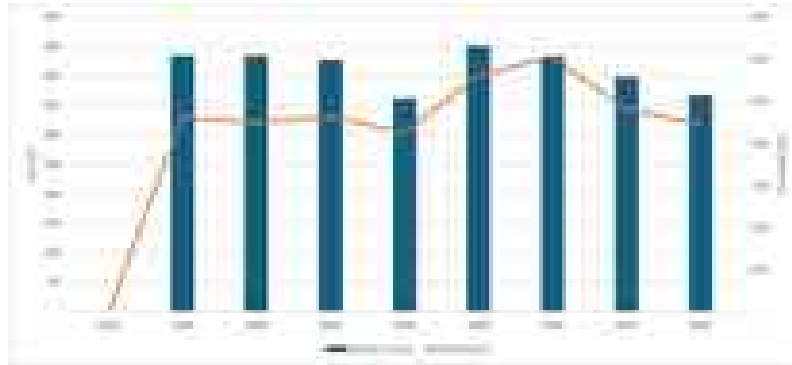
Figure 10-23 illustrates the production schedule, detailing both the ROM production and the ROM grade. **Table 10-21** provides the details of mine production.

Table 10-21: Production Schedule

Hanfeng	LoM	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total Tonnes Mined	Mt	3.31	0.43	0.44	0.43	0.36	0.45	0.43	0.40	0.37
Zn grade	%	2.45	2.32	2.25	2.32	2.13	2.80	3.03	2.40	2.23
Contained Zn	kt	81	10	10	10	8	13	13	10	8

Sources: SRK

Figure 10-23: Production Schedule



Sources: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.² The column represents the ore amount, corresponding to the left axis.

10.5 Jintai Project

10.5.1 Introduction

Jintai Project obtains one mining license and one exploration license for Xidengping Mine. Based on the geological definition, there are several mineralization zones named V1, V2 (V2_1, V2_2), V4, V5, V6, V7, V8, V9, and V10. It should be noted that only V1, V2, V4, and V10 have measured and indicated resources.

Several technical studies on the mineralized bodies V1 and V2 within the mining license were conducted since they obtained the mining license in 2012. Only V1 and V2 are included in the Ore Reserves, as there are no sufficient technical studies for the remaining mining zones.

They initialled mine construction for V1 and V2 at the beginning 2023 for both mine and plant. The designed capacity for V1 and V2 is 140 ktpa.

Currently, Jintai Mining is in the process of applying for another mining license for the exploitation of V4 and V10, with a capacity of 650 ktpa based on FS 2024.

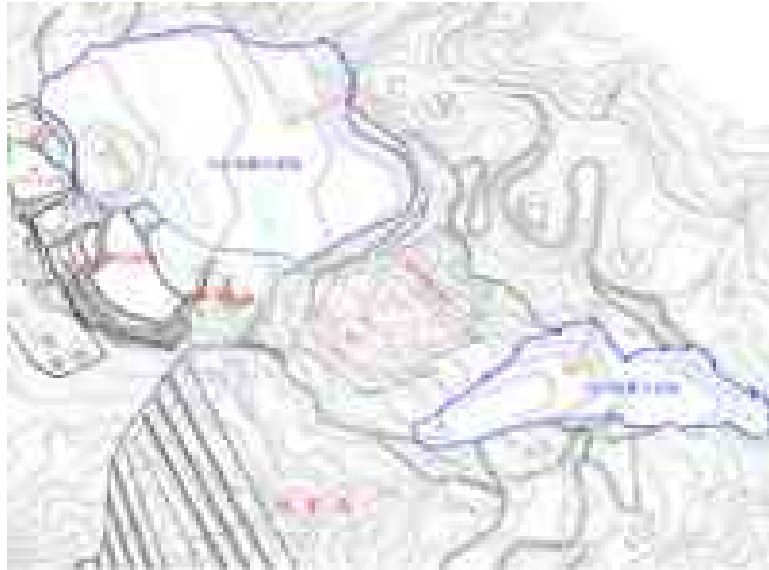
10.5.2 Geotechnical & Hydrogeological Conditions

GOCOM admitted that due to the lack of geotechnical parameters, the surrounding rock characteristics in the open pit mine were analysed using empirical and analogous data. Without detailed geological cross-sections and zoning data, the verification cross-sections were based on a generalized model of the designed open-pit boundary.

Slope stability was analysed using the Janbu, Bishop, Morgenstern-Price, and Spencer methods. The results show that the slope is stable when the final angle is less than 40°. Figure 10-25 shows

the location of the slope stability verification cross-sections, and **Table 10-22** shows the stability results under different conditions.

Figure 10-24: Production Pit in V1 Pit Area



Sources: Jintai FS 2022

Table 10-22: Jintai Project Slope Stability Analysis Results

Scenario	Janbu		Bishop		Morgenstern-Price		Spencer	
	I-I	II-II	I-I	II-II	I-I	II-II	I-I	II-II
Dead Weight	1.584	1.610	1.569	1.603	1.581	1.606	1.581	1.611
Dead Weight + Earthquake	1.398	1.411	1.367	1.396	1.396	1.412	1.396	1.412
Dead Weight + Precipitation	1.362	1.361	1.348	1.355	1.358	1.357	1.358	1.357

Sources: Jintai FS 2022

The overall slope angles in the design are 10° to 32° for the V1 and 11° to 22° for the V2. In some areas, the angles are controlled within 40°, and GOCOM considered the slope stability to be safe. Additionally, slope stability monitoring and precaution measures should be considered during actual operations.

This area is characterized by a high plateau with low to medium mountain terrain. The currently controlled orebodies are distributed above the erosion base level. Observations indicate that the terrain is conducive to the natural discharge of groundwater, with atmospheric precipitation quickly draining from the surface and dissolution fractures. Additionally, the rivers within the area have no impact on the water inflow into the ore deposits. Only a few sections of the pit experience minor water infiltration. The hydrogeological conditions at the locations of the orebodies are classified as simple.

The orebodies are located on small ridges or gentle slopes, with natural slope angles ranging from 0° to 15°, indicating relatively good stability. During the rainy season, heavy rainfall may cause minor collapses of sandy and muddy materials on the surface. The main orebodies are either directly exposed at the surface or covered by a thin overburden, resulting in minimal stripping material. The orebodies consist of massive hard rock, with a soft rock layer as the footwall. The primary gold orebodies are hosted within fracture zones or fissures, and the orebodies themselves exhibit good stability. The engineering geological exploration type of the mining area is classified as medium, predominantly consisting of weak to semi-hard clastic rocks.

10.5.3 Mine Method

Considering the mineralisation occurrence and mining license permits, a capacity of 140ktpa feed ore is designed.

The conventional mining sequence proceeds downwards, and two benches work simultaneously in each section.

A conventional open pit mining methodology is used, comprising free dig & loading, and haulage by truck. The mine is run as contractor operation, and the owner response for technical service and management. No magazine is proposed due to no blasting works needed.

Mining

The main mining equipment is excavator. 2 sets of 1m³ bucket excavators are proposed for about 490ktpa total material movement, which consist of 140ktpa ore and 350ktpa waste in average. 1 set of the same excavator is proposed stand-by for miscellaneous work. Excavator capacity estimates is presented in Table 10-23.

Table 10-23: Excavator (1m³ bucket) Capacity Estimates

Item	Unit	Parameter for Ore	Parameter for Waste
Days per annual	day	300.0	300.0
Shift per day	shift	2.0	2.0
Hours per shift	hr	8.0	8.0
Bucket Capacity	m ³	1.0	1.0
Circle time per load round	second	45.0	45.0
Bucket fill factor	%	90.0	90.0
Rock swell factor	%	150.0	150.0
Availability	%	80.0	80.0
Utilization	%	80.0	80.0
Bulk density (ore)	t/m ³	2.1	1.9
Annual capacity per excavator	ktpa	317.0	280.0
Capacity per shift	m ³ /shift	245.8	245.8

Source: FS 2022

As the estimates result above, 2 set of excavators are suitable for the nominated mine capacity. As the bulk density of waste (~1.9t/m³) is lower than that of ore (2.1t/m³), it is resulting an annual capacity per an excavator is 280ktpa, A set of excavators stand-by is reasonable, when considering the work unbalance for waste and ore.

Transport

The transport of material, which are ore and waste, by trucks via in-pit and out-pit roads. The roads are designed based on truck size requirement.

The existing road connected the trail production pit (V1 pit) portal at 1,943m asl and crusher station at 1968mRL is single lane as about 3m wide, the average gradient is 5.9%.

The designed main road is dual lane with 8m total wide, consist of 6m net road surface, 2m berm (1.5m) and ditch (0.5m). The road surface is clay bound macadam pavement. The branch road is 4.5m wide as the same pavement as main road. The segment of road system is as followings:

- V1 pit road above 1,939m asl: out-pit dual lane, the radius of turning is 15m; average gradient is 5% and the total length is about 1,076m;
- V1 pit road below 1,939m asl: in-pit dual lane with the same configuration as out-pit road, and the total length is about 400m
- V2 pit road above 1,980m asl: out-pit dual lane connects to V1 pit 1,988m asl bench at 2,006m asl of V2 pit. The lower part from 2,006m asl down to 1,980m asl is inclined ramp in pit. The total length is 1064m.
- V2 pit road below 1,980m asl: out-pit dual lane from V1 1,950m asl bench to V2 pit 1,980m asl. The total length is 1,025m. The material below 1,980m asl is transported via in-pit ramp as the total length is about 343m.
- Waste routes: the waste stripped from V1 pit is dumped in the temporary stockpile for land reclamation, which is about 50m away from pit edge. This branch road is designed as single lane with a width of 4.5m. The waste from V2 pit will be dumped into V1 mine-out voids via the roads described above.

Considering the total material movement annually, the truck requirement is estimated by FS2022 as shown in Table 10-24. Totally 6 set of 7.8t payload trucks are proposed when considering 70% availability.

Table 10-24: Truck Capacity Estimates

Item	Unit	Feed	Waste
Hours per shift	hr	8.0	8.0
Time utilization	%	85.0	85.0
Loading buckets per truck	bucket	6.0	6.0
Average haulage distance	km	0.9	1.2
Average speed	km/h	20.0	20.0
Travel time per round	min	5.4	7.2
Loading time	min	4.0	4.0
Dumping time	min	1.0	1.0
Waiting time	min	2.0	2.0
Circle time per truck round	min	12.4	14.2
Payload utilization	%	93.0	96.0
Truck payload	t	7.8	7.8
Capacity per shift	t per shift	238.7	214.2
Mining Target	ktpa	140.0	350.0

Item	Unit	Feed	Waste
Days per annual	day	300.0	300.0
Shift per day	shift	2.0	2.0
Workload per shift	t/shift	233.3	583.3
Unbalance factor	N/A	1.2	1.2
Trucks per shift	QTY	1.1	3.1
Availability	%	70.0	70.0
Total trucks	QTY	6.0	

10.5.4 Mine Design

Mine design scope is the 100m South away from country road (X084 road) and the boundary of V1 & V2 veins. The mine design follows typical open pit design procedure, which is from pit optimization, detailed design and modification.

Pit Optimization

To develop an optimal open pit design for the Mine, an optimised open pit shell was prepared using the Lerchs-Grossman 3D algorithm in GEMCOM software (LG 3D). The LG 3D open pit optimiser determines a set of resource blocks with the maximum value per tonne, creating an optimised open pit shell from a resource block model. The inputs of pit optimization as proposed in FS 2022 are presented in Table 10-25.

Table 10-25: Input Parameter for Pit Optimization in FS 2022

Item	Unit	Parameter
Mining cost	RMB/t total material moved	8
Post-mining cost	RMB/t feed ore	98
Mining dilution	%	5
Mining loss	%	5
Processing recovery rate	%	85.5
Gold price	RMB/gram	313
Payable of gold product	%	97
OSA	degree	40

Source: FS 2022

Note:

¹ Post-mining cost includes processing, G&A, and other Miscellaneous

² OSA is standing for overall slope angles.

Pit Design

The pit design was under the guide of optimization and the design inputs, then manual modified by engineer. The design inputs are presented in Table 10-26.

Table 10-26: Summary of Design Inputs

Item	Unit	Parameter
Bench height	m	10
Sub-bench height	m	5
BFA	degree	40
Catch berm	m	4
Safety berm	m	7
Road berm	m	8
Ramp width	m	8
Road gradient	%	5
OSA	degree	40

Note: BFA is standing for bench face angles.

The designs are presented in Figure 10-25 and the results are shown in Table 10-27.

Figure 10-25: Pit Design for V1 and V2 by GOCOM

Source: FS 2022

Table 10-27: Pit Design Result in FS 2022

Item	Unit	V1 Pit	V2 Pit
Pit size	m x m	472 x 336	409 x 138
Crest elevation	mRL	2,007.0	2,011.0
Bottom elevation	mRL	1,972.0	1,946.0
Pit dept	m	80.0	65.0
Closed circle elevation	mRL	1,939.0	1,954.0
resource in pit	kt	1,409.9	212.4
incl. Measured (CN Standard)	kt	-	-
incl. Indicated (CN Standard)	kt	1,253.1	75.4
incl. Inferred (CN Standard, 70%)	kt	156.8	137.0
Waste (Including 30% Inferred)	kt	699.1	1,096.9
Mineable resource	kt	1,362.9	171.3
Stripping ratio	t/t	0.5	6.4
Average grade	g/t	0.81	0.90

Source: FS 2022

The table above shows V2 pit contains more Inferred Resource (79%) than that in V1 pit (11.5%).

10.5.5 Production

The Project has started operation since 2023 (See **Table 10-28** with average grade of 0.69g/t.)

The mining operation employs free digging methods due to the relatively shallow nature of the deposit, eliminating the need for drilling and blasting. The mining and hauling are conducted by contractors.

Table 10-28: Jintai Mine Yearly Ore Production from 2023 to 2024Q3

Item	Unit	2023	2024 Q1-Q3	Total
Ore Mined	t	200,358	360,295	560,653
Ore Milled	t	122,924	404,103	527,027
Au grade	g/t	0.83	0.65	0.69

Source: Jintai Mining

10.5.6 Mine Service

The mine site area is covered by lush vegetation and the weather is classed as hot climate, which belongs to the plateau mountain area. November to May of the next year is the dry season. The rainfall is concentrated from June to October, with the annual average rainfall of 1,000~1,400mm. the average temperature is 12~14 °C annually, with the highest temperature could reach around 35 °C from May to August.

A flood prevention channel is to be constructed around 2 pits of the project preventing outsource water flowing into pits. As well as the closed circle of each pit, connected channel to outer channel are also designed on 1,947m asl of V1 pit and 1,956m asl of V2 pit, respectively. The channel is designed as 0.8m × 0.8m rectangle, with cemented masonry wall at 0.3m thickness.

The dewater facilities in pit are also designed considering the inflow volume as Table 10-29.

Table 10-29: Water Inflow Estimates and Dewatering

Item	Unit	V1 Pit	V2 Pit
Normal Water Inflow Volume	m ³ /d	598	144
Maximum Inflow (once in 20 years)	m ³ /d	5978	1439
Maximum days of flooding	day	7	7
Capacity of dewatering	m ³ /d	854	206
Dewatering height	m	15	10
Pump	model	SQ35-22	SQ35-22
Head of pump	m	22	22
Rate of pump flow	m ³ /h	35	35
Power	kW	5.5	5.5
Set	QTY	2	2

Source: FS 2022

The pumps are planned transfer to V2 pit as soon as V1 is finished mining. The pipeline is designed using DN100 seamless steel tube along benches.

Water consumption is mainly attributable to dust suppression purposes, sourced from plant head tank.

The electric power requirement of the mine site is minimal, and its main uses are the dewatering pump, and lighting. A 10kV/0.4kV substation is located on the mine site and is connected to the national electricity grid.

Maintenance of mobile mining equipment is proposed to be outsourced from downtown.

The diesel supply is planned outsourced from downtown supplier via tank truck to refill the mobile equipment. There are no planned fuel storage facilities on site.

10.5.7 Mining Equipment

Apart from the main mining equipment fleet of excavator and truck, there are several types of equipment suitable for relevant activities. There are water trucks for dedusting, rock breaker, front-end loader (FEL) and so on. The mine fleet as proposed by FS2022 is presented in Table 10-30.

Table 10-30: Main Mining Equipment Fleet as Proposed

Fleet	QTY	Specification
Excavator	3	1m ³ bucket
Truck	6	7.8t payload
FEL	1	1m ³ bucket
Water truck	1	5t tank
Rock breaker	1	

Sources: Jintai FS 2022

10.5.8 Production Schedule

The strategic scheduling is based on the Whittle shell (RF=1) and serves as a guide for the high-level scheduling of the final design. The processing capacity is designed and constructed to handle 140ktpa. There is no cut-back for V1 and V2; both pits will be operated as a single operation.

The mining sequence and/or dependency is simplified as follows:

- Mining and Processing Operation: Operation remains with the ROM capacity of 140ktpa.
- Operational Design: Based on the Feasibility Study (FS) 2022, the mine is designed to operate 300 days per year, with two shifts per day, each lasting 8 hours. The proposed mining capacity is 140ktpa of feed ore, and the total material mining capacity is approximately 490ktpa.
- Mine Plan Strategy: The strategy involves mining the V1 pit first, with the mined-out pit of V1 serving as the dumping area for waste rock from the V2 pit.
- Vertical Overlap: The mining sequence progresses downwards, bench by bench.
- Horizontal Sequence: The material on each bench is divided into blocks with a maximum area of 2,500 m².

- Stripping Line: The proposed stripping line is 200 m for the V1 pit and 120 m for the V2 pit, with a minimum width of 20 m.

Based on the strategy and assumptions above, the LoM is scheduled using Deswik software. The mining plan, ROM and ROM feed are presented in Figure 10-26 and Figure 10-27 at an annually basis.

The mining schedule by SRK is shown in Table 10-31 below.

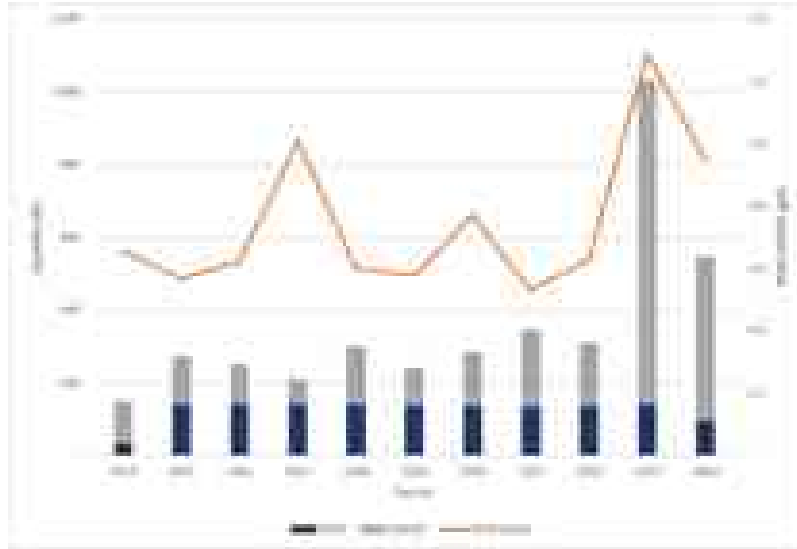
Table 10-31 Mining Schedule of SRK

Item	LOM	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Feed Ore (kt)	1,370	33	140	140	140	140	137	137
Grade (g/t)	0.75	0.66	0.57	0.62	1.01	0.60	0.58	0.77
Waste (kt)	2,568	114	133	110	69	161	105	146
S/R (t/t)	1.87	3.42	0.95	0.79	0.49	1.15	0.77	1.06
TMM (kt)	3,938	148	273	250	209	301	242	283
V1 Pit								
Feed Ore (kt)	1,224	33	140	140	140	140	137	137
Grade (g/t)	0.75	0.66	0.57	0.62	1.01	0.60	0.58	0.77
Waste (kt)	1,261	114	133	110	69	161	105	146
S/R (t/t)	1.03	3.42	0.95	0.79	0.49	1.15	0.77	1.06
TMM (kt)	2,485	148	273	250	209	301	242	283
V2 Pit								
Feed Ore (kt)	130	-	-	-	-	-	-	-
Grade (g/t)	0.75	-	-	-	-	-	-	-
Waste (kt)	1,307	-	-	-	-	-	-	-
S/R (t/t)	10.07	-	-	-	-	-	-	-
TMM (kt)	1,437	-	-	-	-	-	-	-

Item	LOM	2031E	2032E	2033E	2034E
Feed Ore (kt)	1,370	132	135	140	94
Grade (g/t)	0.75	0.53	0.63	1.29	0.95
Waste (kt)	2,568	212	175	891	453
S/R (t/t)	1.87	1.60	1.29	6.37	4.81
TMM (kt)	3,938	344	310	1,031	548
V1 Pit					
Feed Ore (kt)	1,224	132	135	89	-
Grade (g/t)	0.75	0.53	0.63	1.58	
Waste (kt)	1,261	212	175	37	
S/R (t/t)	1.03	1.60	1.29	0.42	
TMM (kt)	2,485	344	310	126	
V2 Pit					

Item	LOM	2031E	2032E	2033E	2034E
Feed Ore (kt)	130	-	-	40	89
Grade (g/t)	0.75	-	-	0.79	0.95
Waste (kt)	1,307	-	-	853	453
S/R (t/t)	10.07	-	-	21.13	5.07
TMM (kt)	1,437	-	-	894	543

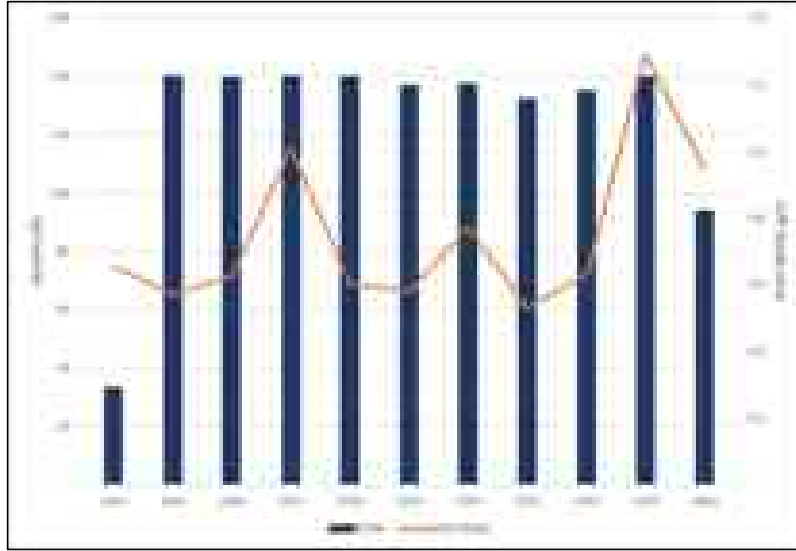
Figure 10-26: TMM Schedule over LoM



Sources: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.² The column represents the ore and waste amount, corresponding to the left axis.

Figure 10-27: Plant Feed Schedule over LoM

Sources: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.² The column represents the ore amount, corresponding to the left axis.

The proposed plan aligns with the client's strategy to sustain plant feed as previously outlined, resulting in a 11-year mine life, a total of 1,370 kt of feed will be processed. The final year of the LoM will involve a ramp-down phase.

The peak mining amount is projected in 2033, with a capacity of 1,031ktpa, which exceeds the designed mining capacity. To accommodate this peak, additional equipment mobilization should be planned well in advance, even considering the decade-long lead time. The summary of LoM is in Table 10-32.

Table 10-32 The Summary of LoM

Period	TMM (kt)	ROM (kt)	ROM GRADE (g/t)	WASTE (kt)	SR (t/t)
2024	148	33	0.66	114	3.42
2025	273	140	0.57	133	0.95
2026	250	140	0.62	110	0.79
2027	209	140	1.01	69	0.49
2028	301	140	0.60	161	1.15
2029	242	137	0.58	105	0.77
2030	283	137	0.77	146	1.06
2031	344	132	0.53	212	1.60
2032	310	135	0.63	175	1.29

Period	TMM (kt)	ROM (kt)	ROM GRADE (g/t)	WASTE (kt)	SR (t/t)
2033	1,031	140	1.29	891	6.37
2034	548	94	0.95	453	4.81

Sources: SRK

11 Processing and Metallurgical Assessment

11.1 Jilong Project

11.1.1 Processing and Metallurgical Testwork

The components of the gold-bearing ore at the Zhuanshanzi Mine are relatively simple. The ore minerals are native gold, native silver, electrum, pyrite, sphalerite, galena, chalcocite and a small amount of chalcocite, and argentite. The gangue minerals are mainly quartz, followed by feldspar, calcite, sericite, and chlorite. The main mineral available for recovery in the ore is gold.

In 2018, Jilong Mining commissioned Jilin Institute of Geological Sciences to conduct a laboratory flotation process test on ore of the Zhuanshanzi Mine.

The gold grade of the composite sample was 10.20g/t, and the silver grade was 45.32g/t. After grinding to -0.074 mm accounting for 70% ($P_{70}=74\mu\text{m}$), the sample was subjected to one roughing, two cleanings and two scavengings to obtain gold concentrate with a gold grade of 147.78g/t and a gold recovery of 95.05%, and a silver grade of 554.34g/t and a silver recovery of 80.25%, the test results are shown in Table 11-1. The test shows that the flotation process can be used to obtain desirable indexes for the ore of Zhuanshanzi mine. Nevertheless, Jilong Metallurgical Plant has not adopted the flotation method but whole ore cyanidation, as the whole ore cyanidation can produce gold bullion on site.

Table 11-1: Test Results of Ore Sample from Jilong Mine

Product	Yield (%)	Grade (g/t)		Recovery (%)	
		Au	Ag	Au	Ag
Concentrate	6.56	147.78	554.34	95.05	80.25
Tailings	93.44	0.54	9.58	4.95	19.75
ROM	100.00	10.20	45.32	100.00	100.00

Source: Laboratory Process Test Study Report on Rock Gold Ore Processing of Zhuanshanzi Mine, Aohan Banner, Inner Mongolia Autonomous Region, February 2018.

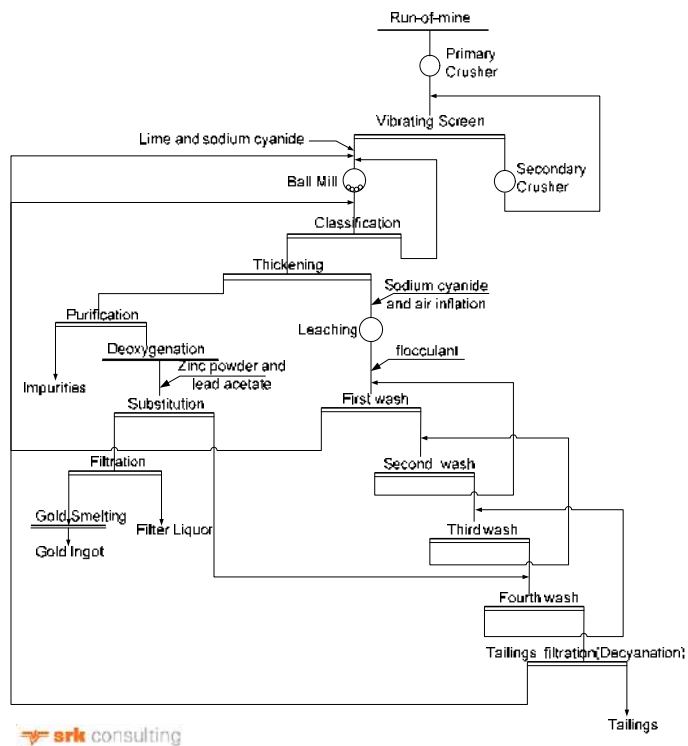
11.1.2 Production Status of Processing Plant

The original production capacity of #1 Jilong Plant is 400tpd (120,000 tpa). In May 2022, a new 600tpd processing plant (i.e., #2 Jilong Plant) began to be constructed, and was put into operation in June 2024. The new plant has already reached its designed capacity, thus two plants can achieve a total production capacity of 1,000tpd (300,000 tpa). The two plants adopt the same process of whole ore cyanidation, with the final product being gold ingot. The gold recovery rates reaches over 96% for the #1 Jilong Plant, and varies from 92.11% to 97.24% for the #2 Jilong Plant.

Production Flowsheet

The two processing plants adopt a mature process flowsheet of whole ore cyanidation - counter-current decantation washing ("CCD") - zinc dust precipitation (Merrill-Crowe process) - tailings decyanation and dry stockpiling, which is shown in Figure 11-1.

Figure 11-1: Production Flowsheet of Jilong Processing Plant



The specific production flowsheet is described as follows:

Crushing and Grinding

The crushing operation adopts a two-stage closed-circuit process. The ROM feed size is less than 200mm and the final crushed product size is less than 16mm, after which it is sent to the fine ore bin for grinding.

The grinding operation adopts a one-stage closed-circuit grinding and classification process, with final grinding fineness of -74 μm accounting for more than 70% ($P_{70}=74\mu\text{m}$). At the same time, sodium cyanide and lime are added to the grinding system for gold leaching in advance.

Cyanide Leaching - Zinc Dust Precipitation (Merrill-Crowe Process)

■ Pre-leach Thickening and Cyanide Leaching

The overflow from the classifier firstly enters the thickener for thickening, and the thickened underflow slurry is leached in a train of agitation tanks by adding sodium cyanide and filled with oxygen for 35 hours. The overflow from the thickener is used as the pregnant solution and flows into the pregnant solution tank to enter the zinc dust precipitation circuit (Merrill-Crowe process).

■ CCD and Merrill-Crowe Process

The cyanide leached slurry enters a triple-deck thickener and a single thickener for counter current decantation ("CCD"). The final overflow is returned to the grinding system as feed water before and after the ball mill. The final underflow is pumped to tailings detoxing operation.

After being purified by the filter cloth of the purification tank, the pregnant solution is vacuum self-primed to the deoxygenation tower for deoxygenation, after which zinc powder is added for zinc dust precipitation, and then fed into a frame filter press by pump. The filtrate enters the lean solution tank as washing water, and the filter cake (gold mud) is blown dry by high pressure air and sent to the smelting room to obtain the final product "gold ingot".

Tailings Decyanation and Stockpiling

The washed pulp (cyanide residue) from CCD operation is transported to the tailings detoxing workshop, where the tailings is press filtered and the cake is simultaneously backwashed with clean water and backblown with high pressure air, while decyanation reagents are added to break the cyanide in the tailings to reduce the cyanide content of the tailings. The water content of the filter cake is around 15% and the filtrate is returned to the cyanidation workshop for reuse, while the filter cake is transported by loader and dump truck to the TSF.

Mineral Processing Facilities and Main Equipment

The processing plant facilities mainly include crushing and screening workshop, grinding, leaching, substitution, CCD workshop and tailings press filter workshop, and has a complete laboratory assay, TSF, water and electricity supply facilities. The main processing equipment includes crushing and screening machines, grinding and classifying machines, thickeners, purification and deoxygenation equipment, filters, etc., which are listed in Table 11-2.

SRK conducted a site visit to the key workshops and production equipment of the processing plant. SRK noted that the equipment of 400tpd processing plant was in good condition and although there were some minor flaws in the equipment configuration, which did not affect production. The new 600tpd plant has installed more advanced equipment, which is a modern plant integrating production, intelligence, sightseeing and green. The site photos of the original plant and the new plant are shown in Figure 11-2 and Figure 11-3, respectively.

Table 11-2: Main Equipment of Jilong Processing Plants

No.	Equipment	Specification	Power (kw)	QTY.
#1 Jilong Plant				
1	Jaw crusher	PEX250*750	30	1
2	Chute feeder	JZQ350	7.5	2
3	Double deck vibrating screen	2ZD1530	7.5	1
4	Cone crusher	GP100	90	1
5	Pendulum feeder	400*400	1.5	4
6	Ball mill	2100*4500	245	1
7	Classifier	FC-20	15	1
8	Ball mill	1500*3000	80	1
9	Classifier	FLG-120	5.5	1
10	Triple-blade Roots blower	DQSR-150	30	2

11	Zinc powder feeder	170-266	0.75	4
12	Leaching agitation tank	4500x4500	7.5	14
13	Triple-deck thickener	12000*9325	5.5	2
14	Plate and frame filter press	BAY30/630U	2.2	6
15	Pre-leach thickener	NZX-24	7.5	1
16	Washing thickener	NZX-24	7.5	1
17	Tailings filter press	HAZF400/1600UK	18.5	4
18	Purification filter	2100×2100		5
19	Deoxygenation tower	φ1500×3600		4
20	Zinc powder substitution equipment			4
#2 Jilong Plant				
1	Jaw crusher	C80	75	1
2	Cone crusher	HP200	189.6	1
3	Double deck vibrating screen	2YA2148	30	1
4	Ball mill	MQY2700×5400	630	1
5	Cyclone feed pump	Q=200m³/h, H=40m	90	2
6	Hydrocyclone	Ø350-4		1 set
7	Pre-leach thickener	Ø24	19.4	1
8	Leaching agitation tank	Ø6500×7000	30	8
9	Screw blower	Q=45.7m³/min	90	2
10	Washing thickener	Ø24	19.4	4
11	Deoxygenation tower	Ø1500×3600		4
12	Substitution Plate and frame filter press	BAY60/1000-UK		6
13	Screw air compressor	Q=10m³/min	55	1
14	Zinc powder substitution equipment			4
15	Tailings filter press	HAZFQ800-2000-UK		6

Figure 11-2: Site Photos of #1 Jilong Plant



Source: SRK site visit

Figure 11-3: Site Photos of #2 Jilong Plant

Source: SRK site visit

Historical Production Index

SRK has analysed and summarised the historical production indexes of # 1 and #2 Jilong Plant from 2021 to September 2024 through the site visit and collected production statements and other information, and the results are shown in Table 11-3. Additionally, the #2 Jilong plant has been put into operation since May 2024.

According to the data in the below table, SRK noted that actual annual ROM throughput has reached the designed capacity, and the gold recovery rate reaches over 96%.

Table 11-3: Historical Production Index of Jilong Plant

Item	Unit	2021	2022	2023	2024 Q1-Q3 ¹
ROM throughput	kt	143.7	152.7	152.6	168.0
Feed grade	g/t	7.51	5.52	9.33	4.88
Gold recovery	%	97.08	96.17	97.66	96.52
Gold ingot output ²	kg	1,048	811	1,390	795

Notes:

¹ The data include the historical index of 2024Q1-Q3 of the #1 Jilong Plant and the index from May to September 2024 of #2 Jilong Plant.

² The gold ingot output in the table does not include the gold metal which is recovered from gold-bearing materials, cyanide slag smelting, etc.

11.1.3 Tailing Storage Facility

The existing tailings storage facility ("TSF") of Zhuanshanzi Mine was put into operation in 1996, with a maximum dam height of 21.7m and a total volume of about $40 \times 10^4 \text{ m}^3$. To make the TSF meet the requirements of the current national laws and regulations on safety production, standards and norms, and to meet the requirements for the storage capacity of the stockpile after the expansion of the processing plant, Inner Mongolia Mining Development Company Limited was commissioned to carry out design for the TSF for renovation and expansion in 2012, a disposal method of "tailing filter press - dry discharge" was adopted with all filtration wastewater returned to the processing plant for recycle.

The TSF is located in the main valley on the north side of the processing plant. The valley appears from east to west, with a "U" shaped in the cross section, and the status of the TSF is shown in Figure 11-4. The dam height is 40m, with a total storage capacity of 1,440kt, which belongs to Grade 4 TSF, with a total service life of 12 years. The TSF has accumulated about 1,398kt of tailings, with a remaining capacity of about 42 kt. The remaining service life is about 3 to 5 months and the preparatory work before the closure of the TSF is being carried out according to the design.

The new TSF is 1.2km northeast of the processing plant. It is currently in trial operation, which will last for 3~6 months, and has not yet been officially put into use. The total height of the dam is 90m, and the total capacity is $360.5 \times 10^4 \text{ m}^3$ equals $228.4 \times 10^4 \text{ m}^3$ of effective capacity. The service life of new TSF is about 14.42 years. The site photos of the TSF are shown in Figure 11-5.

Figure 11-4: TSF of Jilong Project



Source: SRK site visit

11.1.4 Conclusions and Recommendations

The ore is of sulphide-bearing quartz vein type with characteristics of simple mineral composition, less variety and coarse grain-size. A process of whole ore cyanidation - zinc dust precipitation (Merrill-Crowe) was adopted. SRK believes that the processing flowsheet is suitable for the requirements of the ore properties, and the equipment are reasonable, and a satisfied gold recovery rate was obtained with no major flaws.

The Project has two processing plants, which is the original 400tpd plant (i.e., #1 Jilong Plant) and the new 600tpd plant (i.e., #2 Jilong Plant). The #2 Jilong plant was put into operation in June 2024 and has already reached its designed capacity until now.

The capacity of the existing TSF is close to the designed capacity while a new TSF with an effective capacity of $228.4 \times 10^4 \text{m}^3$ is currently in trial operation, which will serve the processing plants for about 14.42 years.

11.2 Huatai Project

11.2.1 Processing and Metallurgical Testwork

The ore in this mining area is mainly auriferous pyrite-quartz vein type, and the main ore minerals are native gold, pyrite, chalcopyrite, magnetite and hematite and the gangue minerals are mainly quartz, sericite, feldspar, followed by chlorite, and graphite.

The gold minerals are predominately electrum and native gold, mainly occurrence in the form of gold inclusions, fissured gold, and intergranular gold. The particle size composition of gold in the ore is fine with a particle size less than 0.01mm accounting for more than 90%, which makes it difficult to dissociate.

In 2017, Huatai Mining commissioned Mineral Experimental Research Institute of Inner Mongolia to conduct a laboratory processing testwork on this type of ore.

The gold grade of test sample is 6.22g/t, after grinding to -0.074mm accounted for 85% ($P_{85}=74\mu\text{m}$), a closed-circuit process of "one roughing + two cleanings + two scavengings" was adopted to obtain the gold concentrate with a grade of 149.31g/t and gold recovery of 95.06%, the test result is shown in Table 11-4.

SRK believes that the ore of Honghuagou gold mine is easily beneficiated, and an ideal indicator can be obtained by using a single flotation processing flowsheet, the flowsheet structure is simple. However, the particle size composition of gold is considered to be small, indicating that the grinding fineness of -0.074mm accounting for 85% ($P_{85}=74\mu\text{m}$) in the one-stage grinding operation can not be reached. It is recommended to consider using a two-stage closed-circuit process in the construction design in the future. However, Huatai Metallurgical Plant did not adopt flotation but carbon-in-pulp ("CIP") method for obtaining gold bullion on site.

Table 11-4: Test Results of Ore Sample from Huatai Mine

Product	Yield (%)	Au Grade (g/t)	Au Recovery (%)
Concentrate	3.96	149.31	95.06

Product	Yield (%)	Au Grade (g/t)	Au Recovery (%)
Tailings	96.04	0.32	4.94
Raw Ore	100.00	6.22	100.00

Source: Laboratory Process Test Study Report on Rock Gold Ore Processing of Honghuagou Mine, Inner Mongolia Autonomous Region, Aug 2017

11.2.2 Production Status of Huatai Processing Plant

The Huatai processing plant, formerly known as the state-owned Chifeng Honghuagou Gold Mine Processing Plant, was built in 1987, and the ore type is primary sulphide ore of auriferous quartz vein type. The designed capacity of the processing plant is 200tpd, and a process of carbon-in-pulp ("CIP") was adopted to produce gold mud as the final product, which is then sent to the metallurgical plant of Jilong Mining to produce gold ingots for sale. The average grade of the ROM is about 2.63 g/t, and the average gold recovery rate reaches over 92%.

Production Flowsheet

A traditional process of CIP was adopted by the processing plant of Huatai mining, which is considered to be relatively reasonable. The production process flowsheet is shown in Figure 11-5, and specified as follows:

Crushing and Grinding

The crushing operation adopts a two-stage closed-circuit process. The feed size of ROM is less than 300mm and the size of the final crushed product is less than 14mm. The grinding operation adopts two-stage closed-circuit classification process, and the slurry from the primary grinding process enters the debris sieve for waste residue filtration, and then enters the hydro-cyclone group for classification. The underflow of the hydrocyclones enters the secondary grinding mill, while the overflow enters to the debris sieve for waste residue filtration, and then enters the procedure of pre-leach thickening. The final grinding fineness is -74 μ m accounting for more than 80% ($P_{80}=74\mu$ m). At the same time, lime is added to the grinding system to adjust the pH value for the pulp.

CIP Process

■ Agitation Leaching and Carbon Adsorption

The slurry is dewatered by the pre-leach thickener and then enters to surge tank, and the sodium cyanide is pumped from the storage tank into the agitating tank for cyanide leaching by rubber pump. The leaching concentration is about 42-45% with a leaching time of 27 hours, the sodium cyanide concentration of 0.03% and pH value of 10.5~11.5. The active carbon with a concentration of 15~40g/L is added for absorption for about 22 hours. After absorption, the slurry contained gold-loaded carbon is fed to the carbon lifting screen through the airlifter to separate the gold-loaded carbon from the slurry, and then sent to the desorption electrowinning operation after screening and washing.

■ Gold Loaded Carbon Desorption

The gold-loaded carbon enters the acid washing tank and is washed with hydrochloric acid for inorganic impurities (mainly calcium salts) removal, then transferred to the desorption column, where the gold is desorbed from the gold-loaded carbon by using the normal pressure and temperature

desorption method, and then enters the desorption pregnant solution. The unloaded carbon will be returned to the CIP circuit for recycling after desorption.

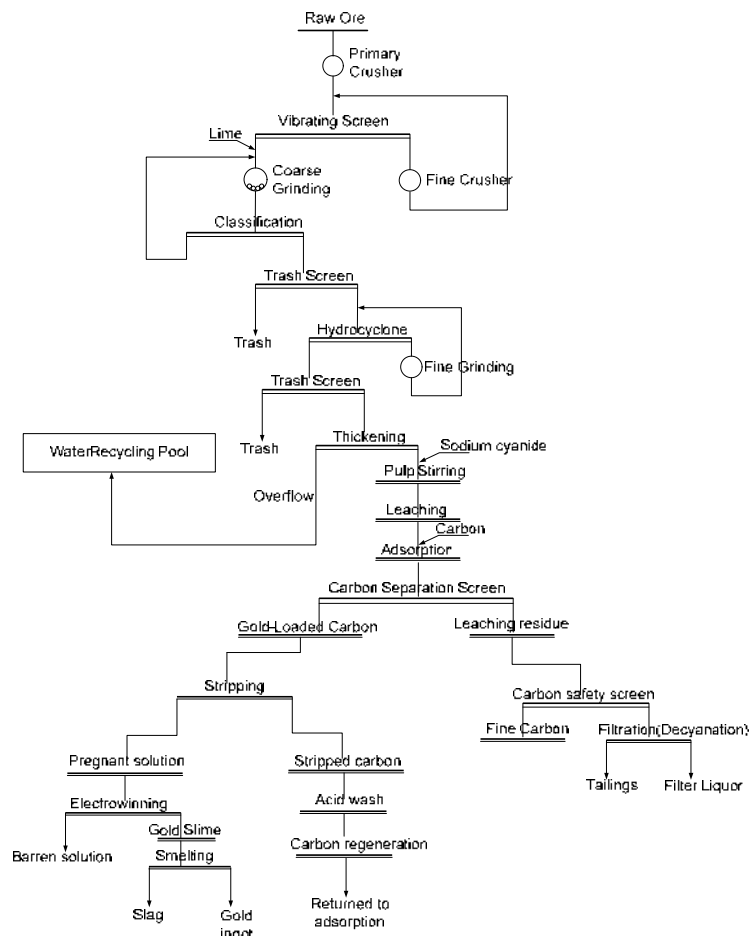
■ **Electrowinning**

The gold in pregnant solution is reduced to elementary substance in electrowinning cells and precipitate on cathode steel wool. The cathode is periodically taken out and gold is eluted to obtain gold mud. After filter pressing and drying, the gold mud is sent to the smelting workshop of Jilong processing plant. Fluxing agent is added. The gold mud is smelted in the smelting furnace and cast into gold ingots.

■ **Tailings Decyanation**

The tailings first enter the security screen to recover the broken carbon, and the broken carbon is sent directly to the smelter on site. The undersized slurry is transported to the filter press workshop for filter pressing and cyanide breaking. In 2018, three filter presses were newly installed, and cyanide residue was treated by circulating water purification system. The tailings slurry is filter pressed into cakes and then the cyanide residue filter cakes are washed with reagent to break the cyanide to meet the discharge standard. The filter cake after reagent treatment enters the TSF for storage, and the filtrate returns to the processing plant for recycling.

Figure 11-5: Processing Flowsheet of Huatai Processing Plant



Mineral Processing Facilities and Main Equipment

The processing equipment of Huatai processing plant mainly includes crusher, vibrating screen, ball mill and classifier, etc. in the process of crushing, grinding and classification; leaching tank, adsorption tank, carbon screen and security screen, etc. in leaching process; desorption column, electric heater, electrowinning cell, etc. in desorption electrowinning process. The main processing equipment are shown in Table 11-5.

SRK team conducted site visit on key workshops and production equipment of the processing plant. The photos of the processing plant are shown in Figure 11-6. Due to the long history of the plant, most of the main equipment has been in use for nearly 30 years, with some problems of equipment aging, resulting in high energy consumption. The overflow ball mill is used for two-stage grinding, and the fine grinding capacity is not fully utilized. High weir spiral classifier has poor classification effect, so SRK recommend adopting hydrocyclone group to replace the classifier for classification.

Table 11-5: Main Equipment of Huatai Processing Plant

No.	Equipment Name	Specifications	Power (kw)	Quantity
1	Jaw Crusher	PEF400×600	37	1
2	Cone Crusher	PYD900	55	1
3	Vibrating Screen	DZ1250×2500		1
4	Overflow Ball Mill	MQY1500×3000	95	4
5	High Weir Spiral Classifier	FLG-1200		2
6	Hydrocyclone	Φ250		4 (2 in operation 2 standby)
7	Leaching and Adsorption Tank	Φ4000×4500	7.5	12
8	Thickener	TNB-15		1
9	Desorption Electrolysis			1

Figure 11-6: Site Photos of Huatai Processing Plant

Source: SRK site visit

Historical Production Index

The historical production indicators of Huatai processing plant from 2021 to 2023 are shown in Table 11-6. As shown in the table, the gold recovery rate is over 92%. Through site visit and on-site communication, SRK learned that in 2022 and 2023, due to the technical upgrade of the mining system, the annual operating days of the processing plant were few, and the gold output seriously declined. Until now, the processing plant is out of operation, so there are no production records in 2024.

Table 11-6: Historical Production Index of Huatai Processing Plant

Items	Unit	2021	2022	2023
Processing throughput	ktpa	58.51	19.12	1.62
Feed grade	g/t	2.42	2.69	2.43
Gold recovery	%	93.75	93.41	92.80
Gold output in ingot	kg	132.75	48.02	3.65

11.2.3 Tailings Storage Facility

Huatai TSF was designed by Changchun Gold Design Institute Co., Ltd. of Ministry of Metallurgical Industry in 1980. It is located in an open valley about 0.54 km east of the processing plant, which is a valley-type TSF. The current status of the TSF is shown in Figure 11-7. In order to reduce the pollution to the environment, the tailings press filtering process was added in 2010 for dry storage and seepage control was conducted to the TSF. China Metallurgical Mining Anshan Metallurgical Design and Research Institute Co., Ltd. was commissioned to supplement the design of TSF, which was double checked and accepted by relevant government departments.

The TSF is designed with a total dam height of 35m and a total storage capacity of $200 \times 10^4 \text{ m}^3$, which is a Grade 4 TSF. At present, about $149.5 \times 10^4 \text{ m}^3$ tailings have been stored in the TSF, and the remaining storage capacity is $50.5 \times 10^4 \text{ m}^3$, which has remaining service life of 11.7 years.

Figure 11-7: TSF of Huatai Mining

11.2.4 Conclusions and Recommendations

The ore is mainly of gold-bearing pyrite-quartz type, and the particle size of gold is fine, which makes it difficult to dissociate.

Traditional CIP technology is adopted for gold recovering. In SRK's opinion, it is reasonable and stable. The satisfactory technical indexes have been achieved, with no major defects.

At the time of SRK site visit, the processing plant was in a state of shutdown. Huatai Mining informed that the reason was that the ongoing technical innovation and the production capacity expansion were underway.

The TSF is in good operation condition, with no subsidence, displacement, landslide and vertical and horizontal cracks.

11.3 Wulong Project

11.3.1 Processing and Metallurgical Testwork

The ore type is mainly disseminated bismuthinite mineralisation quartz veins, with useful components of native gold and electrum. The ore minerals are dominated by pyrrhotite, with a small amount of pyrite, occasionally with magnetite, chalcopyrite, galena, telluric bismuth, and native bismuth. The gangue minerals are quartz, followed by potash feldspar and albite, and a small amount of biotite, chlorite, anorthite and calcite.

The particle size of gold in the ore is fine, and it mainly occurs as fracture gold and exposed gold. The relationship between gold minerals and sulphides is relatively close, and the dissociation effect of sulphide is good. Therefore, it is easy to enrich gold into gold concentrate by flotation under suitable grinding fineness.

In 2021, Wulong Mining commissioned Beijing General Research Institute of Mining and Metallurgy ("BGRIMM") to carry out test study on the processing technology of Wulong Mine, with the aim of recommending a technically feasible and economically reasonable processing flowsheet and technical parameters, obtaining better mineral processing indexes, and providing a basis for design and production.

A detailed flotation testwork was carried out. Based on the condition test, closed-circuit comparative tests were carried out on three technological processes: "on-site process" (one roughing, three scavengings and three cleanings), "two roughings, two scavengings and three cleanings" and "stage flotation (two products) process". The gold content of test sample is 3.51g/t. The test results are shown in Table 11-7.

Table 11-7: Test Results of ore sample from Wulong Mine

Flowsheet	Product	Yield (%)	Au Grade (g/t)	Au Recovery (%)
One Roughing, Three Scavengings and Three Cleanings	Gold Concentrate	5.13	61.38	89.73
Two Roughings, Two Scavengings and Three Cleanings	Gold Concentrate	4.99	64.25	90.57
Stage Flotation Process	Gold Concentrate 1	2.29	125.96	80.86
	Gold Concentrate 2	2.61	14.86	10.87
	Gold Concentrate (Total)	4.90	66.80	91.73

Source: Processing Test Study Report of Wulong Gold Mine in Liaoning Province, January 2021.

The testwork results show that the gold concentrate with gold grade of 61.38g/t and gold recovery rate of 89.73% can be obtained by "on-site process" flotation. The gold concentrate with gold grade of 64.25g/t and gold recovery rate of 90.57% can be obtained by the process of "two roughings, two scavengings and three cleanings". Gold concentrate 1 with gold grade of 125.96g/t and gold recovery rate of 80.86% and gold concentrate 2 with gold grade of 14.86g/t and gold recovery rate of 10.87% can be obtained by "stage flotation process". The total gold concentrate grade is 66.80g/t and the total gold recovery rate is 91.73%. After comparative analysis of processing flowsheet indexes, it is recommended to adopt "stage flotation process".

11.3.2 Production Status of Wulong Processing Plant

Wulong Mining built a new 3,000tpd gold flotation plant in 2020, and it was put into operation in January 2021. The old processing plant has ceased production. Grinding and separation are divided into two series. The production capacity of the first series is 2,000tpd, and that of the second series is 1,000tpd. The flotation process of "three-stage roughings, two-stage scavengings and two-stage cleanings" is adopted for gold separation and the final product is gold concentrate for sale.

Production Flowsheet

The processing plant of Wulong Mining adopts the single flotation process for gold ore processing. The production process flowsheet is shown in Figure 11-8, and specified as follows:

Crushing and Screening

The ore in the mining area is transported by car to the ROM bin of the processing plant. A heavy-duty plate feeder is set up under the ROM bin to feed the ore to primary crushing. The primarily crushed product is transported to the screening workshop by the belt conveyor for screening. The oversize product of the upper screen is returned to the secondary crushing buffer bin by the belt conveyor, and is fed to the cone crusher by the heavy-duty mobile belt feeder under the bin for secondary crushing; The oversize product of the lower screen is returned to the fine crushing buffer bin by the belt conveyor, and is fed to the cone crusher by the heavy-duty mobile belt feeder under the bin for fine crushing. The secondarily and finely crushed products and the primarily crushed product are combined and fed into the screening operation by belt conveyor, forming a closed circuit. The undersize product is transferred to the fine ore bin by belt conveyor and enters the grinding and flotation systems. The particle size of the fed ore is no more than 400mm, and the particle size of the crushed product is -8mm after several renovation tests of the vibrating screen sieve pit.

Grinding and Flotation

The grinding operation adopts the two-stage closed-circuit process. The fineness of the primary grinding is 60% of -200 meshes ($P_{60}=74\mu\text{m}$), and that of the secondary grinding is 90% of -200 meshes ($P_{90}=74\mu\text{m}$). The flotation operation adopts the stage flotation process (3 roughings + 2 scavengings + 3 cleanings). After Roughing I of the grinding product, the roughing foam goes to Cleaning I to produce concentrate product 1. The roughing tailings go to Roughings II and III, of which the roughing foams go to Cleaning II and Cleaning III to produce concentrate product 2. The two concentrate products are combined as the final concentrate. The Roughing III tailings go to Scavengings I and II to produce the final tailings.

Concentrate Dewatering

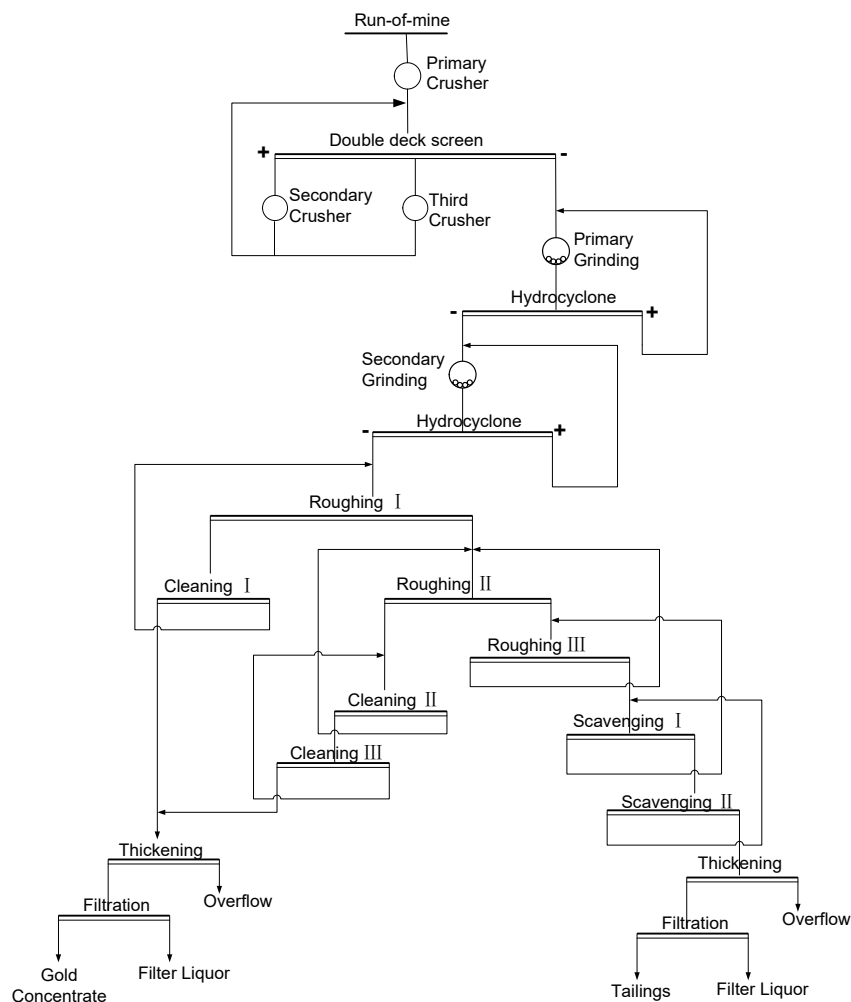
The concentrate is dewatered by two stages of "thickening + filtration" mechanical dewatering process. The moisture of the final gold concentrate is no more than 17%. After dewatering, the concentrate enters the concentrate warehouse for packing and storage.

In order to ensure the quality of the backwater, the overflow of the thickener and pressure filter water are pumped to the existing $\Phi 14\text{m}$ thickener of the processing plant for precipitation, and the overflow enters the backwater system.

Tailings Transport and Press Filtration

The flotation tailings are thickened and then pumped to the tailings filter-press workshop near the TSF. After the press filtration, the filter cake contains about 18% moisture, and then transported to the TSF for storage by belt conveyor.

Figure 11-8: Production Process Flowsheet of Wulong Processing Plant



Mineral Processing Facilities and Main Equipment

The Wulong processing plant consists of crushing and screening workshop section, grinding and flotation section, concentrate dewatering section, tailings dewatering section and auxiliary production section, and the main processing equipment is shown in Table 11-8.

SRK conducted site visit on key workshops and production equipment of the processing plant, and the site photos are shown in Figure 11-9. The workshops are arranged by steps to make full use of the site topography, and the layout is compact and reasonable. The equipment adopts centralized layout, to facilitate production operation, maintenance and management. The main factory plant is equipped with elevators and visiting channels. The floor of the workshops is clean and tidy. The

whole process and equipment of the processing plant have reached advanced, reasonable, safe, efficient and environmental protection goals, The plant is built well and in very good condition.

Table 11-8: Main Equipment List of Wulong Processing Plant

No.	Equipment Name	Specification	Power (kw)	QTY.	Remark
1	Jaw crusher	CT3042	110	1	Primary crushing
2	Cone crusher	TP350	250	1	Secondary crushing
3	Cone crusher	TP450	315	1	Fine crushing
4	Double deck vibrating screen	2YAQ3673SLF-AT	90	1	
5	Ball mill	MQY3650	1,250	2	Series I
6	Hydrocyclone group	Φ350-6		1	2 standby of Series I
7	Hydrocyclone group	Φ250-10		1	2 standby of Series I
8	Ball mill	MQY3245	800	2	Series II
9	Hydrocyclone group	Φ350-4		1	2 standby of Series II
10	Hydrocyclone group	Φ250-8		1	3 standby of Series II
11	Flotation machine	XCFII/KYFII-40	75/55	5/8	Series I roughing and scavenging
12	Flotation machine	XCFII/KYFII-16	45/30	3/2	Series I cleaning
13	Flotation machine	XCFII/KYFII-24	55/37	5/8	Series II coarse scavenging
14	Flotation machine	XCFII/KYFII-10	30/22	3/2	Series II cleaning
15	Thickener	Φ18m	5.5	1	Concentrate thickening
16	Quick-open chamber filter press	300m ²	18.5	3	1 standby, with automatic wetting flap
17	Thickener	Φ60m	35.5	1	Tailings thickening
18	Quick-open chamber filter press	800m ²	23.7	7	1 standby, with automatic wetting flap

Figure 11-9: Site Photos of Wulong Processing Plant

Source: SRK site visit

Historical Production Index

The historical production indexes of Wulong processing plant from 2021 to September 2024 are shown in Table 11-10. According to the data in the table, the actual annual processing throughput is increasing year by year but have not reached the designed capacity which is 900ktpa because the lack of ore supply. The average gold concentrate grade is 56.67g/t and recovery rate of about 91%.

Table 11-9: Historical Production Index of Wulong Processing Plant

Items	Unit	2021	2022	2023	2024 Q1-Q3
ROM throughput	kt	382.1	418.6	579.3	512.52
Feed grade	g/t	2.48	3.42	3.53	3.25
Concentrate output	kt	14.62	25.13	33.08	25.19
Concentrate gold grade	g/t	57.93	51.5	57.01	60.25
Gold recovery	%	89.37	90.39	92.23	91.07

11.3.3 Tailings Storage Facilities

The Zhoujiagou TSF is located in the southwest of Wulong processing plant with the straight-line distance of about 3.4km. It is a valley-type TSF, and the current situation is shown in Figure 11-10. The total dam height of the tailings dam is 45m, and the total storage capacity is $158.01 \times 10^4 \text{m}^3$ equal to effective capacity of $142 \times 10^4 \text{m}^3$, which is a Class 4 TSF. At present, about $107.26 \times 10^4 \text{m}^3$ of tailings

have been piled up, and the remaining storage capacity is about $34.74 \times 10^4 \text{m}^3$. The site selection of the new TSF has been completed and is under the stage of designing now .

Figure 11-10: TSF of Wulong Mining



11.3.4 Conclusions and Recommendations

As the ore comes from different mining areas, and the ROM properties are obviously different and fluctuating, SRK suggests that the reagent regime in the process of actual production should be adjusted according to the production situation to obtain the optimal separating indexes.

SRK believes that the process flowsheet of Wulong processing plant is reasonable, and the overall layout is reasonable and advanced with large-scale equipment, high automation level, energy saving and high efficiency. The production and management personnel are of high quality, with standardized management.

The Zhoujiagou TSF is close to closure. The site selection of the new TSF has been completed and is under the stage of designing now.

11.4 Hanfeng Project

11.4.1 Processing and Metallurgical Testwork

Lishan Mine Testwork

The target mineral of the deep ore in Lishan Mine is mainly sphalerite, while the content of other minerals such as pyrite, smithsonite, galena, cerussite and chalcopyrite is relatively small. The gangue minerals are mainly quartz, carbonate, and feldspar. Sphalerite is linked or wrapped with gangue and other sulphides, and 58.50% of sphalerite is linked or wrapped with gangue.

In 2018, Hanfeng Mining commissioned Jilin Haorong Group Co., Ltd. to carry out a laboratory processing testwork on the ore of Lishan Mine.

The zinc grade of the processing test sample is 3.11%, after grinding to -0.075mm accounted for 70% ($P_{70}=75\mu\text{m}$), a closed-circuit process of "1 roughing + 4 cleanings + 2 scavengins" was adopted to obtain the zinc concentrate with zinc grade of 47.46% and recovery of 95.77%. The test result is shown in Table 11-10. The experiment result shows that the flotation process can obtain the ideal index on the deep zinc ore in Lishan deposit, which can provide reference for the subsequent deep ore separation.

Table 11-10: Test Results of Ore Sample from Lishan Mine

Product	Yield (%)	Zn Grade (g/t)	Zn Recovery (%)
Concentrate	6.26	47.46	95.77
Tailings	93.74	0.14	4.23
Raw Ore	100.00	3.10	100.00

Source: Processing Test Study Report of deep zinc ore in Lishan Deposit, Tianbaoshan Mining Area, Longjing City, Jilin Province, October 2018.

Dongfeng Mine Testwork

The molybdenum ore of Dongfeng Mine is low sulfide quartz vein type, with disseminated grain size distribution being uneven. Molybdenum minerals are mainly molybdenum sulfide minerals (accounting for 97.39%), followed by molybdenum oxide mineral of powellite (accounting for 2.61%), which mainly occurs in the cracks between ore grains, and a small part is wrapped in gangue or other sulphides. Gangue minerals are mainly of feldspar, quartz and mica, accounting for over 98%. Other gangue mineral content is little.

Hanfeng Mining commissioned Changchun Gold Design Institute to carry out two laboratory processing test study on deep molybdenum ore and refractory molybdenum ore respectively in December 2023.

The deep molybdenum grade of the processing test sample is 0.115%, after coarse grinding to -0.074mm accounted for 75% ($P_{75}=74\mu\text{m}$), a closed-circuit process of "1 roughing + 6 cleanings + 3 scavengins + cleaning 1 concentrate regrinding ($P_{95}=45\mu\text{m}$)" was adopted to obtain the molybdenum concentrate with molybdenum grade of 46.96% and recovery of 88.05%. The test result is shown in Table 11-11. The experiment result shows that the flotation process can obtain the ideal index on

the deep molybdenum ore, which can provide reference for the subsequent large-scale resource development and optimization of the existing mineral process.

Table 11-11: Test Results of Deep Ore Sample from Dongfeng Mine

Product	Yield (%)	Mo Grade (g/t)	Mo Recovery (%)
Concentrate	0.22	46.96	88.05
Tailings	99.78	0.01	11.95
Raw Ore	100.00	0.115	100.00

Source: Processing Test Study Report of deep molybdenum ore, Changchun Gold Design Institute, December 2023.

The refractory molybdenum grade of the processing test sample is 0.126%. The ore adopts the stage grinding and floating process, and the process structure is as follows: one stage grinding and flotation ($P_{60}=74\mu\text{m}$) with one roughing + one scavenging; two stage grinding and flotation ($P_{90}=74\mu\text{m}$) with one roughing + three scavengings + six cleanings; two roughing coarse concentrate combined for cleaning and cleaning I concentrate regrinding ($P_{95}=45\mu\text{m}$). The molybdenum concentrate is obtained with molybdenum grade of 46.26% and recovery of 74.72%. The test result is shown in Table 11-12.

Table 11-12: Test Results of Refractory Ore Sample from Dongfeng Mine

Product	Yield (%)	Mo Grade (g/t)	Mo Recovery (%)
Concentrate	0.20	46.26	74.72
Tailings	99.80	0.02	25.28
Raw Ore	100.00	0.126	100.00

Source: Processing Test Study Report of refractory molybdenum ore, Changchun Gold Design Institute, December 2023.

11.4.2 Production Flowsheet

Lishan Processing Plant

The Lishan processing plant processes Cu-Pb-Zn polymetallic ore, which sources from Lishan and Dongfeng mining areas. It adopts flotation process, and the products are copper concentrate, lead concentrate and zinc concentrate. The designed processing capacity of Lishan processing plant is 1,500tpd, and the current production capacity has reaches 2,000tpd through technical renovation. The production process is described as follows:

Crushing

Lishan processing plant adopts two-stage closed-circuit process, with the raw ore feed size of no more than 300mm and the product size of -12mm.

Grinding and Classification

The grinding process adopts a two-stage closed circuit grinding system, divided into two series, equipped with spiral classifier and hydrocyclone for classification, with a final overflow fineness of -200 mesh accounting for 62% to 76% and a concentration of 35% to 38%.

Flotation

The flotation process is based on the principle of "mixed copper and lead flotation with priority", where the mixed copper and lead concentrates are selected from the raw ore before the copper and lead concentrates are separated. The copper-lead mixed flotation process structure is "one roughing, three scavengings and five cleanings", while the copper-lead separation flotation process structure is "one roughing, two scavenging and five cleanings". The copper-lead mixed flotation tailings are then for flotation of zinc to produce concentrate, with a process structure of "one roughing, three scavengings and five cleanings". The flotation process effectively avoids the use of copper sulphate and other activators and inhibitors, prevents interaction, saves the dosage of chemicals, and achieves better separation index.

Dewatering

Copper concentrate, lead concentrate and zinc concentrate all use a two-stage dewatering process, with one stage of dewatering using a thickener and a discharge concentration of 40% to 50%; the second stage of dewatering uses a cylindrical external filter, with a final concentrate moisture content of 10% to 12%.

SRK believes that for copper-lead-zinc polymetallic ores, the flowsheet of Lishan processing plant is mature and feasible.

Dongfeng Processing Plant

The Dongfeng processing plant mainly processes molybdenum ore and the history processing capacity is 500tpd. After optimizing the process, the production capacity reaches to about 700tpd. It adopts flotation process, and the final product is molybdenum concentrate with grade of 40%~45%. The plant ceased operation for years and restart production in July 2022. The production process is described as follows:

Crushing and Grinding

Dongfeng processing plant adopts two-stage closed-circuit process, and the product size is -12mm. The grinding process adopts a two-stage closed circuit grinding system, divided into two series, equipped with double spiral classifier for classification, with a final grinding fineness of -200 mesh accounting for 95% and a concentration of 38% to 41%.

Flotation and Dewatering

The molybdenum flotation process structure is "one roughing, three scavenging and eight cleanings, phase bubble regrinding, fine tail desulfurization ". The molybdenum concentrate adopted a three-stage dewatering process which is "thickening+filtration+drying". The final concentrate moisture content is less than 4%.

11.4.3 Mineral Processing Facilities and Equipment

Lishan processing plant mainly consists of crushing and screening plant, grinding plant, flotation plant, concentrate dewatering plant and other plants, with lime milk preparation, technical inspection stations and laboratories. The whole plant is built on a hill, making full use of whose natural topography, with compact and reasonable equipment configuration inside the plant, reducing conveying pressure and shortening the length of the tape conveyor and slurry pipeline. The main

equipment of Lishan and Dongfeng processing plant is shown in Table 11-13 and Table 11-14 respectively, and the site photos are shown in Figure 11-11 and Figure 11-12.

Table 11-13: Main Equipment of Lishan Processing Plant

No.	Equipment	Specifications	Power (kW)	QTY.
1	Jaw Crusher	CT2436	90	1
2	Cone Crusher	TP450SH/C	315	1
3	Triaxial Horizontal Screen	TTH6162	22	1
4	Belt Feeder	B500X2500	24	6
5	Chute Feeder	CG1210	15	1
6	Ball Mill	MQCG2745	500	1
7	Ball Mill	MQCY2.4*3.6	560	2
8	Ball Mill	MQCG2430	320	1
9	Hydrocyclone	TX350-GX*5		1
10	Hydrocyclone	TX250-GX*5		1
11	Separator	FGT-2.4	18.5	4
12	Flotation Blower	CF220-1.34	360	2
13	Flotation Blower	CF120-1.26	150	2
14	Flotation Machine	XCF-16	585	13
15	Flotation Machine	KYF-16	330	11
16	Flotation Machine	BF-8	570	19
17	Flotation Machine	BF-2.8	165	15
18	Flotation Machine	KYFII-8	242	11
19	Flotation Machine	BF-1.2	66	15
20	Flotation Machine	BF-2.0	60	8
21	Flotation Machine	XCFII-8	150	10
22	Thickener	NZS-5	7.5	2
23	Thickener	NZS-12	12	3
24	Ceramic Filter	KS3-30	22	1
25	Ceramic Filter	BY-18	22	2

Source: SRK collected.

Table 11-14: Main Equipment of Dongfeng Processing Plant

No.	Equipment	Specifications	Power (kW)	QTY.
1	Jaw Crusher	PE600x900		1
2	Cone Crusher	PYD1200		1
3	Vibrating Screen	1500x3000		2
4	#1 Ball mill	MQG2130	155	1
5	#2 Ball mill	MQY2124	130	1
6	#3 Ball mill	MQY2124	130	1
7	Ball Mill	MQY2430		1
8	Spiral Classifier	Φ1500	7.5	3
9	Hydrocyclone	FX250-G×5		1

No.	Equipment	Specifications	Power (kW)	QTY.
10	Regrinding Ball Mill	$\Phi 900 \times 1800$	11	1
11	Hydrocyclone	$\Phi 150$		2
12	1st Agitator Tank	$\Phi 2500$	18.5	1
13	2nd Agitator Tank	$\Phi 2000$	11	1
14	Flotation Machine	XCF/KYF-8	22~15	13
15	Flotation Machine	BF-2.8	11	8
16	Flotation Machine	5A	5.5	4

Source: SRK collected.

Figure 11-11: Photos of Lishan Processing Plant



Figure 11-12: Photos of Dongfeng Processing Plant



Source: SRK site visit

11.4.4 Historical Production Index

The processing production records of Lishan and Dongfeng processing plant from 2021 to September 2024 are shown in Table 11-15. As can be seen, Lishan processing plant has decreased its production throughput by almost 39% in 2023 compared to that in 2022, which is mainly attributed to the implementation of technical modifications. The average Cu, Pb and Zn recovery rate is of 53.32%, 64.49% and 88.20%, respectively.

The Dongfeng processing plant ceased operation for years and restart production in July 2022. The actual production capacity has reached about 700tpd since May 2024. Through the optimization of the process flow, the molybdenum recovery rate was increased to 77%-85%, with an average of about 79%.

Table 11-15: Historical Production Index of Lishan and Dongfeng Processing Plants

Items	Unit	2021	2022	2023	2024 Q1-Q3
(1) Lishan processing plant					
Ore Milled	kt	505.89	578.98	351.11	372.03
Feed Grade (Cu)	%	0.19	0.13	0.13	0.116
Feed Grade (Pb)	%	0.68	0.63	0.73	0.75

Items	Unit	2021	2022	2023	2024 Q1-Q3
Feed Grade (Zn)	%	2.12	2.02	1.71	1.52
Cu Concentrate Output	t	2,932	2,015	1,439	1,396
Concentrate Garde (Cu)	%	20.16	18.62	17.47	14.80
Cu Recovery	%	61.23	49.84	54.35	47.86
Pb Concentrate Output	t	3,477	3,257	2,716	2,686
Pb Concentrate Garde	%	63.65	66.75	68.00	64.75
Pb Recovery	%	64.47	59.60	71.69	62.19
Zn Concentrate Output	t	19,905	21,882	11,287	10,291
Zn Concentrate Garde	%	47.18	47.12	47.40	48.42
Zn Recovery	%	87.45	88.31	89.17	87.88
(2) Dongfeng processing plant					
Ore Milled (Mo)	kt	-	15.02	82.11	163.98
Feed Grade (Mo)	%	-	0.17	0.14	0.15
Mo Concentrate Output	t	-	41.71	206.48	442.00
Concentrate Garde (Mo)	%	-	43.45	40.64	44.33
Mo Recovery	%	-	71.69	67.57	79.74

11.4.5 Tailings Storage Facility

Lishan TSF was completed and put into operation in 1965, and in 2007 the Changchun Gold Design Institute was commissioned to carry out the restoration design and renovation. The site is located to the southeast of the Lishan processing plant, at a distance of about 3.2km, and it is a valley type TSF. The total dam height of the TSF is 59.5m, with a total storage capacity of $1,164 \times 10^4 \text{m}^3$, which is a class 3 storage facility. At present, a volume of $1,006 \times 10^4 \text{m}^3$ tailings has been stockpiled in the TSF, with a remaining storage capacity of $158 \times 10^4 \text{m}^3$ and an expected remaining service life of 3 years. The Lishan TSF plan to expand the storage volume of total $2,146 \times 10^4 \text{m}^3$ with dam height of 80m to serve for both Lishan and Dongfeng plant.

The Dongfeng TSF is located to the south of Lishan processing plant, at a distance of about 1.5km. The total dam height of the TSF is 74m, with a total storage capacity of $640 \times 10^4 \text{m}^3$ and is a class 3 storage facility. At present, a volume of $130 \times 10^4 \text{m}^3$ storage capacity remained, an expected remaining service life of 4.6 years.

The current situation of the Lishan TSF and Dongfeng TSF is shown in Figure 11-13.

Figure 11-13: TSF of Hanfeng Mining



11.4.6 Conclusion and Recommendations

The Lishan processing plant mainly processes Cu-Pb-Zn polymetallic ore, which sources from Lishan and Dongfeng mining areas. It adopts flotation process, and the products are copper concentrate, lead concentrate and zinc concentrate, with average recovery rates of 53.32%, 64.49% and 88.20% , respectively.

The Lishan plant is built on a hill, making a full use of the natural topography, and the equipment inside the plant is compact and reasonable.

The Dongfeng processing plant mainly processes molybdenum ore, and the history processing capacity is 500tpd. After optimizing the process, the production capacity reaches to about 700tpd and the molybdenum recovery rate was increased to 77%-85%. It adopts flotation process, and the final product is molybdenum concentrate with grade of 40%~45%.

11.5 Jintai Project

11.5.1 Metallurgical Testwork

Kunming Metallurgical Research Institute ("KMRI") and the Centre Laboratory of Yunnan Geological and Mineral Exploration and Development Bureau ("Yunnan Central Lab") and Jintai Mining conducted metallurgical testwork on the Xidengping gold ore. The tests include the following aspects:

- Mineralogy
- Agitation Leaching
- Column leaching
- Selection of gold leaching agent and
- Industrial test of heap leach

The testing results of the sieve analysis of -33mm of Xidengping ore by the KMRI showed 39.5% of "slime", and the column leaching showed a serious permeability problem. The results of the physical properties of -25mm ore by the Yunnan Central Lab are shown in Table 11-16, and the "slime" content was 25.62%, which is relatively high, and the test report describe it as "average permeability", which SRK understands as "not serious permeability problems". Jintai Mining also found slime and serious permeability problems in the ore by soaking the ore in tanks. During the site visit, SRK found that the ores were highly oxidized. Combined with the test results of the high slime content of the ore and the high lime dosage, SRK recommends pelleting heap leaching with alkaline cement or lime as the binder.

Table 11-16: Ore Physical Property Test Results

Item	Unit	Results
Density	g/cm ³	2.60
Heap Density	g/cm ³	1.42
Angle of Repose	degree	40
Hardness		6.3
Moisture Content ¹	%	0.55
Slime Content	%	25.62
Permeability coefficient ²	m/d	1.30
Moisture Absorption Rate	%	17.96

Note:

¹ The Moisture Content was tested at the original ore-2mm particle size, and the rest of the parameters were measured at the original ore-25mm particle size.

² The permeability coefficient was tested at a spray intensity of 10 L/m²·h.

In order to verify the feasibility of gold extraction by heap leaching, Jintai Mining conducted industrial tests of heap leaching at the mine site from January 2014 to February 2015. The industrial test was carried out in three phases, with the test stacked ore grade ranging from 0.3 to 2.0g/t, with an average of 1.06g/t. The test heap area was about 24,000m² and the total amount of ore heap during the test period was about 160,000t. A crushing process with two-stage open circuit and pre-screening before fine crushing was used to crush the ore to less than 50mm, which was transported by car to the leach

pad for stacking, with the initial test ore stacking height ranging from 1 to 2.5m and the later ore stacking height ranging from 5 to 15m. Leaching by leaching reagent solution spraying, the test spraying intensity was 13-20 L/m²·h. The leaching period was about 3 months, and the dosage of leaching reagent was stabilized at about 150g/t and the dosage of lime was stabilized at about 4.2kg/t, which was much lower than the dosage of column leaching in the laboratory. The average gold leaching rate during the industrial test was about 80%, it is a satisfactory result, confirming that heap leaching method was feasible for Xidengping Gold Mine.

11.5.2 Jintai Heap Leaching Plant

GOCOM Engineering Design Co., Ltd. completed the *Preliminary Design of Eryuan Jintai Mining Development Co. Ltd. For 140,000t/a Open Pit Mining Project at Xidengping Gold Mine in Eryuan County* in October 2022, which was designed maximum size of stacked ore is 35mm and the heap was constructed by truck and bulldozer. The ore heap is constructed in multiple layers, each layer is 7m high, and when the previous layer of leaching is finished, the next layer is directly constructed without moving away the first one, until 6 layers. The heap was leached by spraying with 0.15%~0.20% Jinchuan Gold Leaching Agent. The designed gold leaching rate is 86%, the final product is gold-loaded carbon, with the heap leaching comprehensive recovery rate of 85.05%. The GOCOM Preliminary Design is the basis of the current heap leach plant construction at mine, and also the basis for this report.

The construction of Jintai Heap Leaching Plant was completed and put into operation in October 2023. The project included the restoration of the original crushing production line and solution ponds, as well as the construction of new solution ponds and water and electricity supply facilities. As of 30 September 2024, leaching has been completed on the D1 to D6 ore heaps, leaching on the D7-1 and D7-2 ore heaps is underway, and D8 ore heap is under stacking. The total amount of ore in the D1 to D6 heaps that has completed leaching is 527 kt, averaging grade of 0.69g/t Au, yielding 271.6 kg of gold (carbon-loaded gold), with an average gold recovery rate of 74.71%. Leaching on D7-1 and D7-2 heaps are currently ongoing, with a total ore amount of 54,689 t, averaging grade of 0.81g/t.

The main technical risks are the coarse particle size of the ore feeding the heap and the poor permeability of the heap. SRK recommends changing the crushing process from open circuit to closed circuit, reducing the crushed particle size to less than 25 mm, and using cement or lime for pelleting. Then, use a belt conveyor to transport the pelleted ore and build the heap, thereby improving the heap's permeability. SRK believes that controlling the ore particle size and enhancing heap permeability are key measures to ensure gold recovery rates.

11.5.3 Heap Leaching Process

The designed process mainly includes three systems of ore crushing, heap leaching and adsorption, and the final product is gold-loaded carbon with a gold grade between 2000g/t to 4000 g/t. Jintai Mining entrusts other party to processing the gold-loaded carbon (elution - electrowinning - smelting), to produce a final product of Gold Dorè. The gold stripped carbon will be returned to the adsorption system. The heap leaching process is shown in Figure 11-14 and illustrated as follows

Ore Crushing

A two-stage open-circuit crushing process is used to crush the ore to -35mm. The maximum particle size of the open-pit ore is 500mm, which is transported by car to the ROM bin or ore stacking area in the crushing workshop of the processing plant. Then the material less than 100mm is screened out by a grizzly feeder, and the oversize material is fed to a primary jaw crusher. The undersize material of the grizzly feeder and the coarsely crushed product are fed to a vibrating screen to screen out materials less than 35mm, and the oversize material of the screen is fed into a secondary jaw crusher. The finely crushed product is combined with the undersize material and transported by truck to the leach pad for stacking.

Heap Leaching Site

The heap leaching site covers an area of 7.24hm² (72,400m²) and is located about 150m to the south of the open pit of Orebody V1. It is a gentle slope of medium and low mountains, which requires slope cutting to reduce the gradient. The longitudinal slope gradient of the heap leaching site is finally determined to be 5%-10% and the lateral slope to be 4%-5%, to reduce the earthwork volume of the slope cutting engineering. In order to prevent uneven settlement, the filling section adopts the bedded earth rolling method, with a compaction coefficient of no less than 0.97. In order to prevent the impact of groundwater on site stability, a groundwater collection and drainage system is installed under the leach pad. The groundwater collection and drainage system is located below the anti-seepage system, and the burial depth is not less than 1.5m, that is, the sand and gravel blind drain is arranged in the base, and after the collection infiltration of the sand reverse filter layer, the groundwater is discharged to the downstream sedimentation pond by the DN200 ultra-high molecular weight polyethylene drainage pipe in the gravel layer, which is used as production water, or discharged after the detection reaches the environmental emission standard.

Leach Pad Laying

The durable bottom pad is a compound pad composed of 4,800g/m² sodium-based bentonite impermeable blanket (GCL) + one layer of 2mm-thick HDPE geomembrane. A gradient of not less than 3% is set when the bottom pad is laid, to facilitate the leach solution flowing into the collection ditch along the bottom slope, and the DN100 ultra-high molecular weight polyethylene drainage pipe is laid in the direction of downstream water to dredge the liquid flow. A sand gravel layer of 2-10mm and 16-32mm with a thickness of 300-500mm is laid on the geomembrane as an ore heap percolation drainage layer and a protective bottom pad to ensure that the leach solution can smoothly penetrate into the bottom of the ore heap and flow into the collection pond through the collection facility. After completion of the bottom facilities of the leach pad, the ore stacking work begins.

Ore Stacking

The crushed ore (-35mm) is transported directly to the leach pad by car. The truck is equipped with a bulldozer to stack the ore stacking, and the excavator is used to turn the ore stacking and shape it. It adopts a zonal and layered stacking method, with a layer height of 7m. After the completion of ore stacking, the surface layer of the ore stacking compacted by vehicles is loosened for 3-4m by an excavator to facilitate the penetration of the leach solution. According to the terrain around the ore stacking ground, grooves are laid with a slope of 2-5% to facilitate the collection of leach solution,

and the collected leach solution flows into the sedimentation pond and the pregnant leach solution pond. It adopts a permanent heap leach yard without moving away the leached heap.

Laying of Solution Distribution Pipes

After the completion of ore stacking in each zone, a solution distribution pipe network is laid on the top of the heap, and the solution distribution is carried out by rotating-swing spray nozzles (the Senninger spray nozzles). The grid of the nozzle is generally 4×4m. A regulating valve is set at the connection between the main pipe and the branch pipe to control the flow and troubleshooting of a certain part of the ore stacking.

Alkaline Washing

At the time of ore stacking, a certain amount of lime is added in advance. When the ore stacking is washed with water, the pH value of the effluent may reach 9-10. If it cannot reach the specified pH value, a certain amount of caustic soda should be added until the pH value of the effluent reaches 11-11.5, after which stop washing, and then spray it with a gold leaching agent solution.

Spray Leaching

The solution with a concentration of 0.15%-0.20% and a pH= 1-11.5 is prepared in the barren solution pond with the Jinchan gold leaching agent as gold leaching reagent. The prepared leach solution is pumped from the barren solution pond to the spray pipe network, through which the ore stacking is sprayed and leached. The spray intensity is 6L to 30L/m²·h, and the continuous time of each spray is 1h with the interval time of 0.5h, which can be adjusted according to the process stage or the actual site situation.

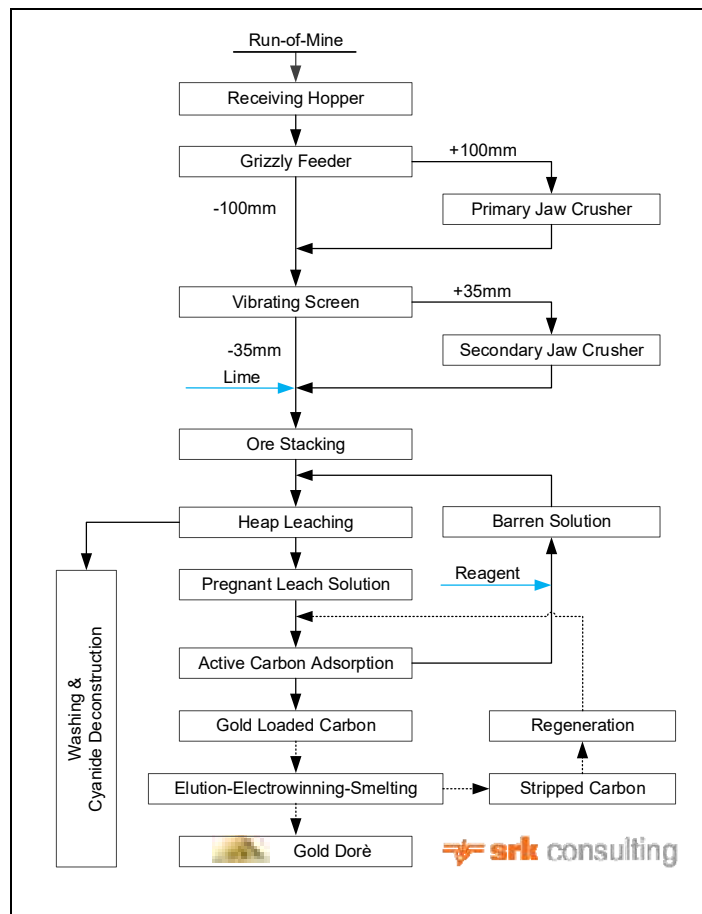
The sprayed leaching solution permeates the heap from surface to bottom while the gold is dissolved into the leaching solution, and flowing out of the ore heap flows into the pregnant leach solution collection pond and is pumped to the pregnant leach solution pond after precipitation. The pregnant leach solution is then discharged to the barren solution pond after being adsorbed by carbon. The returned barren solution should be added with leaching agent according to the analysis results to ensure the concentration of gold leaching agent and pH value of the leaching solution. The ore stacking is continued to be sprayed to form a spray-leach-adsorption cycle until the end of leaching.

Active Carbon Adsorption

Active carbon is used as gold and silver adsorbent and loaded into the adsorption column. The gold and silver in the pregnant leach solution are adsorbed and leached by five adsorption columns in series. After the gold load of the active carbon reaches the designed adsorption capacity (4,000g/t), it is discharged through the bottom carbon discharge valve, and then sampled, weighed and stored after the surface moisture is dried. The gold-loaded carbon is the final product on site. While Jintai Mining entrusts other party to processing the gold-loaded carbon (elution - electrowinning - smelting), to produce a final product of Gold Dorè. The gold stripped carbon will be returned to the adsorption system. Jintai tells SRK the stripped carbon will be recycled three times and then will be sold.

Washing and Detoxification

The designed leaching cycle is 50-60 days. After the completion of leaching, the ore heap is sprayed and washed with a weak alkaline limewater to wash out the residual leaching solution containing gold and gold leaching agent, and finally it is sprayed and washed with the alkaline bleaching powder solution to detoxify the ore heap. The washing-purification time is about 15-20 days. After the washing and detoxification of the ore heap is completed, the pipe network is dismantled, the impermeable bottom pad is re-laid on the top of the ore stacking, and then the second layer of the ore heap is stacked and leached until the stacking and leaching of the 6th layer ore heap is completed. After the final leaching, the disinfected leaching residue is stored in situ and reclaimed by covering soil.

Figure 11-14: Heap Leaching Process Flowsheet of Xidengping Gold Mine

Source: SRK

11.5.4 The Facilities and equipment of Heap Leaching Plant

A complete crushing system, solution pond system and adsorption system are left over from the original heap leaching test plant. Although the facilities and equipment of these systems are small, they can still be used after maintenance. *GOCOM Preliminary design* to make use of them, and added some solution pond, water supply and drainage facilities and laboratories, spare parts warehouse, reagent storage and products warehouse. The main production facilities and equipment designed are shown in Table 11-17. Figure 11-15 shows the key facilities of the heap leaching plant.

Table 11-17: Heap Leaching Facilities and Equipment

Equipment	Equipment name and specification	Installed power (kW)	Quantity	Remarks
Jaw crusher	PE600×900	55	1	Used equipment
Vibrating screen	SZZ-1545	11	1	Used equipment
Jaw crusher	PEX300×1300	55	1	Used equipment
Adsorption column	Φ2000×3000mm		15	New
Pregnant Solution Pond	15×8×3m, 300m ³		2	Used equipment
Barren Solution Pond	Φ 21×3m, 900m ³		1	Used equipment
Barren Solution Pond	Φ 15×3m, 450m ⁴		1	New
solution collecting pond	18×6×3m, 300m ³		1	New
Heap leaching site	72,400m ²		1	New construction

Source: Jintai provided and SRK site visit

Figure 11-15: Main Facility Photos of Xidengping Heap Leach Plant



Source: SRK site visit

11.5.5 Designed technical index and production performance

The technical index of heap leaching designed by *GOCOM Preliminary design* is shown in Table 11-18, and the scale of heap leaching is 140,000 t/a, with 0.83g/t of feed grade, the overall gold recovery rate is 85.05%, the final product is gold-loaded carbon with the gold grade of 4,000g/t, the annual output of gold (contained in gold-loaded carbon) is 98.83kg.

Table 11-18: Designed Technical Index of Heap Leaching

Item	Unit	Quantity
The tonnage of ROM	t/a	140,000
Ore size of ROM	mm	500~0
Particle size of stacked ore	mm	35~0
Grade of ROM	g/t	0.83
Gold content of ROM	kg/a	116.2
Leaching rate	%	86
Washing rate	%	99
Adsorption rate	%	99.9
Comprehensive Recovery Rate ¹	%	85.05
Leaching period	day	90
The quantity of leaching residue	t/a	140,000
The grade of leaching residue	g/t	0.124
Gold content of leaching residue	kg/a	17.37
The quantity of gold loaded carbon	t/a	24.71
The grade of gold loaded carbon	g/t	4,000
Gold content in loaded carbon	kg/a	98.83
The consumption of lime	kg/t	4.5
The consumption of Jinchuan gold leaching agent	kg/t	0.35
The consumption of bleaching powder	kg/t	0.55

Note:

¹ Overall recovery rate = Leaching rate × washing rate × Adsorption rate

The heap leaching plant was completed in October 2023. It includes the maintenance of the existing crushing equipment and the construction of the plant building, reinforcement and anti-seepage treatment of the existing solution pond, construction of new solution ponds, construction of the heap leaching site, and construction of basic infrastructure.

As of 30 September 2024, eight heaps (D1, D2, D3, D4, D5, D6, D7-1 and D7-2) were constructed and six of the heaps were leached, and D8 ore heap is under construction. The ore quantities and gold leaching amounts for each heap are shown in Table 11-19 and the gold recovery curves are illustrated in Figure 11-16.

For the six heaps where leaching has been completed, the overall gold recovery is 74.71%. The actual gold recovery is much lower than the designed 85.05%

SRK observed on site that the pregnant leach solution (PLS) was turbid and had low grade, speculating two possible reasons:

- High clay content in the ore, leading to poor permeability;
- Excessive spray intensity of the leach solution, causing the leach solution to erode the heap.

SRK also noted on site that to improve the permeability of the heap, the actual particle size of the ore in the heap was around -100mm, much larger than the designed -35mm. Although the coarser particle size can improve permeability, it will significantly impact the recovery rate. SRK recommends maintaining the designed ore crushing particle size and adopting pelleting operations to ensure the permeability of the heap. Jintai told SRK, the pelleting operation has implemented from July 2024 and applied in D7-2 Heap.

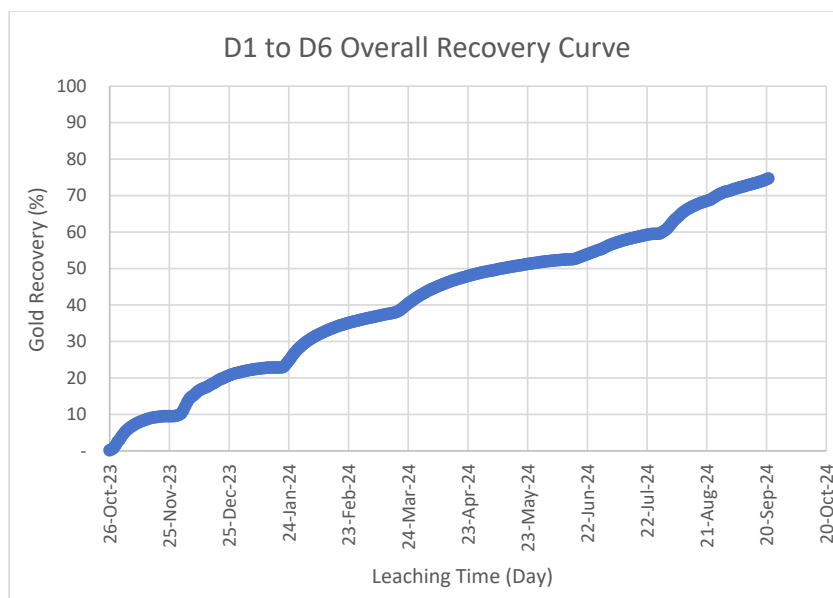
Table 11-19: Heap Leaching Production Performance, as of 30 September 2024

Item	Unit	D1	D2	D3	D4	D5	D6	Total
Ore quantity	t	51,110	71,814	112,964	109,249	107,505	74,386	527,027
Average grade	g/t	0.77	0.87	0.69	0.59	0.59	0.76	0.69
Gold content in heap	g	39,354	62,485	78,290	64,412	62,771	56,206	363,519
Leaching period	day	41	50	126	126	110	73	
Cumulative gold load in carbon	g	34,557	48,503	55,226	52,568	25,448	55,293	271,595
Cumulative recovery rate ¹	%	87.81	77.62	70.54	81.61	40.54	98.38	74.71

Source: SRK calculated based on data provided by Jintai Mining

Note:

¹ The recovery rate is calculated according to the accumulated gold load in carbon and the amount of metal in heap. Since the later period PLS of an ore heap is used as the leaching solution of the next ore heap, and the gold content in the PLS also enters in the next ore heap, so the recovery rate of a single ore heap does not accurately reflect the real leaching situation, while the total recovery of all the ore heaps can reflect the overall leaching situation.

Figure 11-16: Heap leaching Recovery Curve for Xidengping Mine

Source: drawn by SRK according to Jintai's "Gold-loaded Carbon Production Report"

11.5.6 Conclusion and Recommendation

- The designed maximum size of stacked ore is 35mm, and the heap is continuously stacked without moving away the leached ore, with a total of 6 layers superimposed, and the average height of each layer is 7m. Due to the particle size is an important factor affecting gold leaching rate, SRK recommends using closed circuit for fine-crushing operation to reduce the particle size of stacked ore to 100% less than 25mm. The permeability of ore stack is the key factor affecting the success or failure of heap leaching. SRK suggests that cement and leaching reagent solution should be used for pelleting to avoid argillization, and belt conveyors and stacking conveyor should be used to build ore stack to avoid compaction and ensure the permeability of ore heap.

Pelleting with cement and leaching reagent solution can provide sufficient protective alkali in advance, and save the pre-alkaline washing operation, shorten the leaching period and improve the gold leaching rate.

- It is reasonable to construct groundwater seepage control and drainage system by cutting treatment of heap leaching site as stepped type. It is reasonable to lay the liquid collection drainage pipe network system on the bottom pad of the ore heap, which can timely export the leaching solution to the ore stack and reduce the scouring of the ore at the bottom of the stack. During the site construction, it is recommended to rationally arrange the location and network of the system according to the terrain conditions.
- The design scale of heap leaching is 140,000 t/a, the average grade of ore is 0.83g/t, the overall recovery rate of gold is 85.05%, the final product is gold-loaded carbon, the gold grade of loaded carbon is 4,000g/t. The Xidengping gold ore is amenable to heap leach process and the leaching rate is 85%~91% in column leaching test, SRK believes that the overall recovery of 85% gold can be reached or even exceeded under the condition of ensuring the permeability of ore heap. SRK observed on-site that the maximum ore size feeding the heap was approximately 100mm, which is much larger than the designed ore size for heap leaching. Additionally, there are permeability issues with the ore heap, which will result in the gold recovery rate not meeting the designed specifications. SRK suggests modifying the existing open-circuit crushing process to a two-stage closed-circuit process, reducing the ore to below 25mm, and adding a drum granulator to granulate the crushed ore, and using a belt conveyor to build the heap.
- Heap leaching has the characteristics of flexible scale, low investment, low cost and short-term benefit, and Xidengping ore is suitable for heap leaching. The discovery of V4 orebody makes it possible to expand the scale of heap leaching to 1 million t/a. The current scale of 140,000 t/a is feasible by mainly using the facilities and equipment of the original pilot plant. Jintai Mining plans to build a second crushing workshop to expand production capacity. SRK recommends using a closed-circuit crushing process to reduce the ore to less than 25mm and pelleting the crushed ore to improve the heap's permeability. SRK believes that this can achieve the designed recovery rate of 85%.
- The final product of the mine is gold-loaded carbon, Jintai Mining entrusts other party to processing the gold-loaded carbon, to produce gold doré, SRK suggests that a smelting workshop should be built in the mine to use a processing device of "high-temperature elution and homothermal electrowinning " to produce Gold Doré.

12 Project Infrastructure

12.1 Location and Access

12.1.1 Jilong Project

The Jilong gold project is located about 21km west of Aohanqi or 58km west of Chifeng City, Inner Mongolia. The Zhuanshanzi gold mine is approximately 45km away from the Pingzhuang Station of Yebaishou - Chifeng Railway in the southwest and only 15km away from the Xiaohe Station of Beijing - Tongliao Railway in the north. There are gravel roads connecting the mine to the railway stations and main paved roads.

12.1.2 Huatai Project

The Huatai gold project, including the Lianhuashan gold mine, Honghuagou gold mine and Pengjiagou gold mine, is located approximately 33~38km west of Chifeng City, Inner Mongolia. Three operating mines are all within 3 to 10km away from the Honghuagou Station of Beijing - Tongliao Railway. Chifeng City has extensive networks of railway line and well paved highways. There are gravel roads connecting these mines to the railway station and main paved roads. Access to these properties is convenient.

12.1.3 Wulong Project

The Wulong gold project is located about 15km west of Dandong City or 38km south of Donggang City, Liaoning Province. Access to the Wulong gold mine is very convenient. The Dandong-Dalian highway is 11km away from the mine in the southeast. There are gravel roads connecting the mine to the main paved roads.

12.1.4 Hanfeng Project

The Jilong lead-zinc project is located approximately 42km of northwest of Longjing City, Jilin Province. Access to the project area is excellent. The Changchun-Tumen Railway and National Highway G302 pass through Laotougou Township in the southeast of Tianbaoshan mine area. Laotougou Town is just 15km southeast of the project's properties and there is a cement road connecting Laotougou Town and the project site.

12.1.5 Jintai Project

Jintai project is located about 54km road away Southwest to Eryuan county, Dali Bai Autonomous Prefecture, Yunnan Province. Access to Jintai project is very convenient. The local downtown Liantiexiang is about 3km from mine site and the connected with national road to Eryuan county about 51km. the downtown to Dali is about 106km.

12.2 Power Supply

12.2.1 Jilong Project

Jilong Mining has built a 4,000kVA+6,300kVA general step-down substation in the first mining area of the Zhanshanzi Gold Mine and the power supply is Yuanbaoshan 66kV, a second substation. The power supply in the mining area is sourced from the general step-down substation. A 10kV transmission line is connected to the power distribution room in the mining area through LGJ-95mm² steel-cored aluminum stranded wires. The power supply meets production needs.

12.2.2 Huatai Project

The power supply for the Huatai project is sourced from the Northeast Power Grid, and the industrial 10kv high-voltage line has been connected to the Lianhuashan and Honghuagou gold mining areas, which can meet both production needs.

12.2.3 Wulong Project

Wulong operating gold mine is an old mining area with complete power supply facilities. The Northeast Power Grid runs through the whole area, and the power supply is sufficient.

12.2.4 Hanfeng Project

There is a 110kV high-voltage dedicated line for Tianbaoshan operating mine, and the power supply can fully meet the production needs.

12.2.5 Jintai Project

Jintai project is located about 54km by road Southwest to Eryuan county, Dali Bai Autonomous Prefecture, Yunnan Province. Access to Jintai project is very convenient. The local downtown Liantiexiang is about 3km from mine site and the connected with national road to Eryuan county about 51km. the downtown to Dali is about 106km.

The power supply for the Jintai project is sourced from the 35kV power station of Liantiexiang town which is a station to the China Southern Power Grid. The industrial 10kv high-voltage line has been connected to the project about 1.8km away, which can meet both production needs. Residential electricity is supplied as the mine is not constructed, during site visit. Figure 12-1 shows the power station and the connection of power line.

Figure 12-1: Power Station of Liantiexiang

12.3 Water Supply

12.3.1 Jilong Project

Water for production and domestic use is sourced from underground water with a water volume of 70 cubic meters per day ("m³/d") per water well

12.3.2 Huatai Project

Water for production and domestic use is sourced from underground water (electromechanical wells), and the water volume is relatively sufficient.

12.3.3 Wulong Project

The water for mine production and surrounding residents is taken from the special water intake area of the mining area, and water resources are relatively sufficient.

12.3.4 Hanfeng Project

The production water supply is from the water source of Huxiantang water source on the southeast side of the ore processing plant and the underground water of Lishan Pit.

Huxiantang Water Source: there is a 6m × 12m water intake pumping station built at the water intake point, using three sets (one for backup and two for use) of water intake pumps D155-30 × 9 (Q=72 ~126m³/h, H=270m, N=200kW), through a D300mm iron pipe through an air-raid shelter and the

water source pipeline at the mouth of Dongfenggou, and then directly pump water to the high-level water tank of the ore processing plant. The straight-line distance of water supply is about 5,000m.

In addition, the backwater from the Lishan tailings pond is also transported to the high-level water tank of the concentrator through the pump station.

Lishan Pit Gushing Water: the gushing water from the Lishan pit, through four-level drainage pumping stations, are pumped to the surface. The water supply capacity is 500m³/d.

12.3.5 Jintai Project

The production water is planned sourced from the nearby river of Heihui. A pump station and powerhouse are planned to construct. Pipeline connecting water source and head tank of processing plant is also planned. the water source location is shown in Figure 12-2.

Figure 12-2: Planned Water Source Point along Heihui River



The domestic water is source from the spring pond and the water plant of Xidengping village, which is the source for local community. The pipeline has been constructed along the road to the mine site.

13 Environmental Studies, Permitting, and Social or Community Impact

13.1 Environmental, Permitting, and Social or Community Review Objective

The objective of this due diligence review is to identify and or verify the existing and potential Environmental, Permitting, and Social or Community liabilities and risks, and assess any associated proposed remediation measures for the Project.

13.2 Environmental, Permitting, and Social or Community Review Process, Scope, and Standards

The process for the verification of the environmental compliance and conformance for the Project comprised a review and inspection of the Project's environmental management performance against:

- Chinese national environmental regulatory requirements; and
- World Bank/International Finance Corporation ("IFC") environmental standards and guidelines, and internationally recognised environmental management practices.

The methodology applied for this environmental review of the Project consisted of a combination of documentation review, site visit, and interviews with Company technical representatives. The last site visit for the environmental review was undertaken in May 2024.

13.3 Status of Environmental Impact Assessment

The basis of environmental policy in China is contained in the 2018 Constitution of the People's Republic of China. Pursuant to Article 26 of the Constitution, the state protects and improves the environment in which people live and the ecological environment. It prevents and controls pollution and other public hazards. The state organizes and encourages afforestation and the protection of forests.

The following are other Chinese laws that provide environmental legislative support to the Minerals Resources Law of the People's Republic of China (2019) and the Environmental Protection Law of the People's Republic of China (2014):

- Environmental Impact Assessment ("EIA") Law (2018).
- Law on Prevention & Control of Atmospheric Pollution (2018).
- Law on Prevention & Control of Noise Pollution (2021).
- Law on Prevention & Control of Water Pollution (2017).
- Law on Prevention & Control Environmental Pollution by Solid Waste (2020).
- Forestry Law (2021).
- Water Law (2016).
- Land Administration Law (2019).

- Protection of Wildlife Law (2023).
- Regulations on the Administration of Construction Project Environmental Protection (2017).

In accordance with Chinese legislation the Project will be subjected to a comprehensive EIA to assess the environmental impacts of the proposed development on the human and natural environment prior to the commencement of mining operations.

The details of the EIA reports and approvals for each project are presented in the tables below.

13.3.1 Jilong Project

Table 13-1: Details of the EIA Reports and Approvals for the Jilong Project

Project	Produced By	Production date	Approved By	Approval date
Chifeng Jilong Mining Ltd. Gold Mine Mining and Processing Project (400 tpd)	Chifeng City Environmental Science Institute	September, 2007	Chifeng City Environmental Protection Bureau	January 30, 2008
Zhuanshanzi Gold Mine (No. 4, 5, 6, 7 orebody) Mining Project (200 tpd)	Hebei Deyuan Environmental Protection Ltd.	May, 2019	Chifeng City Ecology and Environmental Bureau	December 30, 2019
Zhuanshanzi Gold Mine Processing Expansion Project	Inner Mongolia Guxincheng Environmental Technology Ltd.	February, 2023	Chifeng City Ecology and Environmental Bureau	April 18, 2023

13.3.2 Huatai Project

Table 13-2: Details of the EIA Reports and Approvals for the Huatai Project

Project	Produced By	Production date	Approved By	Approval date
Chifeng Huatai Mining Ltd. Gold Mine Mining and Processing Expansion Project (0.06Mtpa)	Chifeng City Environmental Science Institute	May, 2007	Chifeng City Environmental Protection Bureau	June 6, 2007
Chifeng Huatai Mining Ltd. Honghuagou No.1 Mining Area Expansion Project (0.06Mtpa)	Chifeng Environmental Investment Ltd.	May, 2020	Chifeng City Ecology and Environmental Bureau	October 12, 2020
Chifeng Huatai Mining Ltd. Lianhuashan No.5 Mining Area Expansion Project (0.06Mtpa)	Chifeng Environmental Investment Ltd.	July, 2020	Chifeng City Ecology and Environmental Bureau	September 4, 2020
Chifeng Huatai Mining Ltd. Lianhuashan No.3 and No.7 Orebody Mining Project (0.06Mtpa)	Chifeng Environmental Investment Ltd.		Chifeng City Ecology and Environmental Bureau	October 12, 2020
Chifeng Huatai Mining Ltd. Pengjiagou Gold Mine Project (0.03Mtpa)	Chifeng City Environmental Science Institute	October, 2014	Chifeng City Environmental Protection Bureau	December 1, 2014
Chifeng Huatai Mining Ltd. Lianhuashan No.26 Orebody Mining Project (0.03Mtpa)	Chifeng City Environmental Science Institute	February, 2015	Chifeng City Environmental Protection Bureau	March 24, 2015

Project	Produced By	Production date	Approved By	Approval date
Chifeng Huatai Mining Ltd. Honghuago No.86 Ore Body Mining Project (0.03Mtpa)	Chifeng City Environmental Science Institute	October, 2014	Chifeng City Environmental Protection Bureau	December 1, 2014

13.3.3 Wulong Project

Table 13-3: Details of the EIA Reports and Approvals for the Wulong Project

Project	Produced By	Production date	Approved By	Approval date
Liaoning Wulong Gold Mine Development Project (0.15Mtpa)	Dandong City Environmental Protection Science Institute	October, 2006	Dandong City Environmental Protection Bureau	November 6, 2006
Liaoning Wulong Zhoujiagou TSF Treatment and Processing Plant (800 tpd) Decommissioning Project	China Coal Technology & Engineering Group Shenyang Design & Research Institute Ltd.	December, 2013	Dandong City Environmental Protection Bureau	April 8, 2014

13.3.4 Hanfeng Project

Table 13-4: Details of the EIA Reports and Approvals for the Hanfeng Project

Project	Produced By	Production date	Approved By	Approval date
Longjing Hanfeng Mining Ltd. Tianbaoshan Mine Area Residual Resources Recovery and Utilization Project	Yanbian Environmental Protection Science Institute	March, 2005	Yanbian Environmental Protection Bureau	March 14, 2005
Lishan-xinxing Mine Area Lead- Zinc Mining Expansion Project (0.18Mtpa)	Jilin Metallurgical Research Institute Jilin Linchang Environmental Technology Service Ltd.	May, 2013	Jilin Province Environmental Protection Bureau	June 9, 2013
Jilin Hanfeng Lishan Processing Plant Technical Transformation Project	Jilin Northeast Coal Industry Environmental Protection Research Ltd.	February, 2017	Yanbian Environmental Protection Bureau	February 20, 2017
Jilin Hanfeng Lishan Mining Area Expansion Project (0.6Mtpa)	Jilin Linchang Environmental Service Ltd.		Jilin Province Ecology and Environmental Bureau	August 31, 2021

13.3.5 Jintai Project

Table 13-5: Details of the EIA Reports and Approvals for the Jintai Project

Project	Produced By	Production date	Approved By	Approval date
Xidengping Gold Mine Mining, Processing and Tailings Project (0.14Mtpa)	Kunming Nonferrous Metallurgy Design & Research Institute Ltd..	December 2013	Yunnan Province Environmental Protection Bureau	February 17, 2014

SRK noted that the EIA reports for the Liaoning Wulong Gold Mine Development Project (0.15Mtpa) and Liaoning Wulong Zhoujiagou TSF Treatment and Processing Plant (800 tpd) Decommissioning Project did not include the new processing plant. However, Wulong Mining stated that the EIA report had been submitted to the environmental protection bureau and was under review. Yunnan Rongtan Environmental Protection Technology Co., Ltd. prepared a report on the optimization and demonstration of environmental protection measures for the project in May 2022. The report concluded that the changes resulting from the continuation of the project do not constitute significant changes and do not alter the environmental impact assessment conclusions already approved for the project.

13.4 Status of Environmental Licenses and Permits

According to the requirements of relevant laws and regulations of China, a series of environmental protection related licenses and permits should be obtained during the operation of mines, such as safety production permit, water use permit and site discharge permit.

13.4.1 Safety Production Permit

The safety production permits for each project are presented in the following tables.

Table 13-6: Details of Safety Production Permits of Jilong Project

Project	Jilong Project
Safety Production Permit No.	[2024] 002320
Issued To	Chifeng Jilong Mining Ltd.
Issued By	Inner Mongolia Autonomous Region Mine Safety Supervision Bureau
Licensed Activity	Gold and Silver Mine Underground Mining, TSF Operation
Issue Date	2 July, 2024
Expiry Date	1 July, 2027
Project	Jilong Project
Safety Production Permit No.	[2022] 006589
Issued To	Chifeng Jilong Mining Ltd. Zhuanshanzi Gold Mine #1 Mining Section Technical Transformation Project
Issued By	Chifeng City Emergency Management Bureau
Licensed Activity	Gold and Silver Mine Underground Mining
Issue Date	13 January, 2025
Expiry Date	12 January, 2028
Project	Jilong Project
Safety Production Permit No.	[2021] 005704
Issued To	Chifeng Jilong Mining Ltd. #3 Mining Section
Issued By	Chifeng City Emergency Management Bureau
Licensed Activity	Gold and Silver Mine Underground Mining
Issue Date	30 December, 2024
Expiry Date	29 December, 2027
Project	Jilong Project
Safety Production Permit No.	[2024] 005701
Issued To	Chifeng Jilong Mining Ltd. #2 Mining Section
Issued By	Inner Mongolia Autonomous Region Mine Safety Supervision Bureau
Licensed Activity	Gold and Silver Mine Underground Mining
Issue Date	11 May, 2024
Expiry Date	10 May, 2027
Project	Jilong Project

Safety Production Permit No.	[2024] 005703
Issued To	Chifeng Jilong Mining Ltd. Gold Processing Plant TSF
Issued By	Inner Mongolia Autonomous Region Mine Safety Supervision Bureau
Licensed Activity	TSF Operation
Issue Date	11 May, 2024
Expiry Date	10 May, 2027

The #3 Mining Section of Jilong Mining is currently undergoing technical renovation, which is scheduled to be completed by November 27, 2024. Afterward, Jilong Mining will apply for inspection and acceptance, followed by an application for a new safety production permit.

Table 13-7: Details of Safety Production Permits of Huatai Project

Project	Huatai Project
Safety Production Permit No.	[2021] 001595
Issued To	Chifeng Huatai Mining Ltd.
Issued By	Chifeng City Emergency Management Bureau
Licensed Activity	Gold Mine Underground Mining, TSF Operation
Issue Date	12 December, 2021
Expiry Date	11 December, 2024
Project	Huatai Project
Safety Production Permit No.	[2021] 001602
Issued To	Chifeng Huatai Mining Ltd. TSF
Issued By	Chifeng City Emergency Management Bureau
Licensed Activity	TSF Operation
Issue Date	24 September, 2021
Expiry Date	23 September, 2024

The safety production permit for Huatai Mining's TSF has been submitted to the relevant authority for extension. The safety production acceptance for other production units have not yet commenced, and there are currently no safety production permits.

Table 13-8: Details of Safety Production Permits of Wulong Project

Project	Wulong Project
Safety Production Permit No.	[2024] F0061
Issued To	Liaoning Wulong Gold Mining Ltd.
Issued By	Liaoning Province Local Mine Safety Supervision Bureau
Licensed Activity	Gold Mine Underground Mining
Issue Date	8 June, 2024
Expiry Date	7 June, 2027
Project	Wulong Project
Safety Production Permit No.	[2023] F0018
Issued To	Liaoning Wulong Gold Mining Ltd. Zhoujiagou TSF
Issued By	Liaoning Province Emergency Management Bureau
Licensed Activity	TSF Operation
Issue Date	29 October, 2023
Expiry Date	28 October, 2026

Project	Wulong Project
Safety Production Permit No.	[2024] F0060
Issued To	Liaoning Wulong Gold Mining Ltd. #2 Mining Section
Issued By	Liaoning Province Local Mine Safety Supervision Bureau
Licensed Activity	Gold Mine Underground Mining
Issue Date	3 June, 2024
Expiry Date	2 June, 2027
Project	Wulong Project
Safety Production Permit No.	[2023] F0032
Issued To	Liaoning Wulong Gold Mining Ltd. #3 Mining Section
Issued By	Liaoning Province Emergency Management Bureau
Licensed Activity	Metal Underground Mining
Issue Date	5 December, 2023
Expiry Date	4 December, 2026
Project	Wulong Project
Safety Production Permit No.	[2023] F0022
Issued To	Liaoning Wulong Gold Mining Ltd. #4 Mining Section
Issued By	Liaoning Province Emergency Management Bureau
Licensed Activity	Gold Mine Underground Mining
Issue Date	7 October, 2023
Expiry Date	6 October, 2026

Table 13-9: Details of Safety Production Permits of Hanfeng Project

Project	Hanfeng Project
Safety Production Permit No.	[2024] ZBB0006
Issued To	Jilin Hanfeng Mining Technology Ltd.
Issued By	Jilin Province Emergency Management Bureau
Licensed Activity	Non-coal Mining
Issue Date	24 July, 2024
Expiry Date	10 August, 2026
Project	Hanfeng Project
Safety Production Permit No.	[2024] DXYBYBB0058
Issued To	Jilin Hanfeng Mining Technology Ltd. Lishan Mine
Issued By	Jilin Province Emergency Management Bureau
Licensed Activity	Non-coal Mining
Issue Date	26 February, 2024
Expiry Date	15 May, 2025
Project	Hanfeng Project
Safety Production Permit No.	[2024] DXBYBB0071
Issued To	Jilin Hanfeng Mining Technology Ltd. Lishan Mine Tianbaoshan Lead-Zinc Mine Area Dongfeng Mine
Issued By	Jilin Province Emergency Management Bureau
Licensed Activity	Non-coal Mining
Issue Date	26 February, 2024
Expiry Date	15 January, 2025
Project	Hanfeng Project

Safety Production Permit No.	[2023] WKBYYB0010
Issued To	Jilin Hanfeng Mining Technology Ltd. Lishan TSF
Issued By	Jilin Province Emergency Management Bureau
Licensed Activity	TSF Operation
Issue Date	11 May, 2023
Expiry Date	9 March, 2026
Project	Hanfeng Project
Safety Production Permit No.	[2023] WKBYYB0006
Issued To	Jilin Hanfeng Mining Technology Ltd. Tianbaoshan Lead-Zinc Mine Area Dongfeng TSF
Issued By	Jilin Province Emergency Management Bureau
Licensed Activity	TSF Operation
Issue Date	11 May, 2023
Expiry Date	6 March, 2026

Table 13-10: Details of Safety Production Permits of Jintai Project

Project	Jintai Project
Safety Production Permit No.	[2024] 0003
Issued To	Eryuan Jintai Mining Development Co., Ltd. Xidengping Gold Mine
Issued By	Dali Bai Autonomous Prefecture Emergency Management Bureau
Licensed Activity	Gold Mine Open Pit Mining
Issue Date	3 June, 2024
Expiry Date	2 June, 2027

13.4.2 Water Use Permit

The water use permits for the Project are presented in the following tables.

Table 13-11: Details of Water Use Permits of Jilong Project

Project	Jilong Project
Water Use Permit No.	D150430G2021-0058
Issued To	Chifeng Jilong Mining Ltd.
Issued By	Aohan Qi Water Bureau
Issue Date	15 January, 2023
Expiry Date	14 January, 2028
Water Supply Source	Groundwater
Water Use Allocation	139,800m³/year
Project	Jilong Project
Water Use Permit No.	D150430G2023-0003
Issued To	Chifeng Jilong Mining Ltd.
Issued By	Aohan Qi Water Bureau
Issue Date	3 July, 2023
Expiry Date	2 July, 2028
Water Supply Source	Groundwater
Water Use Allocation	78,000m³/year

Table 13-12: Details of Water Use Permits of Huatai Project

Project	Huatai Project
Water Use Permit No.	D150404G2021-0044
Issued To	Chifeng Huatai Mining Ltd.
Issued By	Chifeng City Songshan District Water Bureau
Issue Date	11 January, 2022
Expiry Date	11 January, 2027
Water Supply Source	Groundwater
Water Use Allocation	133,700m ³ /year

Table 13-13: Details of Water Use Permits of Wulong Project

Project	Wulong Project
Water Use Permit No.	201400076680
Issued To	Liaoning Wulong Gold Mining Ltd.
Issued By	Agriculture and Rural Bureau of Zhen 'an District, Dandong City
Issue Date	27 May, 2020
Expiry Date	27 May, 2025
Water Supply Source	Groundwater
Water Use Allocation	200,000m ³ /year

Table 13-14: Details of Water Use Permits of Hanfeng Project

Project	Hanfeng Project
Water Use Permit No.	D222405G2022-0014
Issued To	Jilin Hanfeng Mining Technology Ltd.
Issued By	Longjing City Water Bureau
Issue Date	1 October, 2022
Expiry Date	30 September, 2027
Water Supply Source	Groundwater and surface water
Water Use Allocation	403,000m ³ /year

Table 13-15: Details of Water Use Permits of Jintai Project

Project	Jintai Project
Water Use Permit No.	D532930S2024-0028
Issued To	Eryuan Jintai Mineral Development Ltd.
Issued By	Eryuan County Water Bureau
Issue Date	15 May, 2024
Expiry Date	15 May, 2029
Water Supply Source	Surface water
Water Use Allocation	92,400m ³ /year

13.4.3 Site Discharge Permit

The status of site discharge permit/registration for the Project are summarized as follows:

- Jilong Project has registered the discharge of fixed pollution sources on July 10, 2020. The registration number is 91150430779492220K002X. Registration is valid until July 9, 2025.
- Huatai Project has registered the discharge of fixed pollution sources on January 6, 2021. The registration number is 9115040476767883814P002Z. Registration is valid until January 5, 2026.
- Wulong Project has registered the discharge of fixed pollution sources on March 10, 2020. The registration number is 91210600673786837T001W. Registration is valid until March 9, 2025.
- Hanfeng Project has registered the discharge of fixed pollution sources on August 22, 2023. The registration number is 91222405764593512F001X. Registration is valid until September 24, 2028.
- Jintai Project has registered the discharge of fixed pollution sources on October 20, 2023. The registration number is 915329306708718763001Z. Registration is valid until October 19, 2028.

13.5 Environmental Study and Management

This chapter summarizes the conclusions of EIA studies, the status of environmental management observed during site visits and the recommendations made by SRK.

13.5.1 Jilong Project

According to the EIA report, the vegetation in the project area belongs to the arid grassland vegetation area. Due to years of reclamation, a large area of natural vegetation has been destroyed. Much of the surrounding land has been reclaimed for farming. No rare plants under state or local protection have been found around the project. The project area is heavily affected by human activities and large wild animals have disappeared. Small wildlife is limited to small rodents and reptiles. No wild animals and birds under state protection were found in the project area.

The domestic water source for the project comes from two wells located 2.1 kilometers away. The well also replenishes the processing plant with fresh water. Mine water is sedimented underground and discharged into the upper sump and reused in the processing plant. The EIA believes that the project's water abstraction will not have a great impact on the production and domestic water consumption of local villagers and other water users. Chifeng Jilong reported to SRK that the groundwater quality is regularly monitored. SRK has sighted an environmental monitoring report which was produced in April, 2024. Water samples from water monitoring well and mine dewatering outlet were collected in March 2024. The water monitoring results are all within the limits of the relevant environmental standards. SRK recommends the company improve an effective drainage system to divert run-off from undisturbed areas around disturbed areas.

During the site visit, SRK noticed that there are waste rock dumps in each mining area of the project. No geochemical characterization of waste rocks or acid rock drainage ("ARD") assessment has been sighted as part of this review. At present, the tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. The accident and collection ponds were built at the foot of the tailings dam. Two tailings samples from the project, which were wet and dry tailings separately, were collected and tested in December, 2022. The test results show that cyanide in the tailings meet the requirements of technical specification for pollution control of cyanide leaching residue in gold industry (less than 5 mg/L). During the time of SRK's site visit, SRK did not observed any evidence of leaching or ARD impacts. A new TSF and a new filter press workshop are under

construction which is located to the northeast of the processing plant. The EIA approval for the Zhuanshanzi Gold Mine Processing Expansion Project states all production wastewater should be reused.

The dust emissions sources for the project are mainly from drilling, explosion, ore crushing and screening, tailings storage facility, waste rock dump, open areas and movement of vehicles and mobile equipment. SRK sighted that dust removers were installed in the processing plant. SRK did not note the obvious dust emission in the open area of the project during the time of this site visit.

The hazardous materials generated by the project mainly consists of hydrocarbons (i.e. waste oils), processing reagents, chemical and oil containers, explosives, etc. SRK noted during the site visit that storage of sodium cyanide was generally safe. Chifeng Jilong stated that vehicle fuel and machinery maintenance are all outsourced. The project has a main explosives magazine and four sub-magazines. During the site visit SRK inspected the main explosive magazine, and it is SRK's opinion that it is a secure facility that is designed and managed in accordance with relevant Chinese National requirements. SRK recommends that the collected waste oil and dangerous chemical be stored with secondary containment which is in line with the recognised international industry management practices.

13.5.2 Huatai Project

The EIA report states that there are no sensitive targets such as nature reserves within 10 km of the project area. There are no rare, endangered and protected plant species within the scope of the project. Animal resources within the scope of the project are scarce, mainly small rodents, reptiles and common birds, and there are no rare and endangered animals. After the implementation of management measures, there is little impact on the vegetation and animals in the project area.

The domestic water and fresh water for the processing plant will be supplied from underground wells. The mine water is generally collected by water tank and reused for underground production. The processing wastewater is fully recycled and the tailings filter wastewater is reused for processing as well. The residents in the town near the project use centralized water supply. The EIA of the project concluded that the groundwater extraction would not have a significant impact on local groundwater resources. In addition, the EIA opines the project has a slight impact on surface water and groundwater after taking measures such as wastewater reuse and TSF seepage prevention. The company provided a groundwater quality monitoring report for the mining area in May 2022. Manganese, iron, arsenic, mercury, cadmium and lead in the samples did not exceed the requirements of the third class of groundwater quality standards. SRK recommends the company improve an effective drainage system to divert run-off from undisturbed areas around disturbed areas.

At present, waste rock from the project is mainly used for underground backfilling or sold for road building. During this site visit, SRK noticed that there are past-generated waste dumps at the portal of shafts in each mining area. No geochemical characterization of waste rocks or acid rock drainage ("ARD") assessment has been sighted as part of this review. However, the EIA considers the waste rock generated by the project to be General Industrial Solid Waste Class I. At present, the tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. During the time of SRK's site visit, SRK did not observed any evidence of leaching or ARD impacts.

The dust emissions sources for the project are mainly from drilling, explosion, ore crushing and screening, tailings storage facility, waste rock dump, open areas and movement of vehicles and mobile equipment. The EIA concluded that the dust generated by the project had little impact on the surrounding environment after appropriate management measures were taken. SRK sighted that dust removers were installed in the processing plant. SRK did not see significant dust generation during this site visit.

The hazardous materials generated by the project mainly consists of hydrocarbons (i.e. waste oils), processing reagents, chemical and oil containers, explosives, etc. SRK noted during the site visit that storage of sodium cyanide was generally safe. There is no gas and diesel storage on site. Chifeng Huatai reported that the waste oil produced by the project is stored in a separate warehouse. During the site visit SRK inspected this explosive magazine, and it is SRK's opinion that it is a secure facility that is designed and managed in accordance with relevant Chinese National requirements. SRK recommends that the collected waste oil and dangerous chemical be stored with secondary containment which is in line with the recognised international industry management practices.

13.5.3 Wulong Project

The project area is well covered with vegetation. Wild animals in this area mainly include hares, squirrels, pheasants and so on. The EIA report states that there were no rare or endangered plants and animals in the project area. The impact of the project on the level of plant population, community and ecosystem was not significant. After greening, the vegetation in the project area will be gradually restored, which will make up for the loss of plant species diversity.

The main river in the project area is the Banshi River, which is a seasonal river. The river eventually drains into Tiejia Reservoir. The project has a water treatment plant to treat fluoride in the mine dewatering water. The treated mine dewatering water is reused for production and heating, and the excess water is discharged into the Banshi River. The processing wastewater is fully recycled. SRK noted that the project's TSF is approximately 7 km from the downstream reservoir. Therefore, it should be ensured that the operation of the project will not affect the Banshi River and Tiejia Reservoir. Liaoning Wulong stated that the Environmental Protection Bureau conducted surface water and groundwater monitoring for the project. However, no water monitoring report has been sighted as part of this review. SRK recommends that quality monitoring be undertaken of the groundwater and surface water resources within the project area (including upstream and downstream of the project area), and also any site water discharges.

During this site visit, SRK noticed that the waste rocks were temporarily dumped at the portal of shafts in each mining area. Liaoning Wulong stated that the waste rock from the project is mainly used for underground backfilling or sold for construction. No geochemical characterization of waste rocks or acid rock drainage ("ARD") assessment has been sighted as part of this review. At present, the tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. The accident and leakage collection ponds were built at the foot of the tailings dam. During the time of SRK's site visit, SRK did not observed any evidence of leaching or ARD impacts.

The dust emissions sources for the project are mainly from drilling, explosion, ore crushing and screening, tailings storage facility, waste rock dump, open areas and movement of vehicles and mobile equipment. The project's EIA report concluded that the operation of the project would have no significant impact on the ambient air. SRK did not see significant dust generation during this site visit.

The hazardous materials generated by the project mainly consists of hydrocarbons (i.e. waste oils), processing reagents, chemical and oil containers, explosives, etc. There is no gas and diesel storage on site. During the site visit SRK inspected this explosive magazine, and it is SRK's opinion that it is a secure facility that is designed and managed in accordance with relevant Chinese National requirements. SRK recommends that the collected waste oil and dangerous chemical be stored with secondary containment which is in line with the recognised international industry management practices.

13.5.4 Hanfeng Project

The forest vegetation in the project area belongs to the typical flora of Changbai Mountain and has been replaced by natural secondary forest and artificial forest after long-term human activities. Due to the influence of human activities, the wildlife resources in the surveyed area have been sharply reduced. No endangered or protected plants and animals in the project area were reported in the EIAs. The EIA report opines in general the construction of the project will not change the ecological structure and the characteristics of biodiversity.

Surface water bodies near the project include the Baoshan River and the Burhaton River. According to the EIA, there is no hydraulic connection between the local water source well and the groundwater of the mining area, and the project production has no influence on the drinking water of its residents. SRK suggests that the company establish an emergency water supply plan to address issues such as changes in groundwater levels. If the development affects the water usage of surrounding communities, alternative water sources can be provided. The mine dewatering water of the project are collected and reused for mining and processing. Jilin Hanfeng stated that all processing wastewater and mine dewatering water of the project are reused and shall not be discharged. SRK recommends the company construct an effective drainage system to divert run-off from undisturbed areas around disturbed areas. In addition, some prevention measures, such as surface hardening, ground seepage control and second containment facility, are recommended to mitigate the water pollution risks.

During this site visit, SRK noticed that the waste rocks from the project were temporarily dumped near the portal of shaft in the mining area and processing plant. Jilin Hanfeng stated that the waste rock is mainly used for underground backfilling. SRK has sighted some former waste rock dumps on site and one of them has been rehabilitated. No geochemical characterization of waste rocks or acid rock drainage ("ARD") assessment has been sighted as part of this review. However, the EIA concluded that the waste rock from the project was not classified as hazardous waste. At present, the tailings of the project are discharged into the TSF. During the time of SRK's site visit, SRK did not observed any evidence of leaching or ARD impacts.

The dust emissions sources for the project are mainly from drilling, explosion, ore crushing and screening, tailings storage facility, waste rock dump, open areas and movement of vehicles and mobile equipment. SRK sighted that dust removers were only installed in the Lishan processing plant. SRK has sighted minor dust generation in the TSF during this site visit.

The hazardous materials generated by the project mainly consists of hydrocarbons (i.e. waste oils), processing reagents, chemical and oil containers, explosives, etc. There is a semi-underground diesel tank on site, and the ground has been hardened. A hazardous waste storage workshop is also set up on site to store waste oil. During the site visit SRK inspected this explosive magazine, and it is SRK's opinion that it is a secure facility that is designed and managed in accordance with relevant

Chinese National requirements. SRK recommends that the collected waste oil and dangerous chemical be stored with secondary containment which is in line with the recognised international industry management practices.

13.5.5 Jintai Project

Due to the restriction of geological and soil conditions, as well as the frequent human activities around the area, the native vegetation no longer exists in the project area. The main vegetation types in the area are shrub grass and secondary vegetation. The forest coverage rate of the district is about 30%, and the trees are mainly Yunnan pine and blue eucalyptus. In addition, a small amount of sloping farmland is distributed around the project area, and the main crops are corn, beans and flue-cured tobacco. During the EIA survey, gold buckwheat (*Fagopyrum dibotrys*), which is National second-class protected plants, was found near the mining area (outside the mine site boundary). No old and famous trees were found within the EIA survey area. Four species of national second-class protected wild animals were found to in the project's survey area, which consist of pine sparrowhawk (*Accipiter virgatus*), common buzzard (*Buteo buteo*), kestrel (*Falco tinnunculus*) and leopard cat (*Prionailurus bengalensis*). The EIA concluded that with better management, the operation of the project would not have a significant impact on the diversity and distribution pattern of vegetation in this area and would have a lesser impact on wildlife.

Surface water bodies near the project include the Heihui River and the Liantie River. The Heihui River flows by the west of the mine site. The Liantie River is a tributary of the Heihui River, which flows from east to west into the Heihui River and is located to the south outside the mine area. The project's domestic water sources are drawn from the same springs as the local population. The project's supplementary water source for production comes from the Heihui River, which is also used for irrigation of the local villagers' farmland. The EIA predicted that the mining would not affect the drinking water sources of the surrounding villages. SRK recommends that it would be good for the company to develop an emergency response plan for water supply to cope with problems which may be caused by changes in groundwater table and pollution accident. The settling ponds are recommended to collect and dispose the leaching water from waste rock dump and mine water from open pit. All production wastewater from the heap leaching process will be reused and not discharged, and the heap leaching production facilities are designed and to be constructed with anti-seepage measures. SRK noted the exceedance of arsenic levels in soil at the mine site during the environmental baseline study. The EIA report opines that this is related to the co-occurrence of arsenic in the gold ore formation process and that the project is located in an area where the background value of arsenic is high. In August 2022, the 209th Geological Team of Yunnan Nuclear Industry conducted a report on the current status of major heavy metals in the soil and the background survey of the surrounding areas of the Xidengping Gold Mine in Eryuan County. The report concluded that the current background values of arsenic in the soil both within and around the mining area exceed the Category II screening value (60 mg/kg) specified in the "Soil Environmental Quality Standards for Soil Pollution Risk Management and Control of Construction Land (Trial)" (GB36600-2018). The other major heavy metals did not exceed the limit values. During this site visit, SRK observed the drainage ditch was well constructed around the leaching heap. Emergency pond and rainwater collection pond were constructed downstream of the leaching heap. The leach heap was paved with HDPE membrane and bentonite to prevent seepage. SRK sighted groundwater monitoring boreholes were utilized around the leaching heap. The company stated that qualified third party tested groundwater samples on a quarterly basis.

The waste rock was discharged into the waste rock dumps next to the open pit of the V1 ore body. The EIA report states that the heap leaching residue are hazardous waste. The project's heap leaching residue is to be disposed of in situ and impermeable measures will be adopted to prevent leakage. During the site visit, SRK noted the stripped topsoil were collected and rehabilitated. No geochemical characterization of waste rocks or acid rock drainage ("ARD") assessment has been sighted as part of this review. However, the EIA concluded that the waste rock from the project was not classified as hazardous waste. During the time of SRK's site visit, SRK did not observed any evidence of leaching or ARD impacts.

The dust emissions sources for the project are mainly from ore crushing, ore stockpile, waste rock dump, open areas and movement of vehicles and mobile equipment. The project's EIA report concluded that the operation of the project would have a minor impact on the ambient air. During this site visit, SRK observed that a certain amount of dust was generated when vehicles passed over the haul road. Water sprinkling was adopted to mitigate the dust emission on site.

No explosives will be used in the operation of the project and therefore there will be no explosives store on site. For this project, hazardous substances include mainly leaching reagents and hydrocarbons (i.e. waste oils). The handling, storage and transportation of hazardous materials shall prevent leakage, overflow or other accidental discharge into soil, surface water and groundwater. SRK suggests taking measures to mitigate the risk of pollution caused by leakage, such as surface hardening and second containment facility to reduce spillage and avoid flowing into key areas, and collected waste oil shall be handed over to a local specialized company for disposal. During the site visit, SRK noted that the leaching reagents were stored in a well protected room. SRK recommends that the leaching reagents purchase, transportation, handling/storage, use, equipment decommissioning, operation safety, emergency response, training, etc. should comply with the Chinese legal requirements and the standards of the International Cyanide Management Code.

13.6 Occupational Health and Safety

A well developed and comprehensive safety management system comprises site inductions, site policies, safe work procedures, training, risk/hazard management (including signage), use of personal protective equipment ("PPE"), emergency response process, incident/accident reporting, an onsite first aid/medical centre, designated safety responsibilities for site personnel, regular safety meetings and a work permit/tagging system.

SRK has reviewed the safety management systems and emergency response plans as provided by the Company and is of the opinion that the reports cover items that are generally in line with recognised Chinese industry practices and Chinese safety regulations. During this site visit, SRK observed that safety signs were in place, safety provisions and rules were also displayed within the work areas, guard railings were installed on all gantries, and proper personal protection equipment was provided and was being used by the workers, such as hardhats. SRK thinks more PPE could be given to workers, such as earplugs and dust masks.

SRK has sighted the statistics of work-related injury records in the last three years for the Project. The statistics show that there was one fatal accident which occurred for Chifeng Huatai in 2022 and Jilin Hanfeng in 2023 respectively. On May 18, 2022, the Songshan District People's Government of Chifeng City issued a reply regarding the closure of Huatai Mining "3.16" collapse accident, agreeing with the findings of the accident investigation team. The direct cause of the accident was the workers' violation of underground work regulations. The accident was classified as a general safety liability

incident. Huatai Mining has developed the "Lianhuashan Mining Area #5 Mining Zone Safety Rectification Plan" in response to the accident and has implemented specific rectification measures in accordance with the plan. According to the accident investigation report issued by the Longjing Municipal Government's Accident Investigation Team on June 30, 2023, Jilin Hanfeng "6.4" falling accident was classified as a general safety liability accident, in which the worker's violation of operational procedures led to his own death. The report concluded that the on-site rescue and response measures were appropriate, and post-accident follow-up was orderly. No secondary disasters or additional incidents occurred during the emergency response. SRK recommends the company conduct safety record and develop incident analysis reports for the possible injuries in future. The proposed reports analysed the cause of injuries and identified measures to prevent a recurrence, which are in line with international recognized OHS accident monitoring practice.

13.7 Site Closure Planning and Rehabilitation

The Chinese national requirements for mine closure are covered under Article 21 of the Mineral Resources Law of People's Republic of China (2023), the Rules for Implementation of the Mineral Resources Law of the People's Republic of China, the Mine Site Geological Environment Protection Regulations (2019), and the Land Rehabilitation Regulation (2011) issued by the State Council. In summary, these legislative requirements cover the need to conduct geological environment protection and land rehabilitation.

There is currently no overall operational closure planning process in place for the Project that is in line with the recognised international industry management practices. However, SRK was provided with a number of Project's Geological Environment Protection and Land Reclamation Plans which describes the proposed rehabilitation of the mine sites.

13.7.1 Chifeng Jilong

- The Geological Environment Protection and Land Reclamation Plan for the Zhuanshanzi Gold Mine was produced by Inner Mongolia Huadi Environmental Consulting Ltd. in March 2024. The plan states that the total cost of static investment is RMB15,024,500, of which the static investment of mine geological environment is RMB 1,233,400, and the land reclamation is RMB 13,791,100.

13.7.2 Chifeng Huatai

- The Geological Environment Protection and Land Reclamation Plan for the Honghuagou #1 Mining Section was produced by China Building Materials Industry Geological Survey Center Liaoning Team in April 2022. The plan states that the investment on the geological environmental protection is RMB21,365,400.
- The Geological Environment Protection Plan for the Lianhuashan #5 Mining Section was produced by China Building Materials Industry Geological Survey Center Liaoning Team in June 2020. The plan states that the investment on the geological environmental protection is RMB1,947,900.
- The Geological Environment Protection Plan for the Lianhuashan #3 and #7 Orebody was produced by China Building Materials Industry Geological Survey Center Liaoning Team in April

2020. The plan states that the investment on the geological environmental protection is RMB2,002,200.

- The Geological Environment Protection and Land Reclamation Plan for the Pengjiagou Mining Section was produced by China Building Materials Industry Geological Survey Center Liaoning Team in March 2021. The plan states that the investment on the geological environmental protection is RMB6,433,500.
- The Geological Environment Protection and Land Reclamation Plan for the Lianhuashan #26 Orebody was produced by Inner Mongolia No.10 Geological Mineral Exploration and Development Ltd. and Chifeng Guoyuan Real Estate Evaluation Ltd. in July 2014. The plan states that the investment on the geological environmental protection is RMB1,222,100.
- The Geological Environment Protection and Land Reclamation Plan for the Honghuagou #86 Orebody was produced by China Building Materials Industry Geological Survey Center Liaoning Team in December 2021. The plan states that the investment on the geological environmental protection is RMB3,549,000.

13.7.3 Liaoning Wulong

- The Geological Environment Protection and Land Reclamation Plan for Liaoning Wulong Gold Mine was produced by Liaoning Nonferrous Geological Team 103 Ltd in July 2020. The plan states that the dynamic investment on the geological environmental protection and land reclamation are RMB 35,895,100 and RMB3,917,400, respectively.

13.7.4 Jilin Hanfeng

- The Geological Environment Protection and Land Reclamation Plan for the Dongfeng Mine was produced by Changchun Xiaohua Mineral Science and Technology Ltd. in November 2016. The plan states that the investment on the geological environmental protection and land reclamation are RMB6,622,727.
- The Geological Environment Protection and Land Reclamation Plan for the Lishan Mine was produced by Changchun Xiaohua Mineral Science and Technology Ltd. in July 2021. The plan states that the investment on the geological environmental protection and land reclamation are RMB15,313,300.

13.7.5 Yunnan Jintai

- The Geological Environment Protection and Land Reclamation Plan for the Xidengping Gold Mine was produced by Southwest Nengkuang Construction Engineering Ltd. and Yunnan Jinrang Technology Ltd. in January 2022. The plan states that the investment on the geological environmental protection and land reclamation are RMB1,182,200 and RMB4,942,000, respectively.

SRK notes that the above-mentioned geological environmental protection and land reclamation plans for the Project are generally in line with the relevant regulations and recognised Chinese industry practices. According to the Chinese legal requirements, a mine geological environment treatment and restoration fund account should be established by the mine. The company provided information about the accounts, and SRK opines that the Project generally complied with the requirements of the

relevant regulations. In addition, during this site visit SRK observed that Chifeng Huatai and Chifeng Jilong's TSF have both been partially conducted reclamation.

13.8 Social Aspects

13.8.1 Jilong Project

The project is located 98km to the east of Chifeng City, Inner Mongolia Autonomous Region and is surrounded mainly by farmland and forest. The nearest settlement is Fumin Village, with about a hundred households, mostly Han Chinese, with a few Mongolians.

During this site visit, Chifeng Jilong reported that there are no environmental non-compliance notices or fines for the project. Chifeng Jilong also stated that there are no natural reserves or significant cultural heritage sites within or surrounding the project area; and the EIA report also does not report any natural reserves or significant cultural heritage sites within or surrounding the project.

The EIA report for the Chifeng Jilong Mining Ltd. Gold Mine Mining and Processing Project (400 tpd)t provided the public participation surveys for the project construction. The survey results showed 83.33% personal support for the project and there are no people who are opposed to the project in the survey. In terms of the impact on local environmental quality, most of the public's concerns focused on ecological damage, accounting for 36.67% of the total number of respondents. Other EIA reports for the Jilong Project also show that there were no objections during the public participation process.

Chifeng Jilong reported that the company had done a lot of work to maintain community relations, including building a primary school in Aohanqi, providing free waste rock to nearby residents to build roads, and providing free vehicles for residents to use.

13.8.2 Huatai Project

The project is located in Wangfu Town, Chifeng City, Inner Mongolia Autonomous Region and is surrounded mainly by farmland and forest. The surrounding communities are predominantly Han Chinese.

During this site visit, Chifeng Huatai reported that there are no environmental non-compliance notices or fines for the project. Chifeng Huatai also stated that there are no natural reserves or significant cultural heritage sites within or surrounding the project area; and the EIA report also does not report any natural reserves or significant cultural heritage sites within or surrounding the project.

SRK reviewed the environmental impact assessment reports provided by the company. The reports, which include detailed results of public participation, show that the majority of the public supports the project's operation, with no objections raised. Chifeng Huatai stated that the company has good relations with the local community and has donated to it for COVID-19. SRK has sighted the receipt for the above donation.

13.8.3 Wulong Project

The project is located in Zhen'an District, Dandong City, Liaoning Province and is surrounded mainly by farmland and forest. During this site visit, SRK noted that settlements dotted the area around the

mine site. The surrounding communities are predominantly Han Chinese. Liaoning Wulong stated that the company has good relations with the local community.

Liaoning Wulong also stated that there are no natural reserves or significant cultural heritage sites within or surrounding the project area; and the EIA report also does not report any natural reserves or significant cultural heritage sites within or surrounding the project.

The EIA report for the Liaoning Wulong Gold Mine Development Project provided the public participation surveys for the project construction. The survey results showed 100% personal support for the project. The respondents believed that the project had a positive effect on the local area, both economic and social. They also suggested that it would be good if the company has regular environmental protection measures in place to ensure that surface and groundwater are not polluted. And air pollutants and factory boundary noise are discharged in a stable manner. In addition, due to historical reasons, there are still some residents waiting to be relocated in the mining area.

In January 2020, the company signed a waste rock donation agreement with Banshi Village, giving 60,000 m³ of waste rock. In addition, the company also donated RMB 5,000 to the village primary school on Teachers' Day 2022.

13.8.4 Hanfeng Project

The project is located in Tianbaoshan Town, Longjing City, Jilin Province and is surrounded mainly by farmland and forest. The surrounding communities are predominantly Han Chinese and Korean. Jilin Hanfeng stated that the company has good relations with the local community.

During this site visit, Jilin Hanfeng reported that there are no environmental non-compliance notices or fines for the project. Jilin Hanfeng also stated that there are no natural reserves or significant cultural heritage sites within or surrounding the project area; and the EIA reports also do not report any natural reserves or significant cultural heritage sites within or surrounding the project.

The EIA reports for the project provided the public participation surveys for the project construction. The survey results of EIA for the Tianbaoshan Mine Area Residual Resources Recovery and Utilization Project showed 89% personal support for the project. The local residents did raise the impact on surface water quality and local employment as the key concerns for the project's development. The survey results of EIA for the Lishan-xinxing Mine Area Lead-Zinc Mining Expansion Project showed that the respondents have no objection to the construction of this project. The survey results of EIA for the Lishan Processing Plant Project showed most of the affected residents in the project area are in favor of the construction of the project. No objections were raised during the public participation for the EIA of Jilin Hanfeng Lishan Mining Area Expansion Project (0.6Mtpa).

13.8.5 Jintai Project

The project is located 20 km to the southwest of Eryuan County, Yunnan Province and is surrounded mainly by farmland and forest. The project is administrated by Liantie Township and the surrounding villages are predominantly Bai and Han Chinese.

Yunnan Jintai stated that there are no natural reserves or significant cultural heritage sites within or surrounding the project area; and the EIA reports also do not report any natural reserves or significant cultural heritage sites within or surrounding the project. During the site visit, SRK was informed that

more than 30 cemeteries within the mine rights have been relocated through compensation agreements with villagers. Yunnan Jintai stated that the forest and land use procedures had been completed. SRK has sighted part of land and forest use approvals/permits. However, SRK observed some cattle from nearby villagers grazing within the mining right during the site visit. Yunnan Jintai responded that in the future fences will be installed along the boundary of the mine site to keep cattle out.

The original EIA report for the project provided the public participation surveys for the project construction. The survey results showed 98.5% personal support for the project and 100% group support. During the latest EIA publicity period, no opinions and suggestions from personals and groups were received.

14 Capital and Operating Costs

The mines owned by the five mining companies all have a long production history. Capital expenditures ("Capex") for construction of the mines, ore processing plants and onsite facilities had been invested in history. The Jilong, Huatai, Wulong, and Hanfeng Projects are underground mines, and the Jintai Project is an open pit mine.

14.1 Jilong Project

14.1.1 Capital Expenditures

Sustaining

Sustaining capital includes capital development and all costs related to the acquisition, replacement, or major overhaul of assets during the mine life required to sustain operations. According to the data provided by Jilong Mining, the capital expenditures for the last three years from 2021 to 2023 are shown in Table 14-1.

Capital expenditures encompass initial and expansion construction, sustaining capital, exploration, and sunk capital, of which sunk capital represents the total of initial and expansion construction, exploration, and sustaining capital because SRK does not obtain the breakdown of these three components. To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 324 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

Table 14-1: Jilong Capital Expenditures from 2021 to 2024 Q3

Year	Unit	2021	2022	2023	2024 Q3
Initial/Expansion	Million RMB	-	-	88.57	36.7
Sustaining	Million RMB	-	-	69.95	33.94
Exploration	Million RMB	-	-	-	0.71
Sunk Capital	Million RMB	44.43	74.18	-	-

Source: Client

Expansion

Jilong Mining has completed new preliminary design study for expansion zone (zone 5, zone 6 and zone 7), the detailed items are in Table 14-2. The construction period is three years and is estimated to be finished in 2026.

Table 14-2: Initial Capital Expenditures for Jilong Expansion

Item	Investment ('0000 RMB)
Mining	8,970
Water supply and drainage	300
Power supply and communication	570

Item	Investment ('0000 RMB)
Heating and ventilation	300
General plan transportation	450
Machine repairment	300
Environment	500
Other expenses	1,000
Contingency	860
Working capital	525
Total project investment	13,775

Source: Client

Jilong Mining has a deeper expansion for zone 1, zone 2, and zone 3, the detailed items are in Table 14-2. The construction period is estimated to be finished in 2025 with the investment of RMB 59 mln.

Table 14-3: Initial Capital Expenditures for Jilong Deeper Expansion

Item	Investment ('0000 RMB)	Already Finished
Part One: Engineering Costs	5,296	
Drifts and crosscuts	3,500	
Construction	500	
Equipment purchase	1,200	
Equipment installation	96	
Part 2: Other expenses	305	
land acquisition	30	YES
Engineering construction supervision fees	80	
Construction management fee	30	
Early entry and training fees for employees	15	
Trial Production cost	20	
Production tool purchase	13	YES
Office and lifestyle	12	YES
Geological exploration	30	YES
Design	25	YES
Other start-up expenses	50	
Total of Parts 1 and 2	5,601	
Part Three: Project Contingency	392	
Total of Parts 1, 2 and 3	5,993	
Construction period interest	-	
Working capital	460	
total project investment	6,453	

Source: Client

14.1.2 Historical Operating Cost

The total operating cash costs from 2021 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 14-4. Table 14-5 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM (technical economic model) input.

Table 14-4: Operating Costs from 2021 to 2024 Q3 in Jilong Project

Item	Unit	2021	2022	2023	2024 Q3
Labor	RMB M	58.90	63.14	61.14	64.52
Material	RMB M	19.19	24.47	24.24	27.08
Electricity	RMB M	11.04	10.74	10.76	13.44
Contractors	RMB M	-	-	-	-
Engineering	RMB M	4.46	4.19	3.65	1.90
Service	RMB M	1.89	2.02	0.65	0.09
Safety	RMB M	3.96	4.00	3.05	6.91
Repairment	RMB M	1.42	1.67	1.69	0.25
Others	RMB M	0.52	0.53	0.21	0.09
Taxes and surcharges	RMB M	16.97	15.97	63.29	19.00
Selling costs	RMB M	0.08	0.10	0.12	0.00
G&A costs	RMB M	30.21	30.45	43.12	28.96
R&D costs	RMB M	10.19	8.38	20.33	16.36

Source: Client

Table 14-5: Operating Unit Costs from 2021 to 2024 Q3 in Jilong Project

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	409.93	413.40	400.67	383.86	401.40	620.09
Material	RMB/t	133.56	160.23	158.89	161.11	153.93	230.90
Electricity	RMB/t	76.85	70.33	70.49	79.93	74.50	79.93
Contractors	RMB/t	-	-	-	-	-	-
Engineering	RMB/t	31.02	27.45	23.93	11.30	23.01	31.02
Service	RMB/t	13.14	13.21	4.25	0.52	7.52	13.21
Safety	RMB/t	27.56	26.19	20.02	41.12	29.05	41.12
Repairment	RMB/t	9.90	10.95	11.05	1.46	8.14	11.05
Others	RMB/t	3.59	3.44	1.38	0.55	2.18	3.59
Taxes and surcharges	RMB/t	118.10	104.55	414.78	113.03	186.72	186.72
Selling costs	RMB/t	0.57	0.66	0.76	0.02	0.49	0.76
G&A costs	RMB/t	210.25	199.34	282.57	172.28	215.09	282.57
R&D costs	RMB/t	70.89	54.89	133.24	97.33	89.55	133.24

Source: Client

¹ The TEM input is higher than the average unit cost because the milled tonnage at Jilong Mine exceeds the mining tonnage due to comprehensive utilization, which results in a lower overall unit cost. As a result, SRK adjusted the unit cost upward to a more reasonable level.

14.1.3 Forecasted Operating Cost

The operating cost over the LOM is shown in Table 14-6.

Table 14-6: Operating Cost Forecast in Jilong Project (Million RMB)

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Labor	54	114	112	120	68	36	34	23	8
Material	20	42	42	45	25	13	13	9	3
Electricity	7	15	14	16	9	5	4	3	1
Contractors	-	-	-	-	-	-	-	-	-
Engineering	3	6	6	6	3	2	2	1	0
Service	1	2	2	3	1	1	1	0	0
Safety	4	8	7	8	4	2	2	2	1
Repairment	1	2	2	2	1	1	1	0	0
Others	0	1	1	1	0	0	0	0	0

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Taxes and surcharges	16	34	34	36	20	11	10	7	3
Selling costs	0	0	0	0	0	0	0	0	0
G&A costs	25	52	51	55	31	17	15	11	4
R&D costs	12	24	24	26	15	8	7	5	2

Source: SRK

14.2 Huatai Project

14.2.1 Capital Expenditures

Table 14-7 shows the capital expenditures from 2021 to 2024 Q3. The Huatai Gold Mine plans to expand its production in the near future.

Capital expenditures encompass initial and expansion construction, sustaining capital, exploration, and sunk capital, of which sunk capital represents the total of initial and expansion construction, exploration, and sustaining capital because SRK does not obtain the breakdown of these three components.

Huatai Gold Mine has no production in 2023 and 2024. In forecasting sustaining capital over the LOM, SRK used the sustaining unit costs from 2021 and 2022. These costs were adjusted to exclude expansion and exploration activities, resulting in an estimated sustaining unit cost of approximately 162 RMB per milled ton.

Table 14-7: Huatai Capital Expenditures from 2021 to 2024 Q3

Year	Unit	2021	2022	2023	2024 Q3
Initial/Expansion	Million RMB	-	-	-	-
Sustaining	Million RMB	-	-	8.55	8.69
Exploration	Million RMB	-	-	-	-
Sunk Capital	Million RMB	48.87	14.31	-	-

Source: Client

Expansion

The Huatai Mine consists of six gold mines, with plans to expand production by construction for each mine. Table 14-8 presents the total budget and timeline allocated to each project, as determined by the respective feasibility studies. Due to the limitations of the processing plant's capacity, SRK has assumed that each expansion will take three years to complete, with the construction start date based on the LOM.

Table 14-8: Huatai Future Expansion

Project	Budget ('0000 RMB)	Construction Period (Year)
Lianhuashan #5 Mining Zone	3,706	2024-2026
Honghuagou #1 Mining Zone	11,358	2026-2028
Lianhuashan #3&#7 Vein	2,113	2038-2040
Lianhuashan #26 Vein	2,237	2045-2047

Project	Budget ('0000 RMB)	Construction Period (Year)
Pengjiagou Mine	4,483	2047-2049

Source: Client

14.2.2 Historical Operating Cost

The total operating cash costs from 2021 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 14-9. Table 14-10 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM input.

Table 14-9: Operating Costs from 2021 to 2024 Q3 in Huatai Project

Item	Unit	2021	2022	2023	2024 Q3
Labor	RMB M	28.10	4.72	3.28	-
Material	RMB M	2.71	1.59	0.04	-
Electricity	RMB M	4.35	1.96	0.26	-
Contractors	RMB M	-	-	-	-
Engineering	RMB M	9.99	10.32	1.49	-
Service	RMB M	0.91	0.47	0.02	-
Safety	RMB M	1.34	0.30	0.03	-
Repairment	RMB M	0.39	0.13	0.00	-
Others	RMB M	0.01	0.00	0.01	-
Taxes and surcharges	RMB M	4.42	2.90	2.51	3.78
Selling costs	RMB M	-	-	-	-
G&A costs	RMB M	14.42	27.54	16.62	12.46
R&D costs	RMB M	-	-	-	-

Source: Client

Table 14-10: Operating Unit Costs from 2021 to 2024 Q3 in Huatai Project

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	480.18	247.05	-	-	455.53	576.21
Material	RMB/t	46.27	83.04	-	-	54.71	54.71
Electricity	RMB/t	74.26	102.25	-	-	82.79	74.26
Contractors	RMB/t	-	-	-	-	-	-
Engineering	RMB/t	170.75	539.68	-	-	275.04	170.75
Service	RMB/t	15.62	24.53	-	-	17.74	24.53
Safety	RMB/t	22.88	15.74	-	-	21.03	22.88
Repairment	RMB/t	6.60	6.64	-	-	6.49	6.64
Others	RMB/t	0.19	0.21	-	-	0.34	0.34
Taxes and surcharges	RMB/t	75.60	151.60	-	-	171.75	75.60
Selling costs	RMB/t	-	-	-	-	-	-
G&A costs	RMB/t	246.40	1,440.29	-	-	896.43	295.68
R&D costs	RMB/t	-	-	-	-	-	-

Source: Client

¹ TEM inputs were based on rules of thumb from a nearby underground mine and adjusted accordingly.

14.2.3 Forecasted Operating Cost

The operating cost over the LOM is shown in Table 14-11.

Table 14-11: Operating Cost Forecast in Huatai Project (Million RMB)

Item	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Labor	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	29
Material	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Electricity	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4
Contractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	9
Service	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Safety	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Repairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes and surcharges	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4
Selling costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A costs	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	15
R&D costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: SRK

14.3 Wulong Project

14.3.1 Capital Expenditures

Table 14-12 shows the capital expenditures from 2021 to 2024 Q3. Capital expenditures encompass initial and expansion construction, sustaining capital, exploration, and sunk capital, of which sunk capital represents the total of initial and expansion construction, exploration, and sustaining capital because SRK does not obtain the breakdown of these three components. To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 511 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

Table 14-12: Wulong Capital Expenditures from 2021 to 2024 Q3

Year	Unit	2021	2022	2023	2024 Q3
Initial/Expansion	Million RMB	-	-	72.67	21.66
Sustaining	Million RMB	-	-	64.62	60.82
Exploration	Million RMB	-	-	-	0.08
Sunk Capital	Million RMB	304.62	211.47	-	-

Source: Client

14.3.2 Historical Operating Cost

The total operating cash costs from 2021 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 14-13. Table 14-14 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM input.

Table 14-13: Operating Costs from 2021 to 2024 Q3 in Wulong Project

Item	Unit	2021	2022	2023	2024 Q3
Labor	RMB M	80.15	94.88	139.89	108.02
Material	RMB M	19.00	56.27	85.03	49.10
Electricity	RMB M	28.12	41.87	38.39	33.15
Contractors	RMB M	7.21	-	-	-
Engineering	RMB M	8.34	-	-	1.75
Service	RMB M	0.96	8.18	8.16	24.27
Safety	RMB M	-	-	-	-
Repairment	RMB M	3.10	2.20	2.20	3.20
Others	RMB M	-	-	-	-
Taxes and surcharges	RMB M	12.69	20.57	31.68	30.23
Selling costs	RMB M	-	-	-	-
G&A costs	RMB M	21.49	44.23	28.24	14.10
R&D costs	RMB M	11.12	16.21	26.81	26.27

Source: Client

Table 14-14: Operating Unit Costs from 2021 to 2024 Q3 in Wulong Project

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	209.75	226.65	241.48	210.30	223.34	670.03
Material	RMB/t	49.73	134.41	146.78	95.59	110.58	331.73

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Electricity	RMB/t	73.58	100.02	66.27	64.53	74.74	100.02
Contractors	RMB/t	18.86	-	-	-	3.81	18.86
Engineering	RMB/t	21.81	-	-	3.41	5.33	21.81
Service	RMB/t	2.51	19.54	14.09	47.25	21.95	47.25
Safety	RMB/t	-	-	-	-	-	-
Repairment	RMB/t	8.10	5.24	3.79	6.24	5.64	8.10
Others	RMB/t	-	-	-	-	-	-
Taxes and surcharges	RMB/t	33.21	49.13	54.69	58.85	50.26	58.85
Selling costs	RMB/t	-	-	-	-	-	-
G&A costs	RMB/t	56.26	105.66	48.74	27.45	57.07	105.66
R&D costs	RMB/t	29.09	38.73	46.29	51.14	42.46	51.14

Source: Client

Notes:

¹ The TEM input is higher than the average unit cost because the milled tonnage at Wulong Mine exceeds the mining tonnage due to comprehensive utilization, which results in a lower overall unit cost. As a result, SRK adjusted the unit cost upward to a more reasonable level.

14.3.3 Forecasted Operating Cost

The operating cost over the LOM is shown in Table 14-15.

Table 14-15: Operating Cost Forecast in Wulong Project (Million RMB)

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Labor	18	66	66	66	67	72	73	68	68	44	29	22
Material	9	33	33	32	33	36	36	34	33	22	15	11
Electricity	3	10	10	10	10	11	11	10	10	7	4	3
Contractors	1	2	2	2	2	2	2	2	2	1	1	1
Engineering	1	2	2	2	2	2	2	2	2	1	1	1
Service	1	5	5	5	5	5	5	5	5	3	2	2
Safety	-	-	-	-	-	-	-	-	-	-	-	-
Repairment	0	1	1	1	1	1	1	1	1	1	0	0
Others	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and surcharges	2	6	6	6	6	6	6	6	6	4	3	2
Selling costs	-	-	-	-	-	-	-	-	-	-	-	-
G&A costs	3	10	10	10	10	11	11	11	11	7	5	3
R&D costs	1	5	5	5	5	6	6	5	5	3	2	2

Source: SRK

14.4 Hanfeng Project

14.4.1 Capital Expenditures

Hanfeng Mining operate two mines: the Lishan Mine and the Dongfeng Mine. Only the Lower Part (Stage 1) of the Lishan Mine was considered in Ore Reserves estimation. Currently, this Lower Part is under construction and has no production.

The capital expenditure data of the Upper Part of the Lishan Mine and the Dongfeng Mine is referenced for the economic analysis of the Lower Part of the Lishan Mine.

The Upper Part of the Lishan Mine, along with the Dongfeng Mine, remains in production. Table 14-16 shows the capital expenditures from 2021 to 2024 Q3. Capital expenditures encompass initial and expansion construction, sustaining capital, exploration, and sunk capital, of which sunk capital represents the total of initial and expansion construction, exploration, and sustaining capital because SRK does not obtain the breakdown of these three components. To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 80 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

Table 14-16: Hanfeng (Upper Part of the Lishan Mine and the Dongfeng Mine) Capital Expenditures from 2021 to 2024 Q3

Year	Unit	2021	2022	2023	2024 Q3
Initial/Expansion	Million RMB	-	-	31.77	65.44
Sustaining	Million RMB	-	-	30.52	27.56
Exploration	Million RMB	-	-	-	1.00
Sunk Capital	Million RMB	65.51	76.76	-	-

Source: Client

14.4.2 Historical Operating Cost

SRK summarised the historical operating cost data from 2020 to 2022 for the Upper Part of the Lishan Mine and the Dongfeng Mine. The total operating cash costs from 2021 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 14-17. Table 14-18 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM input.

Table 14-17: Operating Costs from 2021 to 2024 Q3 in Hanfeng Project

Item	Unit	2021	2022	2023	2024 Q3
Labor	RMB M	26	37	25	77
Material	RMB M	18	23	12	18
Electricity	RMB M	15	20	13	13
Contractors	RMB M	-	-	-	21.28
Engineering	RMB M	14.32	14.06	9.22	0.02
Service	RMB M	0.98	0.82	0.25	0.59
Safety	RMB M	2.20	1.64	1.32	3.29
Repairment	RMB M	0.60	0.40	0.29	0.18
Others	RMB M	1.27	0.93	0.65	0.56
Taxes and surcharges	RMB M	7.84	10.00	3.71	11.77
Selling costs	RMB M	0.12	0.16	0.11	-
G&A costs	RMB M	15.60	12.70	14.75	12.81
R&D costs	RMB M	-	-	-	-

Source: Client

Table 14-18: Operating Unit Costs from 2021 to 2024 Q3 in Hanfeng Project

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	51.69	62.90	57.61	144.02	80.02	64.02
Material	RMB/t	34.72	38.94	26.85	32.78	33.78	27.02
Electricity	RMB/t	28.73	32.93	30.97	23.50	29.05	23.24
Contractors	RMB/t	-	-	-	39.78	10.28	8.23

Item	Unit	2021	2022	2023	2024 Q3	Average Unit Cost	TEM Input
Engineering	RMB/t	28.30	23.66	21.22	0.03	18.17	14.54
Service	RMB/t	1.94	1.37	0.58	1.10	1.28	1.02
Safety	RMB/t	4.35	2.77	3.04	6.15	4.09	3.27
Repairment	RMB/t	1.18	0.68	0.66	0.34	0.71	0.57
Others	RMB/t	2.51	1.57	1.50	1.05	1.65	1.32
Taxes and surcharges	RMB/t	15.49	16.83	8.54	22.01	16.10	12.88
Selling costs	RMB/t	0.23	0.27	0.25	-	0.19	0.15
G&A costs	RMB/t	30.84	21.38	33.96	23.95	27.00	21.60
R&D costs	RMB/t	-	-	-	-	-	-

Source: Client

¹ The unit cost in the TEM input is lower than the average unit cost because the historical costs include both Lishan Mine and Dongfeng Mine. As a result, SRK adjusted the unit cost downward to a more reasonable level.

14.4.3 Forecasted Operating Cost

The operating cost over the LOM is shown in Table 14-19.

Table 14-19: Operating Cost Forecast in Hanfeng Project (Million RMB)

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032
Labor	-	28	28	27	23	29	28	25	24
Material	-	12	12	12	10	12	12	11	10
Electricity	-	10	10	10	8	10	10	9	9
Contractors	-	4	4	4	3	4	4	3	3
Engineering	-	6	6	6	5	7	6	6	5
Service	-	0	0	0	0	0	0	0	0
Safety	-	1	1	1	1	1	1	1	1
Repairment	-	0	0	0	0	0	0	0	0
Others	-	1	1	1	0	1	1	1	0
Taxes and surcharges	-	6	6	5	5	6	6	5	5
Selling costs	-	0	0	0	0	0	0	0	0
G&A costs	-	9	9	9	8	10	9	9	8
R&D costs	-	-	-	-	-	-	-	-	-

Source: SRK

14.5 Jintai Project

14.5.1 Capital Expenditures

Jintai has started operation since 2023. Table 14-20 is the historical capital expenditure. SRK used the averaged unit cost, approximately 24 RMB/milled ton, as the forecasted sustaining unit cost for the LOM.

Table 14-20: Jintai capital expenditure from 2021 to 2024 Q3

Year	Unit	2023	2024 Q3
Initial/Expansion	Million RMB	54.95	3.85
Sustaining	Million RMB	-	9.88

Source: Client

14.5.2 Historical Operating Cost

The total operating cash costs from 2023 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 14-21. Table 14-22 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM input.

Table 14-21: Operating Costs from 2023 to 2024 Q3 in Jintai Project

Item	Unit	2023	2024 Q3
Labor	RMB M	2	3
Material	RMB M	2	5
Electricity	RMB M	0	1
Contractors	RMB M	1.04	1.08
Engineering	RMB M	1.07	4.14
Service	RMB M	1.50	6.39
Safety	RMB M	0.62	1.65
Repairment	RMB M	-	-
Others	RMB M	-	-
Taxes and surcharges	RMB M	1.23	0.03
Selling costs	RMB M	0.04	0.11
G&A costs	RMB M	4.45	6.39
R&D costs	RMB M	-	-

Source: Client

Table 14-22: Operating Unit Costs from 2023 to 2024 Q3 in Jintai Project

Item	Unit	2023	2024 Q3	Average Unit Cost	TEM Input
Labor	RMB/t	14.43	6.58	8.41	14.43
Material	RMB/t	15.15	13.25	13.70	15.15
Electricity	RMB/t	0.57	1.48	1.27	1.48
Contractors	RMB/t	8.44	2.66	4.01	8.44
Engineering	RMB/t	8.73	10.25	9.89	10.25
Service	RMB/t	12.18	15.82	14.97	15.82
Safety	RMB/t	5.00	4.08	4.30	5.00
Repairment	RMB/t	-	-	-	-
Others	RMB/t	-	-	-	-
Taxes and surcharges	RMB/t	9.98	0.08	2.39	9.98
Selling costs	RMB/t	0.36	0.27	0.29	0.36
G&A costs	RMB/t	36.20	15.82	20.57	36.20
R&D costs	RMB/t	-	-	-	-

Source: Client

¹ TEM inputs were based on rules of thumb from a nearby underground mine and adjusted accordingly.

14.5.3 Forecasted Operating Cost

The operating cost over LOM is shown in Table 14-23.

Table 14-23: Operating Cost Forecast in Jintai Project (Million RMB)

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Labor	0.48	2.02	2.02	2.03	2.02	1.98	1.98	1.91	1.95	2.02	1.36
Material	0.51	2.12	2.12	2.13	2.12	2.08	2.08	2.01	2.05	2.12	1.43

Item	2024 Q4	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electricity	0.05	0.21	0.21	0.21	0.21	0.20	0.20	0.20	0.20	0.21	0.14
Contractors	0.28	1.18	1.18	1.18	1.18	1.16	1.16	1.12	1.14	1.18	0.80
Engineering	0.34	1.44	1.43	1.44	1.43	1.40	1.41	1.36	1.39	1.43	0.97
Service	0.53	2.22	2.21	2.22	2.21	2.17	2.17	2.09	2.14	2.21	1.49
Safety	0.17	0.70	0.70	0.70	0.70	0.69	0.69	0.66	0.68	0.70	0.47
Repairment	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Taxes and surcharges	0.33	1.40	1.40	1.40	1.40	1.37	1.37	1.32	1.35	1.40	0.94
Selling costs	0.01	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.03
G&A costs	1.21	5.07	5.06	5.08	5.07	4.96	4.97	4.79	4.89	5.07	3.41
R&D costs	-	-	-	-	-	-	-	-	-	-	-

Source: SRK

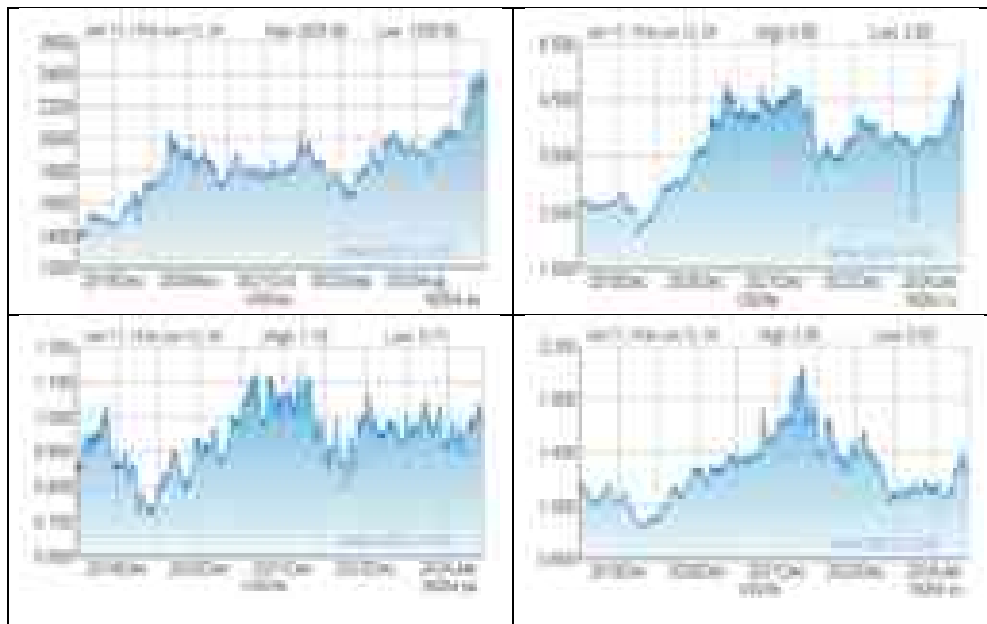
15 Economic Analysis

An economic model was created to project annual cash flows and evaluate sensitivities. This economic analysis, which evaluated on a discounted cash flow basis, is solely for the purpose of Ore Reserve estimation.

15.1 Historical Price

Metal markets are mature, global markets with reputable smelters and refineries located throughout the world. Figure 15-1 shows the metal price trends for gold, copper, lead and zinc over the past five (5) years from 2019 to 2024, in US\$, which were sourced from the world largest precious metals and base metals website: www.kitco.com.

Figure 15-1: 5-Year Price Trends of Gold, Copper, Lead and Zinc



Source: World Largest Precious Metals (gold on upper left) and Base Metals (copper on upper right, lead on lower left and zinc on lower right)
Website: www.kitco.com.

15.2 Price Forecast

A gold price of US\$2,050 was used for the calculation of the cut-off grade in the Ore Reserve estimates for the Jilong, Huatai, Wulong and Jintai projects. A zinc price of US\$2,500/t was used for the cut-off grade in Ore Reserve estimate for the Hanfeng project.

The Gold price forecasts and Zinc price forecasts of CMF is shown in Table 15-1, which are used in the technical and economic analysis for the Chifeng Project.

Table 15-1: Gold and Zinc Price Forecasts

Commodity	Unit	2024	2025	2026	2027	2028	2029 and after
Gold	US\$/oz	2,480	2,480	2,360	2,220	2,130	2,000
Zinc	US\$/t	2,750	2,650	2,550	2,500	2,500	2,650

Source: Forecasted Prices for Gold and Zinc by CMF in the 3rd Quarter of 2024.

15.3 Jilong Project

15.3.1 Principal Assumptions

The Jilong Project contains 0.92 Mt of Ore Reserves with an average grade of 8.73 g/t Au. SRK conducted an economic analysis based on the following basic assumptions:

- The final product is gold ingot;
- LoM is 9 years within 6 mining zones;
- SRK does not consider future inflation or currency and cost fluctuations; the price and cost remain constant over the LoM.
- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;

Production Schedule

Table 15-2 shows the technical parameters over life of mine, and Figure 15-2 is the mining schedule.

Table 15-2: Technical Parameters for Jilong Project

Parameter	Unit	Value over the LoM
Ore Reserves	t	919,059
Au Grade	g/t	8.73
Contained Au	koz	258
Processing Recovery	%	97%
Gold Produced	g	7,781,969
Gold Produced	oz	250,196

Source: SRK

Figure 15-2: Jilong Project Schedule

Source: SRK

Notes:

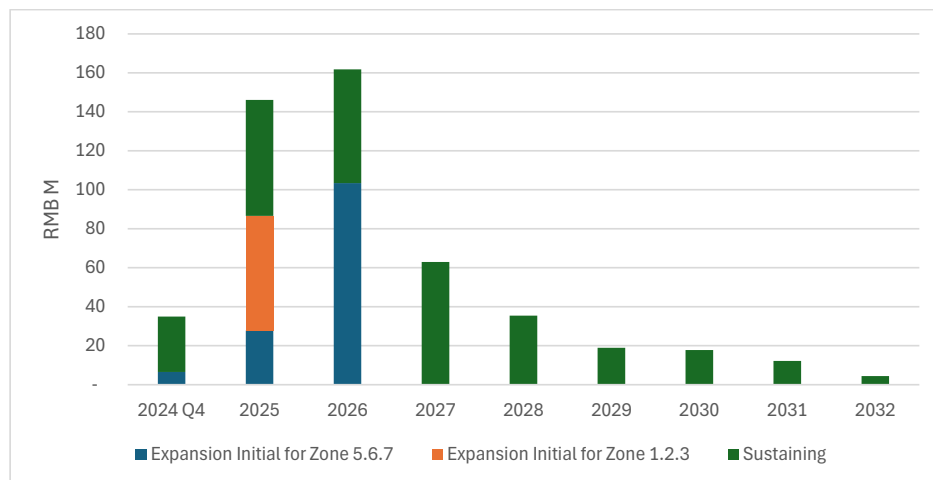
- ¹ The line represents the average gold grade, corresponding to the right axis.
² The column represents the mined amount, corresponding to the left axis.

Capex

Jilong Mining has completed new preliminary design study for expansion zone (zone 5, zone 6 and zone 7) and the construction period is three years and is estimated to be finished in 2026. Jilong Mining also has a deeper expansion for zone 1, zone 2, and zone 3, and the construction period is estimated to be finished in 2025.

To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 324 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

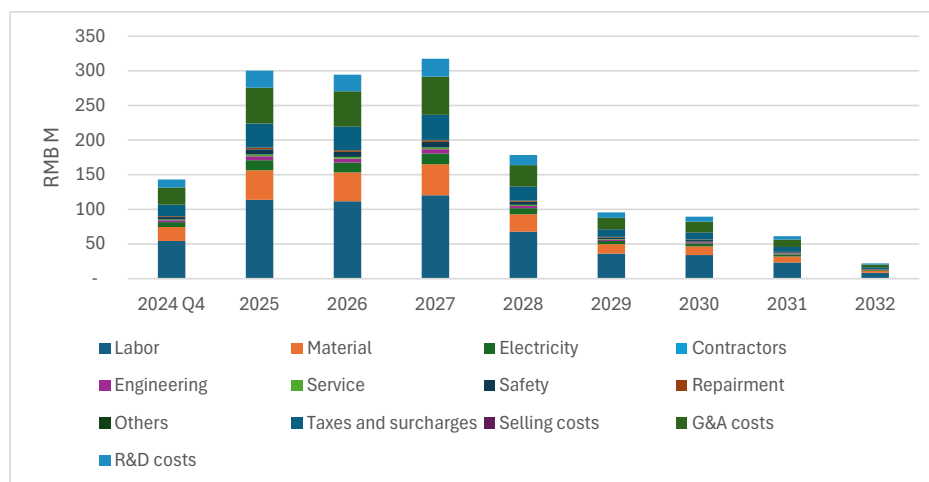
Please see Chapter 14.1.1 for more details.

Figure 15-3: Annual Capex over the LoM

Source: SRK

Opex

SRK has summarized the TEM input cost, please see Chapter 14.1.2 for more details.

Figure 15-4: Annual Opex over the LoM

Source: SRK

Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax is 15%.

Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the depreciation period is 9 years.

Closure Cost

The closure cost is estimated to be RMB15,024,500 (See Chapter 13.7.1) and is assumed to be distributed across the LoM.

15.3.2 Financial Net Present Value

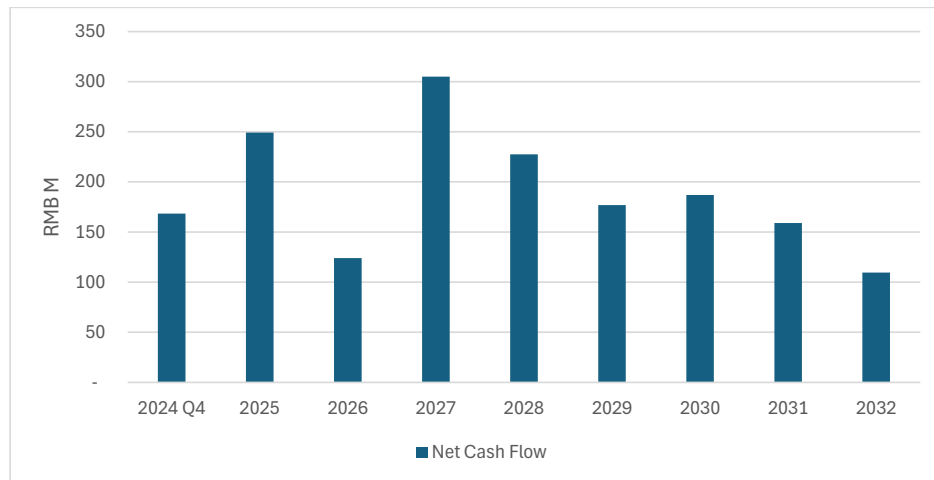
The NPV is about RMB 1,308 mln at a 10% discount rate.

Table 15-3 shows the Total Cash Flow over the LoM. Figure 15-5 shows the net cash flow and Table 15-4 shows the NPV with different discount rate.

Table 15-3: Total Cash Flow over the LoM for Jilong Project (unit: RMB mln)

Item	Total Cash Flow over the LoM
Revenue	4,043
Opex	1,502
Capex	509
Tax & other fees	326
After tax cash-flow	1,706

Source: SRK

Figure 15-5: Annual Net Cash Flow for Jilong Project (Unit: RMB mln)

Source: SRK

Table 15-4: NPV with Different Discount Rate for Jilong Project (unit: RMB mln)

Discount Rate	NPV
5%	1,481
6%	1,442
7%	1,406
8%	1,372
9%	1,339
10%	1,308
11%	1,278
12%	1,250
13%	1,223
14%	1,197
15%	1,173

Source: SRK

15.3.3 Sensitivity Analysis

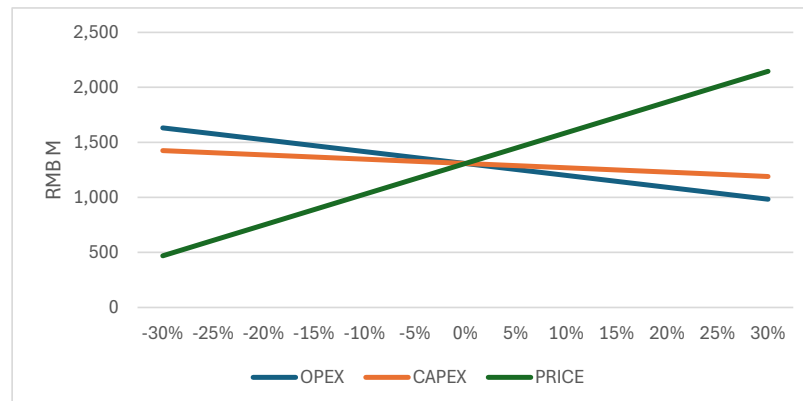
SRK conducted single factor sensitivity analysis for the Project. The gold price, Capex and Opex are chose to run the sensitivity analysis with $\pm 30\%$ range. The result is shown in Table 15-5 and Figure 15-6. Price is relatively the most sensitive factor in NPV, however, when price is below 30%, the Project can still be economical.

Table 15-5: Sensitivity Analysis for Jilong Project at 10% Discount Rate (unit: RMB mln)

NPV	Opex	Capex	Price
-30%	1,632	1,425	470
-25%	1,578	1,406	610
-20%	1,524	1,386	749
-15%	1,470	1,367	889
-10%	1,416	1,347	1,029
-5%	1,362	1,328	1,168
0%	1,308	1,308	1,308
5%	1,254	1,288	1,448
10%	1,200	1,269	1,587
15%	1,146	1,249	1,727
20%	1,092	1,230	1,866
25%	1,038	1,210	2,006
30%	984	1,190	2,146

Source: SRK

Figure 15-6: Sensitivity Analysis for Jilong Project at 10% Discount Rate (unit: RMB mln)



Source: SRK

15.4 Huatai Project

15.4.1 Principal Assumptions

The Huatai Project contains 1.69 Mt of Ore Reserves with an average grade of 6.2g/t Au. SRK conducted an economic analysis based on the following basic assumptions:

- The final product is gold ingot;
- LoM is 28 years within 5 mining zones;
- SRK does not consider future inflation or currency and cost fluctuations; the price and cost remain constant over the LoM.
- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;
- Working capital will be fully recovered when the mine is closed.

Production Schedule

Table 15-6 shows the technical parameters over life of mine, and Figure 15-7 is the mining schedule.

Table 15-6: Technical Parameters for Huatai Project

Parameter	Unit	Value over the LoM
Ore Reserves	t	1,693,160
Au Grade	g/t	6.2
Contained Au	koz	337
Processing Recovery	%	93%
Gold Produced	g	9,796,028
Gold Produced	oz	314,949

Source: SRK

Figure 15-7: Huatai Project Schedule



Source: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.

² The column represents the mined amount, corresponding to the left axis.

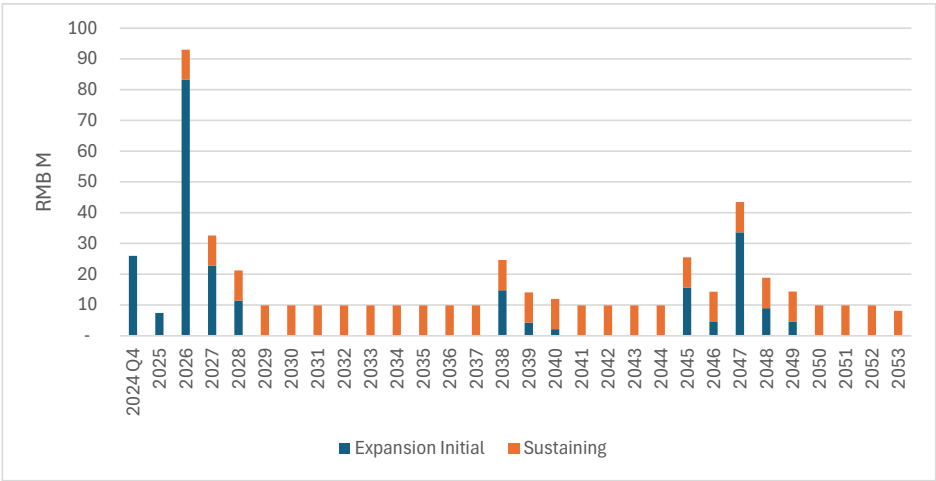
Capex

For expansion, SRK has assumed that each expansion will take three years to complete, with the construction start date based on the LOM.

Huatai Gold Mine has no production in 2023 and 2024. In forecasting sustaining capital over the LOM, SRK used the sustaining unit costs from 2021 and 2022. These costs were adjusted to exclude expansion and exploration activities, resulting in an estimated sustaining unit cost of approximately 162 RMB per milled ton.

Please see Chapter 14.2.1 for more details.

Figure 15-8: Annual Capex over the LoM

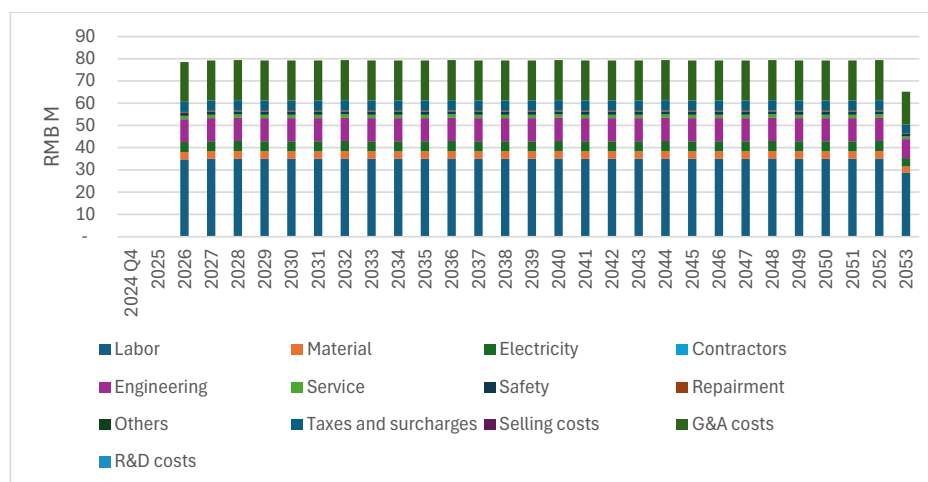


Source: SRK

Opex

SRK has summarized the TEM input cost, please see Chapter 14.2.2 for more details.

Figure 15-9: Annual Opex over the LoM



Source: SRK

Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax is 25%.

Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the depreciation period is 10 years.

Closure Cost

The closure cost is estimated to be RMB36,520,100 (See Chapter 13.7.2) and is assumed to be distributed across the LoM.

15.4.2 Financial Net Present Value

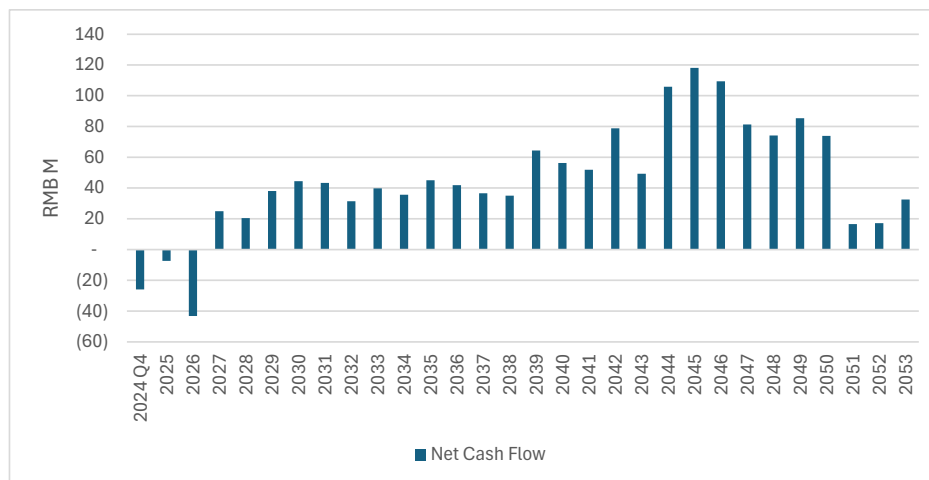
The NPV is about RMB 291 mln at a 10% discount rate. Table 15-7 shows the total cash flow over LoM. Table 15-8 shows the net cash flow and Figure 15-10 shows the NPV with different discount rate.

Table 15-7: Total Cash Flow over the LoM for Huatai Project (Unit: RMB mln)

Item	Total Cash Flow over the LoM
Revenue	4,597
Opex	2,204
Capex	549
Tax & other fees	470

Item	Total Cash Flow over the LoM
After tax cash-flow	1,374

Source: SRK

Figure 15-10: Annual Net Cash Flow for Huatai Project (Unit: RMB mln)

Source: SRK

Table 15-8: NPV with Different Discount Rate for Huatai Project (Unit: RMB mln)

Discount Rate	NPV
5%	601
6%	516
7%	445
8%	385
9%	334
10%	291
11%	255
12%	223
13%	196
14%	172
15%	152

Source: SRK

15.4.3 Sensitivity Analysis

SRK conducted single factor sensitivity analysis for the Project. The gold price, Capex and Opex are chose to run the sensitivity analysis with $\pm 30\%$ range.

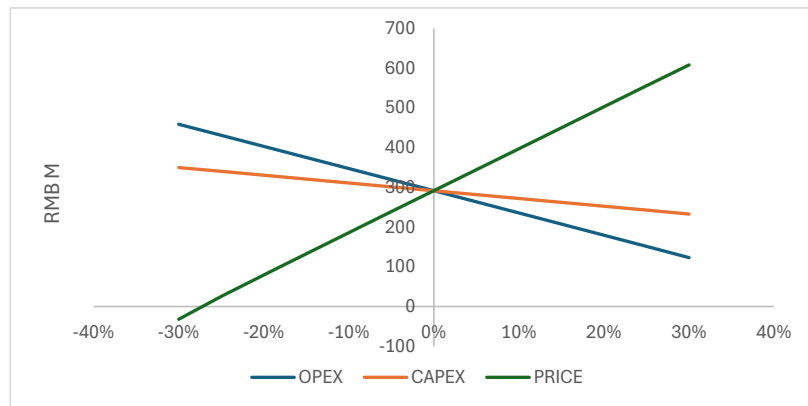
The results, detailed in Table 15-9 and Figure 15-11, indicate that gold price is the most significant factor affecting NPV. The Project becomes uneconomical if the price decreases by 30%.

Table 15-9: Sensitivity Analysis for Huatai Project at 10% Discount Rate (Unit: RMB mln)

NPV	Opex	Capex	Price
-30%	459	350	-32
-25%	431	340	25
-20%	403	330	80
-15%	375	321	133
-10%	347	311	186
-5%	319	301	238
0%	291	291	291
5%	263	282	344
10%	235	272	397
15%	208	262	450
20%	179	252	502
25%	151	243	555
30%	123	233	608

Source: SRK

Figure 15-11: Sensitivity Analysis for Huatai Project at 10% Discount Rate (Unit: RMB mln)



Source: SRK

15.5 Wulong Project

15.5.1 Principal Assumptions

The Wulong Project contains 0.98 Mt of Ore Reserves with an average grade of 7.30g/t Au. SRK conducted an economic analysis based on the following basic assumptions:

- The final product is gold ingot;

- LoM is 12 years within 4 mining zones;
- SRK does not consider future inflation or currency and cost fluctuations; the price and cost remain constant over the LoM.
- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;
- Working capital will be fully recovered when the mine is closed.

Production Schedule

Table 15-10 shows the technical parameters over life of mine, and Figure 15-12 is the mining schedule.

Table 15-10: Technical Parameters for Wulong Project

Parameter	Unit	Value over the LoM
Ore Reserves	t	984,409
Au Grade	g/t	7.30
Contained Au	koz	231
Processing Recovery	%	91%
Gold Produced	g	6,537,702
Gold Produced	oz	210,192

Source: SRK

Figure 15-12: Wulong Project Schedule

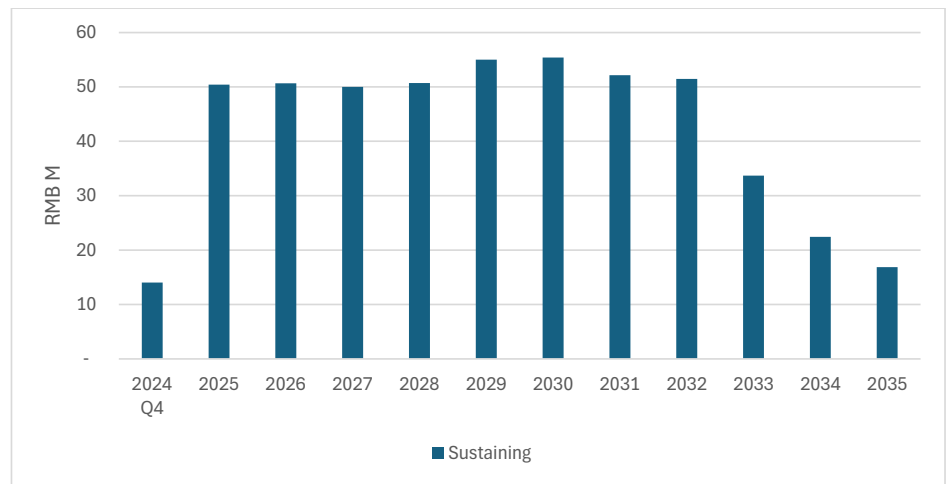


Source: SRK

Capex

To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 511 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

Figure 15-13: Annual Capex over the LoM



Source: SRK

Notes:

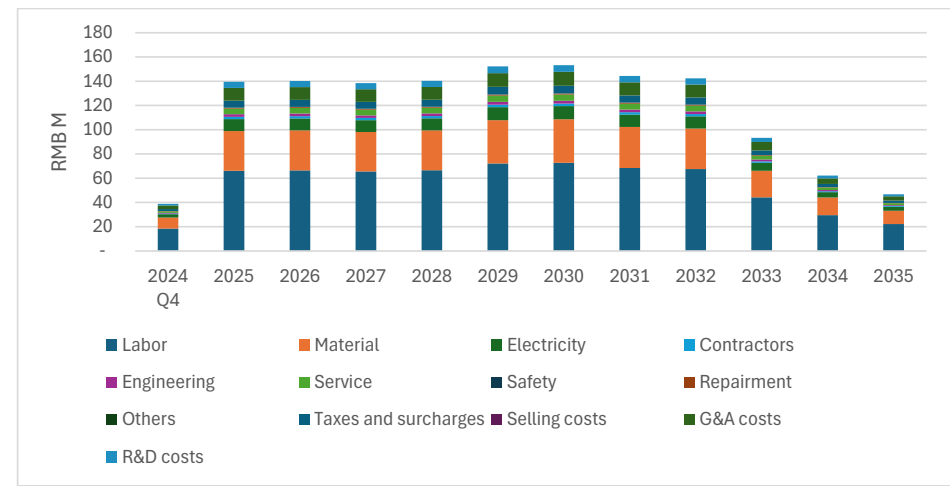
³ The line represents the average gold grade, corresponding to the right axis.

⁴ The column represents the mined amount, corresponding to the left axis.

Opex

SRK has summarized the TEM input cost, please see Chapter 14.3.2 for more details.

Figure 15-14: Annual Opex over the LoM



Source: SRK

Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax is 15%.

Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the depreciation period is 10 years.

Closure Cost

The closure cost is estimated to be RMB38,812,500 (See Chapter 13.7.3) and is assumed to be distributed across the LoM.

15.5.2 Financial Net Present Value

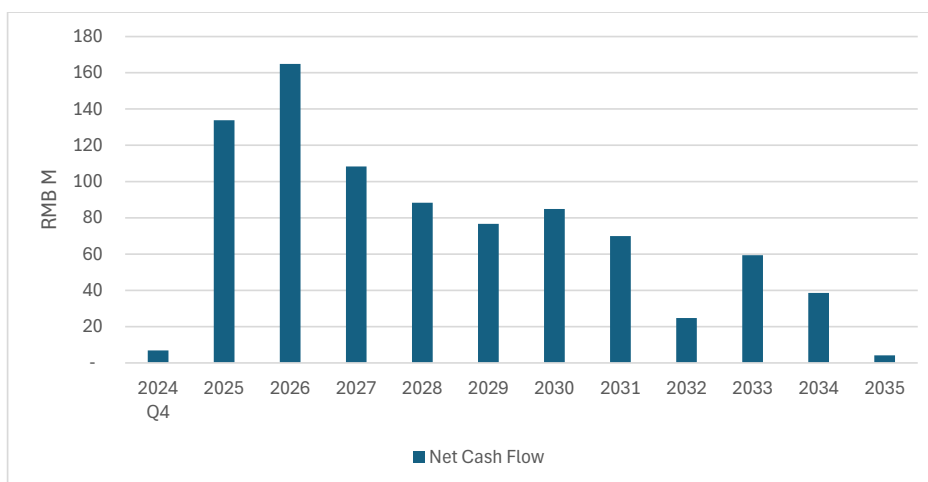
The NPV is about RMB 634 mln at a 10% discount rate. Table 15-11 shows the total cash flow over LoM. Figure 15-15 shows the net cash flow and Table 15-12 shows the NPV with different discount rate.

Table 15-11: Total Cash Flow over the LoM for Wulong Project (Unit: RMB mln)

Item	Total Cash Flow over the LoM
Revenue	2,989
Opex	1,391
Capex	543
Tax & other fees	194
After tax cash-flow	861

Source: SRK

Figure 15-15: Annual Net Cash Flow for Wulong Project (Unit: RMB mln)



Source: SRK

Table 15-12: NPV with Different Discount Rate for Wulong Project (Unit: RMB mln)

Discount Rate	NPV
5%	730
6%	709
7%	688
8%	669
9%	651
10%	634
11%	618
12%	602
13%	588
14%	574
15%	561

Source: SRK

15.5.3 Sensitivity Analysis

SRK conducted single factor sensitivity analysis for the Project. The gold price, Capex and Opex are chose to run the sensitivity analysis with $\pm 30\%$ range. The result is shown in Table 15-13 and Figure 15-16. Price is relatively the most sensitive factor in NPV, however, when price is below 30%, the Project can still be economical.

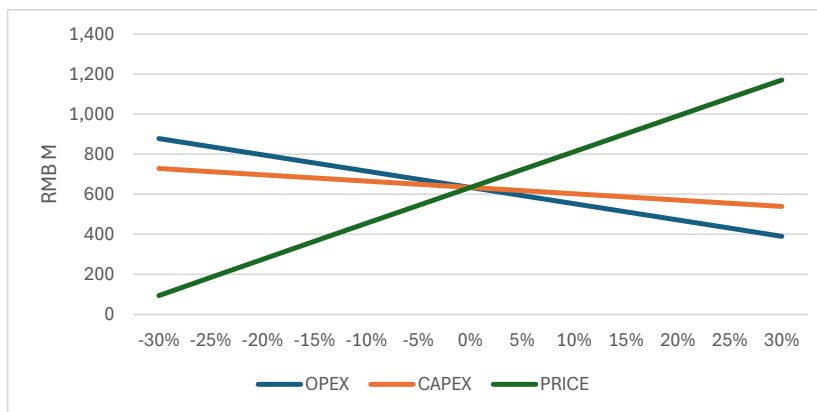
Table 15-13: Sensitivity Analysis for Wulong Project at 10% Discount Rate (Unit: RMB mln)

NPV	Opex	Capex	Price
-30%	878	729	94

NPV	Opex	Capex	Price
-25%	837	713	185
-20%	797	697	276
-15%	756	681	366
-10%	715	666	455
-5%	675	650	544
0%	634	634	634
5%	593	618	723
10%	553	602	813
15%	512	587	902
20%	471	571	992
25%	431	555	1,081
30%	390	539	1,171

Source: SRK

Figure 15-16: Sensitivity Analysis for Wulong Project at 10% Discount Rate (Unit: RMB mln)



Source: SRK

15.6 Hanfeng Project

15.6.1 Principal Assumptions

The Hanfeng Project contains 3.31 Mt of Ore Reserves with an average grade of 2.45% Zn. SRK conducted an economic analysis based on the following basic assumptions:

- The final product is Zn concentrate;
- LoM is 8 years within 1 mining zones;
- SRK does not consider future inflation or currency and cost fluctuations; the price and cost remain constant over the LoM.

- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;
- Working capital will be fully recovered when the mine is closed.

Production Schedule

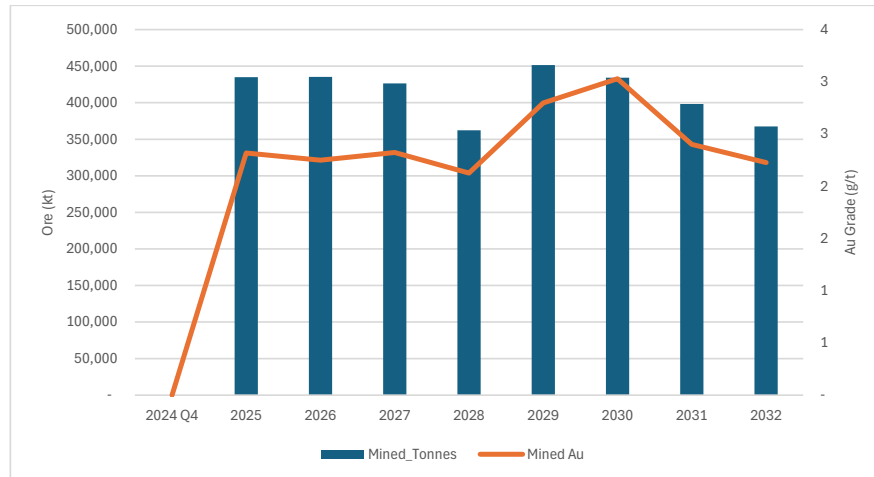
Table 15-14 shows the technical parameters over the LoM, and Figure 15-17 is the mining schedule.

Table 15-14: Technical Parameters for Hanfeng Project

Parameter	Unit	Value over the LoM
Ore Reserves	t	3,310,358
Zn Grade	%	2.45
Contained Zn	kt	81
Processing Recovery	%	88%
Zn Concentrate	t	152,385

Source: SRK

Figure 15-17: Hanfeng Project Schedule



Source: SRK

Notes:

- ¹ The line represents the average gold grade, corresponding to the right axis.
- ² The column represents the mined amount, corresponding to the left axis.

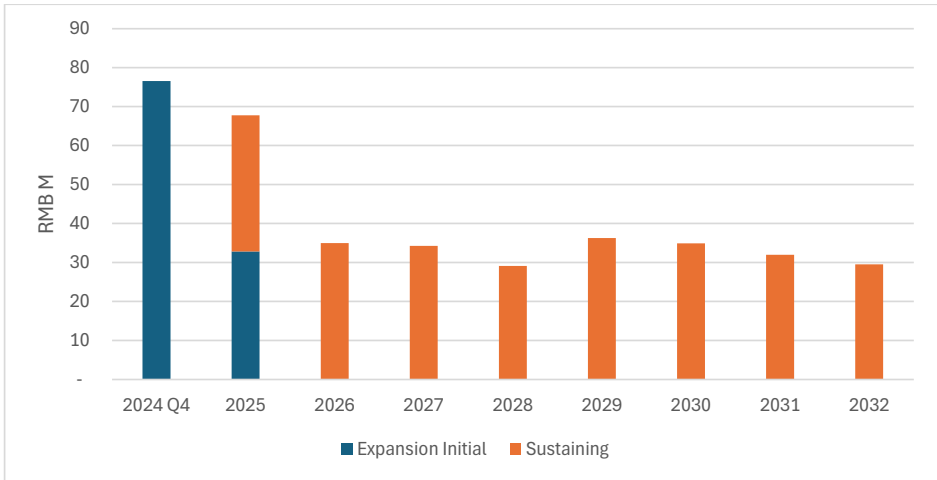
Capex

Hanfeng Mining operate two mines: the Lishan Mine and the Dongfeng Mine. Only the Lower Part (Stage 1) of the Lishan Mine was considered in Ore Reserves estimation. The capital expenditure data of the Upper Part of the Lishan Mine and the Dongfeng Mine is referenced for the economic analysis of the Lower Part of the Lishan Mine since they are operational mines.

To forecast sustaining capital over the LOM, SRK has applied an average sustaining unit cost of approximately 80 RMB per milled ton, based on sustaining data from 2023 through 2024 Q3.

Please see Chapter 14.4.1 for more details.

Figure 21-17: Annual Capex over the LoM

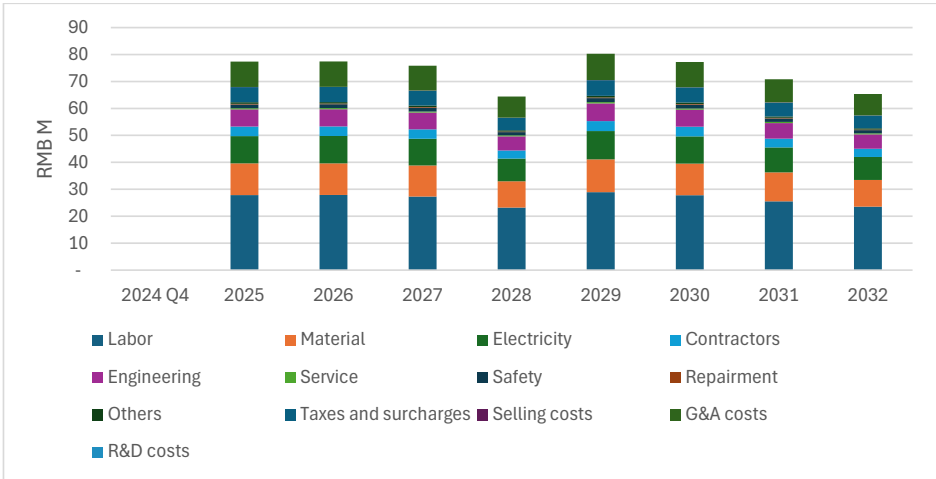


Source: SRK

Opex

SRK has summarized the TEM input cost, please see Chapter 14.4.2 for more details.

Figure 15-18: Annual Opex over the LoM



Source: SRK

Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax is 25%.

Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the depreciation period is 8 years.

Closure Cost

The closure cost is estimated to be RMB15,313,300 (See Chapter 13.7.4) and is assumed to be distributed across the LoM.

15.6.2 Financial Net Present Value

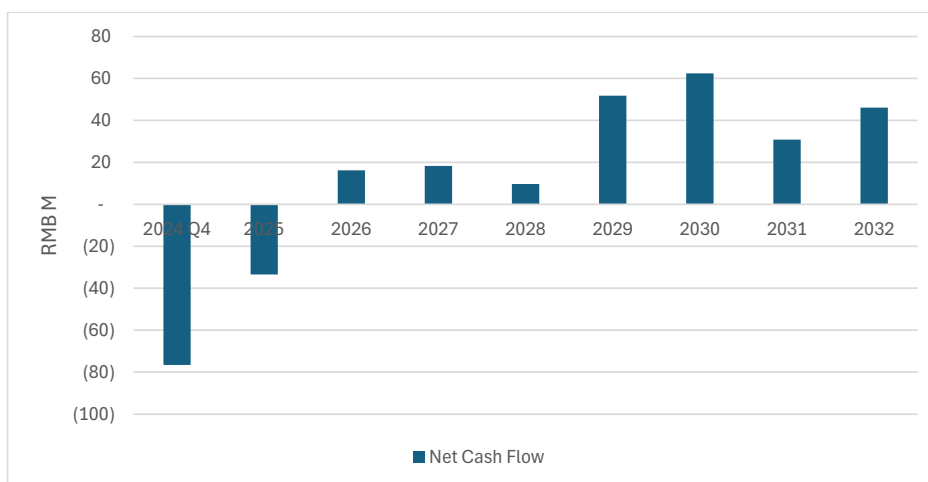
The NPV is about RMB 39 mln at a 10% discount rate. Table 15-15 shows the total cash flow over LoM. Figure 15-19 shows the net cash flow and Table 15-16 shows the NPV with different discount rate.

Table 15-15: Total Cash Flow over the LoM for Hanfeng Project (Unit: RMB mln)

Item	Total Cash Flow over the LOM
Revenue	1,189
Opex	589
Capex	391
Tax & other fees	85
After tax cash-flow	125

Source: SRK

Figure 15-19: Annual Net Cash Flow for Hanfeng Project (Unit: RMB mln)



Source: SRK

Table 15-16: NPV with Different Discount Rate for Hanfeng Project (Unit: RMB mln)

Discount Rate	NPV
5%	76
6%	67
7%	60
8%	53
9%	46
10%	39
11%	33
12%	28
13%	22
14%	17
15%	12

Source: SRK

15.6.3 Sensitivity Analysis

SRK conducted single factor sensitivity analysis for the Project. The Zn price, Capex and Opex are chose to run the sensitivity analysis with $\pm 30\%$ range. The result is shown in Table 15-17 and Figure 15-20. The Project becomes uneconomical if the Price decreases by 10%, OPEX increased by 15%, or CAPEX increased by 20%.

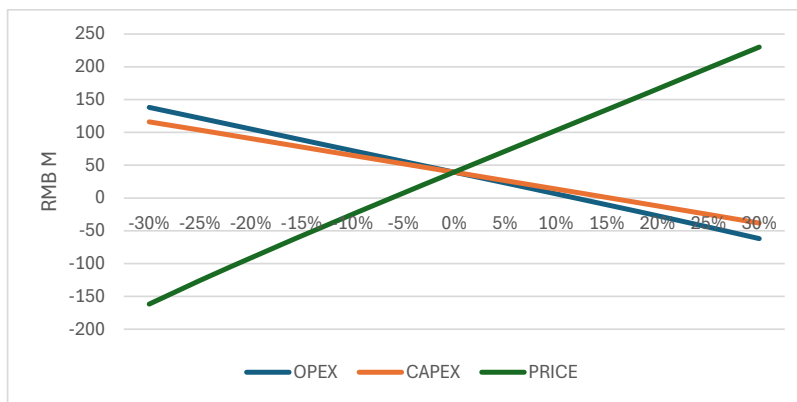
Table 15-17: Sensitivity Analysis for Hanfeng Project at 10% Discount Rate (Unit: RMB mln)

NPV	Opex	Capex	Price
-30%	138	116	-162

NPV	Opex	Capex	Price
-25%	122	103	-126
-20%	105	91	-91
-15%	89	78	-58
-10%	72	65	-25
-5%	56	52	7
0%	39	39	39
5%	23	26	71
10%	6	14	103
15%	-10	1	135
20%	-27	-12	167
25%	-44	-25	198
30%	-62	-38	230

Source: SRK

Figure 15-20: Sensitivity Analysis for Hanfeng Project at 10% Discount Rate (Unit: RMB mln)



Source: SRK

15.7 Jintai Project

15.7.1 Principal Assumptions

The Jintai Project contains 1.37 Mt of Ore Reserves with an average grade of 0.74g/t Au. SRK conducted an economic analysis based on the following basic assumptions:

- The final product is gold ingot;
- LoM is 11 years within 2 open pits;
- SRK does not consider future inflation or currency and cost fluctuations; the price and cost remain constant over the LoM.
- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;

- Unit sustaining costs, operating costs, mining dilution, mining recovery, and processing recovery rate are considered constants over the LoM;
- Working capital will be fully recovered when the mine is closed.

Production Schedule

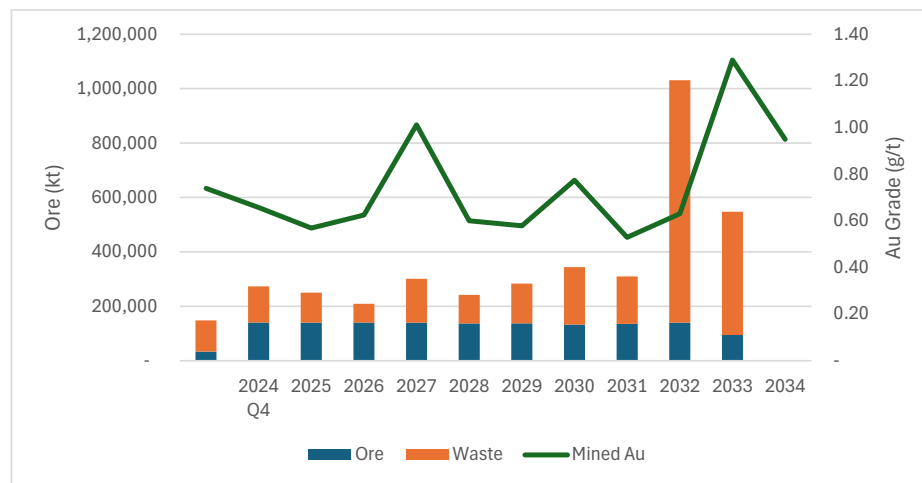
Table 15-18 shows the technical parameters over the LoM, and Figure 15-21 is the mining schedule.

Table 15-18: Technical Parameters for Jintai Project

Parameter	Unit	Value over the LoM
Ore Reserves	t	1,369,639
Waste	t	2,568,020
Strip Ratio	t/t	1.87
Au Grade	g/t	0.74
Contained Au	koz	32.54
Processing Recovery	%	78
Gold Produced	g	795,675
Gold Produced	oz	25,582

Source: SRK

Figure 15-21: Jintai Project Schedule



Source: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.

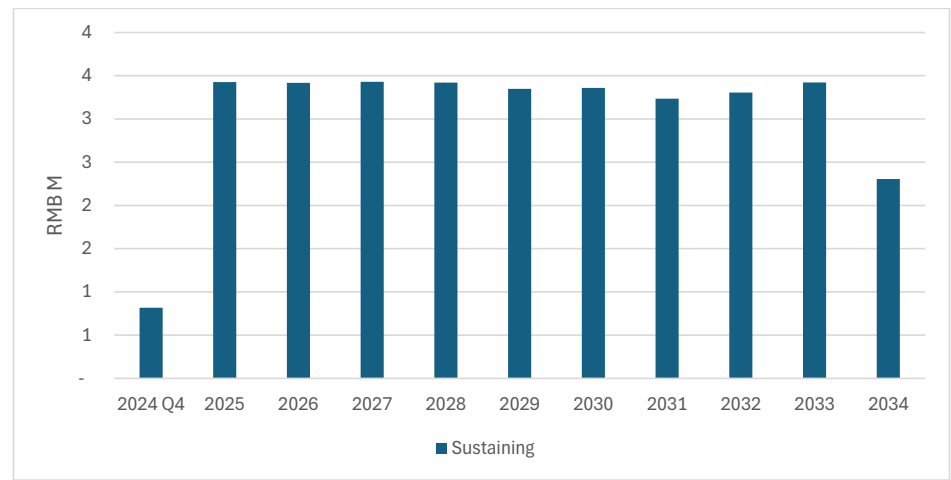
² The column represents the mined amount, corresponding to the left axis.

Capex

SRK used the averaged unit cost, approximately 24 RMB/milled ton, as the forecasted sustaining unit cost for the LOM.

Please see Chapter 14.5.1 for more details.

Figure 15-22: Annual Capex over the LoM

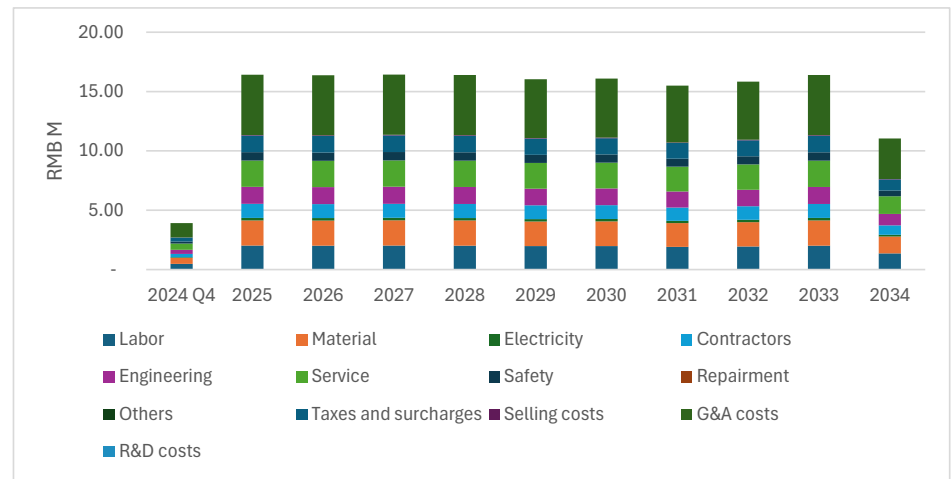


Source: SRK

Opex

SRK has summarized the TEM input cost, please see Chapter 14.5.2 for more details.

Figure 15-23: Annual Opex over the LoM



Source: SRK

Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax is 15%.

Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the depreciation period is 11 years.

Closure Cost

The closure cost is estimated to be RMB6,124,200 (See Chapter 13.7.5) and is assumed to be distributed across the LoM.

15.7.2 Financial Net Present Value

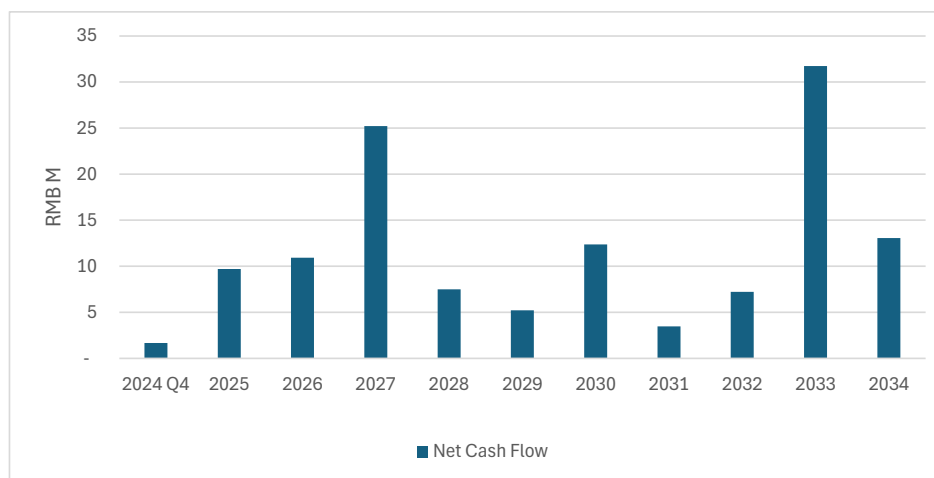
The NPV is about RMB 83 mln at a 10% discount rate. Table 15-19 shows the total cash flow over LoM. Figure 15-24 shows the net cash flow and Table 15-20 shows the NPV with different discount rate.

Table 15-19: Total Cash Flow over the LoM for Jintai Project (Unit: RMB mln)

Item	Total Cash Flow over the LoM
Revenue	380
Opex	160
Capex	40
Tax & other fees	50
After tax cash-flow	128

Source: SRK

Figure 15-24: Annual Net Cash Flow for Jintai Project (Unit: RMB mln)



Source: SRK

Table 15-20: NPV with Different Discount Rate for Jintai Project (Unit: RMB mln)

Discount Rate	NPV
5%	101
6%	97
7%	93
8%	90
9%	86
10%	83
11%	80
12%	77
13%	75
14%	72
15%	70

Source: SRK

15.7.3 Sensitivity Analysis

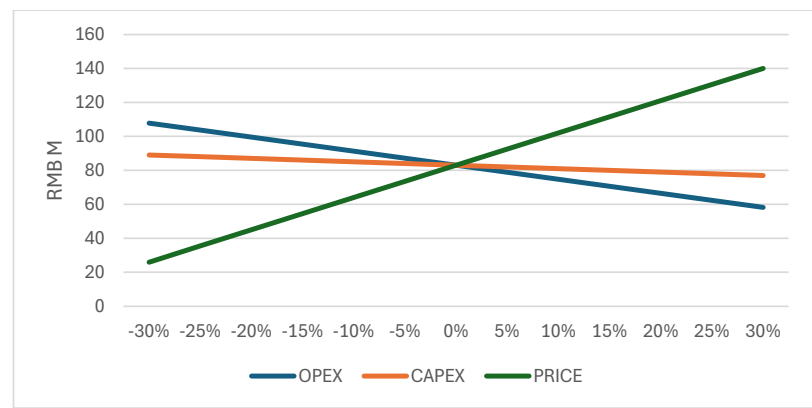
SRK conducted single factor sensitivity analysis for the Project. The price, Capex and Opex are chose to run the sensitivity analysis with $\pm 30\%$ range. The result is shown in Table 15-21 and Figure 15-25. Price is relatively the most sensitive factor in NPV, however, when price is below 30%, the Project can still be economical.

Table 15-21: Sensitivity Analysis for Jintai Project at 10% Discount Rate (Unit: RMB mln)

NPV	Opex	Capex	Price
-30%	108	89	26
-25%	104	88	35
-20%	100	87	45
-15%	95	86	55
-10%	91	85	64
-5%	87	84	74
0%	83	83	83
5%	79	82	93
10%	75	81	102
15%	71	80	112
20%	66	79	121
25%	62	78	131
30%	58	77	140

Source: SRK

Figure 15-25: Sensitivity Analysis for Jintai Project at10% Discount Rate (Unit: RMB mln)



Source: SRK

16 Risk Assessment

SRK completed a risk assessment of the specific risks identified for the Chifeng Gold Project in relation to their likelihood of occurrence within the LoM and consequence in accordance with the Exchange to the Listing Rules.

In general, the risk of a project decreases from exploration, through development, to the production stage. The Chifeng Gold's five projects are all advanced projects.

SRK considered various technical aspects which may affect the feasibility and future cash flow of the China Project. SRK's final Risk Assessment is presented in Table 16-1.

Table 16-1: Risk Assessment for Chifeng Gold Project

Risk Source/Issue	Likelihood	Consequence	Risk
Jilong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Possible	Moderate	Medium
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Poor Underground Condition	Possible	Moderate	Medium
Poor Mine Plan	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing and smelting			
Poor Plant Reliability	Unlikely	Moderate	Low
Lower Throughput	Unlikely	Moderate	Low
Lower Smelting Recovery	Possible	Moderate	Medium
Environmental and Social			
Water management	Possible	Moderate	Medium
Waste Rock and Tailings Management	Possible	Moderate	Medium
Environmental Approval	Unlikely	Moderate	Low
Social Aspects	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Possible	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Huatai Project			

Risk Source/Issue	Likelihood	Consequence	Risk
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing and smelting			
Poor Plant Reliability	Possible	Moderate	Medium
Lower Throughput	Possible	Moderate	Medium
Lower Smelting Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Major	Medium
Waste Rock and Tailings Management	Possible	Moderate	Medium
Hazardous Materials Management	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Likely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Likely	Moderate	High
Wulong Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Possible	Moderate	Medium
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing			

Risk Source/Issue	Likelihood	Consequence	Risk
Poor Plant Reliability	Unlikely	Moderate	Low
Lower Throughput	Unlikely	Moderate	Low
Lower Processing Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Possible	Moderate	Medium
Waste Rock and Tailings Management	Unlikely	Moderate	Low
Environmental Approval	Possible	Moderate	Medium
Social Aspects	Possible	Minor	Low
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium
Jintai Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Unlikely	Moderate	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Unlikely	Moderate	Low
Poor Mine Technical Management	Unlikely	Moderate	Low
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Processing and Metallurgy			
Poor Process Reliability	Unlikely	Moderate	Low
Lower Ore Throughput	Unlikely	Moderate	Low
Poor Permeability of Ore Heap	Possible	Moderate	Medium
Lower Gold Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Major	Medium
Waste Rock and Tailings Management	Unlikely	Moderate	Low
Social Aspects	Possible	Moderate	Medium
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium

Risk Source/Issue	Likelihood	Consequence	Risk
Operating Cost Underestimated	Possible	Moderate	Medium
Hanfeng Project			
Geology, Mineral Resources and Ore Reserves			
Lack of Significant Mineral Resource	Possible	Major	Low
Lack of Significant Ore Reserve	Unlikely	Major	Medium
Significant Unexpected Geological Faulting	Possible	Moderate	Medium
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Unlikely	Moderate	Low
Significant Geological Structure	Unlikely	Moderate	Low
Excessive Surface Subsidence	Unlikely	Moderate	Low
Lack of Competent Technical Personnels	Possible	Moderate	Medium
Poor Mine Technical Management	Possible	Moderate	Medium
Significantly lacking Ore Reserves	Unlikely	Major	Medium
Ore Processing			
Poor Plant Reliability	Possible	Moderate	Medium
Lower Throughput	Possible	Moderate	Medium
Lower Processing Recovery	Possible	Moderate	Medium
Environmental and Social			
Water Management	Unlikely	Moderate	Low
Waste Rock and Tailings Management	Possible	Moderate	Medium
Environmental Approval	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delay	Unlikely	Minor	Low
Capital Cost Increases	Possible	Moderate	Medium
Capital Costs- Ongoing	Possible	Moderate	Medium
Operating Cost Underestimated	Possible	Moderate	Medium

In the risk assessment, various risk issues have been assessed for Likelihood, Consequence, and Overall Rating. SRK has used a matrix as described below.

The Likelihood of a risk is considered within a certain time frame, e.g., five years, as:

- **Likely:** will probably occur;
- **Possible:** may occur; or
- **Unlikely:** unlikely to occur.

The Consequence of a risk is classified as:

- **Major:** the factor poses an immediate danger to the China Project that, if uncorrected, will have a material effect on the China Project cash flow and performance and could lead a project failure;

- **Moderate:** the factor, if uncorrected, will have a significant effect on the China Project cash flow and performance; or
- **Minor:** the factor, if uncorrected, will have little or no effect on the China Project cash flow and performance.

The overall risk assessment combines the Likelihood and Consequence of a risk and be classified as Low (unlikely and possible minor risks, and unlikely moderate risk), Medium (likely minor, possible moderate, and unlikely major risks) and High (likely moderate and major risks, and possible major risks).

17 Conclusions and Recommendations

SRK conducted a full technical review on the Chifeng Gold Project and the conclusions and recommendations of this review have been discussed in each main section or technical discipline of this Report.

The Projects consists of five operating projects; the Jilong, Huatai and Wulong Projects are underground gold mines, the Jintai Project is an open pit gold mine, and the Hanfeng Project, including the Lishan and Dongfeng mines, is an underground lead-zinc polymetallic project. The Jintai Project just started mining operation in the first quarter of 2024, while the other four projects including the Jilong Huatai, Wulong and Hanfeng projects have been in production for many years.

17.1 Jilong Project

There are ongoing production exploration programs at the Zhuanshanzi Mine for further Mineral Resources. SRK recommends that Jilong mining conduct a structured QA/QC process for this exploration work, including the level exploration tunnelling, in-fill drilling, sampling, sample preparation, analysis, internal and external checks, and insertion of control samples (i.e. blank, standard and duplicate samples). SRK recommends that Jilong mining retains coarse duplicates and pulp duplicate samples for future examination.

SRK has conducted Mineral Resource and Ore Reserve Estimates under the JORC Code. It is recommended to improve the quality of the grade control model and incorporate it into resource/reserve model.

The processing flowsheet of whole ore cyanidation and Merrill-Crowe process is suitable for the requirements of the ore properties. The production process and equipment are reasonable, and a satisfied gold recovery rate was obtained with no major flaws.

The capacity of the existing TSF is close to the designed capacity while a new TSF with an effective capacity of $228.4 \times 10^4 \text{m}^3$ is currently in trial operation, which will serve the processing plants for about 14.42 years.

The access and mine design are appropriate. Also, the geotechnical structure and drainage are acceptable during the site visit. There are PFS level studies for each zone with detailed design of underground service.

- The areas visited were clean, reasonably well-ventilated and dry.
- There is minimal geological support underground, verifying that mining is progressing as per plan, and/ or one ore. There is no regular face sampling, hence unable to reconcile the MRE with the actual mining face grade, with ore mined/ moved grades, processed grades and gold produced.
- Reported that the mine does not have sufficient geologists. Reported limited budget for technical support services, and it appears that they generally have limited skilled technical services support.
- On surface they utilise ore/ waste sorting based on size. Material is hoisted to surface and put through a large screen with small material assumed to be ore.

17.2 Huatai Project

There are ongoing production exploration programs for further Mineral Resources. SRK recommends that Huatai mining conduct a structured QA/QC process for this exploration work, including the level exploration tunnelling, in-fill drilling, sampling, sample preparation, analysis, internal and external checks, and insertion of control samples (i.e. blank, standard and duplicate samples). SRK recommends that Huatai mining retains coarse duplicates and pulp duplicate samples for future examination.

Traditional CIP technology is adopted for gold recovering. In SRK's opinion, it is reasonable and stable. The satisfactory technical indexes have been achieved, with no major defects.

At the time of SRK site visit, the processing plant was in a state of shutdown. Huatai Mining informed that the reason was that the ongoing technical innovation and the production capacity expansion were underway.

SRK has conducted Mineral Resource and Ore Reserve Estimates under the JORC Code. It is recommended to improve the quality of grade control model and incorporate it into resource/reserve model.

In general, mine of Huatai Project were operated at small scale capacity for a long time. The geotechnical and hydrogeological conditions are not complex to deal with. Therefore, the underground access method, stoping method, and related service systems & machinery are suitable for the mine operations.

In order to ensure normal mining production in the future, the existing operation system and the design needs further supplementation and improvement, which include mainly the following aspects:

- The reconciliation study is recommended in the future. The reconciliation study would help the operation to compare the estimates against production, then improve the estimation getting a higher-level confidence of resource estimates and improve mining operation outcomes.

17.3 Wulong Project

There are ongoing production exploration programs for further Mineral Resources. SRK recommends that Wulong mining conduct a structured QA/QC process for this exploration work, including the level exploration tunnelling, in-fill drilling, sampling, sample preparation, analysis, internal and external checks, and insertion of control samples (i.e. blank, standard and duplicate samples). SRK recommends that Wulong mining retains coarse duplicates and pulp duplicate samples for future examination.

SRK has conducted Mineral Resource and Ore Reserve Estimates under the JORC Code. It is recommended to improve the quality of grade control model and incorporate it into resource/reserve model.

Wulong Project has been operating for a long period of time, and there is ongoing production exploration for resource potential. There is no major issue for development and the mine design. During the site visit, SRK notes that the geotechnical structure and drainage are acceptable. Also, there are PFS level of studies for each zone with detailed design of underground service.

Recommendations

- Underground Geological sampling at Wulong Mine has continued throughout 2024, the tunnel sampling data was required to be provided to SRK for the resource model update in alignment with the mining depletion data.
- No mining software derived plan.
- Planning 100ktpa, achieving 60ktpa from underground stopes, supplemented by underground and surface stockpiles, but no ore grade verification of stockpile material.
- There is minimal geological support underground, verifying that mining is progressing as per plan, and/ or one ore. There is no regular face sampling, hence unable to reconcile the MRE with the actual mining face grade, with ore mined/ moved grades, processed grades and gold produced.

The actual dilution rate and recovery rates appear to be inconsistent with the planned targets, as the mining grade is significantly lower than the geological grade. It has been noted by onsite personnel that, in the interest of comprehensive resource utilization, a portion of lower-grade ore has been intentionally blended in. It is recommended that a reconciliation study be conducted to better understand the underlying discrepancies and to facilitate improvements in future production.

17.4 Hanfeng Project

It is recommended to carry out in-fill drilling exploration and/or underground exploration for the Deeper parts of Lishan and Dongfeng mines.

In order to ensure normal mining production in the future, the existing operation system and the design needs further supplementation and improvement.

17.5 Jintai Project

SRK has conducted Mineral Resource and Ore Reserve Estimates under the JORC Code. It is recommended to improve the quality of grade control model and incorporate it into resource/reserve model.

SRK considers the mining and stripping methods adopted to be a mature mining technology commonly used in open pit mining practices, and technically both reasonable and feasible. The designed bench height and slope angle are considered reasonable, as well as the small-scale excavator is suitable for selective mining. However, the truck payload (7.8t) is not commonly used in practice. Some larger trucks (30t payload) were observed standing by during site visit. The loading round would be increased then the haulage round would be reduced. But the excavator and truck matching each other would not be a material risk for operation, as the total volume of mining is small.

18 References

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Closure

This report, Competent Person's Report for the Gold and Lead-Zinc Projects in the People's Republic of China, was prepared by

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All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

Appendix A JORC Code Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	- Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Jilong and Huatai Projects - Both projects use the same sampling techniques. - Samples were taken from drill cores by splitting along the core axis. The sample length ranges from 0.8m to 1.0m. The weight of samples was between 9.45 kilograms ("kg") and 12.38kg. - Samples were collected from tunnels using a channeling method. The sample channel was perpendicular or roughly perpendicular to the strike of mineralised body. The section of channel was 10cm × 5cm, and the sample length ranges from 0.1m to 1.2m. The distance between samples were 6m along drift, and 40 m along transverse drift. - Geological logging was completed, and the mineralised intervals were determined by experienced geologists. - All samples were submitted to commercial laboratories for assay. Industry standard practice has been applied on site to ensure sample presentivity. The laboratories have applied appropriate QA/QC to sample preparation and appropriate calibration of QA/QC to analytical instruments. Wulong Project - The trench, tunnel and diamond drill core samples were collected. - For the Wulong Mine, the tunnel samples were taken by channeling method. The sample channel was perpendicular or roughly perpendicular to the strike of mineralised body. The section of channel was 10cm × 5cm, the length was generally 1.0m, and the maximum length was less than 1.5 m. The distance between samples were 6m along drift, and 40 m along transverse drift. - For the Ligunzi Gold Deposit, the trench samples were taken by channeling method. The section of channel was

Criteria	JORC Code explanation	Commentary
		10 cm × 3 cm, and the length was less than 1.5 m. The drill core samples were sampled by 1/2 split core method. The sample length was 1.0 m. The maximum length was 1.5 m, and the minimum length was 0.2 m. - For the Haojingou-Ligunzi Deposit, the trench samples were sampled using channeling method. The section of channel was 10 cm × 5 cm, and the length of 0.9m-1.0 m. The surface drilling core samples were sampled by 1/2 split core method. The sample length generally ranges from 0.2 m to 1.5 m. - The tunnel samples positions were determined by the geologists and were sampled by the other workers. - Geological logging was completed, and the mineralised intervals were determined by experienced geologists. - All samples were submitted to commercial laboratories for assay. Industry standard practice has been applied on site to ensure sample presentively. The laboratories have applied appropriate QA/QC to sample preparation and appropriate calibration of QA/QC to analytical instruments. Jintai Project - Diamond drill core samples were collected. - Drilling & sampling has been conducted by Kunming branch of Yunnan Geological Engineering Survey and Design Institute, Dali Hengchuang Foundation Engineering Co. LTD., the Shandong 6th Geology and Mineral Exploration Institute and Yunnan Southern Geological Exploration Engineering Corporation. - Most of the trenches were not included in the Mineral Resource estimate, just for the purpose of gold domain exploration. - Geological logging was completed, and the mineralised intervals were determined by experienced geologists. - All samples were submitted to commercial laboratories for assay. Industry standard practice has been applied on site to ensure sample presentively. The laboratories have applied appropriate QA/QC to sample preparation and appropriate calibration of QA/QC to analytical instruments. Hanfeng Project - Diamond drill core samples and underground tunnel samples were collected. - Drilling & sampling of the deep areas for both Lishan and Dongfeng Mines has been conducted by Team 603 of Jilin Province Non-ferrous Geological Exploration Bureau. - Most of the drilling and tunnel samples were included in the Mineral Resource estimate of the deep area. - Geological logging was completed, and the mineralised intervals were determined by experienced geologists. - All samples were submitted to commercial laboratories for assay. Industry standard practice has been applied on site to ensure sample presentively. The laboratories have applied appropriate QA/QC to sample preparation and appropriate calibration of QA/QC to analytical instruments.

Criteria	JORC Code explanation	Commentary
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Jilong Project - All drill holes were conducted by XY-4 drill rigs, with a starting diameter of 110mm. After passing through the Quaternary loose sedimentary layers, the diameter of the drill bit was changed to 75 mm until termination of the hole. - The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m deep after commencement. - For the Zhuanshanzi #1#2#3&depth Block, the down-hole survey was conducted with YT-1 little caliber compass clinometer. - For the Zhuanshanzi #4#5#6#7 Block, the down-hole survey was conducted with BZM-R-B little caliber compass clinometer. Huatai Project - The surface drill holes were conducted by XY-4 drill rigs, with a starting diameter of 110 mm. After passing through the Quaternary loose sedimentary layers, the diameter of the drill bit was changed to 75 mm. - The underground holes were conducted by modified XY-2 and XY-4 drill rigs, with a starting diameter of 75 mm until termination. - The collars of the holes were properly surveyed, and down-hole surveying was undertaken at 50m intervals starting at 25m after commencement. - For the Honghuagou #1 Mining Zone, the down-hole survey was conducted with KXP-2 little caliber compass clinometer. - For the Honghuagou #86 Vein, Pengjiagou Deposit and Lianhuashan #26 Vein, the down-hole survey was conducted with CX-6B little caliber compass clinometer. - For the Lianhuashan #5 Mining Zone and #3&7 Vein, the down-hole survey was conducted with S42 little calibre compass clinometer. Wulong Project - For the Wulong Mine, tunnels were excavated by Wulong Mining. The profile of the tunnel was 1.8-2.0 m × 2.0-2.2 m, and the slope was 0.3%-0.7%. - For the Ligunzi Deposit, the bottom width of trenches is 0.6-0.8 m, the top width varied depending on the looseness of the soil, and the depth of the trenches is at least 0.3 m of the bedrock excavated. - In 2010, two holes were drilled by the diamond wire line core drilling technique with the XY-4 drilling rig. The diameter is 75 mm. Drill holes survey were done with the XJL compass clinometer. The depth was verified. - The cross -section size of drift was 1.8-2.2 m × 2.0-2.3 m, and the slope was 0.3%-0.7%. - For Haojingou-Ligunzi Deposit, the width of trenches was 1-1.2 m on the top and 0.6-0.8 m at the bottom. The depth was 0-3 m and at least 0.3 m of the bedrock should be excavated. - A total of 73 surface boreholes were drilled during the detailed exploration period in the exploration license area. The types of drilling rigs were XY-4, XY-44 and XY-B6. The hole's diameter is 75 mm, and the core

Criteria	JORC Code explanation	Commentary
		diameter is 53 mm. A total of 14 underground boreholes were drilled with a hole diameter of 47 mm and the core diameter of 35 mm. - The borehole depth was verified at the interval of 50 m and after the borehole was finished. - The profile of the tunnels along drift was 2.2 m × 2.5 m, and the slope was less than 0.5%. The profile of the raises was 2.0 m × 1.0-1.3 m, and the slope was 50°-60°. Jintai Project - The borehole's diameter is greater than 75 mm, and the core diameter is 55 mm. The cores were cleaned, labelled, and placed regularly. The recovery rates for the whole cores varied from 82% to 100% and for the mineralised cores varied from 81% to 99%. - The bottom width of trenches is 0.6m-1.0 m and the top width varied from 2.2 m to 2.5 m. At least 0.3 m of bedrock should be excavated. All the trenches were named regularly. Hanfeng Project - Lishan Mine: The section size of the channel sample was 10cm × 3cm, and the sample length is generally 1.0m ~ 1.5m. The sample weight was generally 9.5kg ~ 10.5kg. The relative error between the actual weight and the theoretical weight of the sample is 0.04% ~ 9.76%. A total of 789 samples were collected. The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralized body and mineralization. The core was split along the core axis into two halves by the YPK-1 type core splitter. The half was retained as the core, and the other half was bagged and weighed before being sent to the laboratory for analysis. The sample length generally ranged from 1.00m to 1.50m, with a few samples ranging from 0.30m to 0.80m and the longest being 1.90m. - Dongfeng Mine: The section size of the channel sample was 10cm × 3cm, and the sample length is generally 1.0m ~ 1.5m. The sample weight was generally 7.5kg ~ 8.5kg. The relative error between the actual weight and the theoretical weight of the sample is 0.00% ~ 4.80%. A total of 702 samples were collected. The drilling samples were sampled by ½ split core method. The sample length was determined by core recovery, thickness of mineralized body and mineralization. The core was split along the core axis into two halves by the YPK-1 type core splitter. One half was retained as the core, and the other half was bagged and weighed before being sent to the laboratory for analysis. The sample length generally ranged from 1.00m to 1.50m, with a few samples ranging from 0.30m to 0.80m and the longest being 2.00 m.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample	Jilong Project: For the Zhuanshanzi #1#2#3&depth Block, the recovery rates for the whole cores varied from 86% to 100%, for

Criteria	JORC Code explanation	Commentary
	<i>recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	the Zhuanshanzi #4#5#6#7 Block, the recovery rates for the whole cores varied from 92% to 100%. - There is no known relationship between sample recovery and grade. Huatai project: - For the Honghuagou #1 Mining Zone, the recovery rates for the whole cores varied from 99.28% to 100%, and the core recovery rates of #86 Vein varied from 75% to 100%, the core recoveries of Pengjiagou deposit varied from 93% to 100%, and the core recoveries of Lianhuashan #5 Mining Zone were 100%, the core recoveries of #26 Vein and #3&7 Vein varied from 94% to 100%. - There is no known relationship between sample recovery and grade. Wulong Project - Lost core during the drilling is recorded during geological logging. - The drilling program utilised drilling techniques to ensure minimal loss of any size fraction. - There is no known relationship between sample recovery and grade. Jintai Project - Lost core during the drilling is recorded during geological logging. - The drilling program utilised drilling techniques to ensure minimal loss of any size fraction. - There is no known relationship between sample recovery and grade. Hanfeng Project - Lost core during the drilling is recorded during geological logging. - The drilling program utilised drilling techniques to ensure minimal loss of any size fraction. - There is no known relationship between sample recovery and grade. - The average recovery rate was 99% for both Lishan and Dongfeng Mines
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i>	Jilong project: - A total of 5,989.9 m tunnels along drift have been geologically, hydro-geologically and geotechnically logged at the Zhuanshanzi #1#2#3&depth Block. Huatai project: - A total of 17,143.24 m tunnels along drift have been geologically, hydro-geologically and geotechnically logged at the Honghuagou #1 Mining Zone, and a total of 9,381.5m tunnels along drift have been geologically, hydro-geologically and geotechnically logged at the Lianhuashan #5 Mining Zone. Wulong Project: - Most Samples are geologically logged at 1.0 m. - All trenches, tunnels, and retrieved drillcores have been

Criteria	JORC Code explanation	Commentary
		logged by geologists for recovery, lithology, alteration, texture, mineralogy and mineralisation. - Lost core is recorded during geological logging Jintai Project: - Most Samples are geologically logged at 1.0 m. - All trenches and retrieved cores have been logged by geologists for recovery, lithology, alteration, texture, mineralogy and mineralisation. - Lost core is recorded during geological logging Wulong Project: - The drilling core sample length generally ranged from 0.5m to 1.5m. All samples were logged by geologists for recovery, lithology, alteration, texture, mineralogy and mineralisation. Hanfeng Project: - Lishan Mine The drilling core sample length generally ranged from 1.0m to 1.5m, with a few samples ranging from 0.30m to 0.80m and the longest being 1.90m. All samples were logged by geologists for recovery, lithology, alteration, texture, mineralogy and mineralisation. Lost core is recorded during geological logging. - Dongfeng Mine The core drilling sample length generally ranged from 1.0m to 1.5m, with a few samples ranging from 0.30m to 0.80m and the longest being 2.00m. All samples were logged by geologists for recovery, lithology, alteration, texture, mineralogy and mineralisation. Lost core is recorded during geological logging.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	Jilong and Huatai Projects - both projects use the same sub-sampling techniques and preparation procedures. - the drilling samples were sampled by ½ split core method. - the sample preparation was based on the Chechott formula: $Q=Kd^2$, $K=0.8$. The core sample preparation was conducted in the following procedures: - the original samples were crushed passing a mesh of 30 screen; - the sub-sample with 700g was collected from a riffle splitter; and - the sub-sample was pulverized passing a mesh of 200 screen; and about 200g of pulp sample was bagged and labelled for analysis. The rest was stored as a pulp reject. Wulong Project - the drilling samples were sampled by ½ split core method. - the sample preparation was based on the Chechott formula: $Q=Kd^2$, $K=0.8$. The core sample preparation was conducted in the following procedures: - the original samples were firstly coarse crushed by the jaw crusher and were crushed to 10mm; - the samples were then medium crushed to 0.25mm (60

Criteria	JORC Code explanation	Commentary
		mesh) by rod mill; - the sub-sample with 350-450g was collected as duplicate from a riffle; and - the sub-sample with 150-500g was collected from a riffle and was then pulverized passing a mesh of 200 screen; and then was bagged and labelled for analysis. Hanfeng Project - the drilling samples were sampled by ½ split core method by the YPK-1 type core splitter. - The core sample weight was between 0.63kg and 4.4kg, and the tunnel sample weight was between 7.5kg and 10.5kg. - the sample preparation included coarse crushing (jaw crusher), medium crushing (disc mill) and fine crushing (disc mill). Each stage was divided into crushing, screening, mixing and shrinkage. Jintai Project - The drilling samples were sampled by ½ split core method. The sample length varies from 0.5 m to 1.5 m. - The sample preparation included coarse crushing, medium crushing and fine crushing. Each stage was divided into crushing, screening, mixing and shrinkage. - From 2020 to 2021, The total loss rate was less than 5%. The K value was set to 0.5 in the formulation $Q = Kd^2$ and the sample was crushed to 0.074 mm (200 mesh). - From 2020 to 2022, The samples were firstly coarse crushed by the jaw crusher and were crushed to 4 mm. Then the samples were medium crushed by the disc mill and were crushed to 1 mm. After that, there were the mixing and splitting procedures. The K value was set to 0.8 in the formulation $Q = Kd^2$ and the sample was crushed to 0.074 mm (200 mesh). - Both internal and external lab check samples were according to the Specification of Testing Quality Management for Geological Laboratories.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Jilong Project - Verifications by Jilong Mining: A total of 853 internal check samples have been adopted before 2018 production report, the qualification rate is 98.48%; and 447 samples have been adopted for external check, the qualification rate is 98.66%. During the 2018 production exploration report, a total of 297 samples were selected as internal duplicates, the qualification rate is 98.32%; a total of 149 samples were selected for external check, the qualification rate is 97.32%. - Verifications by SRK: A total of 154 samples were selected and sent to SGS Laboratory located in Tianjin, China for verification assay. A large bias was observed between the original assay and check results, SRK advised to send the samples to Intertek laboratory for re-analysis. The returned results show that a general trend can be observed although larger bias is found in the higher-grade samples, which may be led by the nugget effect of visible gold. Huatai Project

Criteria	JORC Code explanation	Commentary
		- Verifications by Huatai Mining: A total of 51 samples internal duplicates during the 2013 Pengjiagou detailed exploration have been applied, the internal check qualification rate was 96.58%; 30 samples have been selected for external check, the external check qualification rate was 95.26% - Verifications by SRK: A total of 50 samples were selected from the Honghuagou Mine and sent to SGS Laboratory located in Tianjin, China for verification assay. A large bias was observed between the original assay and check results, SRK advised to send the samples Intertek laboratory for re-analysis. The returned results show that a general trend can be observed although larger bias is found in the higher-grade samples, which may be led by the nugget effect of visible gold. For A total of 55 samples from the Lianhuashan Mine were selected and sent them to SGS for re-analysis. A large bias was observed between the original assay and check results. About 60% results for Au are within $\pm 20\%$. About 40% results are out of $\pm 20\%$, which may be caused by the nugget effect. Wulong Project - Verifications by Wulong Mining: a total of 164 samples were taken during 2016 resource verification report, for internal verification, with a qualification rate of 97.56% and 72 samples for external verification, with a qualification rate of 94.17%. During the 2017 annual report, 30 internal verification samples were taken, with a qualification rate of 96.67%. In 2018, 35 internal verification samples were taken, with a qualification rate of 100% for internal verification and 30 external verification samples, with a qualification rate of 100% for external verification. During the 2019 resource verification report, 41 internal verification samples were taken, with a 100% qualification rate and 30 external verification samples, with a 100% qualification rate for external inspection. - Verifications by SRK: For Haojingou-Ligunzi deposit, a total of 36 have been taken. A small bias was observed between the original assay and check results. About 88.9% results for Au are within $\pm 20\%$. About 11.1% of the results are out of $\pm 20\%$, which may be caused by the nugget effect. For the Wulong mine, a total of 129 samples (about 3% of total above 1g/t Au) have been taken, most of the returned analysis results are within $\pm 20\%$, which are acceptable. Jintai Project - Verifications by Jintai Mining: From 2007 to 2010, a total of 30 samples were taken for internal lab check with a proportion of 1.99%. 30 samples were taken for external lab check with a proportion of 1.99%. The qualification rate was 70% for internal check and 56.67% for external check. From 2020 to 2021, a total of 50 samples were taken for internal lab check with a proportion of 8.91%. 31 samples were taken for external lab check with a proportion of 5.51%. The qualification rate was 70% for internal check and 100% for external check. From 2012 to 2022, a total of 819 samples were taken for internal lab check with a proportion of 8.51%. 350 samples were

Criteria	JORC Code explanation	Commentary
		taken for external lab check with a proportion of 3.63%. The qualification rate was 68.62% for internal check and 89.71% for external check. - Verifications by SRK: A total of 77 samples (4.25% of total above 0.17 g/t Au samples) have been sent to SGS Mineral Laboratory located in Tianjin, China. The scatter diagrams show that about 52% results for Au are within $\pm 20\%$. About 48% results are out of $\pm 20\%$, which may be caused by the nugget effect. Hanfeng: - Verifications by Hanfeng Mining: Internal and external check samples' results were provided; however, the original samples were not provided. 1,208 samples were taken for internal analysis with a qualification rate of 96% for internal analysis; 710 samples were taken for external analysis with a qualification rate of 97% for external analysis. 80 samples were taken for internal analysis with a 95% pass rate for internal analysis, and 40 samples were taken for external analysis with a 100% pass rate for external analysis. 80 samples were taken for internal analysis with a pass rate of 99% for internal analysis, 40 samples were taken for external analysis with a pass rate of 100% for external analysis. - Verifications by SRK: For the Lishan Project, a total of 152 samples have been taken (about 3% of total above 0.5% Zn), with most of the returned analysis results for Cu and Zn are within $\pm 20\%$, the Pb have returned poorer performance, however, most of which are in the very low grade, thus the results are considered acceptable. For the Dongfeng project, a total of 189 samples have been taken, with all of the returned analysis results for Mo are within $\pm 20\%$, which are acceptable.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	All geological logging and sampling information were completed on paper logs before being transferred to Excel spreadsheets. All logging and sampling data were routinely checked by Mining's technical management team and provided to the Mining for storage. Soft copies of all information were finally provided.
Location of data points	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	Jilong and Huatai Projects - The coordinate system of Jilong mine is CGCS 2000 and Zone GK N40. The drillhole collars and topography (1:2000) were surveyed by RTK. Wulong Project - The coordinate system for both Wulong mine and Ligunzi deposit is Beijing 54, while the Xi'an 80 is used for the Haojingou-Ligunzi deposit. - The topographic map survey utilizes a scale of 1:2000. Jintai Project - All the drill hole collars were surveyed under CGCS2000. - The topographic map survey utilizes a scale of 1:2000.

Criteria	JORC Code explanation	Commentary
		Hanfeng Project - The coordinate system is CGCS2000. - The topographic map survey utilizes a scale of 1:2000.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i>	Jilong Project - Data space is 40m × 6m(strike), - Data space is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - For the #1# 2#3&depth Block, a 0.4 m interval composite length was selected for compositing. For the #4 #5 #6 #7 Block, the composite length is 1m. Huatai Project - Huatai Project: Data space is 40m × 20m(strike), - Data space is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - For #1 Mining Zone, a 0.8 m interval composite length was selected for compositing. For #86 Vein, #26 Vein, #3&#7 Vein, #5 Mining Zone, and Pengjiagou mine, the composite length is 0.5m. Wulong Project - For Wulong Mine, the level interval is 40 m approximately. The spacing between the channels of tunnel samples is 6 m. - For Ligunzi Deposit, the level interval is 40 m approximately. The spacing between the channels of tunnel samples is 4 m. The trench spacing is 100 m to 200 m approximately. - For Haojingou-Ligunzi Deposit, the drill spacing is 80 m to 80 m approximately. - Data spacing & distribution is considered acceptable for establishing geological continuity & grade variability appropriate for classifying a Mineral Resource. Jintai Project - The drill spacing is 80 m to 80 m approximately. - Data spacing & distribution is considered acceptable for establishing geological continuity & grade variability appropriate for classifying a Mineral Resource. Hanfeng Project - Lishan Mine: fan drill rig was applied for the mineralized veins exploration, the main drillhole density is 40 m to 160 m approximately, the height between the drifts is about 40m-80m. - Lishan Mine: fan drill rig was applied for the mineralized veins exploration, the main drillhole density is 50 m to 200 m approximately, the drift space is about 40m-100m.
Orientation of data in relation	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the</i>	Jilong and Huatai Projects - No material biased sampling result was recognized. - Not applicable to this project.

Criteria	JORC Code explanation	Commentary
to geological structure	deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Wulong Project - No drilling orientation & sampling bias has been recognized at this time. Jintai Project - No drilling orientation & sampling bias has been recognized at this time. Hanfeng Project - No drilling orientation & sampling bias has been recognized at this time.
Sample security	The measures taken to ensure sample security.	Jilong and Huatai Projects - Some core samples are exposed to the outdoors, which is an issue that needs to be addressed. Wulong Project - Samples were stored in a secured location. Internally, the commercial laboratories operate an audit trail tracking the samples at all times whilst in their custody. Jintai Project - Samples were stored in a secured location. Internally, the commercial laboratories operate an audit trail tracking the samples at all times whilst in their custody. Hanfeng Project - Samples were stored in a secured location. Internally, the commercial laboratories operate an audit trail tracking the samples at all times whilst in their custody.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Jilong and Huatai Projects - A review of the sampling techniques and data was carried out by SRK as part of the Resource estimate and the database is considered to be sufficient quality to carry out Resource estimation. Wulong Project - SRK visited the drill core store, sample preparation lab and carried inspection of drillhole sealing mark. Internal reviews are completed on sampling techniques & data. Jintai Project - SRK visited the drill core store, sample preparation lab and carried inspection of drillhole sealing mark. Internal reviews are completed on sampling techniques & data. Hanfeng Project - SRK visited the drill core store. Internal reviews are completed on sampling techniques & data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Jilong Project - Two mining licenses are currently held by Jilong Mining. One mining licence covering 6.24km², valid till 29 Sep. 2026, the other one covering 9.134km², valid till 27 Mar. 2032. No proximate Classified Forests and historical sites were reported. Huatai Project - Six mining licenses are currently held by Huatai Mining. #26 Vein covering 0.3199km², valid till 17 Nov. 2024. #3&#7 Vein covering 1.016km², valid till 5 Sep. 2025. #5 Mining Zone covering 0.8138km², valid till 14 Sep. 2024. #86 Vein covering 1.8332km², valid till 17 Nov. 2025. #1 Mining Zone covering 2.7978km², valid till 5 Jun. 2024. Pengjiagou Mine covering 3.7362km², valid till 17 Nov. 2025. No proximate Classified Forests and historical sites were reported. - Regarding any impediments, it is unknown to SRK at this moment. Wulong Project - The deposits are located within Mining Leases No. C2100002011084140116558 and Exploration Tenement T2100002008044010006347 and T211200804020005662. - SRK have not independently verified the standing of the tenements. Jintai Project - The deposits are located within Mining Leases NO C5300002012054110124688 and Exploration Tenement T5300002009034010026977. - SRK have not independently verified the standing of the tenements. Hanfeng Project - Lishan Mining Area in Tianbaoshan Lead-Zinc Mine, its Mining License No. C2224002021083210152512 - Dongfeng Mining Area in Tianbaoshan Lead-Zinc Mine, its Mining License No. C2200002010123120093830
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Jilong Project - For the Zhuanshanzi 1#2#3#&depth Block, 81 diamond boreholes were carried out, and 6240 Tunnels were conducted. - For the Zhuanshanzi #4#5#6#7 Blocks, 64 diamond boreholes were carried out, 12 Tunnels were conducted, and 55 Trenches were conducted. Huatai Project - For the Honghuagou deposit, 96 diamond boreholes were carried out, and 764 Tunnels were conducted. - For the Pengjiagou deposit, 44 diamond boreholes were carried out, and 112 Tunnels were conducted. - For the Lianhuashan deposit, 96 diamond boreholes

Criteria	JORC Code explanation	Commentary
		were carried out, and 1,153 Tunnels were conducted. Wulong Project: See Section 5.3. Jintai Project: See Section 5.5. Hanfeng Project: See Section 5.4.
Geology	• <i>Deposit type, geological setting and style of mineralisation.</i>	Jilong and Huatai Projects: • The genetic type is medium-low temperature hydrothermal gold deposit. The gold-bearing quartz veins filled mainly along suitable faults and/or fractures. Wulong Project: • The Wulong Gold Mine is a large quartz vein type gold mine, the mineralized body is controlled by two groups of fault structures, the north-west trending faults, and the north-east trending faults. The wall rocks are mixed granite, mixed granite gneiss, fine-grained diorite, and granite porphyry et al. The ore type is mainly quartz vein type, and the industrial type of the deposit is gold-bearing quartz single vein type. Jintai Project: • The metallogenic mechanism of the deposits was that gold was activated and dissolved under the action of high temperature and high pressure by the underground hot brine and entered underground hot water in the form of complex ions to form gold-bearing hydrothermal liquid. The hydrothermal liquid rose along the structure and fracture in the thermal cycle. Near the surface, due to the decrease of temperature and pressure, a large amount of silicon in the hydrothermal liquid (hot spring) precipitated, with a small amount of gold. Due to the large amount of silicon precipitation, the channel was gradually blocked, and the temperature and pressure of the hydrothermal liquid increased. The rapid decrease of temperature and pressure led to the rapid decrease of gold solubility in hot water, with a large amount of gold precipitation near the surface at a certain depth. This process was repeated many times, and gold domains were eventually formed and further enriched in the weathering process. Hanfeng Project: • Lishan Pb-Zn Deposit (Below the -92m asl) is a zinc polymetallic deposit dominated by zinc ore, with some copper and lead. The mineralised bodies are lenticular and lentil shaped. There are 128 zinc-lead-copper mineralized bodies were defined. • Dongfeng Mo Deposit (above 250m asl) mainly occurs in the porphyritic monzogranite, contact zone of granodiorite and volcanic rock and schistosity zone of quartz diorite porphyry, which are mostly composed of quartz veins and altered breccia. • According to the geological characteristics of the deposit, including the wall rock alteration, ore texture and structure, the Lishan deposit belongs to post-magmatic mesothermal filling metasomatic polymetallic deposit. The Dongfeng deposit belongs to the skarn-type polymetallic deposit.

Criteria	JORC Code explanation	Commentary
Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Jilong Project - For the Zhuanshanzi #1#2#3&depth Block, it is informed by data from 81 drillholes, for a combined length of 19,078.32m, and 6,240 tunnels, for a combined length of 5,989.89 m, with a total of 14,930 assay samples. - For the Zhuanshanzi #4#5#6#7 Block, it is informed by data from 64 drillholes, for a combined length of 10,810.47m, with a total of 339 assay samples, 55 trenches, for a combined length of 90.69 m, with a total of 106 assay samples, and 12 tunnel, for a combined length of 45.94 m, with a total of 87 assay samples. Huatai Project - A total of 236 drillholes, for a combined length of 57,043.07m, and 2,029 tunnels, for a combined length of 4,474.51 m, with a total of 6,973 assay samples. - All information of drillholes carried out so far in Jilong and Huatai project area are collected, including collar, elevation, depth, survey etc. and details see database along with this report. Wulong Project - SRK's estimation of the Mineral Resources documented in this report is informed by data from 139 drillholes, for a combined length of 38,160 m, and 5,601 tunnels, for a combined length of 9,542 m, and 282 trenches, for a combined length of 171 m, with a total of 17,389 assay samples. The boundary of the estimation is the Wulong mining licence, Ligunzi and Haojingou-Ligunzi exploration permits. Jintai Project - Database used for Mineral Resource estimate contains 208 holes / 14,720.68 m. Hanfeng Project - As of March, 2024. There were 194 drillholes (46,351.96 m) and 102 tunnel samples (477.3m) in the resource database for Lishan Mine and 252 drillholes (88,402 m) and 63 tunnel samples (431m) in the database for Dongfeng Mine.
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	Jilong Project - Exploration data is reported as the average sample grade over the mineralised intersection. The mineralised domain is defined at cut-off grade of 1.5g/t Au. - Jilong project: For the Zhuanshanzi #1#2#3&depth Block, Capping grade is 52g/t. For the Zhuanshanzi #4#5#6#7 Block, no capping was applied. - Not applicable to this project Huatai Project - Exploration data is reported as the average sample grade over the mineralised intersection. The mineralised domain is defined at cut-off grade of 1.5 g/t Au. - Huatai project: Capping grade had been applied in six mineralised zones, and details see evaluation of outliers along with this report.

Criteria	JORC Code explanation	Commentary
		- Not applicable to this project Wulong Project - The main mineralisation outlier value samples have been capped. - For Wulong deposit and Haojingou-Ligunzi deposit, all raw samples were composited to 1 m downhole lengths, with a minimum of 0.75 m for each composite sample. - For Ligunzi deposit, all raw samples were composited to 2 m downhole lengths, with a minimum of 1.5 m for each composite sample. - No metal equivalents are reported. Jintai Project - The main mineralisation outlier value samples have been capped. - All raw samples were composited to 1 m downhole lengths, with a minimum of 0.75 m for each composite sample. - No metal equivalents are reported. Hanfeng Project - Assay capping for Pb, Zn and Cu was applied for the mineralized domains of Lishan Mine and Assay capping for Mo for Dongfeng Mine. - A composite length of 1 m was chosen for both Lishan and Dongfeng Mine as it does not distort the grade distribution for the mine when compared to the length-weighted raw grade statistics. - No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Jilong and Huatai Projects - True width was calculated and as such only downhole lengths were reported. - Most tunnels are perpendicular to the gold mineralized body. - Not applicable. Wulong and Jintai Projects - SRK was provided with section maps of all mineralized domains. SRK has constructed the solid models according to the maps provided by the client and they are acceptable for the estimation. Hanfeng Project - SRK was provided with section and plan maps of all mineralized domains. SRK generated the solid model for each veins according to the drillholes and tunnelling data.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Jilong: Shown in the: Mineral Resource Estimation section of this Report. Huatai: Shown in the: Mineral Resource Estimation section of this Report. Wulong: Please refer to the report. Jintai: Please refer to the report. Hanfeng: Please refer to the report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Jilong and Huatai: Reporting was fully representative of the data provided at this stage. Wulong and Jintai: No other exploration results for the project. Hanfeng: No other exploration results for the project.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Jilong, Huatai, Wulong, Jintai, Hanfeng Projects SRK is not aware of any other material or substantive exploration data that has not been reported.
Further work	- The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Jilong and Huatai Projects - Having a structured QA/QC process is necessary for the company's future exploration work, including controlling the insertion of samples (i.e. blank, standard and duplicate samples). - For the Jilong and Huatai project, safe retention of coarse waste and powder samples is necessary. Wulong Project - SRK suggests that further detailed infill drilling exploration, rock mechanical, hydrogeological studies, seismic surveys, metallurgical testing, and other exploration activities should be conducted in the future. Jintai Project - SRK suggests that further detailed infill drilling exploration, rock mechanical, hydrogeological studies, seismic surveys, metallurgical testing, and other exploration activities should be conducted in the future. Hanfeng Project - SRK recommends carrying out in-fill drilling exploration and/or underground exploration for resource category upgrade to meet life of mine plan for lower parts of Lishan and Dongfeng mines.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Jilong and Huatai Projects - The data provided by the Company in access format was imported into Surpac (Ver2020.1) and validated. - Data validation steps included: Validation through

Criteria	JORC Code explanation	Commentary
	<i>Data validation procedures used.</i>	constraints set in the database, e.g., overlapping/missing intervals, intervals exceeding maximum depth, valid geology codes, missing assays; Validation through 3D visualization to check for any obvious collar, down-hole survey, or assay import errors. Wulong Project - The original data have been compiled into an exploration report adhering to Chinese standards, featuring the relevant plan and profile maps and tables. SRK has finished organizing, validating, and establishing the database. - The data validation process involves: Setting restrictions in the database to ensure validation, such as checking for duplicate/exact sampling intervals, ensuring sampling intervals do not exceed the maximum hole depth, validating geological codes, and addressing missing assays. Inspecting for errors in the import of Collar, Survey, and Assay data through a 3D view. Jintai Project - The original data have been compiled into an exploration report adhering to Chinese standards, featuring the relevant plan and profile maps and tables. SRK has finished organizing, validating, and establishing the database. - The data validation process involves: Setting restrictions in the database to ensure validation, such as checking for duplicate/exact sampling intervals, ensuring sampling intervals do not exceed the maximum hole depth, validating geological codes, and addressing missing assays. Inspecting for errors in the import of Collar, Survey, and Assay data through a 3D view. Hanfeng Project - The original data have been compiled into an exploration report adhering to Chinese standards, and profile maps and tables. SRK has sorted out, validate and complied the database. - The data validation process involves: Setting restrictions in the database to ensure validation, such as checking for duplicate/exact sampling intervals, ensuring sampling intervals do not exceed the maximum hole depth, validating geological codes, and addressing missing assays. Inspecting for errors in the import of Collar, Survey, and Assay data through a 3D view.
Site visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i>	Jilong Project: The site visit was conducted by SRK team during 23-25 December 2022 and 14 to 15 May 2024. Huatai Project: The site visit was conducted by SRK team during 23-25 December 2022 and 14 to 15 May 2024. Wulong Project: The site visit was conducted during 22-23 December 2022 and 16 to 17 May 2024. Jintai Project: The site visit was conducted during 7-9 March 2023 and 21-23 May 2024. Hanfeng Project: SRK conducted a site inspection to the Jilin Hanfeng on 9-10 January 2023 and 17-18 May 2024.

Criteria	JORC Code explanation	Commentary
Geological interpretation	- Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. - Nature of the data used and of any assumptions made. - The effect, if any, of alternative interpretations on Mineral Resource estimation. - The use of geology in guiding and controlling Mineral Resource estimation. - The factors affecting continuity both of grade and geology.	Jilong Project - The geological interpretation is specifically based on lithology, and Au grade. - Mineralization domains were based on geological interpretation & mineralised trends. 44 Solid models were created at the Zhuanshanzi #1#2#3&depth Block and 4 Solid models were created at the Zhuanshanzi #4#5#6#7 Block by sectional interpretation of the drilling dataset. Domain boundaries were modelled to a 1g/t Au. Domain boundaries were treated as hard boundaries. - Geological domains were based on rock types. Huatai Project: - The geological interpretation is specifically based on lithology, and Au grade. - Mineralization domains were based on geological interpretation & mineralised trends. A total of 16 mineralized domains were constructed in Honghuagou mine, a total of 6 mineralized domains were constructed in Pengjiagou deposit, and a total of 12 mineralized domains were constructed in Lianhuashan deposit. Domain boundaries were modelled to a 1g/t Au. Domain boundaries were treated as hard boundaries. - Geological domains were based on rock types. Wulong Project: - Geological interpretation is based on information such as collar, survey, lithology, and assay data. It is also supported by surface geological mapping and trenching. - The mineralized domains were interpreted by the samples collected based on a cut-off grade of 1.0 g/t Au. - The data used for resource estimation is derived from reliable exploration reports and laboratory analysis. - A total of 33 mineralized domains were constructed in Wulong mine, a total of 6 mineralized domains were constructed in Ligonzi deposit, and a total of 17 mineralized domains were constructed in Haojingou-Ligonzi deposit. Jintai Project: - Geological interpretation is based on information such as collar, survey, lithology, and assay data. It is also supported by surface geological mapping and trenching. - The mineralized domains were interpreted by the samples collected based on a cut-off grade of 0.17 g/t Au. - The data used for resource estimation is derived from reliable exploration reports and laboratory analysis. - Nine mineralized domains have been identified in the model and are denoted as v1, v2, v4, v5, v6, v7, v8, v9, and v10. - The drill spacing between 80-160 meters apart, with the majority measuring 80 by 80 meters. Hanfeng Project: - Geological interpretation is based on information such as collar, survey, lithology, assay data and geological mapping and reports. - The Lishan lead-zinc mineralization (below-92m asl)

Criteria	JORC Code explanation	Commentary
		consists of 128 veins. The vein domains were modelled using a broad 0.5% Zn cutoff, and a total of 178 molybdenum orebodies of varying sizes of Dongfeng Mine have been modelled using a cutoff of 0.03% Mo in leapfrog by the vein tool. The data used for resource estimation is derived from reliable exploration reports and laboratory analysis.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	Jilong and Huatai Projects: It is detailed in the Report. Wulong and Jingtai Projects: Extrapolation was limited to approximately half of the level interval and the drill spacing. Internal interpolation was normally 80 m, with a maximum of 160 m. Hanfeng Project: detailed in the Report.
Estimation and modelling techniques	- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. - The assumptions made regarding recovery of by-products. - Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). - In the case of block model interpolation, the block size in relation to the average sample spacing and the search method employed. - Any assumptions behind modelling of selective mining units. - Any assumptions about correlation between variables. - Description of how the geological interpretation was used to control the resource estimates. - Discussion of basis for using or not using grade cutting or capping. - The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Jilong Project: - The estimation method for Au was Inverse Distance Weighting Square (IDW) by using Surpac software. - For the Zhuanshanzi #1#2#3&depth Block, the block size was set to be 4 m (X) × 4 m (Y) × 4 m (Z). The sub-block size was set to be 1 m (X) × 1 m (Y) × 1 m (Z); for the Zhuanshanzi #4#5#6#7 Block, the block size was set to be 4 m (X) × 4 m (Y) × 4 m (Z). The sub-block size was set to be 0.5 m (X) × 0.5 m (Y) × 0.5 m (Z). - The interpolation was conducted three times, see report for search parameters. - SRK conducted outlier handling for Au. - Model validation was performed using Swath plot comparison. Huatai Project: - The estimation method for Au was Inverse Distance Weighting Square (IDW) by using Surpac software. - For #1 Mining Zone of Honghuagou, a block size of 4 m (X) × 4 m (Y) × 4 m (Z) was used. For #86 Vein of Honghuagou mine, #26 Vein #3&#7 Vein and #5 Mining zone of Lianhuashan mine, and Pengjiagou mine, a block size of 2 m (X) × 2 m (Y) × 2 m (Z) was used. And the sub-size of all zones was set to be 1 m (X) × 1 m (Y) × 1 m (Z). - The interpolation was conducted three times, see report for search parameters. - SRK conducted outlier handling for Au. - Model validation was performed using Swath plot comparison. Wulong Project: - A block size of 4 m easting by 4 m northing by 4 m elevation was used. The block model used the same coordinate system as that was used in data collection. - The Inverse Distance Weighting Square (IDW²) method was used for grade estimation via Surpac in the block model. - Conduct three sets of search interpolations, employing a minimum of 1 and a maximum of 25 composite samples per block for grade interpolation, with the search radius progressively increasing from 40m or 45m to 180m or 200m. - SRK performed a thorough validation of the interpolation

Criteria	JORC Code explanation	Commentary
		model results, which included visual examination and "Swath Plots" analysis Jintai Project: - A block size of 10 m easting by 10 m northing by 5 m elevation was used. The block model used the same coordinate system as that was used in data collection. - The Inverse Distance Weighting Square (IDW²) method was used for grade estimation via Surpac in the block model. - Conduct three sets of search interpolations, employing a minimum of one and a maximum of 25 composite samples per block for grade interpolation, with the search radius progressively increasing from 40m or 80m to 160m. - SRK performed a thorough validation of the interpolation model results, which included visual examination and "Swath Plots" analysis. Hanfeng Project: - Suitable block interval and unit size was adopted to build a block model which was able to contain the mineralized zones. details in section 13.4.8 - The Inverse Distance Weighting Square (ID2) method was used for grade estimation via Surpac in the block model. - Three different search ellipsoids were aligned with the different mineralization orientations for both Lishan and Dongfeng Mine. - The swath plot validation approach was adopted by SRK for the validation.
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Jilong, Huatai, Wulong, Jingtai, Hanfeng Projects: Tonnages are estimated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	Jilong and Huatai Projects: - A cut-off grade of 1.5g/t Au is selected to report the Mineral Resources. - The underground resources of this project are reported based on the underground mining and the corresponding mineralised domains and cut-off grades. Wulong Project: - A 1.0 g/t cut-off grade was used to report the in situ Mineral Resources. This cut-off grade is estimated to be the minimum grade required for eventual economic extraction at current prices. Jintai Project: - A 0.17 g/t cut-off grade was used to report the in situ Mineral Resources. This cut-off grade is estimated to be the minimum grade required for eventual economic extraction at current prices. Hanfeng Project: - SRK considers that major portions of the Lishan and Dongfeng are amenable for underground mines.

Criteria	JORC Code explanation	Commentary
		- a cut-off grade of 0.50 % Zn was used to report the in situ Mineral Resources for Lishan Mine (below-92m asl) - a cut-off grade of 0.03 % Mo was used to report the in situ Mineral Resources of the Dongfeng Mine (below 250m asl)
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Jilong and Huatai Projects: - SRK considers that major portions of the Jilong and Huatai are amenable for underground mines. Wulong Project: - For steep and thin orebody with solid surrounding wall rocks, resuing method is adopted to separate the ore and surrounding rocks, with the ore being transported and extracted while the waste is kept in the stope for backfilling. - For relatively thicker orebody, overhand cut and fill mining is adopted. Cut and fill mining allows selective mining, separate recovery of high-grade portions, and stope retention of low-grade rock. Excavated voids are backfilled with waste rock once the stope has been mined out. - No mining factors have been applied to the Mineral Resource. Jintai Project: - A conventional open pit mining methodology is used, comprising free dig & loading, and haulage by truck. - No mining factors have been applied to the Mineral Resource. Hanfeng Project: - SRK considers that major portions of the Lishan and Dongfeng are amenable for underground mines.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	- All the Projects are in production, metallurgical treatment processes, metallurgical methods, historical production performances and laboratory test results are available. - Metallurgical Test and results of Jilong Project, Huatai Project, Wulong Project, Hanfeng Project and Jintai Project are depicted in section 11.1, 11.2, 11.3, 11.4 and 11.5 respectively.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts,	Jilong Project: - Three EIA reports have been completed and approved for the Jilong Project, covering the current main production facilities, the expanded processing plant and the new tailings storage facility. Huatai Project: - The EIA report for the mining and processing was prepared and approved in 2007. In addition, SRK has

Criteria	JORC Code explanation	Commentary
	<i>particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	sighted other six EIA reports and approvals which cover the whole mining sections. Wulong Project: - Two EIA report have been completed and approved for the Wulong Project, covering the mine site and TSF. The EIA report for the new processing plant had been submitted to the environmental protection bureau and was under review. Jintai Project: - The EIA report has been produced and approved for the Jintai Project, covering mining and processing. Hanfeng Project: - SRK has sighted four EIA reports prepared for the Hanfeng Project. - Considerations of the potential environmental impacts and waste management measures have been stated in the above EIA reports.
Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	Jilong and Huatai Projects: - The relationship between SG value and different ore types and Au grade are analysed by SRK, there is no obvious correlation was found between SG and grade, and the average value was used for resource estimation, see the report for details. Wulong Project: - The SG has no significant correlation against the Au grade. - For Wulong mine, a total of 88 SG samples were collected from underground adits during the resource validation from 2016 to 2019. The SG was set at 2.67g/cm³. - For Ligunzi deposit, the SG was set at 2.67g/cm³ based on the data from Wulong mine, the same deposit type. - For Haojingou-Ligunzi deposit, a total of 48 SG samples were collected from 12 drillhole and YM307 during the general exploration from 2012 to 2017. The SG was set at 2.69g/cm³. Jintai Project: - The wax method was used for the SG test. - The samples represented the needs of mineralized body evaluation. - The SG values were 2.15g/cm³ for domain V9 and V10, 2.29g/cm³ for domain V8, and 2.24g/cm³ for domain V4, V5, V6 and V7. Hanfeng Project - the average value of 3.62g/cm³ was used for resource estimation of Lishan, and 2.68g/cm³ was applied for Dongfeng Mine.
Classification	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> <i>Whether appropriate account has been</i>	Jilong and Huatai Projects: For all the blocks of the Jilong and Huatai projects, Resources with a mean sample distance of 40m are classified as Measured resource; Resources with a

Criteria	JORC Code explanation	Commentary
	<i>taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	mean sample distance of 80m are classified as Indicated resources; Resources with a mean sample distance of 160m are classified as Inferred resources. Wulong Project: • Drillhole spacing distance was used as the basis for classification. • SRK considers that blocks estimated with an average drillhole spacing of less than 40 m can be classified in the Indicated category within the meaning of the CIM Definition Standards for Mineral Resources and Mineral Reserves. • Blocks excluded by Indicated category and within the mineralized domains should be appropriately classified in the Inferred category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and economic parameters or to enable an evaluation of economic viability. Jintai Project: • The Mineral Resource has been classified as Measured, Indicated and Inferred based on data spacing and using a combination of historical knowledge of mining history, geological and mineralisation continuity, as well as the drill spacing and geostatistical measures to provide confidence in the tonnage and grade estimates: • SRK considers that blocks estimated with an average drillhole spacing of less than 40 m for both trending and dip direction can be classified in the Measured category within the meaning of the CIM Definition Standards for Mineral Resources and Mineral Reserves. • SRK considers that estimated with an average drillhole spacing of less than 80 m for both trending and dip direction can be classified in the Indicated category. For those blocks, SRK considers that the level of confidence is sufficient to allow appropriate application of technical and economic parameters to support mine planning and to allow evaluation of the economic viability of the deposit. Those blocks can be appropriately classified as Measured or Indicated. • blocks excluded by Measured and Indicated category and within the mineralized domains should be appropriately classified in the Inferred category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and economic parameters or to enable an evaluation of economic viability. Hanfeng Project: • SRK considers geological continuity, sampling interval, sampling data quality and variation range. Resources with a mean sample distance of 40m are classified as Measured resource; Resources with a mean sample distance of 80m are classified as Indicated resources; Resources with a mean sample distance of 160m are classified as Indicated resources for Lishan Mine. • For the Dongfeng Molybdenum Deposit (below 250m asl), Resources with a mean sample distance of 50m are classified as Measured resource; Resources with a mean sample distance of 100m are classified as

Criteria	JORC Code explanation	Commentary
		Indicated resources; Resources with a mean sample distance of 200m are classified as Indicated resources for Dongfeng Mine.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	- Peer reviews of this CPR have been performed by Dr Yonglian Sun and Mr Pengfei Xiao within SRK internally. - Dr Yonglian Sun, a Corporate Consultant (Geotech), FAusIMM, FIEAust, CPEng - Mr Pengfei Xiao, a Principal Consultant (Geology) and MAIG
Discussion of relative accuracy/ confidence	- Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. - The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. - These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	Jilong and Huatai Projects: - The tonnages and grades for the Measured and Indicated Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person. - The tonnages and grades for the Inferred resources are estimated to a low-level confidence, as sparse data cannot support a precise estimation of the deposit. - SRK's resource estimation is a global estimate. Wulong Project: - The tonnages and grades for the Indicated Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person. - The tonnages and grades for the Inferred resources are estimated to a low-level confidence, as sparse data cannot support a precise estimation of the deposit. - SRK's resource estimation is a global estimate. Jintai Project: - The tonnages and grades for the Measured and Indicated Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person. - The tonnages and grades for the Inferred resources are estimated to a low-level confidence, as sparse data cannot support a precise estimation of the deposit. - SRK's resource estimation is a global estimate. Hanfeng Project: - The tonnages and grades for the Indicated Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person. - The tonnages and grades for the Inferred resources are estimated to a low-level confidence, as sparse data cannot support a precise estimation of the deposit. - SRK's resource estimation is a global estimate.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	- Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. - Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	Jilong Project: - Jilong Project has one operating mine named the Zhuanshanzi Mine and has standalone mine systems named Zone 1, 2, and 3. The expansion of Zone 4, 5, 6, and 7 is projected to commence operations in 2027. - The Ore Reserves estimate is based on the Mineral Resource model developed by SRK geologists as of 30 September 2024. Inferred Resources have been excluded from this estimate. - The Ore Reserves are reported inclusive of Mineral Resources. - The Ore Reserves estimate is derived from stope designs and technical and economic feasible checking, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the Run-of-Mine (ROM) Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant. Huaitai Project: - Huaitai Mining has six operating mines named #1 Mining Zone, #26 Vein, #86 Vein, #3&#7 Vein, #5 Mining Zone and Pengjiagou Mine. - The Ore Reserves estimate is based on the Mineral Resource model developed by SRK geologists as of 30 September 2024. Inferred Resources have been excluded from this estimate. - The Ore Reserves are reported inclusive of Mineral Resources. - The Ore Reserves estimate is derived from stope designs and technical and economic feasible checking, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the Run-of-Mine (ROM) Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant. Wulong Project: - Wulong Mining has one operating mine named the Wulong Mine and has three stand-alone underground operating systems: Zone 2, Zone 3, and Zone 4. - The Ore Reserves estimate is based on the Mineral Resource model developed by SRK geologists as of 30 September 2024. Inferred Resources have been excluded from this estimate. - The Ore Reserves are reported inclusive of Mineral Resources. - The Ore Reserves estimate is derived from stope designs and technical and economic feasible checking, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the Run-of-Mine (ROM) Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant. Jintai Project: - Jintai Project consists of one operating mine named Xidengping Mine with v1 and v2 pit. - The Ore Reserves estimate is based on the Mineral Resource model developed by SRK geologists as of 30 September 2024. Inferred Resources have been

Criteria	JORC Code explanation	Commentary
		excluded from this estimate. - The Ore Reserves are reported inclusive of Mineral Resources. - The Ore Reserves estimate is derived from pit optimization and pit design, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the Run-of-Mine (ROM) Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant. Hanfeng Project: - Hanfeng Project has two mining areas named Lishan and Dongfeng. Ore Reserves were estimated in Lishan Lower Part (Stage 1). - The Ore Reserves estimate is based on the Mineral Resource model developed by SRK geologists as of 30 September 2024. Inferred Resources have been excluded from this estimate. - The Ore Reserves are reported inclusive of Mineral Resources. The Ore Reserves estimate is derived from stope designs and technical and economic feasible checking, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the Run-of-Mine (ROM) Pad before the primary crusher and/or stockpiles at the processing plant.
Site visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i>	Jilong Project: - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in December 2022. - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in May 2024. Huatai Project: - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in December 2022. - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in May 2024. - Huatai Gold Mine suspended its production in 2022, and had no production in 2023, and the project is under expansion period, is planning to start its production in 2026. Wulong Project: - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in December 2022. - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in May 2024. Jintai Project: - SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in March 2023. - SRK engineers, including specialists in mining,

Criteria	JORC Code explanation	Commentary
		processing, geology, and environmental disciplines, visited the site in May 2024. Hanfeng Project: • SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in January 2023 • SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in May 2024. • Lishan Upper Part and Dongfeng Upper Part are currently in production but are not classified as Ore Reserves. Meanwhile, Lishan Lower Part, which is classified as Ore Reserves, is under construction with plans to commence production in 2025.
Study status	• <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> • <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i>	Jilong: Project • SRK received following studies (Jilong Studies): ✓ Zhuanshanzi #1 Mining Zone Preliminary Design by Chifeng Zhenghang Design Company in February 2024. ✓ Zhuanshanzi #2 Mining Zone Preliminary Design by Chifeng Zhenghang Design Company in February 2024. ✓ Zhuanshanzi #3 Mining Zone Preliminary Design by Chifeng Zhenghang Design Company in February 2024. ✓ Zhuanshanzi periphery Mining Zone (#4, #5, #6, #7 Mining Zone) Preliminary Design by Chifeng Zhenghang Design Company in February 2024. • Zhuanshanzi Mine currently has three stand-alone underground operating systems: Zone 1, Zone 2, and Zone 3. • Zhuanshanzi Gold Mine intends to increase its production capacity by developing peripheral Zone 4, 5, 6, and 7. This expansion is projected to commence operations in 2027, with an expected production rate of 60 ktpa. • After reviewing the studies and operating data, SRK opines that the project could meet the international Pre-Feasibility Study (PFS) level in general and could serve as a basis for Ore Reserves conversion. • The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion. Huaitai Project: • SRK received following studies (Huatai Studies): ✓ Pengjiagou Preliminary Design by Chifeng Gaoda Engineering Design Company in May 2018. ✓ Honghuagou #1 Mining Zone Expansion Preliminary Design by Inner Mongolia Mining Industry Development Co., Ltd. in May 2013. ✓ Lianhuashan #5 Mining Zone Expansion Preliminary Design by Chifeng Zhenghang Design Co., Ltd. in November 2022. ✓ Lianhuashan #26 Vein Preliminary Design by Chifeng Gaoda Engineering Design Company in May 2018. ✓ Lianhuashan #3&#7 Vein Preliminary Design by Chifeng Zhenghang Design Co., Ltd. in July 2015. ✓ Lianhuashan #3&#7 Vein Mineral Resources

Criteria	JORC Code explanation	Commentary
		Development and Utilization Scheme by Inner Mongolia Geology and Mineral Technology Co., Ltd. in December 2019. - Huatai Gold Mine currently suspended its operation, and plans its operating systems as follows: Pengjiagou, Honghuagou #1 Mining Zone, Lianhuashan #5 Mining Zone, Lianhuashan #26 Vein, Lianhuashan #3-7 Vein. - After reviewing the studies and operating data, SRK opines that the project could meet the international Pre-Feasibility Study (PFS) level in general and could serve as a basis for Ore Reserves conversion. - The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion. Wulong Project: - SRK received following studies (Wulong Studies): ✓ Wulong #2 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022. ✓ Wulong #3 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022. ✓ Wulong #4 and #5 Mining Zone Preliminary Design by Shenyang Nonferrous Metallurgy Design and Research Institute in Feb 2022. - Wulong Gold Mine currently has three stand-alone underground operating systems: Zone 2, Zone 3, Zone 4 and Zone 5. - After reviewing the studies and operating data, SRK opines that the project could meet the international Pre-Feasibility Study (PFS) level in general and could serve as a basis for Ore Reserves conversion. - The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion. Jintai Project: - Xidengping Gold Mine Preliminary Design by Jinjian Engineering Design Co., Ltd. in Feb. 2022. ("2022 Preliminary Design") - Jintai obtained one mining license and one exploration license for the Xidengping Mine. Several technical studies on the mineralized bodies V1 and V2 within the mining license area have been conducted since the acquisition of the mining license in 2012. Construction was initiated at the beginning of 2023. The 2022 Preliminary Design is considered to be at a Pre-Feasibility Study (PFS) level, providing a reasonable basis for assessment. - After reviewing the feasibility study and operating data, SRK opines that the project could meet the international PFS level in general and could serve as a basis for Ore Reserves conversion. - The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion. Hanfeng Project: - SRK received following study (Hanfeng Study): ✓ Lishan Lower Part (Stage1) Preliminary Design by Changchun Gold Design Institute in Dec. 2021. - After reviewing the studies and operating data, SRK

Criteria	JORC Code explanation	Commentary
		opines that the project could meet the international Pre-Feasibility Study (PFS) level in general and could serve as a basis for Ore Reserves conversion. The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion.
Cut-off parameters	<i>The basis of the cut-off grade(s) or quality parameters applied.</i>	Jilong Project: - Only one type of ore is extracted from underground for the treatment flowsheet by Zhuanshanzi Gold Mine. - The marginal cut-off grade (MCOG) is applied for review the cut-off grades. ✓ The reference gold metal prices are US\$2,050 per ounce. The price was based on the CMF (Consensus Market Forecasts) long-term forecast price. ✓ The exchange rate is 7.22 RMB/ USD. ✓ The costs are based on the actual costs from 2021 to 2024 Q3 and adjusted upward with SRK's analysis. ✓ Mining costs are 903 RMB /mined ton. ✓ Processing costs are 109 RMB /milled ton. ✓ General and administration costs are 216 RMB /milled ton. ✓ The processing recovery is 97%. ✓ The royalty is 4%. - The MCOG is estimated to be 2.76g/t. - The Ore Reserves were reported based on the SRK's MCOG estimation. Huatai Project: - Only one type of ore is extracted from underground for the treatment flowsheet by Huatai Gold Mine. - The marginal cut-off grade (MCOG) is applied for review the cut-off grades. ✓ The reference gold metal prices are US\$2,050 per ounce. The price was based on the CMF (Consensus Market Forecasts) long-term forecast price. ✓ The exchange rate is 7.22 RMB/ USD. ✓ The costs are based on the actual costs from 2021 to 2022 with SRK's analysis. ✓ Mining costs are 840 RMB /mined ton. ✓ Processing costs are 160 RMB /milled ton. ✓ General and administration costs are 246 RMB /milled ton. ✓ The processing recovery is 93%. ✓ The royalty is 4%. - The MCOG is estimated to be 2.93g/t. - The Ore Reserves were reported based on the SRK's MCOG estimation. Wulong Project: - Only one type of ore is extracted from underground for the treatment flowsheet by Wulong processing plant. - The marginal cut-off grade (MCOG) is applied for review the cut-off grades. ✓ The reference gold metal prices are US\$2,050 per ounce. The price was based on the CMF (Consensus Market Forecasts) long-term forecast price.

Criteria	JORC Code explanation	Commentary
		✓ The exchange rate is 7.22 RMB/ USD. ✓ The costs are based on the actual costs from 2021 to 2024 Q3 and adjusted upward with SRK's analysis. ✓ Mining costs are 873 RMB /mined ton. ✓ Processing costs are 89 RMB /milled ton. ✓ General and administration costs are 57 RMB /milled ton. ✓ The processing recovery is 97%. ✓ The royalty is 4%. • The MCOG is estimated to be 2.5g/t. • The Ore Reserves were reported based on the SRK's MCOG estimation. Jintai Project: • Only one type of ore is extracted from the open pit for the treatment flowsheet by Jintai. • The marginal cut-off grade (MCOG) is applied for review the cut-off grades. ✓ The reference gold metal prices are US\$2,050 per ounce. The price was based on the CMF (Consensus Market Forecasts) long-term forecast price. ✓ The costs are based on the actual costs from 2023 to 2024 Q3 with SRK's analysis. ✓ The exchange rate is 7.22 RMB/ USD. ✓ Mining costs are 11 RMB /mined total material movement. ✓ Processing costs are 45 RMB /milled ton. ✓ General and administration costs are 31 RMB /milled ton. ✓ The processing recovery is considered the production data as 78%. • The MCOG is estimated to be 0.25g/t which differs from the ore types applied by the 2022 Preliminary Design. • The Ore Reserves were reported based on the SRK's MCOG estimation. Hanfeng Project: • Only one type of ore is extracted from underground for the treatment flowsheet by Hanfeng Mine. • The marginal cut-off grade (MCOG) is applied for review the cut-off grades. ✓ The reference zinc metal prices are US\$2,500 per ton. The price was based on the CMF (Consensus Market Forecasts) long-term forecast price. ✓ The exchange rate is 7.22 RMB/ USD. ✓ The costs are based on the actual costs from 2020 to 2024 Q3 and adjusted downward with SRK's analysis. ✓ Mining costs are 77 RMB /mined ton. ✓ Processing costs are 64 RMB /milled ton. ✓ General and administration costs are 25 RMB /milled ton. ✓ The processing recovery is 88%. ✓ The payable rate is 76%. • The MCOG is estimated to be 1.42% Zn. • The Ore Reserves were reported based on the SRK's MCOG estimation.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	- The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). - The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. - The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. - The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). - The mining dilution factors used. - The mining recovery factors used. - Any minimum mining widths used. - The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. - The infrastructure requirements of the selected mining methods.	Jilong Project: - The stope designs modelled by SRK was used as the estimation boundary. - Skin dilution was applied into the stope shape as an equivalent linear overbreak slough. Subsequently, these annealed mineable shapes were cut using Stope Slicer within GEOVIA Surpac. Stopes falling outside the design scope or with irregular shapes were filtered out. A cut-off grade with gold price of USD 2,050/oz was used to estimate the in-stope Mineral Reserve. Factors such as ore loss were factored in using Microsoft Excel. - The Zhuanshanzi Mine mainly adopted the resuing method since the orebody is very steep and thin with solid surrounding wall rocks. - The dilution factor is approximately 16-17%. - The recovery factor is 95.0%. - No Inferred Mineral Resources are included in the Ore Reserves. - Zhuanshanzi Gold Mine was established in 2005 and has a long operation history, and various facilities are well developed. A 10kV transmission line is connected to the power distribution room in the mining area through LGJ-95mm² steel-cored aluminium stranded wires. The power supply meets production needs. Telephones and mobile communication are also available. Huatai Project: - The stope designs modelled by SRK was used as the estimation boundary. - Skin dilution was applied into the stope shape as an equivalent linear overbreak slough. Subsequently, these annealed mineable shapes were cut using Stope Slicer within GEOVIA Surpac. Stopes falling outside the design scope or with irregular shapes were filtered out. A cut-off grade with gold price of USD 2,050/oz was used to estimate the in-stope Mineral Reserve. Factors such as ore loss were factored in using Microsoft Excel. - The Huatai mines adopted a modified resuing stoping method, named slice and fill with rock, for all stopes of mining zones, and planned to use this method for the rest of Mineral Resources in future. - The dilution factor is approximately 20.0%. - The recovery factor is 85.0%. - No Inferred Mineral Resources are included in the Ore Reserves. - Huatai mines were operating previously, and various facilities are well developed. The power supply for the Huatai mines' power supply is sourced from the Northeast Power Grid, and the industrial 10kv high-voltage line has been connected to the mining areas, which can meet both production needs. Telephones and mobile communication are also available.

Criteria	JORC Code explanation	Commentary
		Wulong Project: - The stope designs modelled by SRK was used as the estimation boundary. - Skin dilution was applied into the stope shape as an equivalent linear overbreak slough. Subsequently, these annealed mineable shapes were cut using Stope Slicer within GEOVIA Surpac. Stopes falling outside the design scope or with irregular shapes were filtered out. A cut-off grade with gold price of USD 2,050/oz was used to estimate the in-stope Mineral Reserve. Factors such as ore loss were factored in using Microsoft Excel. - The Wulong Mine mainly adopted the resuing method since the orebody is very steep and thin with solid surrounding wall rocks. - The dilution factor is approximately 15%. - The recovery factor is 92%. - No Inferred Mineral Resources are included in the Ore Reserves. - Wulong Mine has a long operation history since last century, and various facilities are well developed. The Northeast Power Grid runs through the whole area, and the power supply is sufficient. Telephones and mobile communication are also available. Jintai Project: - The detailed open pit design provided by Jintai was used as the estimation boundary. - To develop an optimal open pit design, an optimized open pit shell was prepared using the Lerchs-Grossman 3D algorithm. The pit design was under the guide of optimization and the design inputs, then manual modified by engineer. A cut-off grade with gold price of USD 2,050/oz was used. - The scoping-level of geotechnical studies were conducted by Jinjian Engineering Design Co., Ltd. The overall slope angle used in the design is 10° ~ 32° for V1, 11° ~ 22° for V2, and the overall slope angle is also controlled within 40° for certain areas. And the open pit slope is safe and reliable. - The dilution factor is 5%, consistent with Jintai's estimate. - The recovery factor is 95%, consistent with Jintai's estimate. - The minimum mining width is 20 meters. - No Inferred Mineral Resources are included in the Ore Reserves. - Jintai commenced production in 2023, and various facilities are well developed. The industrial 10kV high-voltage line has been connected to the project, approximately 1.8 km away, which can meet production needs. Telephones and mobile communication are also available. Hanfeng Project: - The stope designs modelled by SRK were used as the estimation boundary.

Criteria	JORC Code explanation	Commentary
		• Skin dilution was applied into the stope shape as an equivalent linear overbreak slough. Subsequently, these annealed mineable shapes were cut using Stope Slicer within GEOVIA Surpac. Stopes falling outside the design scope or with irregular shapes were filtered out. Cut-off grade with zinc price of USD 2,500/t was used to estimate the in-stope Ore Reserve. Factors such as ore loss were factored in using Microsoft Excel. • Hanfeng Study proposed 4 stoping methods that suit different vein widths: ✓ Shrinkage delay fill ✓ Slice & fill ✓ Resuing ✓ Sub-level open stope delay fill • According to the Hanfeng Study, the dilution and loss are as follows: ✓ Shrinkage delay fill: 11% dilution, 10% loss rate ✓ Slice & fill: 10% dilution, 12% loss rate ✓ Resuing: 17% dilution, 15% loss rate ✓ Sub-level open stope delay fill: 10% dilution, 10% loss rate • The records of Annual Reserves Report 2021 presented the dilution is around 32% and the mining loss is about 19% in average. • For dilution, SRK utilized the skin dilution analysis results, which indicated a rate of 22%. • The mining loss was assessed at 20%. • No Inferred Mineral Resources are included in the Ore Reserves. • Hanfeng Mine has been in production for many years, and various facilities are well developed. There is a 110KV high-voltage dedicated line for Tianbaoshan operating mine, and the power supply can fully meet the production needs. Telephones and mobile communication are also available.
Metallurgical factors or assumptions	• <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the</i>	• All the Projects are in production, metallurgical treatment processes, metallurgical methods, historical production performances and laboratory test results are available, providing reliable data of Metallurgical Factors. • Metallurgical testworks and results, the metallurgical process and historical production indexes of Jilong Project, Huatai Project, Wulong Project, Hanfeng Project and Jintai Project are depicted in section 11.1, 11.2, 11.3, 11.4 and 11.5, respectively.

Criteria	JORC Code explanation	Commentary
	<i>specifications?</i>	
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	- Jilong Project: SRK noticed that there are waste rock dumps in each mining area of the project. The tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. The tailings test results sampled in 2022 show that cyanide in the tailings meet the requirements of technical specification for pollution control of cyanide leaching residue in gold industry (less than 5 mg/L). - Huatai Project: Waste rock from the project is mainly used for underground backfilling or sold for road building. SRK noticed that there are past-generated waste dumps at the portal of shafts in each mining area. The EIA considers the waste rock generated by the project to be General Industrial Solid Waste Class I. - Wulong Project: The waste rocks were temporarily dumped at the portal of shafts in each mining area. Liaoning Wulong stated that the waste rock from the project is mainly used for underground backfilling or sold for construction. The tailings of the project are dry discharged into the TSF after being treated in the filter press workshop. - Jintai Project: The EIA report states that the heap leaching residue is hazardous waste. The project's heap leaching residue is to be disposed of in situ and impermeable measures will be adopted to prevent leakage. - Hanfeng Project: The waste rocks from the project were temporarily dumped near the portal of shaft in the mining area and processing plant. Jilin Hanfeng stated that the waste rock is mainly used for underground backfilling. The EIA concluded that the waste rock from the project was not classified as hazardous waste.
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	Jilong, Huatai, Wulong, Jintai, and Hanfeng Projects: The operation is established, and all required infrastructure is in place.
Costs	- The derivation of, or assumptions made, regarding projected capital costs in the study. - The methodology used to estimate operating costs. - Allowances made for the content of deleterious elements. - The source of exchange rates used in the study. - Derivation of transportation charges. - The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. - The allowances made for royalties payable, both Government and private.	Jilong: - Capital costs: ✓ Expansion for Zone 5, 6, 7: RMB137.8 mln. ✓ Expansion for deeper part in Zone 1, 2, and 3: RMB58.8 mln. ✓ Sustaining Capital: RMB298 mln. (SRK used the unit cost of approximately 324 RMB per milled ton, as the forecasted sustaining unit cost for the LOM. ✓ SRK assumed that working capital is 30% of the operating expenses in 2024 and would be fully recovered at the end of the LOM. ✓ Mine closure fees have been considered in the economic projection, and no residual value would be considered. - Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes

Criteria	JORC Code explanation	Commentary
		and surcharges, selling costs, G&A costs, R&D cost. - No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. - The treatment and refining charge have been included in the processing costs. - Income tax is 15%. Huatai: - Capital costs: ✓ Expansion: RMB239 mln. ✓ Sustaining Capital: RMB274 mln. SRK used the unit cost from 2020, approximately 162 RMB per milled ton, as the forecasted sustaining unit cost for the LOM. ✓ SRK assumed that working capital is 30% of the operating expenses in 2026 and would be fully recovered at the end of the LoM. ✓ Mine closure fees have been considered in the economic projection, and no residual value would be considered. - Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes and surcharges, selling costs, G&A costs, R&D cost. - No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. - The treatment and refining charge have been included in the processing costs. - Income tax is 25%. Wulong: - Capital costs: ✓ Sustaining capital: RMB503 mln. SRK used the averaged unit cost, approximately 511 RMB/milled ton, as the forecasted sustaining unit cost for the LOM. ✓ SRK assumed that working capital is 30% of the operating expenses in 2024 and would be fully recovered at the end of the LoM. ✓ Mine closure fees have been considered in the economic projection, and no residual value would be considered. - Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes and surcharges, selling costs, G&A costs, R&D cost. - No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. - The treatment and refining charge have been included in the processing costs. - Income tax is 15%. Jintai: - Capital costs: ✓ Sustaining Capital: RMB33 mln. SRK used the averaged unit cost, approximately 24 RMB/milled ton, as the forecasted sustaining

Criteria	JORC Code explanation	Commentary
		unit cost for the LOM. ✓ SRK assumed that working capital is 30% of the operating expenses in 2024 and would be fully recovered at the end of the LoM. ✓ Mine closure fees have been considered in the economic projection, and no residual value would be considered. • Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes and surcharges, selling costs, G&A costs, R&D cost. • No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. • Transportation charges have been included in the administration costs. • The treatment and refining charge have been included in the processing costs. • Income tax is 25%. Hanfeng: • Capital costs: ✓ Expansion: RMB 109 mln. ✓ Sustaining Capital: RMB266 mln. SRK used the averaged unit cost, approximately 80 RMB/milled ton, as the forecasted sustaining unit cost for the LOM. ✓ SRK assumed that working capital is 30% of the operating expenses in 2025 and would be fully recovered at the end of the LoM. ✓ Mine closure fees have been considered in the economic projection, and no residual value would be considered. • Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes and surcharges, selling costs, G&A costs, R&D cost. • No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. • The refining charge to zinc price is 24%. • Income tax is 25%.
Revenue factors	• <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i>	Jilong Project: • For economic analysis, gold metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. • There is no other revenue factor considered. Huatai Project: • For economic analysis, gold metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. • There is no other revenue factor considered. Wulong Project:

Criteria	JORC Code explanation	Commentary
		- For economic analysis, gold metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. - A 92.0% payable rate is considered due to the final product. Jintai Project: - For economic analysis, gold metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. - A 97.0% payable rate is considered due to the final product Hanfeng Project: - For economic analysis, zinc metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. - A 76% payable rate is considered due to the final product
Market assessment	<i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> <i>Price and volume forecasts and the basis for these forecasts.</i> <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i>	- See Sections 15.1 and 15.2. - No special market assessment was conducted. The Chifeng Gold's five projects are all operating projects, and for example, the Jilong, Huatai, Wulong and Hanfeng projects have been in production for many years and the Jintai Project started operation in the first quarter of 2024. They have built and maintained a good relationship between the mines and the market.
Economic	<i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i>	Jilong Project: - The discount rate used for NPV calculation ranges from 5% to 15%, with increments of 1%. All results indicate a positive NPV. - The Capex, Opex, along with gold prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$ range for their impact on NPV, using a 10% discount rate. - The NPV is most sensitive to changes in the gold price. However, even when the gold price decreases by 30%, the Jilong Project remains economical. Huatai Project: - The discount rate used for NPV calculation ranges from 5% to 15%, with increments of 1%. All results indicate a positive NPV. - The Capex, Opex, along with gold prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$

Criteria	JORC Code explanation	Commentary
		range for their impact on NPV, using a 10% discount rate. - The NPV is most sensitive to changes in the gold price. However, a decrease in the gold price by approximately 30% would render the Huatai Project uneconomical. Wulong Project: - The discount rate used for NPV calculation ranges from 5% to 15%, with increments of 1%. All results indicate a positive NPV. - The Capex, Opex, along with gold prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$ range for their impact on NPV, using a 10% discount rate. - The NPV is most sensitive to changes in the gold price. However, even when the gold price decreases by 30%, the Wulong Project remains economical. Jintai Project: - The discount rate used for NPV calculation ranges from 5% to 15%, with increments of 1%. All results indicate a positive NPV. - The Capex, Opex, along with gold prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$ range for their impact on NPV, using a 10% discount rate. - The NPV is most sensitive to changes in the gold price. However, even when the gold price decreases by 30%, the Jintai Project remains economical. Hanfeng Project: - The discount rate used for NPV calculation ranges from 5% to 15%, with increments of 1%. All results indicate a positive NPV. - The Capex, Opex, along with zinc prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$ range for their impact on NPV, using a 10% discount rate. - The NPV is most sensitive to changes in the zinc price and Opex. A decrease in the zinc price by approximately 10%, or an increase in Opex by approximately 10%, would render the Hanfeng Project uneconomical.
Social	<i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i>	Jilong Project: The public participation surveys of the EIA reports show that there were no objections to the project development. Huatai Project: The EIA reports, which include detailed results of public participation, show that the majority of the public supports the project's operation, with no objections raised. Wulong Project: The public participation surveys of the EIA reports show that there were no objections to the project development. Jintai Project: The public participation survey results shown 98.5% personal support for the project and 100% group support. Hanfeng Project: The public participation surveys of the

Criteria	JORC Code explanation	Commentary
		EIA reports show that there were no objections to the project development.
Other	- To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: - Any identified material naturally occurring risks. - The status of material legal agreements and marketing arrangements. - The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	Jilong Project: - There is no material risk for operation. - Risk assessment for Jilong Project is included in this CPR. - The project is located within the current mining licenses, for current and expansion operations which are valid until 29 September 2026 and 27 March 2032, respectively. The end of LoM is in 2032, it is believed that there is no reason to expect that Zhuanshanzi Mine will be unable to renew its license. Huatai Project: - There are two material risks for operation: "underestimated the operating cost" and "the project's economic feasibility". - Risk assessment for Huatai Project is included in this CPR. - The project holds several mining licenses based on the individual operating systems, most of which will expire in 2024 or 2025. The end of the LoM is projected to be in 2053. It is believed that there is no reason to expect that the Huatai Gold Mine will encounter any challenges in renewing its licenses. Wulong Project: - There is no material risk for operation. - Risk assessment for Wulong Project is included in this CPR. - The project is located within the current mining licenses, which are valid until 4 August 2035. The end of the LoM is projected to be in 2035. It is believed that there is no reason to expect that Wulong Gold Mine will encounter any challenges in renewing its license. Jintai Project: - There is no material risk for operation. - Risk assessment for Jintai Project is included in this CPR. - The project is located within the current mining license, which is valid until 6 June 2032. Although this date is earlier than the end of LoM in 2035, it is believed that there is no reason to expect that Jintai will be unable to renew its license. Hanfeng Project: - There are one material risks for operation: "the project's economic feasibility". - Risk assessment for Hanfeng Project is included in this CPR. - The project holds two mining licenses based on individual operating systems. The license for the Lishan Lower Part is set to expire on 27 August 2050. The end of the LoM is projected to be in 2032.
Classification	The basis for the classification of the Ore Reserves into varying confidence categories.	Jilong, Huatai, Wulong Jintai, Hanfeng Projects: Measured Mineral Resources in the mine designs are

Criteria	JORC Code explanation	Commentary
	- Whether the result appropriately reflects the Competent Person's view of the deposit. - The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	classified as Proved Ore Reserves. Indicated Mineral Resources in the mine designs are classified as Probable Ore Reserves. - The classification of Ore Reserves appropriately reflects the Competent Person's view of the deposits. - There is no Measured Mineral Resources are classified as Probable Ore Reserves.
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	Jilong, Huatai, Wulong Jintai, Hanfeng Projects: The Ore Reserves estimates have been peer reviewed internally and is in line with current industry standards.
Discussion of relative accuracy/confidence	- Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. - The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. - Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. - It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	Jilong Project: - The Ore Reserves estimates are based on Jilong Studies and ongoing operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate. Huatai Project: - The Ore Reserves estimates are based on Huatai Studies and historical operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate. Wulong Project: - The Ore Reserves estimates are based on Wulong Studies and ongoing operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate. Jintai Project: - The Ore Reserves estimates are based on 2022 Preliminary Design and ongoing operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate. Hanfeng Project: - The Ore Reserves estimates are based on Hanfeng Studies and historical operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate.

Appendix B Compliance with Chapter 18

Chapter 18		
18.01	DEFINITIONS AND INTERPRETATION	
18.02-18.04	CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES	
18.02	In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.	
18.03	A Mineral Company must:—	
(1)	establish to the Exchange's satisfaction that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:—	CPR Executive Summary and Section 3.2 ⁽¹⁾
(a)	through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or	
	<i>Note: 'control over a majority' means an interest greater than 50%.</i>	
(b)	through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;	
(2)	establish to the Exchange's satisfaction that it has at least a portfolio of:—	CPR Executive Summary and Section 8.10
(a)	Indicated Resources; or	
(b)	Contingent Resources, identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;	
(3)	if it has commenced production, provide an estimate of cash operating costs including the costs associated with:—	CPR Executive Summary and Section 14
(a)	workforce employment;	
(b)	consumables;	
(c)	fuel, electricity, water and other services;	
(d)	on and off-site administration;	
(e)	environmental protection and monitoring;	
(f)	transportation of workforce;	
(g)	product marketing and transport;	
(h)	non-income taxes, royalties and other governmental charges; and	
(i)	contingency allowances;	
	<i>Not e: A Mineral Company must:</i> • <i>set out the components of cash operating costs separately by category;</i> • <i>explain the reason for any departure from the list of items to be included under cash operating costs; and</i> • <i>discuss any material cost items that should be highlighted to investors.</i>	
(4)	demonstrate to the Exchange's satisfaction that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:—	CPR Section 15 only for reference
(a)	general, administrative and operating costs;	
(b)	property holding costs; and	
(c)	the cost of any proposed exploration and/or development; and	
	<i>Not e: Capital expenditures do not need to be included in working capital</i>	

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		<i>requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.</i>	
	(5)	ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has available sufficient working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.	CPR Section 15 only for reference
18.04	If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish to the Exchange's satisfaction that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.		
	<i>Note</i> : A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.		
18.05-18.08	CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS		
18.05	In addition to the information set out in Appendix 1A, a Mineral Company must include in its listing document:—		
	(1)	a Competent Person's Report;	CPR Executive Summary, Section 1 and Section 2.2
	(2)	a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;	CPR Section 2.4
	(3)	the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;	CPR Section 3.2 and Section 13.4
	(4)	a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;	CPR Section 2.3
	(5)	disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and	CPR Executive Summary and Section 16
	(6)	if relevant and material to the Mineral Company's business operations, information on the following:—	
	(a)	project risks arising from environmental, social, and health and safety issues;	CPR Executive Summary and Section 16
	(b)	any non-governmental organisation impact on sustainability of mineral and/or exploration projects;	CPR Section 2.3
	(c)	compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;	CPR Sections 13.2, 13.3
	(d)	sufficient funding plans for remediation, rehabilitation and, closure and removal of facilities in a sustainable manner;	CPR Section 13.7
	(e)	environmental liabilities of its projects or properties;	CPR Section 13.5

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	(f)	its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;	CPR Section 13.8
	(g)	its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and	Not applicable. Section 2.3
	(h)	any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.	CPR Section 13.4
18.06-18.08	Additional disclosure requirements that apply to certain new applicant Mineral Companies		
18.06	If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.		CPR Section 14
18.07	If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.		Not applicable ^[2]
18.08	If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.		CPR Section 10.8 and Section 9
18.09-18.13	RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS		
18.09	A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:—		
	(1)	comply with Chapter 14 and Chapter 14A, if relevant;	
	(2)	produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;	
	<i>Note:</i> The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.		
	(3)	in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and	
	(4)	comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.	
	<i>Note:</i> Material liabilities that remain with the issuer on a disposal must also be discussed.		
18.10-18.11	Requirements that apply to listed issuers		
18.10	A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.		
18.11	On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.		

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18.12-18.13	Requirements that apply to Mineral Companies and listed issuers	
18.12	The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.	
18.13	An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.	
18.14-18.17	CONTINUING OBLIGATIONS	
18.14	Disclosure in reports	
18.14	A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.	
18.15-18.17	Publication of Resources and Reserves	
18.15	A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.	
18.16	A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.	
18.17	Annual updates of Resources and/or Reserves must comply with rule 18.18.	
	<i>Note</i> : Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.	
18.18-18.27	STATEMENTS ON RESOURCES AND/OR RESERVES	
18.18	Presentation of data	
18.18	Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.	CPR Executive Summary, Section 8.10 and Section 9
18.19	Basis of evidence	
18.19	All statements referring to Resources and/or Reserves:—	
(1)	in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and	
(2)	in all other cases, must at least be substantiated by the issuer's internal experts.	
18.20	Petroleum Competent Persons' Reports	Not applicable.

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18.20	A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix 25.	
18.21-18.22	Competent Person	
18.21	A Competent Person must:—	
	(1) have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;	CPR Section 2.7
	(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and	CPR Section 2.7
	(3) take overall responsibility for the Competent Person's Report.	CPR Sections 2.7 and 2.9
18.22	A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:—	CPR Section 2.7 and 2.10
	(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;	
	(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;	
	(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and	
	(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.	
18.23	Additional requirements of Competent Evaluators	
18.23	In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:—	
	(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);	
	(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and	
	(3) hold all necessary licences.	
	<i>Note</i> : A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.	
18.24	Scope of Competent Persons' Reports and Valuation Reports	
18.24	A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:—	
	(1) be addressed to the Mineral Company or listed issuer;	CPR Executive Summary, Section 1 and Section 2.2
	(2) have an effective date (being the date when the contents of the Competent	CPR Section 2.4

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		Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and	
	(3)	set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.	Executive Summary, Section 1 and Section 2.2
18.25-18.26	Disclaimers and Indemnities		
18.25	A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.		CPR Section 2.11 and 2.12
18.26	The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.		CPR Section 2.11 and 2.12
18.27	Obligations of sponsor		CPR Section 2.6, 2.7, 2.9 and 2.10
18.27	Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.		
18.28-18.34	REPORTING STANDARD		
18.28-18.30	Mineral reporting standard		
18.28	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.		
18.29	A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:—		CPR Executive Summary, Section 1, Section 8.10 and Section 9
	(1)	under:	
	(a)	the JORC Code;	
	(b)	NI 43-101; or	
	(c)	the SAMREC Code,	
		as modified by this Chapter; or	
	(2)	under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	<i>Note</i> : The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.		
18.30	A Mineral Company must ensure that:—		
	(1)	any estimates of mineral Reserves disclosed are supported, at a minimum, by a Prefeasibility Study;	CPR Section 9

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	(2)	estimates of mineral Reserves and mineral Resources are disclosed separately;	CPR Section 8.10 and Section 9
	(3)	Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;	CPR Section 15
	(4)	for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:—	CPR Section 8.10, Section 9 and Section 15
	(a)	the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and	
	(b)	if a contract for future prices of mineral Reserves exists, the contract price is used; and	CPR Section 9 and Section 15
	(5)	for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.	
18.31-18.33	<i>Petroleum reporting standard</i>		Not applicable.
18.31	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.		
18.32	A Mineral Company must disclose information on Petroleum Resources and Reserves either:—		
	(1)	under PRMS as modified by this Chapter; or	
	(2)	under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	Note : A Reporting Standard applied to specific assets must be used consistently.		
18.33	A Mineral Company must ensure that:—		
	(1)	where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;	
	(2)	if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;	
	(3)	Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;	
	(4)	if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month	

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	within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30;	
	Not e: <i>In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.</i>	
	(5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;	
	Not e: <i>Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.</i>	
	(6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and	
	(7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.	
18.34	Mineral or Petroleum Asset Valuation Reports	Not applicable.
18.34	A Mineral Company must ensure that:—	
	(1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;	
	(2) the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;	
	(3) if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and	
	(4) in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.	

Notes:

1. CPR is the Competent Person's Report prepared by SRK.
2. China Project is a producing project.

**Appendix C Chapter 2.6 of the Guide for New Listing
Applicants**

Chapter 2.6		Section in SRK's Report
(i)	The cut-off grade (which should be an industry standard commonly used), minimum mining width, economic parameters (e.g. waste to ore ratio, stope productivity), specific gravity derivation, prevailing commodity price assumptions;	Section 8.10 and Section 9
(ii)	If the Competent Person has a different view on certain assumptions (e.g. processing recovery rate) made by the applicant, both views should be disclosed in the listing document, with differences highlighted and underlying reasons for the different views, and the impact on the applicant if the more conservative view is adopted;	Section 9
(iii)	Detailed analysis for harmful elements identified at mines (e.g. mercury or arsenic at lead and zinc mines) to give a better picture of whether there are material concentrations of these elements within particular lodes, and the impact on the saleability of the minerals;	Section 9
(iv)	Clear and meaningful drawings and diagrams, shown to scale, of the location of the applicant's principal Mineral or Petroleum Assets;	Section 3
(v)	The procedures, amount of testing, assessment and time required to ascertain the amount of Reserves, and the existing Reserves of the mine over its entire mine life, expected average Resource and Reserve grades of ore that can be extracted in future years (preferably covering the whole economic life of the mine), depletion charges and hedging activities;	Section 9 and Section 10
(vi)	Whether the historical or expected improved recovery rate is used for estimating the net present value ("NPV"), and the basis on which the discount rates are considered appropriate;	Section 15
(vi)	If the Competent Person did not conduct a site visit, the applicant should disclose in the "Business" section of the listing document the basis on which the Reserves/Resources, cost forecasts and other data relating to the mines/oilfields as disclosed in the CPR are arrived at, how the lack of a site visit would affect the reliability of the information, and an appropriate risk factor 3; and	Section 7
(vi)	All material risks mentioned in the CPR should be disclosed in the "Risk Factors" section of the listing document.	Section 16

Appendix D Assay Results

Assay Results for Verification Samples Collected on the Jilong Project.

Ore Sample No.	Sample Type	Original Au g/t	Check Sample No.	SGS Au (g/t)	Intertek Au (g/t)
黄金洞竖井三中段(561m)ZC6	Channel	17.23	ZS001	24.8	15.92
黄金洞竖井三中段(561m)ZC7	Channel	3.37	ZS002	3.14	3
黄金洞竖井三中段(561m)ZC8	Channel	9.78	ZS003	34.9	9.15
黄金洞竖井三中段(561m)ZC9	Channel	20.68	ZS004	16.6	27.59
黄金洞盲竖井一中段(481m)ZC6	Channel	20.41	ZS005	27	20.78
黄金洞盲竖井一中段(481m)ZC7	Channel	45.07	ZS006	62.6	50.42
黄金洞盲竖井一中段(481m)ZC8	Channel	38.09	ZS007	60.8	42.72
黄金洞盲竖井一中段(481m)ZC9	Channel	3.97	ZS008	3.6	3.75
黄金洞盲竖井二中段(442m)ZC5	Channel	15.23	ZS009	28.5	27.19
黄金洞盲竖井二中段(442m)ZC6	Channel	36.41	ZS010	79.9	57.56
黄金洞盲竖井二中段(442m)ZC7	Channel	9.96	ZS011	23.2	16.46
黄金洞盲竖井二中段(442m)ZC8	Channel	6.43	ZS012	10.8	6.99
黄金洞盲竖井二中段(442m)ZC9	Channel	18.23	ZS013	21.9	16.74
黄金洞竖井三中段(561m)ZC40	Channel	6.49	ZS014	6.6	8.72
黄金洞竖井三中段(561m)ZC41	Channel	11.25	ZS015	7.46	8
黄金洞竖井三中段(561m)ZC42	Channel	8.67	ZS016	12.6	18.94
黄金洞竖井三中段(561m)ZC43	Channel	10.28	ZS017	13.9	11.56
黄金洞竖井三中段(561m)ZC44	Channel	9.95	ZS018	27.3	17.64
黄金洞盲竖井一中段(481m)ZC26	Channel	6.43	ZS019	14.6	8.54
黄金洞盲竖井一中段(481m)ZC27	Channel	12.78	ZS020	24.6	11.79
黄金洞盲竖井一中段(481m)ZC28	Channel	7.63	ZS021	47.1	16.8
黄金洞盲竖井一中段(481m)ZC29	Channel	25.63	ZS022	59.2	16.8
黄金洞盲竖井二中段(442m)ZC56	Channel	7.21	ZS023	12	33.14
黄金洞盲竖井二中段(442m)ZC57	Channel	13.71	ZS024	19.2	6.18
黄金洞盲竖井二中段(442m)ZC58	Channel	5.26	ZS025	6.76	12.18
黄金洞盲竖井二中段(442m)ZC59	Channel	20.11	ZS026	19.8	20.81
黄金洞盲竖井二中段(442m)ZC60	Channel	39.57	ZS027	39.4	36.25
落凤毛竖井二中段(621m)ZC5	Channel	12.15	ZS028	22.1	11.78
落凤毛竖井二中段(621m)ZC6	Channel	20.71	ZS029	12.3	24.2
落凤毛竖井二中段(621m)ZC7	Channel	31.47	ZS030	38.8	34.47
落凤毛竖井二中段(621m)ZC8	Channel	26.12	ZS031	35.1	40.32
落凤毛竖井二中段(621m)ZC9	Channel	7.23	ZS032	5.1	5.6
落凤毛竖井二中段(621m)ZC10	Channel	10.54	ZS033	18.8	10.9
落凤毛竖井二中段(621m)ZC11	Channel	8.97	ZS034	7.83	2.99
落凤毛竖井四中段(523m)ZC26	Channel	15.55	ZS035	28.2	3.91

Ore Sample No.	Sample Type	Original	Check Sample	SGS	Intertek
		Au g/t	No.	Au (g/t)	Au (g/t)
落凤毛竖井四中段(523m)ZC27	Channel	6.92	ZS036	21.9	10.46
落凤毛竖井四中段(523m)ZC28	Channel	6.51	ZS037	9.13	9.03
落凤毛竖井四中段(523m)ZC29	Channel	8.48	ZS038	8.29	6.64
落凤毛竖井四中段(523m)ZC30	Channel	14.81	ZS039	33	11.56
落凤毛竖井四中段(523m)ZC31	Channel	8.99	ZS040	3.44	3.97
落凤毛竖井四中段(523m)ZC32	Channel	9.51	ZS041	13.6	16
落凤毛竖井四中段(523m)ZC33	Channel	11.25	ZS042	14.9	12.36
落凤毛竖井三中段(563m)ZC36	Channel	4.23	ZS043	2.22	1.76
落凤毛竖井三中段(563m)ZC37	Channel	10.11	ZS044	23.6	15.97
落凤毛竖井三中段(563m)ZC38	Channel	27.54	ZS045	5.49	15.32
落凤毛竖井三中段(563m)ZC39	Channel	7.14	ZS046	9.21	7.24
落凤毛竖井三中段(563m)ZC40	Channel	19.22	ZS047	41.1	23.68
落凤毛竖井三中段(563m)ZC41	Channel	9.02	ZS048	9.27	11.36
落凤毛竖井四中段(523m)ZC34	Channel	10.35	ZS049	29.9	13.52
落凤毛竖井四中段(523m)ZC35	Channel	1.95	ZS050	1.23	1.64
落凤毛竖井四中段(523m)ZC36	Channel	1.28	ZS051	0.66	0.86
落凤毛竖井四中段(523m)ZC37	Channel	1.74	ZS052	0.81	1.15
落凤毛竖井四中段(523m)ZC38	Channel	1.56	ZS053	1.47	1.88
落凤毛竖井四中段(523m)ZC39	Channel	9.87	ZS054	10.5	10.67
阳坡盲竖井一中段(264m)ZC39	Channel	1.49	ZS055	3.42	1.83
阳坡盲竖井一中段(264m)ZC40	Channel	1.86	ZS056	2.52	3.17
阳坡盲竖井一中段(264m)ZC41	Channel	1.89	ZS057	5.19	1.53
阳坡盲竖井一中段(264m)ZC42	Channel	1.73	ZS058	0.33	1.78
阳坡盲竖井一中段(264m)ZC43	Channel	1.74	ZS059	1.34	2.01
阳坡竖井八中段(303m)ZC13	Channel	16.73	ZS060	16.8	21.13
阳坡竖井八中段(303m)ZC14	Channel	22.22	ZS061	44	25.88
阳坡竖井八中段(303m)ZC15	Channel	27.69	ZS062	62.5	27.4
阳坡竖井八中段(303m)ZC16	Channel	21.51	ZS063	40	22.49
阳坡竖井八中段(303m)ZC17	Channel	17.16	ZS064	27.6	15.54
阳坡竖井八中段(303m)ZC18	Channel	14.22	ZS065	20.8	17.59
阳坡盲竖井一中段(264m)ZC31	Channel	4.01	ZS066	3.63	3.51
阳坡盲竖井一中段(264m)ZC32	Channel	9.75	ZS067	22.4	8.82
阳坡盲竖井一中段(264m)ZC33	Channel	4.08	ZS068	8.97	4.17
阳坡盲竖井一中段(264m)ZC34	Channel	8.62	ZS069	25.1	10.36
27号盲竖井一中段(303m)ZC31	Channel	9.89	ZS070	17.9	11.01
27号盲竖井一中段(303m)ZC32	Channel	14.36	ZS071	20.9	11.3
27号盲竖井一中段(303m)ZC33	Channel	8.86	ZS072	10.3	8.66
27号盲竖井一中段(303m)ZC34	Channel	9.04	ZS073	2.31	5.71
27号盲竖井一中段(303m)ZC35	Channel	14.36	ZS074	19.6	15.65
27号盲竖井四中段(147m)ZC74	Channel	2.43	ZS075	1.02	1
27号盲竖井四中段(147m)ZC75	Channel	1.87	ZS076	2.58	2.36
27号盲竖井五中段(102m)CM1	Channel	15.56	ZS077	37	17.65
27号盲竖井五中段(102m)CM2	Channel	15.06	ZS078	40.2	31.73
27号盲竖井五中段(102m)CM2	Channel	18.43	ZS079	28.4	18.6
ZK10-05	Drill Core	10.02	ZS080	28.6	9.86
ZK10-05	Drill Core	9.79	ZS081	11.8	12.61
ZK10-05	Drill Core	11.23	ZS082	8.76	9.84
ZK10-13	Drill Core	8.25	ZS083	17.9	10.25
ZK10-13	Drill Core	7.86	ZS084	14.9	10.55
ZK10-13	Drill Core	9.93	ZS085	7.8	9.54
27号竖井五中段(510m)ZC11	Channel	26.33	ZS086	67.2	29.98
27号竖井五中段(510m)ZC13	Channel	17.24	ZS087	27.4	16.26
27号竖井五中段(510m)ZC15	Channel	15.67	ZS088	18.4	15.38

Ore Sample No.	Sample Type	Original	Check Sample	SGS	Intertek
		Au g/t	No.	Au (g/t)	Au (g/t)
27 号竖井五中段(510m)ZC17	Channel	32.11	ZS089	54.6	51.75
28 号盲竖井一中段(476m)ZC5	Channel	32.98	ZS090	47.6	33.98
28 号盲竖井一中段(476m)ZC7	Channel	19	ZS091	44.6	27.53
28 号盲竖井一中段(476m)ZC9	Channel	16.985	ZS092	23.2	16.66
28 号盲竖井一中段(476m)ZC11	Channel	29.48	ZS093	64.4	33.57
28 号盲竖井一中段(476m)ZC13	Channel	35.04	ZS094	73.8	45.81
28 号盲竖井一中段(476m)ZC15	Channel	30.52	ZS095	44	43.63
28 号盲竖井一中段(476m)ZC31	Channel	49.16	ZS096	55.6	55.61
28 号盲竖井一中段(476m)ZC33	Channel	25.83	ZS097	8.7	17.94
28 号盲竖井一中段(476m)ZC35	Channel	6.82	ZS098	37.8	8.51
28 号盲竖井一中段(476m)ZC1	Channel	4.97	ZS099	12.8	4.63
28 号盲竖井一中段(476m)ZC3	Channel	12.27	ZS100	31.8	10.21
28 号盲竖井一中段(476m)ZC5	Channel	30.28	ZS101	40	27.05
28 号盲竖井一中段(476m)ZC7	Channel	26.19	ZS102	25.9	24.53
28 号盲竖井四中段(358m)ZC37	Channel	17.43	ZS103	138	69.62
28 号盲竖井四中段(358m)ZC39	Channel	21.71	ZS104	33.2	22.63
28 号盲竖井四中段(358m)ZC41	Channel	3.64	ZS105	3.06	2.48
28 号盲竖井四中段(358m)ZC43	Channel	2.76	ZS106	10.6	5.24
28 号盲竖井四中段(358m)ZC2	Channel	23.21	ZS107	22.9	23.41
28 号盲竖井四中段(358m)ZC4	Channel	42.25	ZS108	54.7	38.19
28 号盲竖井六中段(277m)ZC23	Channel	18.81	ZS109	75.4	22.5
28 号盲竖井六中段(277m)ZC25	Channel	17.03	ZS110	41.4	17.8
28 号盲竖井六中段(277m)ZC27	Channel	4.36	ZS111	7.32	5.32
28 号盲竖井六中段(277m)ZC29	Channel	38.16	ZS112	78.6	40.63
28 号盲竖井六中段(277m)ZC31	Channel	19.31	ZS113	29.5	28.12
28 号盲竖井六中段(277m)ZC33	Channel	14.99	ZS114	35	15.85
28 号盲竖井七中段(237m)ZC31	Channel	26.27	ZS115	45.9	34.29
28 号盲竖井七中段(237m)ZC33	Channel	12.95	ZS116	14.1	15.05
28 号盲竖井七中段(237m)ZC35	Channel	22.18	ZS117	29.2	37.91
28 号盲竖井七中段(237m)ZC37	Channel	9.42	ZS118	8.25	9.19
28 号盲竖井七中段(237m)ZC39	Channel	22.27	ZS119	61	41.43
28 号盲竖井七中段(237m)ZC21	Channel	7.3	ZS120	17.7	16.01
28 号盲竖井七中段(237m)ZC23	Channel	49.305	ZS121	109	51.23
28 号盲竖井七中段(237m)ZC25	Channel	17.75	ZS122	24.9	20.06
28 号盲竖井七中段(237m)ZC27	Channel	5.26	ZS123	8.13	8.96
落凤毛竖井三中段(563m)ZC108	Channel	11.825	ZS124	16.4	19.83
落凤毛竖井三中段(563m)ZC2	Channel	22.56	ZS125	188	172.5
落凤毛竖井三中段(563m)ZC4	Channel	5.97	ZS126	14.6	7.67
落凤毛竖井三中段(563m)ZC6	Channel	30.05	ZS127	57.7	44.76
落凤毛竖井三中段(563m)ZC3	Channel	2.94	ZS128	12.2	5.22
落凤毛竖井三中段(563m)ZC5	Channel	23.55	ZS129	51	26.71
落凤毛竖井三中段(563m)ZC7	Channel	27.77	ZS130	99.8	43.28
落凤毛竖井三中段(563m)ZC9	Channel	31.62	ZS131	41.8	30.11
落凤毛竖井三中段(563m)ZC11	Channel	1.33	ZS132	3.7	2.94
72 号盲竖井一中段(309m)ZC33	Channel	10.77	ZS133	15	11.97
72 号盲竖井一中段(309m)ZC35	Channel	6.48	ZS134	9.34	10.09
72 号盲竖井一中段(309m)ZC37	Channel	9.27	ZS135	24.4	17.67
72 号盲竖井一中段(309m)ZC39	Channel	37.78	ZS136	58.9	43.86
72 号盲竖井一中段(309m)ZC41	Channel	8.26	ZS137	16.5	12.53
72 号盲竖井一中段(309m)ZC2	Channel	19.53	ZS138	81.1	31.49
白金线盲竖井七中段(391m)南 ZC27	Channel	105.19	ZS139	112	119
白金线盲竖井七中段(391m)南 ZC29	Channel	67.57	ZS140	110	72.6
白金线盲竖井七中段(391m)南 ZC31	Channel	17.73	ZS141	32.2	18.12

Ore Sample No.	Sample Type	Original	Check Sample	SGS	Intertek
		Au g/t	No.	Au (g/t)	Au (g/t)
白金线盲竖井七中段(391m)南 ZC33	Channel	12.43	ZS142	25.2	11.66
白金线盲竖井七中段(391m)南 ZC35	Channel	14.85	ZS143	14.3	20.44
阳坡竖井六中段(387m)ZC34	Channel	18.98	ZS144	23.2	14.72
阳坡竖井六中段(387m)ZC36	Channel	14.88	ZS145	30.5	11.27
阳坡竖井六中段(387m)ZC38	Channel	8.5	ZS146	13.4	9.23
阳坡竖井六中段(387m)ZC40	Channel	5.575	ZS147	11.9	10.54
阳坡竖井六中段(387m)ZC42	Channel	2.03	ZS148	2.72	1.41
阳坡盲竖井十中段(-122m)ZC17	Channel	8.56	ZS149	14.9	6.55
阳坡盲竖井十中段(-122m)ZC19	Channel	9.25	ZS150	17.3	9.92
阳坡盲竖井十中段(-122m)ZC21	Channel	22.3	ZS151	35.5	22.87
阳坡盲竖井十中段(-122m)ZC23	Channel	37.65	ZS152	61.3	52.79
阳坡盲竖井十中段(-122m)ZC2	Channel	7.37	ZS153	19	24.3
阳坡盲竖井十中段(-122m)ZC4	Channel	5.33	ZS154	3.96	3.86

Assay Results for Verification Samples Collected on the Huatai Project.

Ore Sample No	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t	Check Au g/t
YM1-ZM1-2	Channel	6.95	HT01	7.86	6.55
YM1-ZM3-4	Channel	7.01	HT02	9.51	8.23
YM1-ZM5-6	Channel	8.11	HT03	10.7	17.71
YM1-ZM7-8	Channel	9.02	HT04	5.46	10.47
YM1-ZM9-10	Channel	6.55	HT05	8.19	6.87
YM1-ZM11-12	Channel	5.88	HT06	8.64	7.53
YM1-ZM13-14	Channel	6.32	HT07	7.41	6.29
YM2-ZM2-2	Channel	7.55	HT08	11.3	9.38
YM2-ZM2-3	Channel	5.95	HT09	7.53	8.71
YM2-ZM4-5	Channel	6.45	HT10	9.6	7.71
YM2-ZM6-7	Channel	9.32	HT11	13.8	10.12
YM2-ZM8-9	Channel	4.63	HT12	5.31	4.71
YM1-ZM21-22	Channel	3.32	HT13	3.12	3.37
YM1-ZM21-23	Channel	9.79	HT14	9.15	8.21
YM1-ZM25-25	Channel	4.91	HT15	5.82	4.96
YM2-ZM1-1	Channel	1.44	HT16	2.22	1.42
YM2-ZM3-3	Channel	15.01	HT17	13.6	8.24
YM2-ZM5-5	Channel	10.14	HT18	9.42	7.92
YM1-ZM3H5	Channel	3.22	HT19	3.57	2.89
YM1-ZM4H7	Channel	6.31	HT20	8.97	8.22
YM1-ZM5H9	Channel	7.61	HT21	11.3	9.86
YM1-ZM6H11	Channel	6.98	HT22	7.77	6.32
YM1-ZM7H13	Channel	4.06	HT23	4.53	3.97
YM1-ZM8H15	Channel	9.14	HT24	7.95	7.78
CK110HC2213	Drill Core	22.05	HT25	25.5	23.11
CK110HC2214	Drill Core	18.74	HT26	23.4	20.33
CK110HC2215	Drill Core	27.12	HT27	26.4	33.1
CK110HC2216	Drill Core	19.58	HT28	23.7	22.97
CK44ZA1941	Drill Core	5.83	HT29	6	6.18
CK90HC2016	Drill Core	1.35	HT30	1.92	1.12
632m 中段 CM8H2	Channel	9.88	HT31	13	10.28
632m 中段 CM8H3	Channel	12.38	HT32	14.8	13.67
591m 中段 CM0H2	Channel	11.46	HT33	13.5	12.09

Ore Sample No	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t	Check Au g/t
591m 中段 CM0H3	Channel	12.34	HT34	11.7	11.15
591m 中段 CM2H2	Channel	9.46	HT35	10.8	9.95
591m 中段 CM2H3	Channel	8.43	HT36	15.2	15.36
591m 中段 CM6H2	Channel	8.95	HT37	8.07	7.56
CM2-1H2	Drill Core	4.68	HT38	6.81	5.44
CM0H2	Drill Core	5.24	HT39	5.46	5.43
CM1H2	Drill Core	5.62	HT40	6.15	5.94
CM2-2H2	Drill Core	5.87	HT41	6.96	6.28
CM2-2H3	Drill Core	6.33	HT42	7.44	7.84
CM5AH2	Drill Core	4.01	HT43	4.59	3.96
CM7H2	Drill Core	3.76	HT44	4.56	3.15
CM9H2	Drill Core	3.06	HT45	3.18	2.41
CM9-1H3	Drill Core	4.09	HT46	5.76	3.58
KZK1951H4	Drill Core	3.63	HT47	4.14	3.07
KZK1952H2	Drill Core	5.03	HT48	7.89	6.53
KZK197A2H2	Drill Core	4.58	HT49	5.16	3.63
KZK197A2H3	Drill Core	4.77	HT50	6.24	5.49

Assay Results for Verification Samples Collected on the Huatai Project.

Hole_id	Check sample No.	Original Au(g/t)	SGS Au(g/t)
4708YM3M21	LHS01	3.37	3.53
3818-2YM2N59	LHS02	4.12	4.68
4708YM3M18	LHS03	4.33	5.68
TC33N12	LHS04	4.91	4.19
4708-2YM2N74	LHS05	5.31	4.91
5148-2YM1N23	LHS06	5.62	6.75
3818-2YM2N55	LHS07	6.13	6.72
5148-2YM1N14	LHS08	6.36	8.82
4258-2YM2N57	LHS09	6.9	7.79
4258-2YM1N19	LHS10	7.18	0.80
KZK702	LHS11	7.52	7.08
4258YM3M5	LHS12	7.96	11.2
4258-2YM1N14	LHS13	8.21	7.40
4258YM4M23	LHS14	8.42	12.4
6398YM4N27	LHS15	8.76	9.41
ZK901	LHS16	9.12	9.90
5598YM3N23	LHS17	9.33	10.4
5998-2YM1M22	LHS18	9.57	10.9
5998-2YM1M16	LHS19	9.89	8.92
5148-2YM1N18	LHS20	10.2	10.8
ZK1004	LHS21	10.35	10.1
ZK903	LHS22	10.67	12.8
4258-2YM2N71	LHS23	11.15	12.3
4258-2YM1N11	LHS24	11.34	15.5
ZK1205	LHS25	12.36	14.3
4258YM4M26	LHS26	13.03	13.4

Hole_id	Check sample No.	Original Au(g/t)	SGS Au(g/t)
4708-2YM1N44	LHS27	14.2	17.1
5598-2YM2M25	LHS28	15.27	21.1
5998-2YM1M8	LHS29	16.59	26.7
3818-2YM2N50	LHS30	18.56	20.7
5998-2YM1M24	LHS31	21.05	38.2
5598YM3N25	LHS32	25.61	4.66
5598YM3N9	LHS33	40.21	53.4
14551-10YM3-11	LHS40	3.23	4.78
10551-10YM3-11	LHS41	3.45	3.23
10551-10YM3-9	LHS42	3.88	4.03
10551-10YM3-26	LHS43	4.13	4.75
6551-10CM1-1-H2	LHS44	4.33	3.37
10551-10YM3-20	LHS45	4.63	5.93
6551-10YM3-H19	LHS46	5.01	5.83
KZK197A3	LHS47	5.23	2.93
6551-10YM3-H10	LHS48	5.45	4.44
24951-1CM2-1	LHS49	5.78	5.50
6551-10CM1-H2	LHS50	6.11	8.62
33751-1CM12	LHS51	6.32	3.92
6451CM5	LHS52	6.62	7.14
45851-1CM1	LHS53	7.01	17.4
50051-1CM3	LHS54	7.28	10.0
53551-9YM2-CM8	LHS55	8.21	8.72
50051-8CM1	LHS56	9.03	10.2
41651-1CM11	LHS57	9.64	15.9
50051-9YM2-CM7	LHS58	9.98	19.8
50051-9YM2-CM2	LHS59	10.36	40.3
53551-9YM2-CM10	LHS60	11.34	12.9
53551-8CM9	LHS61	13.07	0.19

Assay Results for Verification Samples Collected on the Wulong Project (Wulong Mine)

Ore Sample No.	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t
14163 沿（十四中段）7	Channel	1	WL01	1.11
14163 沿（十四中段）8	Channel	7.6	WL02	7.2
14163 沿（十四中段）9	Channel	1.3	WL03	1.44
14163 沿（十四中段）10	Channel	2.17	WL04	1.41
14163 沿（十四中段）11	Channel	3.74	WL05	4.11
1911 沿(十九中段) 23	Channel	15	WL06	17.8
1911 沿(十九中段) 24	Channel	3.6	WL07	15.7
1911 沿(十九中段) 25	Channel	6.6	WL08	7.64
18 中水平（十八中段）38	Channel	14.7	WL09	14.9
18 中水平（十八中段）39A	Channel	15	WL10	17
18 中水平（十八中段）39B	Channel	5.5	WL11	5.49
ZK1816346	Drill Core	2.8	WL12	18.5

Ore Sample No.	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t
ZK1816347	Drill Core	12.7	WL13	13
ZK1816348	Drill Core	3.4	WL14	3.87
ZK19111H1	Drill Core	10.7	WL15	11.5
ZK19111H3	Drill Core	1.66	WL16	1.86
ZK19112H1	Drill Core	4.4	WL17	4.11
ZK19112H2	Drill Core	3.33	WL18	3.57
十八中段 4KH273	Channel	17.54	WL19	19.9
十八中段 4KH274	Channel	19.99	WL20	21.5
十八中段 4KH275	Channel	4.52	WL21	0.5
十八中段 4KH276	Channel	2.82	WL22	1.65
十八中段 4KH277	Channel	4.13	WL23	4.71
十九中段 4KH455	Channel	7.47	WL24	7.23
十九中段 4KH456	Channel	12.87	WL25	13.6
十九中段 4KH457	Channel	7.69	WL26	8.73
十九中段 4KH458	Channel	4.59	WL27	4.38
十九中段 4KH459	Channel	3.53	WL28	4.89
十九中段 4KH460	Channel	8.53	WL29	9.06
二十中段 9HF028	Channel	1.2	WL30	1.35
二十中段 9HF031	Channel	1.2	WL31	2.28
二十中段 9HF036	Channel	1.45	WL32	0.27
二十中段 9HF037	Channel	1.3	WL33	1.59
二十中段 9HF040	Channel	1.5	WL34	1.86
二十中段 9HF041	Channel	1.1	WL35	1.22
ZK1816346	Drill Core	2.8	WL36	2.37
ZK1816347	Drill Core	12.7	WL37	14.2
ZK1816348	Drill Core	3.4	WL38	4.02
ZK19111H1	Drill Core	10.7	WL39	12.6
ZK19111H3	Drill Core	1.66	WL40	1.8
ZK19112H1	Drill Core	4.4	WL41	4.38
ZK19112H2	Drill Core	3.33	WL42	3.45
十八中段 4KH335	Channel	12.9	WL43	14.5
十八中段 4KH336	Channel	2.34	WL44	2.42
十九中段 4KH340	Channel	15.3	WL45	16.8
十九中段 4KH341	Channel	3.39	WL46	3.42
十九中段 4KH342	Channel	3.89	WL47	3.65
十九中段 4KH343	Channel	4.18	WL48	3.99
十九中段 4KH461	Channel	4.34	WL49	4.13
十九中段 4KH462	Channel	5.45	WL50	5.67
十九中段 4KH463	Channel	4.7	WL51	4.96
二十中段 H71	Channel	15.64	WL52	17.7
二十中段 H72	Channel	15.02	WL53	16.4
二十中段 H73	Channel	17.91	WL54	19.9
二十中段 H74	Channel	5.69	WL55	6.36

Ore Sample No.	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t
1523 沿（十五中段）10	Channel	4.2	WL56	4.59
1523 沿（十五中段）11	Channel	1.3	WL57	2.19
1723 沿（十七中段右端）1	Channel	10.6	WL58	9.4
1723 沿（十七中段右端）2	Channel	17.8	WL59	19.1
1723 沿（十七中段右端）3	Channel	5.9	WL60	5.56
1723 沿（十七中段右端）4	Channel	20	WL61	21
ZK182329	Drill Core	4.3	WL62	4.73
ZK1823210	Drill Core	1.6	WL63	1.94
ZK182331	Drill Core	14.06	WL64	15.1
ZK182332	Drill Core	1.3	WL65	1.97
ZK182333	Drill Core	2.1	WL66	1.95
ZK182341	Drill Core	8.7	WL67	8.18
ZK182342	Drill Core	13.2	WL68	14
ZK182343	Drill Core	9.7	WL69	8.72
ZK182344	Drill Core	3.4	WL70	3.76
十四中段 3KH96	Channel	3.11	WL71	2.96
十四中段 3KH97	Channel	3.65	WL72	3.7
十四中段 2HF004	Channel	1.57	WL73	1.71
十四中段 2HF005	Channel	6.82	WL74	6.87
十四中段 2HF006	Channel	23.4	WL75	25.3
十八中段 2KH303	Channel	34.27	WL76	26
十八中段 2KH304	Channel	53.22	WL77	49.1
十八中段 2KH305	Channel	13.2	WL78	15.1
十八中段 2KH306	Channel	36.5	WL79	42.2
十一中 H226	Drill Core	8.25	WL80	9.26
十一中 H227	Drill Core	5.52	WL81	5.24
十一中 H228	Drill Core	9.41	WL82	9.4
十中段 9HF251	Drill Core	1.67	WL83	1.91
十中段 9HF252	Drill Core	2.52	WL84	2.59
十中段 9HF253	Drill Core	6.29	WL85	5.93
十中段 9HF255	Channel	5.96	WL86	5.3
十一中段 9HF269	Channel	1.01	WL87	1.6
十一中段 9HF270	Channel	2.7	WL88	2.79
十一中段 9HF271	Channel	1.46	WL89	3.31
六中段 H19	Channel	8.06	WL90	6.87
六中段 H20	Channel	12.42	WL91	14.3
十九中 H201	Channel	8.42	WL92	8.95
十九中 H202	Channel	6.85	WL93	6.16
十九中 H203	Channel	7.73	WL94	9.26
十九中 H219	Channel	6.78	WL95	7.24
十九中 H220	Channel	7.38	WL96	7.15
二十中 H241	Channel	13.57	WL97	14.7
二十中 H242	Channel	12.63	WL98	11.6

Ore Sample No.	Sample Type	Original Au g/t	Check Sample No.	Check Au g/t
二十中 H243	Channel	6.2	WL99	7.07
ZK18423H2	Channel	3.5	WL100	3.76
1811 沿（十八中段）1	Channel	5.7	WL101	9.06
1811 沿（十八中段）2	Channel	19	WL102	20.7
1811 沿（十八中段）3	Channel	31	WL103	36.5
1811 沿（十八中段）4	Channel	9.4	WL104	10.3
1811 沿（十八中段）5	Channel	5.6	WL105	5.44
18 中水平（十八中段）53	Channel	30.5	WL106	33.3
18 中水平（十八中段）54	Channel	1.2	WL107	1.68
18 中水平（十八中段）34	Channel	1.2	WL108	1.14
十九中段 32	Channel	3.2	WL109	3.59
十九中段 30	Channel	5.4	WL110	4.87
十九中段 29	Channel	3.3	WL111	2.95
十九中段 16	Channel	11.7	WL112	13.7
十九中段 14	Channel	14.6	WL113	16.5
十九中段 13	Channel	7	WL114	7.41
ZK1816313	Drill Core	4.5	WL115	4.45
ZK1816314	Drill Core	2.1	WL116	1.91
ZK1816333	Drill Core	5.3	WL117	4.99
ZK1816334	Drill Core	14.2	WL118	13.8
ZK1816335	Drill Core	17.6	WL119	18.2
ZK1816336	Drill Core	4.9	WL120	5.1
ZK1816342	Drill Core	6.3	WL121	7.47
ZK1816343	Drill Core	1.1	WL122	1.42
ZK1816344	Drill Core	2.4	WL123	3.22
ZK19112H4	Drill Core	2.4	WL124	2.19
ZK19112H5	Drill Core	3.5	WL125	3.51
ZK19112H6	Drill Core	1.3	WL126	1.28
ZK19112H8	Drill Core	2.7	WL127	2.93
ZK19112H9	Drill Core	2.1	WL128	2.4
ZK19112H10	Drill Core	2.2	WL129	2.88

Assay Results for Verification Samples Collected on the Wulong Project (Haojingou-Ligunzi Deposit)

Hole id	Check sample No.	Original Au(g/t)	SGS Au(g/t)
TC2-558-1	HJG01	1.09	0.93
ZK500-2	HJG02	1.28	1.08
321-225-1	HJG03	1.45	1.17
K232-1-232-40	HJG04	1.7	1.61
ZK796-1	HJG05	1.78	1.83
K232-1-232-50	HJG06	2	1.83
ZK772-1	HJG07	2.14	2.44
ZK521-1	HJG08	2.31	1.90

Hole id	Check sample No.	Original Au(g/t)	SGS Au(g/t)
TC38-549-1	HJG09	2.56	2.21
TC547-547-20	HJG10	2.72	2.19
ZK508-4	HJG11	2.91	2.68
ZK505-2	HJG12	3.18	2.75
ZK805-4	HJG13	3.38	2.84
K230-1-230-15	HJG14	3.7	3.19
K231-3-231-3	HJG15	4.1	3.59
TC547-547-7	HJG16	4.49	4.59
ZK508-2	HJG17	4.8	4.62
K233-1-233-11	HJG18	5.3	6.30
ZK824-1	HJG19	5.87	6.64
ZK512-5	HJG20	6.51	4.22
307-231-7	HJG21	6.82	8.12
K232-1-232-49	HJG22	7.2	7.84
ZK830-2	HJG23	7.51	7.27
ZK509-2	HJG24	7.98	8.15
307-232-12	HJG25	8.41	9.39
307-232-10	HJG26	8.73	8.41
K31-1-231-1	HJG27	9.3	9.10
307-232-11	HJG28	10.3	9.09
63-547-14	HJG29	11.1	12.7
ZK820-1	HJG30	13.5	13.9
TC547-547-17	HJG31	15.33	16.5
ZK820-6	HJG32	17.8	15.3
ZK818-6	HJG33	20.4	21.5
CK551-1	HJG34	27.6	2.32
TC547-547-18	HJG35	41.08	6.63
TC547-547-11	HJG36	433.99	5.44

Assay Results for Verification Samples Collected on the Hanfeng Project (Lishan Mine)

Ore Sample		Original			Check Sample		Check	
No.	Sample Type	Cu_(%)	Pb_(%)	Zn_(%)	No.	Cu_(%)	Pb_(%)	Zn_(%)
ZK24A10-5-63	Drill Core	0.562	0.011	0.538	LS001	0.547	0.011	0.553
ZK24A10-7-55	Drill Core	1.213	0.02	0.666	LS002	1.5	0.015	0.658
ZK24A8-1-24	Drill Core	0.207	0.019	3.429	LS003	0.185	0.027	2.55
ZK24A8-2-39	Drill Core	0.215	0.107	3.118	LS004	0.231	0.119	3.03
ZK24A8-3-28	Drill Core	0.317	0.002	2.025	LS005	0.327	0.0032	1.88
ZK24A4-1-37	Drill Core	0.274	0.039	2.784	LS006	0.275	0.038	2.89
ZK24A4-2-32	Drill Core	0.708	0.131	13.501	LS007	0.665	0.13	12.56
ZK24A4-2-33	Drill Core	0.452	0.018	12.035	LS008	0.43	0.022	11.18
ZK24A4-2-34	Drill Core	0.695	0.049	2.06	LS009	0.702	0.05	1.85
ZK24A4-2-35	Drill Core	0.714	0.029	1.426	LS010	0.629	0.029	1.29

Ore Sample No.	Sample Type	Original			Check Sample No.	Check		
		Cu_(%)	Pb_(%)	Zn_(%)		Cu_(%)	Pb_(%)	Zn_(%)
ZK24A4-3-31	Drill Core	0.723	0.038	3.625	LS011	0.771	0.02	3.33
ZK24A4-4-26	Drill Core	0.633	0.044	2.598	LS012	0.684	0.033	2.55
ZK24A4-4-32	Drill Core	0.219	0.121	2.283	LS013	0.233	0.117	2.4
ZK24A4-5-69	Drill Core	2.241	0.001	0.897	LS014	2.13	0.0036	0.865
ZK24A4-5-70	Drill Core	5.909	0.001	0.675	LS015	6.25	0.0051	0.647
ZK24A4-6-51	Drill Core	0.43	0.017	4.536	LS016	0.14	0.0056	4.27
ZK24A4-6-75	Drill Core	1.681	0.019	5.716	LS017	1.65	0.0033	5.02
ZK24A4-6-79	Drill Core	0.222	0.012	0.659	LS018	0.223	0.0049	0.659
ZK24A4-6-81	Drill Core	11.8	0.016	0.743	LS019	10.35	0.0044	0.68
ZK24A4-6-84	Drill Core	0.261	0.013	0.534	LS020	0.263	0.012	0.511
ZK24A4-6-85	Drill Core	0.777	0.062	0.853	LS021	0.84	0.056	0.876
ZK24A0-3-41	Drill Core	0.214	0.111	3.43	LS022	0.187	0.077	2.94
ZK24A0-3-45	Drill Core	0.236	0.069	4.716	LS023	0.228	0.028	4.53
ZK24A0-3-46	Drill Core	0.702	0.251	2.205	LS024	0.697	0.224	2.08
ZK24A0-3-47	Drill Core	0.217	0.036	0.618	LS025	0.215	0.0093	0.554
ZK24A0-5-13	Drill Core	0.342	0.058	3.195	LS026	0.347	0.0089	2.84
ZK24A0-5-19	Drill Core	0.399	0.115	4.674	LS027	0.442	0.04	4.3
ZK24A0-5-20	Drill Core	0.263	0.007	6.727	LS028	0.289	0.02	6.46
ZK24A0-5-16	Drill Core	0.217	0.017	1.318	LS029	0.211	0.011	1.23
ZK24A0-7-30	Drill Core	0.229	0.023	2.841	LS030	0.195	0.024	2.53
ZK24A0-7-31	Drill Core	0.224	0.181	3.519	LS031	0.218	0.202	3.43
ZK24A0-9-18	Drill Core	0.496	0.019	1.936	LS032	0.493	0.0037	1.76
ZK24A0-9-21	Drill Core	0.291	0.018	2.281	LS033	0.294	0.0026	2.15
ZK24A0-10-12	Drill Core	0.302	0.001	2.765	LS034	0.196	0.0027	2.71
ZK24A0-10-20	Drill Core	0.562	0.001	1.363	LS035	0.577	0.0022	1.25
ZK24A0-10-25	Drill Core	0.331	0.001	6.84	LS036	0.343	0.0012	6.26
ZK24A0-11-17	Drill Core	1.476	0.001	1.204	LS037	1.36	0.0046	1.02
ZK24A0-11-18	Drill Core	3.739	0.001	1.478	LS038	3.25	0.0041	1.24
ZK24A0-11-25	Drill Core	0.334	0.001	3.532	LS039	0.336	0.0087	2.75
ZK24A0-11-26	Drill Core	2.137	0.001	2.247	LS040	1.72	0.0011	1.74
ZK24A0-11-31	Drill Core	0.272	0.002	0.605	LS041	0.245	0.0055	0.514
ZK24A0-11-32	Drill Core	0.247	0.001	1.589	LS042	0.214	0.0033	1.26
ZK24A0-12-32	Drill Core	0.363	0.001	1.626	LS043	0.324	0.0041	1.35
ZK24A0-12-33	Drill Core	0.885	0.001	2.097	LS044	0.707	0.0065	2.52
ZK24A0-12-34	Drill Core	0.291	0.001	4.136	LS045	0.261	0.0041	3.38
ZK24A0-12-35	Drill Core	7.552	0.001	1.952	LS046	7.05	0.0039	1.49
ZK24A0-12-36	Drill Core	0.669	0.001	2.413	LS047	0.638	0.0084	2.07
ZK24A0-12-37	Drill Core	3.73	0.001	1.414	LS048	3.27	0.003	1.18
ZK24A0-12-40	Drill Core	0.351	0.001	2.303	LS049	0.321	0.0027	1.79
ZK24A0-12-41	Drill Core	0.421	0.001	2.076	LS050	0.318	0.014	1.94
ZK24A0-12-42	Drill Core	0.361	0.001	2.269	LS051	0.288	0.0029	2.12
ZK24A0-12-43	Drill Core	0.362	0.001	2.276	LS052	0.312	0.014	1.9
ZK24A0-12-10	Drill Core	4.845	0.001	0.855	LS053	4.37	0.0045	0.787
ZK24A0-13-21	Drill Core	0.394	0.001	3.082	LS054	0.37	0.01	2.86
ZK24A0-13-22	Drill Core	0.732	0.081	5.265	LS055	0.727	0.089	4.22
ZK24A0-13-23	Drill Core	0.898	0.018	3.752	LS056	0.911	0.0041	2.9
ZK24A0-13-31	Drill Core	0.565	0.155	6.311	LS057	0.579	0.161	6.49

Ore Sample		Original			Check Sample		Check	
No.	Sample Type	Cu_(%)	Pb_(%)	Zn_(%)	No.	Cu_(%)	Pb_(%)	Zn_(%)
ZK24A0-13-36	Drill Core	0.513	0.001	7.312	LS058	0.488	0.0042	6.79
ZK24A0-14-47	Drill Core	0.536	0.013	1.658	LS059	0.531	0.015	1.46
ZK24A0-14-52	Drill Core	0.202	0.001	1.487	LS060	0.197	0.0042	1.47
ZK24A0-14-53	Drill Core	0.435	0.001	3.971	LS061	0.424	0.01	3.96
ZK24A0-14-58	Drill Core	0.536	0.073	2.984	LS062	0.494	0.079	2.65
ZK24A0-14-60	Drill Core	0.354	0.003	2.016	LS063	0.323	0.015	1.97
ZK24A0-15-50	Drill Core	0.344	0.354	6.976	LS064	0.345	0.346	6.72
ZK24A0-15-54	Drill Core	0.308	0.121	4.42	LS065	0.287	0.119	3.83
ZK24A0-15-55	Drill Core	0.318	0.078	5.008	LS066	0.293	0.074	5.08
ZK24A0-15-57	Drill Core	0.228	0.129	5.067	LS067	0.223	0.123	5.16
ZK24A0-15-58	Drill Core	0.277	0.104	2.243	LS068	0.272	0.105	1.84
ZK24A0-17-50	Drill Core	0.203	0.096	11.705	LS069	0.213	0.103	10.28
ZK24A0-17-71	Drill Core	7.177	0.008	1.292	LS070	0.777	0.0047	1.26
ZK24A0-17-92	Drill Core	0.281	0.008	0.597	LS071	0.308	0.0035	0.221
ZK24A0-17-81	Drill Core	0.618	0.009	0.504	LS072	0.638	0.0031	0.295
ZK24A0-17-82	Drill Core	0.528	0.014	0.963	LS073	0.551	0.0034	0.901
ZK24A0-17-83	Drill Core	0.479	0.024	1.143	LS074	0.493	0.0047	1.08
ZK24A0-17-84	Drill Core	0.998	0.015	1.541	LS075	1.07	0.0035	1.47
ZK24A0-17-87	Drill Core	0.676	0.017	1.275	LS076	0.733	0.003	1.21
ZK24A1-2-3	Drill Core	0.204	0.001	5.948	LS077	0.162	0.0043	5.67
ZK24A1-2-4	Drill Core	0.873	0.001	5.221	LS078	0.795	0.0052	5.02
ZK24A1-4-53	Drill Core	0.289	0.001	5.881	LS079	0.28	0.0044	5.74
ZK24A1-4-56	Drill Core	0.22	0.006	2.374	LS080	0.22	0.011	2.36
ZK24A1-4-58	Drill Core	0.61	0.281	3.845	LS081	0.55	0.25	3.72
ZK24A1-4-59	Drill Core	0.211	0.063	2.581	LS082	0.206	0.065	2.51
ZK24A1-7-6	Drill Core	0.587	0.017	0.621	LS083	0.576	0.011	0.572
ZK24A1-7-14	Drill Core	0.629	0.009	2.362	LS084	0.638	0.0079	2.13
ZK24A1-7-15	Drill Core	0.881	0.008	3.251	LS085	0.826	0.0057	3.17
ZK24A1-7-16	Drill Core	0.966	0.004	1.804	LS086	0.904	0.0027	1.61
ZK24A1-7-21	Drill Core	0.211	0.004	2.706	LS087	0.208	0.004	2.47
ZK24A1-8-16	Drill Core	0.421	0.001	4.607	LS088	0.388	0.0038	4.61
ZK24A1-8-17	Drill Core	0.269	0.002	2.986	LS089	0.245	0.0038	2.66
ZK24A1-8-20	Drill Core	0.723	0.04	9.817	LS090	0.748	0.041	8.96
ZK24A1-8-21	Drill Core	0.213	0.001	3.909	LS091	0.202	0.0065	3.68
ZK24A1-8-23	Drill Core	0.741	0.119	2.891	LS092	0.766	0.113	2.78
ZK24A1-8-29	Drill Core	2.522	0.001	2.011	LS093	2.31	0.031	1.9
ZK24A1-8-42	Drill Core	2.195	0.008	7.855	LS094	2.36	0.0066	6.48
ZK24A1-8-43	Drill Core	2.681	0.036	12.283	LS095	2.75	0.03	10.45
ZK24A1-8-44	Drill Core	1.828	0.119	17.639	LS096	1.92	0.115	15.34
ZK24A1-9-15	Drill Core	0.419	0.001	1.597	LS097	0.426	0.0041	1.58
ZK24A1-9-16	Drill Core	0.283	0.001	1.506	LS098	0.298	0.0027	1.41
ZK24A1-9-17	Drill Core	0.389	0.001	3.141	LS099	0.397	0.0033	2.91
ZK24A1-9-18	Drill Core	0.573	0.001	4.221	LS100	0.593	0.0091	4.11
ZK24A1-9-21	Drill Core	0.219	0.001	3.425	LS101	0.221	0.0035	3.27
ZK24A1-9-24	Drill Core	0.263	0.001	0.861	LS102	0.283	0.0059	0.951
ZK24A1-9-34	Drill Core	0.372	0.001	3.704	LS103	0.38	0.0019	3.57
ZK24A1-9-35	Drill Core	0.624	0.001	8.049	LS104	0.571	0.0025	7.4

Ore Sample No.	Sample Type	Original			Check Sample No.	Check		
		Cu_(%)	Pb_(%)	Zn_(%)		Cu_(%)	Pb_(%)	Zn_(%)
ZK24A3-9-54	Drill Core	0.252	0.254	5.862	LS105	0.266	0.262	5.09
ZK24A3-9-55	Drill Core	0.563	0.059	8.594	LS106	0.548	0.074	7.66
ZK24A3-9-56	Drill Core	0.947	0.001	11.906	LS107	1.03	0.013	10.38
ZK24A3-9-57	Drill Core	0.232	0.196	11.597	LS108	0.212	0.206	9.76
ZK24A3-9-58	Drill Core	0.596	0.043	10.303	LS109	0.603	0.063	9.92
ZK24A3-9-59	Drill Core	0.401	0.001	14.76	LS110	0.391	0.016	11.75
ZK24A3-10-63	Drill Core	1.224	0.051	5.284	LS111	1.17	0.042	5.61
ZK24A3-10-64	Drill Core	1.782	0.004	3.819	LS112	1.84	0.012	3.34
ZK24A3-10-65	Drill Core	2.955	0.046	2.712	LS113	2.9	0.036	2.25
ZK24A3-10-66	Drill Core	1.702	0.109	0.886	LS114	1.75	0.111	0.838
ZK24A3-10-69	Drill Core	1.033	0.004	4.884	LS115	1.23	0.017	4.41
ZK24A3-10-71	Drill Core	1.259	0.001	3.015	LS116	1.35	0.0029	2.75
ZK24A3-10-75	Drill Core	6.494	0.005	0.529	LS117	5.87	0.0084	0.432
ZK24A3-10-78	Drill Core	4.607	0.001	0.638	LS118	3.96	0.0036	0.458
ZK24A3-10-79	Drill Core	7.909	0.005	0.521	LS119	7.02	0.0041	0.452
ZK24A3-10-80	Drill Core	11.107	0.006	0.668	LS120	10.4	0.0036	0.536
ZK24A3-10-85	Drill Core	2.936	0.001	0.601	LS121	2.6	0.0037	0.443
ZK24A3-10-86	Drill Core	6.079	0.003	0.593	LS122	5.96	0.0037	0.479
ZK24B2-5-80	Drill Core	1.947	0.008	2.146	LS123	1.84	0.0019	1.79
ZK24B2-5-82	Drill Core	1.117	0.001	5.661	LS124	1.07	0.0055	5.33
ZK24B2-5-85	Drill Core	5.343	0.007	0.51	LS125	5.06	0.0033	0.484
ZK24B2-5-87	Drill Core	14.862	0.001	1.243	LS126	12.15	0.0026	1.02
ZK2402-4	Drill Core	2.24	0.24	2.98	LS127	2.26	0.216	2.82
C15-2-21-136	Channel	0.529	0.148	23.19	LS128	0.512	0.212	20.47
23C001-KT23C001-63	Channel	1.365	0.166	2.789	LS129	1.35	0.177	1.81
23C001-KT23C001-65	Channel	0.892	0.126	2.494	LS130	0.988	0.135	2.22
23C001-KT23C001-68	Channel	1.988	0.171	3.742	LS131	2.02	0.173	3.3
23C001-KT23C001-69	Channel	2.596	0.211	2.864	LS132	2.85	0.219	2.59
23C001-KT23C001-70	Channel	0.515	0.268	1.563	LS133	0.604	0.256	1.37
23C001-KT23C001-71	Channel	1.597	0.137	2.382	LS134	1.7	0.16	2.18
23C001-KT23C001-72	Channel	6.147	0.249	2.123	LS135	6.14	0.225	3.72
23C001-KT23C001-73	Channel	2.098	0.32	2.768	LS136	2.36	0.261	2.51
23C001-KT23C001-82	Channel	4.901	0.17	4.594	LS137	5.16	0.177	4.14
24C001-KT24C001-35	Channel	0.265	0.183	1.868	LS138	0.255	0.16	1.62
24C001-KT24C001-36	Channel	0.346	0.102	2.147	LS139	0.373	0.108	2.13
24C001-KT24C001-44	Channel	0.324	0.339	1.764	LS140	0.35	0.308	1.7
24C009-KT24C009-2	Channel	1.585	0.149	20.54	LS141	1.43	0.158	16.51
24C009-KT24C009-7	Channel	0.941	0.206	4.068	LS142	0.814	0.165	3.04
24C009-KT24C009-8	Channel	0.468	0.151	4.402	LS143	0.42	0.124	3.31
24C009-KT24C009-9	Channel	0.378	0.105	2.097	LS144	0.365	0.092	1.56
24C009-KT24C009-10	Channel	0.699	0.205	5.49	LS145	0.687	0.183	4.54
24C009-KT24C009-11	Channel	0.732	0.306	7.07	LS146	0.831	0.292	6.72
24C009-KT24C009-12	Channel	0.944	0.391	7.96	LS147	1.05	0.363	7.15
24C009-KT24C009-13	Channel	0.791	0.461	7.09	LS148	0.931	0.386	7.41
24C009-KT24C009-14	Channel	0.687	0.364	4.43	LS149	0.764	0.352	6.52
24C009-KT24C009-15	Channel	0.505	0.216	6.55	LS150	0.559	0.201	3.15
24C009-KT24C009-16	Channel	0.608	0.192	4.03	LS151	0.7	0.187	3.46

Ore Sample No.	Sample Type	Original			Check Sample No.	Check		
		Cu_(%)	Pb_(%)	Zn_(%)		Cu_(%)	Pb_(%)	Zn_(%)
24C009-KT24234	Channel	1.812	0.114	20.98	LS152	1.72	0.111	21.42

Assay Results for Verification Samples Collected from the Hanfeng Project (Dongfeng Mine)

Ore Sample No.	Sample Type	Original Mo (%)	Check Sample No.	Check Mo (%)
ZK1001_133	Core	0.036	DF001	0.035
ZK1002_97	Core	0.03	DF002	0.029
ZK1005_230	Core	0.033	DF003	0.03
ZK201_144	Core	0.031	DF004	0.027
ZK203_102	Core	0.091	DF005	0.098
ZK102_51	Core	0.089	DF006	0.093
ZK104_90	Core	0.073	DF007	0.073
ZK501_217	Core	0.043	DF008	0.04
ZK505_67	Core	0.067	DF009	0.068
ZK901_230	Core	0.058	DF010	0.06
ZK903_198	Core	0.034	DF011	0.032
ZK906_67	Core	0.035	DF012	0.032
ZK1102_5	Core	0.054	DF013	0.05
ZK1105_84	Core	0.044	DF014	0.047
ZK1108_68	Core	0.044	DF015	0.048
ZK1113_47	Core	0.047	DF016	0.044
ZK1118_65	Core	0.052	DF017	0.049
ZK1302_115	Core	0.042	DF018	0.04
ZK1305_75	Core	0.086	DF019	0.083
ZK1308_73	Core	0.079	DF020	0.096
ZK1310_92	Core	0.044	DF021	0.048
ZK1501_5	Core	0.035	DF022	0.034
ZK1502_87	Core	0.086	DF023	0.082
ZK1504_90	Core	0.058	DF024	0.06
ZK1506_113	Core	0.065	DF025	0.073
ZK1509_152	Core	0.092	DF026	0.087
ZK1513_63	Core	0.07	DF027	0.085
ZK1517_53	Core	0.031	DF028	0.029
ZK1701_6DH2349	Core	0.037	DF029	0.035
ZK1706_44	Core	0.095	DF030	0.096
ZK1709_58	Core	0.039	DF031	0.037
ZK1902_16	Core	0.065	DF032	0.067
ZK1903_54	Core	0.088	DF033	0.093
ZK1905_47	Core	0.048	DF034	0.046
ZK1907_68	Core	0.098	DF035	0.099
ZK1911_108	Core	0.047	DF036	0.051
ZK1914_126	Core	0.086	DF037	0.084

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Ore Sample No.	Sample Type	Original Mo (%)	Check Sample No.	Check Mo (%)
ZK2101_H83	Core	0.079	DF038	0.074
ZK2103_6DH2709	Core	0.041	DF039	0.046
ZK2104_H1097	Core	0.051	DF040	0.056
ZK2106_112	Core	0.08	DF041	0.082
ZK2111_24	Core	0.046	DF042	0.05
ZK2301_9	Core	0.039	DF043	0.036
ZK2302_95	Core	0.038	DF044	0.039
ZK2303_124	Core	0.033	DF045	0.036
ZK2305_114	Core	0.042	DF046	0.047
ZK2307_68	Core	0.038	DF047	0.036
ZK2310_32	Core	0.034	DF048	0.034
ZK2312_103	Core	0.05	DF049	0.0018
ZK2314_166	Core	0.084	DF050	0.091
ZK2502_6DH2778	Core	0.036	DF051	0.033
ZK2503_H447	Core	0.06	DF052	0.065
ZK2505_H1150	Core	0.044	DF053	0.073
ZK2505_H1216	Core	0.032	DF054	0.031
ZK2506_H1668	Core	0.053	DF055	0.061
ZK2507_71	Core	0.046	DF056	0.043
ZK2510_179	Core	0.038	DF057	0.032
ZK2513_14	Core	0.053	DF058	0.059
ZK2516_91	Core	0.055	DF059	0.054
ZK2521_79	Core	0.032	DF060	0.036
ZK2702_142	Core	0.041	DF061	0.036
ZK2704_207	Core	0.041	DF062	0.037
ZK2707_111	Core	0.094	DF063	0.095
ZK2710_56	Core	0.048	DF064	0.048
ZK2711_137	Core	0.058	DF065	0.058
ZK2714_76	Core	0.096	DF066	0.091
ZK2901_6DH890	Core	0.034	DF067	0.037
ZK2902_6DH1804	Core	0.057	DF068	0.059
ZK2904_5	Core	0.044	DF069	0.046
ZK2905_35	Core	0.035	DF070	0.031
ZK2909_44	Core	0.092	DF071	0.094
ZK2912_169	Core	0.034	DF072	0.035
ZK2915_80	Core	0.072	DF073	0.066
ZK3104_2	Core	0.03	DF074	0.025
ZK3107_103	Core	0.056	DF075	0.064
ZK3302_114	Core	0.09	DF076	0.095
ZK3304_150	Core	0.033	DF077	0.025
ZK3306_15	Core	0.03	DF078	0.029
ZK3311_47	Core	0.052	DF079	0.046
ZK3310_18	Core	0.053	DF080	0.053
ZK3702_25	Core	0.039	DF081	0.037

Ore Sample No.	Sample Type	Original Mo (%)	Check Sample No.	Check Mo (%)
ZK4102_59	Core	0.048	DF082	0.052
ZK1001_134	Core	0.126	DF083	0.127
ZK1002_121	Core	0.262	DF084	0.262
ZK1003_187	Core	0.155	DF085	0.152
ZK202_196	Core	0.215	DF086	0.233
ZK102_125	Core	0.148	DF087	0.162
ZK105_83	Core	0.178	DF088	0.189
ZK502_232	Core	0.105	DF089	0.11
ZK506_7	Core	0.11	DF090	0.108
ZK903_225	Core	0.22	DF091	0.225
ZK1101_55	Core	0.162	DF092	0.153
ZK1104_116	Core	0.145	DF093	0.142
ZK1109_4	Core	0.109	DF094	0.101
ZK1117_53	Core	0.276	DF095	0.309
ZK1304_37	Core	0.115	DF096	0.126
ZK1310_68	Core	0.109	DF097	0.115
ZK1501_113	Core	0.278	DF098	0.294
ZK1505_109	Core	0.186	DF099	0.193
ZK1508_122	Core	0.306	DF100	0.326
ZK1516_20	Core	0.111	DF101	0.116
ZK1702_105	Core	0.167	DF102	0.17
ZK1709_76	Core	0.265	DF103	0.263
ZK1904_15	Core	0.112	DF104	0.125
ZK1908_5	Core	0.242	DF105	0.245
ZK1913_50	Core	0.352	DF106	0.347
ZK2103_H136	Core	0.116	DF107	0.125
ZK2108_31	Core	0.328	DF108	0.32
ZK2114_48	Core	0.187	DF109	0.21
ZK2302_46	Core	0.258	DF110	0.247
ZK2304_40	Core	0.165	DF111	0.164
ZK2307_38	Core	0.311	DF112	0.322
ZK2311_24	Core	0.314	DF113	0.312
ZK2314_69	Core	0.303	DF114	0.312
ZK2502_H321	Core	0.256	DF115	0.276
ZK2505_H1203	Core	0.455	DF116	0.506
ZK2511_47	Core	0.448	DF117	0.448
ZK2515_105	Core	0.169	DF118	0.18
ZK2521_38	Core	0.124	DF119	0.13
ZK2703_38	Core	0.122	DF120	0.136
ZK2707_32	Core	0.152	DF121	0.155
ZK2710_33	Core	0.163	DF122	0.181
ZK2711_142	Core	0.151	DF123	0.154
ZK2901_6DH916	Core	0.115	DF124	0.112
ZK2904_111	Core	0.132	DF125	0.143

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Ore Sample No.	Sample Type	Original Mo (%)	Check Sample No.	Check Mo (%)
ZK2910_122	Core	0.157	DF126	0.175
ZK2915_56	Core	0.13	DF127	0.147
ZK3107_63	Core	0.201	DF128	0.212
ZK3307_7	Core	0.164	DF129	0.155
ZK3306_2	Core	0.198	DF130	0.195
ZK3312_122	Core	0.104	DF131	0.111
ZK504_103	Core	0.246	DF132	0.234
ZK505_3	Core	0.589	DF133	0.588
ZK1904_161	Core	0.684	DF134	0.719
ZK2307_55	Core	1.184	DF135	1.16
ZK2709_9	Core	1.204	DF136	1.21
ZK3702_97	Core	0.597	DF137	0.61
ZK1903_88	Core	1.528	DF138	1.43
ZK2710_131	Core	2.24	DF139	2.07
8 中_D8CM2	Channel	0.065	DF140	0.065
9 中_D9YM2	Channel	0.044	DF141	0.053
9 中_D9CM1	Channel	0.041	DF142	0.036
9 中_D9CM5	Channel	0.076	DF143	0.074
9 中_D9CM10	Channel	0.032	DF144	0.033
9 中_D9CM10	Channel	0.089	DF145	0.108
10 中_D10CM1	Channel	0.067	DF146	0.071
10 中_D10CM7	Channel	0.044	DF147	0.044
10 中_D10CM5	Channel	0.034	DF148	0.033
10 中_D10CM8	Channel	0.067	DF149	0.055
10 中_D10CM8	Channel	0.056	DF150	0.062
10 中_D10CM10	Channel	0.071	DF151	0.072
11 中_D11CM2	Channel	0.058	DF152	0.08
11 中_D11CM8	Channel	0.05	DF153	0.05
12 中_D12CM2	Channel	0.066	DF154	0.066
12 中_D12CM4	Channel	0.045	DF155	0.049
12 中_D12CM5	Channel	0.031	DF156	0.029
12 中_D12CM6	Channel	0.048	DF157	0.049
12 中_D12CM1	Channel	0.054	DF158	0.057
12 中_D12CM1	Channel	0.044	DF159	0.047
8 中_D8CM7	Channel	0.265	DF160	0.258
8 中_D8CM7	Channel	0.261	DF161	0.244
8 中_D8CM1	Channel	0.233	DF162	0.216
9 中_D9CM2	Channel	0.16	DF163	0.147
9 中_D9YM3	Channel	0.21	DF164	0.193
9 中_D9CM3	Channel	0.199	DF165	0.181
9 中_D9CM10	Channel	0.137	DF166	0.135
9 中_D9CM10	Channel	0.367	DF167	0.334
9 中_D9CM8	Channel	0.296	DF168	0.29
10 中_D10CM7	Channel	0.105	DF169	0.097

Ore Sample No.	Sample Type	Original Mo (%)	Check Sample No.	Check Mo (%)
10 中_D10CM4	Channel	0.219	DF170	0.196
10 中_D10CM8	Channel	0.102	DF171	0.103
10 中_D10CM8	Channel	0.133	DF172	0.135
10 中_D10CM9	Channel	0.21	DF173	0.235
10 中_D10CM9	Channel	0.15	DF174	0.138
10 中_D10CM6	Channel	0.139	DF175	0.14
11 中_D11CM2	Channel	0.122	DF176	0.122
11 中_D11CM7	Channel	0.128	DF177	0.117
12 中_D12CM2	Channel	0.207	DF178	0.201
12 中_D12CM2	Channel	0.174	DF179	0.165
12 中_D12CM4	Channel	0.103	DF180	0.109
12 中_D12CM5	Channel	0.143	DF181	0.134
12 中_D12CM6	Channel	0.171	DF182	0.169
12 中_D12CM1	Channel	0.171	DF183	0.549
9 中_D9YM2	Channel	0.506	DF184	0.441
10 中_D10CM7	Channel	1.068	DF185	1.07
11 中_D11CM4	Channel	1.482	DF186	1.41
12 中_D12CM1	Channel	0.603	DF187	0.154
9 中_D9CM3	Channel	1.686	DF188	2.55
10 中_D10CM9	Channel	4.658	DF189	3.95

Assay Results for Verification Samples Collected from the Jintai Project

Sample	Au_Xidengping	Au_SGS	Sample	Au_Xidengping	Au_SGS
BT102-1-H6	5.08	4.62	ZK110-9H34	1.10	0.88
BT106-H6	1.31	1.58	ZK114-5H29	19.70	17.20
BT130-1-H5	0.69	0.85	ZK120-7H54	2.69	2.75
YJK2H9	1.84	1.39	ZK121-1H18	0.35	0.31
ZK001H2	0.78	0.58	ZK124-7H42	1.28	1.59
ZK003H11	0.44	0.29	ZK124-7H54	0.330	0.29
ZK007H10	4.08	2.60	ZK1928-H45	0.60	0.53
ZK100-1H21	0.82	0.65	ZK2004H29	1.47	1.60
ZK100-3H18	6.03	5.83	ZK2401H5	7.14	5.73
ZK100-3H57	0.39	0.36	ZK2406H24	7.92	4.49
ZK100-5H30	2.16	1.48	ZK2820H6	0.89	0.01
ZK100-5H64	0.72	0.62	ZK301H3	0.39	0.32
ZK102-13H34	2.16	1.89	ZK307H3	0.88	0.64
ZK102-1H24	1.10	0.76	ZK401H14	0.57	0.49
ZK102-1H47	0.81	0.60	ZK404H27	0.52	0.37
ZK102-3H2	0.67	0.66	ZK405H5	0.64	0.53
ZK102-3H34	1.52	1.58	ZK801H18	0.55	0.50

Sample	Au_Xidengping	Au_SGS	Sample	Au_Xidengping	Au_SGS
ZK102-5H29	0.42	0.42	ZK803H12	0.37	0.40
ZK102-5H34	0.51	0.53	ZK82-25-H8	0.42	0.29
ZK102-5H36	0.34	0.21	ZK87-5-H18	17.20	16.60
ZK102-5H46	0.57	0.52	ZK94-13-H76	0.47	0.40
ZK104-0H112	0.87	0.94	ZK95-17-H2	0.42	0.38
ZK104-0H30	0.36	0.27	ZK95-6-H30	0.71	0.52
ZK104-0H4	3.60	3.38	ZK96-1-H106	0.32	0.43
ZK104-1H34	0.98	0.97	ZK97-1-H11	0.33	0.31
ZK104-1H9	5.31	4.17	ZK97-1-H18	0.57	1.22
ZK104-5H41	0.75	0.48	ZK98-0-H27	1.23	1.10
ZK104-5H68	1.16	1.18	ZK98-13-H25	1.10	1.09
ZK106-0H2	1.99	1.45	ZK98-13-H27	3.87	3.94
ZK106-0H26	2.38	1.28	ZK98-1-H19	2.09	1.48
ZK106-3H6	3.97	1.08	ZK98-25-H24	0.49	0.46
ZK106-3H14	3.04	1.81	ZK98-25-H35	2.43	1.82
ZK106-3H21	0.95	0.97	ZK98-3-H34	2.42	2.10
ZK106-3H13	1.93	3.66	ZK98-3-H43	0.40	0.31
ZK106-3H119	0.51	0.41	ZK98-9-H24	1.75	2.42
ZK106-3-H47	1.50	1.29	ZK98-9-H8	0.66	1.00
ZK106-3H77	2.33	2.17	ZK99-1-H4	3.12	2.73
ZK110-1H35	0.31	0.24	ZK99-2-H4	1.68	2.54
ZK110-3H10	2.65	2.97			

Final

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Savannakhet Province , Lao People's Democratic Republic
Chifeng Jilong Gold Mining Co., Ltd.



SRK Consulting China Ltd. ■ SCN849B ■ 28 February 2025



Final

**Competent Person's Report for the Sepon Gold and Copper Project, Lao
People's Democratic Republic**

Savannakhet Province , Lao People's Democratic Republic

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Cover Image(s):

Ore Processing Plant and Smelter of Sepon Mine

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Appendices

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Appendix B	JORC Table 1
Appendix C	Compliance with Chapter 18
Appendix D	Chapter 2.6 of the Guide for New Listing Applicants

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

Abbreviation	Terminology
'	minute of arc
%	percent/percentage
/	per
°	degree(s) of arc
°C	degree(s) Centigrade
3D	three-dimensional
AER	Annual Environmental Report
Ag	The chemical symbol for silver
AN/FO	ammonium nitrate/fuel oil
ARD	acid rock drainage
As	The chemical symbol for arsenic
ASL	above sea level
Au	The chemical symbol for gold
AusIMM	Australasian Institute of Mining and Metallurgy
B.Eng.	Bachelor of Engineering
B×H	breadth × height
BD	bulk density
Capex	capital cost
CCD	counter current decantation
Chifeng Gold	Chifeng Jilong Gold Mining Co., Ltd.
Client	Chifeng Gold
cm	centimetre(s)
Conc.	Concentrate
CP	Competent Person
CPI	consumer price index
CPR	Competent Person's Report
CIL	carbon in leach
CRF	cemented rock fill
CSV	comma-separated values
Cu	The chemical symbol for copper
Cut-off grade	The grade threshold above which a mineral material is considered potentially economic and is selectively mined and processed as ore
CuSO ₄	copper sulphate
CV	Coefficient of Variation
DA	depreciation and amortization
m/s	meter(s) per second
DCF	discounted cash flow
Dr.	Doctor of Philosophy
ECAP	Environmental Corrective Action Plan
EIA	The Environmental Impact Assessment
EPMP	Environmental Protection and Management Plan

Abbreviation	Terminology
ESHS	Environmental, Social, Health and Safety
etc.	et cetera (= and so on)
FAusIMM	Fellow of the AusIMM
Fe	The chemical symbol for iron
FS	feasibility study report
g	gram(s)
g/t	gram(s) per tonne
GPS	global positioning system
GRG	gravity recoverable gold
ha	hectare(s)
HKEx or the Stock Exchange	The Stock Exchange of Hong Kong Limited
HQ core	core diameter of 63.5mm
POX	concentrate pressure oxidation
i.e.	id Est (= that is)
ID5	inverse distance power of 5
IFC	International Finance Corporation
Indicated Mineral Resource	An Indicated Mineral Resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability
Intertek	Intertek Laboratory in Beijing
IP	Induced Polarisation, which is an exploration technique whereby an electrical current is pulsed through the ground and the response from the sub surface measured in order to identify minerals of interest. Strong IP responses may be a result of sulphide which may be associated with gold mineralisation
IPO	Initial Public Offering
IRR	internal rate of return
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition, as published by the Joint Ore Reserves Committee.
JORC Committee	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
kg	kilogram(s), equivalent to 1,000 grams
kg/t	kilogram(s) per tonne
km	kilometre(s), equivalent to 1,000 metres
km ²	square kilometre(s)
kt	Thousand tonne(s)
ktpa	Thousand tonne(s) per annum
kV	kilovolt(s)
kW	kilowatt(s)
kWh/t	kilowatt(s) hour per tonne
Laos	Lao People's Democratic Republic

Abbreviation	Terminology
L×B×H	length × breadth × height
LHD	load-haul-dump machine
LoM	life of mine
LXML	Lane Xang Minerals Limited Company, a subsidiary of Chifeng Gold
m	meter(s)
M	Million(s)
m ASL	meter(s) above sea level
M.Eng.	Master of Engineering
M.Sc.	Master of Science
m/kt	meter(s) per kilo tonne
m ²	square metre(s)
m ³	cubic metre(s)
m ³ /d	cubic meter(s) per day
m ³ /s	cubic meter(s) per second
m ³ /t	cubic meter(s) per tonne
m ³ /year	cubic meter(s) per year
MAusIMM	Member of the AusIMM
Measured Mineral Resource	A Measured Resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
Mineral Resources	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge
mg/l	milligram(s) per litre
mg/m ³	milligram(s) per cubic metre
mm	millimetre(s)
Mn	The chemical symbol for manganese
Mo	The chemical symbol for molybdenum
Moz	Million ounce(s)
Projects	Sepon Gold and Copper Projects
Mr.	Mister
Mt	Million tonne(s)
Mtpa	Million tonne(s) per annum
MW	Megawatt(s), equivalent to 1,000,000 watts
NCF	net cash flow
Ni	The chemical symbol for nickel
NPV	net present value
NQ core	core diameter of 47.6mm
O.K.	Ordinary Kriging
OHS	occupational health and safety
Opex	operating cost
Ore Reserves	The economically mineable part of a Measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out including consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal,

Abbreviation	Terminology
	environmental, social and government factors, as defined in the JORC definition standards. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves
oz	Ounce
Pb	The chemical symbol for lead
pH	hydrogen ion concentration
Ph.D.	Doctor of Philosophy
ppb	part(s) per billion
PRC	People's Republic of China
Probable Ore Reserve	A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances Measured Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out including consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserve (or Proved Ore Reserve)	A Proved Ore Reserve is the economically mineable part of a Measured Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
QA/QC	Quality Assurance / Quality Control
QMS	Quality Management System
Report	Competent Person's Report
RMB	Renminbi, which is the official currency of the People's Republic of China.
RMB/a	RMB per annum
RMB/g	RMB per gram
ROM	run-of-mine
RTK	real-time kinematic
S	The chemical symbol for sulphur
SBX	Sodium butyl xanthate
SD	standard deviations
SG	specific gravity
SRK	SRK Consulting China Ltd trading as SRK Consulting
t	tonne(s), equivalent to 1,000kg
t/h	tonne(s) per hour
t/m ³	tonne(s) per cubic meter
TFe	Total iron, including magnetic and non-magnetic iron
tpa	tonne(s) per annum
tpd	tonne(s) per day
tph	tonne(s) per hour
TSF	tailings storage facility
TSX	Toronto Stock Exchange
USD	United States Dollar
V	The chemical symbol for vanadium

Abbreviation	Terminology
Valmin Code	Australian Code for Public Reporting of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities used in Independent Expert Reports
VAT	value-added tax
WRD	waste rock dump
WSCP	Water and Soil Conservation Plan
Zn	The chemical symbol for zinc
µm	micron(s), 1/1,000 of a millimetre

Executive Summary

SRK Consulting China Ltd. ("SRK") was requested by Chifeng Jilong Gold Mining Co., Ltd. ("Chifeng Gold" or the "Client") to prepare a Competent Person's Report ("CPR" or the "Report") for its Sepon Gold and Copper Projects (the "the Projects") located in Savannakhet Province, Lao People's Democratic Republic ("Laos") in accordance with guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("JORC Code (2012)") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx"), including the Chapter 18 requirements (Appendix C), Chapter 2.6 of the Guide for New Listing Applicants (Appendix D) and other relevant regulations of the Exchange and Hong Kong Exchanges and Clearing Ltd ("HKEx"). The projects include exploration licenses, mining licenses, currently operating open-pit mines, and associated ore processing and metallurgic plants, as well as an underground mine, and various defined deposits with gold, copper and rare earth elements ("REE") mineral resources (the REE project will be reported in a separate report). The projects are currently operated by Lane Xang Minerals Limited Company ("LXML"), which is a subsidiary of Chifeng Gold.

This Report consists of an independent review of the geology, exploration, mineral resources, Ore Reserves, mining, mineral processing and smelter-refinery, capital investment, operating cost, and environmental and social aspects of the Projects.

Outline of Work Program

The geological models for the Projects were constructed and provided to SRK by Chifeng Gold. In SRK's opinion, the geological models are a reasonable representation of the distribution of the targeted mineralisation at the current level of sampling. The models were reviewed and updated by SRK from December 2022 to January 2023, as well as in January and June 2024.

Based on the Mineral Resource statements and models and the studies and mine designs provided by LXML and third parties, SRK rescheduled the production profile and converted parts of the Mineral Resources into Ore Reserves.

During the period from 9 December 2022 to 14 December 2022, SRK's personnel conducted site visits to the Sepon Project, inspected and observed the status of the operation at that time, held meetings with the managements and technical personnel of LXML, sighted geology, exploration, mineralization, mining operation, ore processing and metallurgic operation, as well as their own data verification programs. SRK team also conducted additional site visits in December 2023 and May 2024, respectively, inspecting mining, ore processing and smelter, and environmental and social aspects.

SRK team reviewed the information provided by LXML and compiled a technical report according to JORC (2012) technical report form, and submitted it to the client for comments in January 2023, and late submitted a memo of updating Mineral Resources and Ore Reserves as of 31 December 2023.

From May to June 2024, SRK further conducted site visits, and updated the report as of 30 September 2024.

SRK will update the Competent Person's Report (CPR) as and when the company requires updates, ensuring that the content remains accurate and up-to-date in light of relevant circumstances and feedback.

Results

Overall

The Sepon project area located in Savannakhet province, south-central Laos is an operating mine with open-pit and underground mining and facilities to process gold and copper ores to produce gold bars and cathode copper plates since 2003. After acquired the project in 2018, Chifeng Gold has conducted a lot of exploration programs to look for and define mineral resources to maintain the production and extend the mine life. As of 30 September 2024, by reviewing Sepon's exploration data and resource models, SRK reports the remaining mineral resources as classified as open-pit gold, underground gold, and low grade copper as shown in Table ES- 1.

Table ES- 1: Summary of Remaining Mineral Resources of Sepon Project as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)	Cu Grade (%)	Cu Metal Contained (kt)
Gold	Measured	276	7.98	2.21	71	-	-
	Indicated	7,220	4.13	29.80	958	-	-
	Mea+Ind	7,496	4.27	32.00	1,029	-	-
	Inferred	6,002	3.67	22.00	707	-	-
Low Grade Copper	Measured	-	-	-	-	-	-
	Indicated	4,416	-	-	-	1.45	64.20
	Inferred	2,078	-	-	-	0.98	20.46

Sepon mine's technical personnel conducted various studies and designed the mining production for the next few years to mine part of above resources. By reviewing Sepon mine's data and models, SRK reports the Ore Reserves as of 30 September 2024, classified as surface mining Gold and underground mining Gold, and surface mining Copper as shown in Table ES- 2.

Table ES- 2: Summary of Remaining Ore Reserves of Sepon Project as of 30 September 2024

Type	Sub-Type	Category	Tonnage (kt)	Au Grade (g/t)	Cu Grade (%)	Note
Surface mining	Open-pit Gold	Proved	31	1.03	-	Included in Resources
		Probable	2,175	1.87	-	
		Total	2,206	1.86	-	
	Stockpile Gold	Proved	-	-	-	Included in Resources
		Probable	2,185	2.61	-	
		Total	2,185	2.61	-	
Underground Mining Gold	Copper	Proved	-	-	-	Included in Resources
		Probable	1,185	-	0.93	
		Total	1,185	-	0.93	
		Total	1,185	-	0.93	
Underground Mining Gold		Proved	237	5.18	-	Included in Resources
		Probable	3,268	4.14	-	
		Total	3,505	4.21	-	
		Total	3,505	4.21	-	

SRK reviewed the production schedule planned by Sepon mine, including three years of surface mining and seven years of underground mining, as well as processing, and the economic parameters proposed by the Sepon mine, such as capital expenditures ("Capex") and operating expenses ("Opex") in next few years. By using the parameters and the products' prices forecasted by SRK, SRK conducted an economic analysis by using discount cashflow method ("DCF"), and the analytical

results show that the operations of surface mining and underground mining as well as processing are economically viable without considering recovering the sunken capital invested.

Operational Licenses and Permits

SRK has sighted the business license and mining license. The land use is mainly governed by a Mineral Exploration and Production Agreement ("MEPA") concession from the Lao Government, combined with land compensation with the communities impacted by the Project. The Company has compensated the impacted residents entitled for the land use accordingly.

Property Description and Ownership

LXML possesses a mining permit with a total area of 116.96 km², that is valid till 29 September 2033. According to the Company, additional mining licensed area of 17.65 km² has been extended, and therefore the total mining license area has been increased from 99.31 km² to 116.96 km². LXML possesses an exploration permit with a total area of 996.12 km², that is valid till June 2026. The exploration permit consists of 66 inflection points.

Geology and Mineralization

Mineralization styles of the Sepon district can be classified as an intrusion-centred hydrothermal system with the majority of known Cu and Au mineralization spatially associated with the Padan and Thengkhom porphyry centres. Mineralisation typically displays a zoned pattern in both mineralization type and metal content. Porphyry Mo-Cu systems occur at the core zoning outward through skarn and carbonate replacement Cu deposits to the Au dominated sediment-hosted systems which show Carlin type of deposit characteristics. Pb-Zn mineralization occurs distal to the porphyry's contact metamorphic aureole in a sediment-hosted setting, though a genetic link is yet to be confirmed.

Three major controls on the distribution of gold and copper mineralization in the Sepon Basin have been identified. The primary control is understood to be the porphyry centres around which there is a metal zonation. Secondary control is the structural architecture (faults and folds). In the case of Au mineralisation there seems to be a strong (third order) lithological control where gold dominantly occurs along or close to the Nalou-Discovery formation contact which acts as a favourable receptive region.

Exploration Status

The first campaign was greenfields exploration drilling. This drilling was completed by RTZ during the 1990s. Oxiana continued to use the drilling and sampling protocols developed by RTZ after acquiring the project.

In May 2006 the Sepon site adopted a policy of requiring no wet RC drilling of mineralised zones. If wet RC sample was encountered the hole was stopped. A total of 1,321,787m of diamond drilling ("DD") and reverse circulation ("RC") drilling data are contained in the resource database. Of this, 85% is geologically logged, and 98% of sampled intervals contain gold and copper assays (15% of the RC data were assayed but not logged).

Only samples within the mineralisation or geological domains are used in the estimations. A total of 1,503 diamond holes (100,582.5m), 2,840 RC drill holes (170,825.6m) and 13,661 grade control RC holes (202,618.3m) were used to create the Nalou block model.

A total of 1,022 DD (117,495m), 2,3732 RC (no Grade Control) (175,499.2m) RC drill holes and 45,635 RC Grade Control holes (764,831.8m) for a total of 1,057,826m were used to create the Discovery region block model.

After Chifeng Gold took over the Sepon project, the exploration programs focused on discovering new gold deposits in brownfields to supply the processing plant and keep on the production, as well as discovering new types of mineralization in greenfields.

Mineral Resource and Estimates

SRK has used the datasets made available by LXML, as well as the findings from the previous Mineral Resource Technical Report from LXML. The basic model was prepared by LXML in Vulcan and leapfrog using conventional 3D block modelling and OK estimation techniques. SRK reviewed the process of grade interpolation in historical reports. Based on the current stope topography in September 2024, SRK reported the Mineral Resource within the open pit and underground.

The Sepon gold and copper deposits possess the Mineral Resources as shown in Table ES- 3 gold, in Table ES- 4 for the copper mineral resources.

Table ES- 3: Sepon Gold Mineral Resources as of 30 September 2024¹

Type	Category	Tonnage (kt) ²	Au Grade g/t	Au Metal Contained t	Au Metal Contained koz
Oxide	Measured	29	1.05	0.03	1
	Indicated	1,981	1.47	2.91	94
	MES+IND ³	2,010	1.46	2.94	95
	Inferred	2,836	1.50	4.25	137
Primary	Measured	247	8.80	2.17	70
	Indicated	5,239	5.13	26.89	864
	MES+IND ³	5,486	5.30	29.06	934
	Inferred	3,166	5.61	17.76	571
Total	Measured	276	7.98	2.21	71
	Indicated	7,220	4.13	29.80	958
	MES+IND ³	7,496	4.27	32.00	1,029
	Inferred	6,002	3.67	22.00	707

Sources: SRK

Notes:

¹ The information relates to Mineral Resource conversion is based on information compiled by Mr. Liang Li, MAusIMM, and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Both Dr. Xu and Mr. Li have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in JORC (2012). Dr. Xu supervised the work of Mr. Li. Both Dr. Xu and Mr. Li consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ MES+IND: combined measured and Indicated Mineral Resource.

⁴ The cut-off grade depends on ore type (Otyp) and mining method. For open pit mining and gold stockpiles, the cut-off grade of oxide ores is 0.6 g/t, the cut-off grade of primary ores is 1.5 g/t. For Underground mining, the cut-off grade of primary ores is 2.3 g/t.

Table ES- 4: Mineral Resource Estimate of Total Copper, as of 30 September 2024 ¹

Type	Category	Tonnage (kt) ²	Cu Grade (%)	Cu Metal Contained (kt) ²
Oxide	Measured	-	-	-
	Indicated	1,367	0.93	12.74
	MES+IND ³	1,367	0.93	12.74
	Inferred	855	1.89	16.16
Primary	Measured	-	-	-
	Indicated	3,049	1.69	51.47
	MES+IND ³	3,049	1.69	51.47
	Inferred	1,222	1.59	19.37
Total	Measured	-	-	-
	Indicated	4,416	1.45	64.20
	MES+IND ³	4,416	1.45	64.20
	Inferred	2,078	0.98	20.46

Sources: SRK

Notes:

¹ The information relates to Mineral Resource conversion is based on information compiled by Mr. Liang Li, MAusIMM, and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Both Dr. Xu and Mr. Li have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in JORC (2012). Dr. Xu supervised the work of Mr. Li. Both Dr. Xu and Mr. Li consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ MES+IND: combined measured and Indicated, Mineral Resource.

⁴ The cut-off grade depends on ore type (Otyp) and mining method. For open pit mining and copper stockpiles, the cut-off grade of oxide ores is 0.7% Cu, the cut-off grade of primary ores is 0.3% Cu. For Underground mining, the cut-off grade of primary oxide ores is 0.8% Cu.

Ore Reserve Estimates

The gold deposits that are being or to be exploited include DSE OP, DSW OP, NLU OP, NMK OP, Far West Area (Including MAI OP, NON OP, NKN OP), DSE UG, DSW UG. The copper deposits that are being or to be exploited include KHN UG, TKM OPs.

Among these gold and copper deposits, only DSE OP, DSW OP, NLU OP, NMK OP, DSE UG, and KHN UG possess Measured and Indicated Mineral Resources. Additionally, KHN UG is currently in the feasibility study stage. Consequently, open-pit gold mines including DSE OP, DSW OP, NLU OP and NMK OP could be converted to Ore Reserves from their Mineral Resources. For underground gold mines, only DSE UG would be considered for estimating Ore Reserves. None of the copper deposits would be considered for estimating Ore Reserves.

SRK was provided with the SGPS revised on 18 March 2020. Mineral resource models, final open pit designs and underground mining study have been updated by LXML since completion of SGPS. The changes make it necessary relying on both SGPS and updates to estimate Ore Reserves.

The updated block models were applied by SRK to estimate mineable materials. The updated open pit designs have been applied by the LXML to guide mining boundaries for open pit mining. It is technically feasible to report Ore Reserves in Table ES- 5 for open pit mining (gold).

Table ES- 5: Ore Reserve Statement for Open Pit Mining, as of 30 September 2024 ^{1, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
DSE OP					
Oxide	Proved	-	-	-	-
	Probable	482	1.50	0.72	23
	Sub-total ²	482	1.50	0.72	23
Primary	Proved	-	-	-	-
	Probable	-	-	-	-
	Sub-total ²	-	-	-	-
Total ²	Proved	-	-	-	-
	Probable	482	1.50	0.72	23
	Total	482	1.50	0.72	23
DSW OP					
Oxide	Proved	-	-	-	-
	Probable	12	0.95	0.01	0.4
	Sub-total ²	12	0.95	0.01	0.4
Primary	Proved	-	-	-	-
	Probable	18	6.87	0.12	4
	Sub-total ²	18	6.87	0.12	4
Total ²	Proved	-	-	-	-
	Probable	30	4.52	0.14	4
	Total	30	4.52	0.14	4
NMK OP					
Oxide	Proved	30	0.97	0.03	1
	Probable	1,030	1.20	1.24	40
	Sub-total ²	1,060	1.19	1.26	41
Primary	Proved	1	2.59	0.00	0
	Probable	263	3.19	0.84	27
	Sub-total ²	264	3.19	0.84	27
Total ²	Proved	31	1.03	0.03	1
	Probable	1,294	1.60	2.08	67
	Total	1,324	1.59	2.11	68
NLU OP					
Oxide	Proved	-	-	-	-
	Probable	73	1.17	0.09	3
	Sub-total ²	73	1.17	0.09	3
Primary	Proved	-	-	-	-
	Probable	297	3.56	1.06	34
	Sub-total ²	297	3.56	1.06	34
Total ²	Proved	-	-	-	-
	Probable	370	3.09	1.14	37
	Total	370	3.09	1.14	37
Grand total					
Oxide	Proved	30	0.97	0.03	1
	Probable	1,598	1.29	2.05	66
	Sub-total ²	1,627	1.28	2.08	67
Primary	Proved	1	2.59	0.003	0.1
	Probable	578	3.50	2.02	65
	Sub-total ²	579	3.49	2.02	65
Total ²	Proved	31	1.03	0.03	1
	Probable	2,175	1.87	4.07	131
	Total	2,206	1.86	4.11	132

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAUIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr.

Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears. Totals may not add due to rounding discrepancies.

² Mining dilution is 7.5% and mining loss is 5%.

³ The Ore Reserves in the table are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

Besides of deposits being or to be exploited, there are stockpiles on site for buffering and supplying ores to the processing plant. Probable Ore Reserves were reported for those available stockpiles with detailed and good tracking records. The results are shown in Table ES- 6 and Table ES- 7.

Table ES- 6: Ore Reserve Statement of Gold Stockpiles, as of 30 September 2024 ^{1, 2, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
	Probable	361	1.91	0.69	22
	Sub-total ²	361	1.91	0.69	22
Primary	Proved	-	-	-	-
	Probable	1,823	2.75	5.02	161
	Sub-total ²	1,823	2.75	5.02	161
Total ²	Proved	-	-	-	-
	Probable	2,185	2.61	5.71	183
	Total	2,185	2.61	5.71	183

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAUSIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears. Totals may not add due to rounding discrepancies.

² By reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

³ The Ore Reserves in the table are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

Table ES- 7: Ore Reserve Statement of Copper Stockpiles, as of 30 September 2024 ^{1, 2, 3, 4}

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Proved	-	-	-
	Probable	1,185	0.93	11.05
	Sub-total ²	1,185	0.93	11.05
Primary	Proved	-	-	-

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
	Probable	-	-	-
	Sub-total ²	-	-	-
Total ²	Proved	-	-	-
	Probable	1,185	0.93	11.05
	Total	1,185	0.93	11.05

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears. Totals may not add due to rounding discrepancies.

² By reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

³ The Ore Reserves in the table are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

Underground mining is new to LXML. It is located beside of DSE OP, and its decline access is built at the DSE OP. Ore Reserves in Table ES- 8 is for underground mining (gold).

Table ES- 8: Ore Reserve Statement of Underground Gold Mining, as of 30 September 2024
^{1, 2, 3, 4, 5}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
	Probable	-	-	-	-
	Sub-total ²	-	-	-	-
Primary	Proved	237	5.18	1.23	40
	Probable	3,268	4.14	13.52	435
	Sub-total ²	3,505	4.21	14.75	474
Total ²	Proved	237	5.18	1.23	40
	Probable	3,268	4.14	13.52	435
	Total	3,505	4.21	14.75	474

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Totals may not add due to rounding discrepancies.

³ Modifying factors discussed in Section 11.5.4 has been applied to Ore Reserves estimation.

⁴ The Ore Reserves in the table are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁵ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

Surface Mining

Historically, LXML (LXML Sepon) used to be an operational open-pit gold and copper mine. In 1992, Rio Tinto discovered Sepon. In 1999, Rio Tinto sold an 80% option over Sepon to Oxiana. In 2004, Oxiana bought Rio's remaining 20% stake in Sepon. In 2008, Oxiana merged with Zinifex to form OZ Minerals. In 2010, MMG acquired Sepon from OZ Minerals. In 2018, Chifeng acquired LXML (LXML Sepon) from MMG.

As for gold and copper operations:

- Gold production commenced in 2003 but ceased in 2013 due to price fluctuations and other factors. In 2020, gold operations resumed. Construction of the underground mine commenced in April 2022 at DSE UG, and the first gold ore was transported to the surface in 2023. Since then, the gold operation has transitioned to a combination of open-pit and underground mining.
- Copper production began in 2005, and in 2021, LXML ceased open-pit copper mining operations. Since then, the copper processing plant has only processed oxide copper stockpiles.

As of 30 September 2024, the gold deposits that are being or to be exploited include DSE OP, DSW OP, NLU OP, NMK OP, Far West Area (Including MAI OP, NON OP, NKN OP), DSE UG, DSW UG. The copper deposits that are to be exploited include KHN UG, TKM OPs.

In addition to these deposits, there are dozens of stockpiles on site to supply (tonnes & grade) gold and oxide copper ore feed to the processing plant.

The overall processing capacity of the gold plant is 3.8 Mtpa. Historical production data of the copper plant shows that 0.5 to 1.3 Mtpa oxide copper ore were processed. SRK noted that the actual gold mining capacity of ore was 4.2 Mtpa, 3.8 Mtpa and 2.5Mtpa for 2021 to 2023, of which the year in 2021 was greater than 3.8 Mtpa . Excess ore were stored in the gold ore stockpile.

The conventional mining cycle, comprising drilling, blasting, loading, and hauling, are employed for the extraction of ore and waste rocks. The mining operations were conducted on flitches with a height of 2.5 meters. Based on SRK's review, the open-pit mining is expected to be completed in the near future, approximately within three years.

The final open-pit designs have been applied by LXML to guide mining boundaries. The mining cycle and management have been practiced for a long time. SRK considers that no significant risks will be encountered for the open-pit mining in the future.

Underground Mining

DSE UG is designed as an underground mine to extend mine life. A mining study at scoping level contained in Sepon Gold Project Study ("SGPS") is available to date. The mining capacity proposed by LXML is about 650 – 710 ktpa.

In SGPS, the proposed mining methods in the DSE UG include long-hole stoping with cemented backfill (LHSB), long-hole stoping with pillars (LHSP), and post pillar cut and fill (PPCA).

Construction of the underground mine commenced in April 2022 at DSE UG as mentioned before. As of 30 September 2024, SRK was provided with revised ventilation designs and underground designs by LXML.

SRK re-ran the stope optimization based on LHSB, as selected by LXML, then applied modifying factors and prepared the production schedule based on a review of LXML's data. SRK notes that LHSB has been widely practiced globally and is technically feasible.

Production Schedule

Production schedule prepared by SRK based on gold and copper minerals are shown in Table ES-9.

Table ES-9: Production Schedule of LXML

Type	Unit	Total	2024	2025	2026	2027	2028	2029	2030
Gold Production									
Open pit mining									
Ore tonnage	kt	2,206	956	829	421	-	-	-	-
Au grade	g/t	1.86	1.35	1.66	3.43	-	-	-	-
Au metal	kg	4,106	1,290	1,372	1,444	-	-	-	-
Waste tonnage	kt	15,374	5,775	3,180	6,420	-	-	-	-
Stockpile rehandling									
Ore tonnage	kt	2,185	259	1,230	696	-	-	-	-
Au grade	g/t	2.61	1.19	2.34	3.63	-	-	-	-
Au metal	kg	5,707	307	2,878	2,522	-	-	-	-
Underground mining									
Ore tonnage	kt	3,505	219	744	793	770	546	402	31
Au grade	g/t	4.21	3.71	4.94	4.53	3.61	3.81	4.25	3.21
Au metal	kg	14,745	815	3,676	3,592	2,774	2,082	1,705	101
Copper Production									
Stockpile rehandling									
Ore tonnage	kt	1,185	447	738	-	-	-	-	-
Cu grade	%	0.93	0.91	0.95	-	-	-	-	-
Cu metal	kt	11	4	7	-	-	-	-	-

Sources: SRK

Mineral Processing Testing and Recovery Method

Flotation and concentrate pressure oxidation ("POX") and carbon in leach ("CIL") process are applied to primary gold ore, while CIL is applied to oxide gold ore to recovery gold. The final product is Gold Doré. The overall processing capacity of the Sepon Gold Plant is 3.8 Mtpa, including a primary/transition ores capacity of 2.2 Mtpa and an oxide ore capacity of 1.6 Mtpa. In the past three years, the oxide ore throughput varied between 1.0 and 1.5 Mtpa, with gold recovery ranging from 51.8% to 68.9%. The primary ore throughput is from 1.9 to 2.1 Mtpa, with gold recovery ranging from 55% to 67%. Yearly gold production exceeds 6 tonnes. Although most of the facilities and equipment of the gold plant were reformed from the ex-service copper plant, historical production proves it to be practicable.

The copper ore processing facility includes a traditional agitation leaching plant and a heap leaching operation. The mixed ore is crushed and washed, the undersized is agitation leached after milling

and then goes to counter current decantation ("CCD") for the separation of pregnant leach solution ("PLS") and residue. The oversized ore is stacked on pad for heap leaching. The pregnant solutions from agitation leach and heap leach are merged for solvent extraction and electrowinning ("SX/EW"), producing cathode copper plates. The integrated copper recovery is greatly influenced by the ore grade. Historical production data of the copper plant shows that 0.5 to 1.3 Mtpa oxide copper ore are processed; with cathode copper production around 6,000 tpa, and copper recovery varying from 50% to 78%. An overall recovery rate of 65% is recommended by SRK as a parameter for subsequent deposit evaluation and economic analysis, considering the long heap leach cycle.

Low grade primary copper ore is amenable to the flotation process. Flotation tests indicated that copper recovery of 83% to 89%, with concentrate grades of 18% to 24%, can be achieved using the conventional flotation process. A Proof-of-Concept study has been completed for the purpose of primary copper resource development. By using the existing facilities of the current gold plant and a throughput of 7.5 Mtpa, the NPV is negative. The break-even price is USD9,119 per tonne of copper. The primary copper resource development requires a higher copper price and reliable resource volume. A detailed feasibility study is recommended in due course.

Environmental and Social Aspects

The sources of environmental risk are project activities that may result in potential environmental impacts. These project activities have been previously described within this report. In summary, the most significant potential environmental and social risks for the development of the Project, currently identified as part of the project assessment and this SRK review, are:

- TSF seepage pollution
- Fugitive dust pollution; and
- Deficit mine closure fund.

Capital Expenditures and Operating Expenses

LXML has about 21 years of production history since 2003. Capital expenditures ("Capex") for construction of the mines, ore processing plants, on-site facilities etc. had been invested in the past.

LXML has made a plan for further Capex in next three years. SRK has developed a unit sustaining capital forecast based on the average expenditures for the years 2022 and 2023. Table ES- 10 summarises the three Capex needed for the Sepon Project as proposed by LXML with SRK's assumption for further sustaining capital.

Table ES- 10: Further Capex needed for LXML

Item	Unit	2024	2025	2026	2027	2028	2029	2030
Growth	USD million	11.4	23.6	17.2				
Exploration	USD million	3.3	8.3	8.0				
Sustain	USD million	7.0	18.1	11.4	2.7	1.9	1.4	0.1
Total	USD million	21.7	50.1	36.6	2.7	1.9	1.4	0.1

Sources: LXML and SRK's Forecast

During the economic analysis, non-current assets will be considered for amortization and depreciation. Together with further Capex, they will adhere to the amortization and depreciation rates as proposed in Table 18-2. It is reasonable to expect that the operation of the Sepon project will be extended with further exploration and feasibility studies, the mine closure fee and the residual value of the project will not be considered in the economic projection.

SRK was provided with production and financial records for three year of 2021, 2022, and 2023, 1Q-3Q2024 and summaries of historical production costs in various cost centres. ES-12 summarizes the unit operating costs.

Table ES-11: Unit Operating Costs in 2021, 2022, 2023 and 1Q-3Q2024

Item	2021	2022	2023	1Q-3Q2024	Average	Used for TEM
Unit Cost (USD/t feed)						
Gold Operation						
Labor	8.3	6.4	7.5	7.7	7.5	9.0
Material	31.6	50.2	45.4	37.9	41.3	51.0
Electricity	3.9	3.4	6.0	6.3	4.9	7.0
Contractors	0.0	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-
Repairment	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0
Copper Operation						
Labor	8.4	3.7	3.6	3.5	4.8	9.0
Material	29.1	28.8	21.7	16.8	24.1	30.0
Electricity	4.0	1.8	3.0	2.7	2.9	4.0
Contractors	0.0	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-
Repairment	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0
LXML Operation						
Non-income Taxes, Royalties and Surcharges	4.7	4.6	5.2	5.2	4.9	6.0
Selling costs	0.0	0.0	0.0	0.0	0.0	0.0
G&A costs	4.6	1.0	4.4	4.1	3.5	5.0
R&D costs	-	-	-	-	-	-
Total	94.7	100.1	96.9	84.3	94.0	121.1

Sources: LXML

¹ The unit cost forecast is based on the maximum value from the past three years, rounded up to the nearest whole number. If the unit cost is less than 1.0 USD/feed ore, then the maximum value is used.

Table ES-12 presents the operating costs forecast.

Table ES-12: Operating Cost Forecast

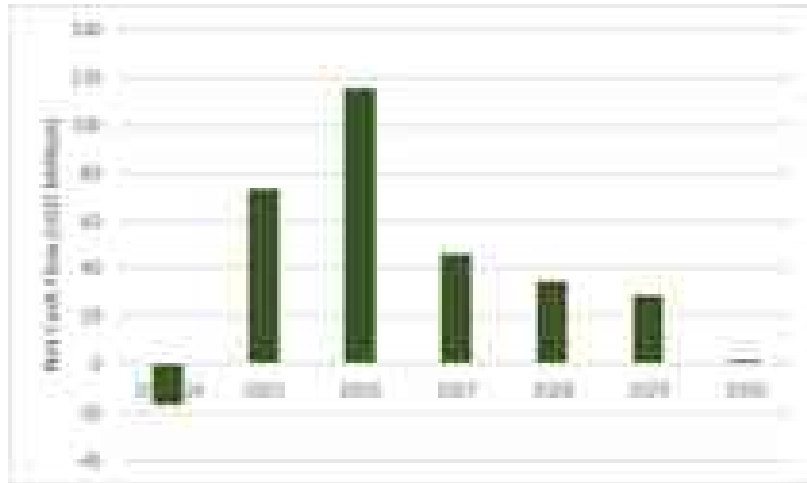
Item	Q4 2024	2025	2026	2027	2028	2029	2030
Annual Cost (USD Million/a)							
Gold Operation							
Labor	12.9	25.2	17.2	6.9	4.9	3.6	0.3
Material	73.2	143.0	97.4	39.2	27.9	20.5	1.6
Electricity	10.0	19.6	13.4	5.4	3.8	2.8	0.2
Contractors	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-	-
Repairment	-	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Copper Operation							
Labor	4.0	6.6	-	-	-	-	-
Material	13.4	22.2	-	-	-	-	-
Electricity	1.8	3.0	-	-	-	-	-
Contractors	0.0	0.0	-	-	-	-	-
Engineering	0.0	0.0	-	-	-	-	-
Service	0.0	0.0	-	-	-	-	-
Safety	-	-	-	-	-	-	-
Repairment	-	-	-	-	-	-	-
Others	0.0	0.0	-	-	-	-	-
LXML Operation							
Non-income Taxes, Royalties and Surcharges	11.3	21.2	11.5	4.6	3.3	2.4	0.2
Selling costs	0.0	0.1	0.0	0.0	0.0	0.0	0.0
G&A costs	9.4	17.7	9.5	3.8	2.7	2.0	0.2
R&D costs	-	-	-	-	-	-	-
Total	136.1	258.7	149.0	60.1	42.6	31.3	2.5

Sources: SRK

Economic Analysis

Based on the information provided by LXML, SRK's preliminary review and analysis indicate that LXML still has about three years of surface gold mining (including open-pit and stockpile rehandling) and surface copper mining (stockpile rehandling only), and seven years of underground gold operation.

Figure ES- 1 shows the annual net cash flow for LXML.

Figure ES- 1: Annual Net Cash Flow for LXML

Sources: SRK

Based on the parameters reviewed and summarized in the report, an economic analysis indicates that the overall operation will have a NPV ranging from USD247.1 million (at a discount rate of 8%) to USD 232.6 million (at a discount rate of 12%), and USD 239.6 million at the base case (at a discount rate of 10%).

Project Risk Analysis

Mining is a relatively high-risk industry. In general, the risk may be expected to decrease from exploration, development, through to production stage. The Sepon Project is a production project. Risks exist in different areas. SRK considered various technical aspects which may affect the feasibility and future cash flow of the Project and conducted a qualitative risk analysis which has been summarised in Table ES-13.

Table ES-13: Project Risk Assessment of the Sepon Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Lack of Significant Ore Reserves	Possible	Major	High
Unexpected Groundwater Ingress	Unlikely	Minor	Low
Mining			
Significant Production Shortfalls	Unlikely	Major	Medium
Significant Geological Structure	Possible	Minor	Low
Excessive Surface Subsidence	Unlikely	Minor	Low
Poor Ground Conditions	Possible	Moderate	Medium
Ore Processing			
Lower Recovery	Unlikely	Moderate	Low
High Production Cost	Possible	Minor	Low
Poor Plant Reliability	Unlikely	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Capital Cost Increases	Unlikely	Minor	Low
Operating Cost Underestimated	Likely	Minor	Medium
High mine closure cost	Likely	Moderate	High
Environmental, Social and Permitting			
Impact to the ecological system	Possible	Moderate	Medium
Poor waste rock management	Possible	Moderate	Medium
Poor hazardous substances management	Possible	Minor	Low
Dust Pollution	Possible	Minor	Low
Renewal of mining licence	Unlikely	Major	Medium

Two high risks of the project are "Lack of significant Ore Reserves" and "High mine closure cost". To manage the risks, SRK recommends the Company should further conduct feasibility studies to develop currently available mineral resources in order to extend the mine life of the project, as well as proactively manage the environmental and mine closure issues during the production, in order to reduce the high mine closure cost at the end of the mine.

1 Introduction and Terms of Reference

SRK Consulting China Ltd. ("**SRK**") was requested by Chifeng Jilong Gold Mining Co., Ltd. ("**Chifeng Gold**" or the "**Client**") to prepare a Competent Person's Report ("**CPR**" or the "**Report**") for its Sepon Gold and Copper Projects (the "**the Projects**") located in Savannakhet Province, Lao People's Republic ("**Laos**") in accordance with the guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("**JORC Code (2012)**") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEx**"), including the Chapter 18 requirements (Appendix C), Chapter 2.6 of the Guide for New Listing Applicants (Appendix D) and other relevant regulations of the Exchange and Hong Kong Exchanges and Clearing Ltd ("**HKEx**").

The projects include exploration licenses, mining licenses, currently operating open-pit mines, and associated ore processing metallurgic plants, as well as an underground mine in development, and various defined deposits with gold, copper and rare earth elements ("**REE**") mineral resources. The projects are currently operated by Lane Xang Minerals Limited Company ("**LXML**"), which is 90% owned by Chifeng Gold, and 10% owned by Laos government.

2 Program Objectives and Work Program

2.1 Purpose of the Report

The purpose of this Report is to provide both existing Chifeng Gold shareholders and potential investors with a CPR of its Sepon Gold and Copper Projects in Laos. The SRK's report is proposed to provide an unbiased technical assessment of the risk associated with the Project.

2.2 Scope of Work and Reporting Standard

2.2.1 Scope of Work

The scope of work, as defined in letters of engagement executed in November 2022 and May 2024 between Chifeng Gold and SRK, includes the review/updating of mineral resource models for the gold and copper mineralisation, and review the REE mineralization, delineated on the Projects and preparation of a CPR in compliance with JORC (2012) and the listing requirements of the HKEx. This work involved the assessment of the following aspects of the Projects.

- Regional, local and mine geology
- Exploration history, quality and independent data verification
- Geological modelling, mineral resource estimation and validation
- Mining assessment
- Processing and mineral recovery, smelter and refinery
- Environmental and social
- Operating and capital costs; and economic analysis
- Preparation of a Mineral Resource Statement and a Ore Reserve Statement
- Recommendations for additional work

2.2.2 Basis of Technical Report

This report is based on information collected by SRK during site visits carried out between 8 and 14 December 2022, December 2024, and May 2023, and additional information provided by LXML throughout the course of SRK's investigations. SRK has no reason to doubt the reliability of the information provided by LXML. Other information was obtained from the public domain. This technical report is based on the following sources of information:

- Discussions with LXML and Sepon Mine personnel
- Inspection of the Sepon Gold and Copper Projects area, including outcrops and drill cores
- Review of exploration data collected by LXML
- Additional information obtained from public domain sources

This report has been prepared to accommodate the requirements of HKEx, and the Mineral Resources and Ore Reserves are reported according to the JORC Code (2012) which is binding

upon all Australasian Institute of Mining and Metallurgy ("AusIMM") members.

2.2.3 Site Visit

Dr. Anshun Xu and Dr. Yingting (Tony) Guo visited the Sepon Project during the period from 8 to 14 December 2022 accompanied by Mr. Paul Harris, Chairman of LXML, and other management and technical personnel of LXML. In December 2023, Mr. Yonggang Wu, Mr. Liang Li, and Mr. Erwei Lu visited the project site; and In May 2024, Dr. Andy Li, Mr. Lanliang Niu and Mr. Erwei Lu also conducted a site visit to the project site for updating the technical report of the project.

The purpose of the site visits was to review the digitalization of the exploration database and validation procedures, review exploration procedures, define geological modelling procedures, examine drill core, interview project personnel, and collect all relevant information for the preparation of a revised mineral resource model and inspect the geology and mineralization of the projects, and observe the mining and processing operations. During the visit, a particular attention was given to the treatment and validation of historical drilling data.

SRK was given a full access to relevant data and conducted interviews with Sepon/LXML personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store and analyse historical and current exploration data, as well as operating issues and related data.

2.2.4 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the 2015 edition of the *Code for Technical Assessment and Valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports* (the "Valmin Code"). The Valmin Code incorporates The JORC Code for the reporting of Mineral Resources and Ore Reserves and is binding upon all the Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets. Aspects reviewed in this Report do include product prices, socio-political issues and environmental considerations; however, SRK does not express an opinion regarding the specific value of the assets and tenements involved.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code. However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code, at least until further documentation can be obtained on the estimates and they have been formally endorsed by a "Competent Person" in accordance with the JORC Code.

2.3 Limitations Statement

SRK is not professionally qualified to opine upon and/ or confirm that the Client has 100% ownership of its underlying tenement and/ or has any unresolved legal matters relating to any transfer of ownership or associated fees and royalties. SRK has therefore assumed that there are no legal impediments regarding the existence of the relevant tenements and that the Client has legal right to

all underlying tenements as purported. Assessing the legal tenures and rights to the prospects of the Client and or any of its subsidiary companies are the responsibility of legal due diligence conducted by entities other than SRK.

2.4 Effective Date

SRK's opinion contained herein and effective as of **30 September 2024**, is based on information collected by SRK throughout the course of SRK's examination and verification. The information in turn reflects various technical and economic conditions at the time of writing this report. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report may include technical information that requires subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

2.5 Work Program

The mineral resource statement reported herein is a collaborative effort between Chifeng Gold/LXML and SRK personnel. The exploration database was compiled and maintained by Chifeng Gold/LXML, and was audited by SRK. In the opinion of SRK, the geological model is a reasonable representation of the distribution of the targeted mineralization at the current level of sampling. The geostatistical analysis, variography and grade models were completed by SRK during the months from December 2022 to January 2023.

The Mineral Resource Statement reported herein was prepared in conformity with the generally accepted CIM Exploration Best Practices Guidelines and CIM Estimation of Mineral Resource and Ore Reserves Best Practices Guidelines. This technical report was prepared according to JORC (2012) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx").

The technical report was compiled in SRK China offices during the months from December 2022 and January 2023, and was updated from May to November 2024.

2.6 SRK Experience

The SRK Consulting Group ("SRK Consulting") is an independent, international consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK Consulting offers services from exploration through feasibility, mine planning, and production to mine closure.

Among the company's more than 1,500 clients are most of the world's major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration.

Formed in 1974 in Johannesburg, South Africa, SRK Consulting now employs more than 1,800 professionals internationally in 42 permanent offices across 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, along with its global base, has made the company a world leader in due diligence, feasibility studies, and confidential internal reviews.

SRK Consulting's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This enables the company to provide its clients with objective, conflict-free recommendations on crucial judgement issues.

SRK China was established in 2005 and has three offices located in Beijing, Nanchang and Kunming. Either independently or together with other SRK Consulting offices—especially SRK Australasia, SRK has been providing independent technical services for the Chinese mining companies. SRK has considerable experience at providing Independent Expert Reports for mining companies who have successfully listed on the stock exchanges in Hong Kong, Australia, United Kingdom, Canada, South Africa and the United States.

SRK has provided dozens of independent technical reports for the Chinese mining companies who have completed successfully listed and/or acquired on the Stock Exchange of Hong Kong Ltd., as shown in Table 2-1.

Table 2-1: SRK's Reports for Listing on the HKEx

Company	Year	Nature of Transaction
Yanzhou Coal Limited (listed in HKEx)	2000	Sale of Jining III coal mine to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on HKEx and New York Stock Exchange
Fujian Zijin Gold Mining Group	2004	IPO Listing on HKEx
Lingbao Gold Limited	2005	IPO Listing on HKEx
Yue Da Holdings Limited (listed in HKEx)	2006	Acquisition of shareholding in mining projects in Yunnan, China
China Coal Energy Company Ltd (China Coal)	2006	IPO Listing on HKEx
Sino Gold Mining Limited	2007	Dual Listing on HKEx
Xinjiang Xinxin Mining Industry Co., Ltd	2007	IPO Listing on HKEx
Kiu Hung International Holding Limited	2008	Acquisition of shareholding in coal projects in Inner Mongolia, China
Hao Tian Resource Group Limited	2009	Very Substantial Acquisition of two coal mines in Inner Mongolia, China
Green Global Resources Holdings Ltd	2009	Very Substantial Acquisition of shareholding in one iron project in Mongolia
Ming Fung Jewellery Group Holdings Ltd	2009	Acquisition of shareholding in gold project in Inner Mongolia, China
Continental Holdings Limited	2009	Acquisition of a gold project in Henan, China
North Mining Shares Company Limited	2009	Acquisition of a molybdenum mining project in Shaanxi, China

Company	Year	Nature of Transaction
CNNC International Ltd	2010	Acquisition of a uranium mine in Africa
Sino Prosper Mineral Products Ltd	2010	Acquisition of shareholdings in one gold project in Inner Mongolia, China
New Times Energy Corporation Ltd	2010	Acquisition of shareholding in gold projects in Hebei, China
United Company RUSAL Limited	2010	IPO Listing on HKEx
Citic Dameng Holdings Limited	2010	IPO Listing on HKEx
China Hanking Holdings Limited	2011	IPO Listing on HKEx
China Daye Non-Ferrous Metal Mining Limited	2012	Very Substantial Acquisition on HKEx
China Nonferrous Mining Corporation Limited	2012	IPO Listing on HKEx
Hengshi Mining Investments Limited	2013	IPO Listing on HKEx
Future Bright Mining Holdings Limited	2014	IPO Listing on HKEx
King Stone Energy Group Limited	2014	Acquisition of Shareholding in silver mines in Fujian, China
Agritrade International Pte LTD	2015	Acquisition of Shareholding in one coal mine in Indonesia
China Unienergy Group Limited	2016	IPO Listing on HKEx
Pizu Investment Co. Ltd	2020	Acquisition of Shareholding in a polymetallic project in China
China Qinfa Group Limited	2021	Annual disclosure of coal mines in Shanxi, China
China Graphite Group Limited	2022	IPO Listing on HKEx
Kinetic Development Group	2022	Major transaction of equity interest in Ningxia Sunshine
Persistence Resources Group Ltd	2023	IPO Listing on HKEx

2.7 SRK Project Team

The SRK project team and responsibilities are shown in Table 2-2.

Table 2-2: SRK Project Team

Consultant	Title	Discipline and Task
Dr. Anshun Xu	Corporate Consultant (Geology)	Project Manager, whole report, CP
Liang Li	Senior Consultant (Geology)	Geology, Mineral Resource Estimation
Yingting Guo	Associate Consultant (Geology)	Geology Review
Erwei Lu	Consultant (Mining)	Mining Review
Yonggang Wu	Principal Consultant (Mining)	Mining Review, CP
Lanliang Niu	Principal Consultant (Processing)	Processing Review

Consultant	Title	Discipline and Task
Xiangfeng Yang	Senior Consultant (Processing)	Processing Review
Yuanhai Li	Principal Consultant (Environment)	Environment, Social, and Permitting Review
Dr Yonglian Sun	Corporate Consultant (Mining)	Internal Peer Review and Quality Control

The short bios of key SRK personnel are shown below:

Anshun Xu (Anson Xu), Ph.D., FAusIMM, is a Corporate Consultant (Geology) who specializes in the exploration of mineral deposits. He has more than 30 years' experience in exploration and development of various types of mineral deposits including Cu-Ni sulphide deposits related to ultra-basic rocks, tungsten and tin deposits, diamond deposits, and especially deep expertise in various types of gold deposits, including vein-type, fracture-breccia zone type, alteration type, and carlin type. He was responsible for the resource estimations of several diamond deposits, and for reviews of resource estimations of several gold deposits. He recently completed several due diligence jobs for clients from both China and overseas including technical review projects such as Canadian NI43-101 reports and HKEx IPO technical reports. Dr. Xu was the Projects manager of this project and the Competent Person ("CP") who takes overall responsibility for this report.

Yingting (Tony) Guo, Ph.D., P. Geo. MMSA, is a Professional Geoscientist and a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, Canada (P. Geo), holding License Number 31257. He is also a Qualified Professional (QP) Member with special expertise in Geology and Ore Reserves from the Mining and Metallurgical Society of America (MMSA), holding Member Number 01472QP. Dr. Guo has extensive experience in precious metals exploration, mineral resource estimate, mining project PEA study as well JORC / 43-101 report preparation. He has worked and/or prepared NI43-101/JORC reports on more than 10 gold/copper projects including the Toromocho copper mine project from Chinalco in Peru; Jiama Copper-Gold mine project for China Gold International in Tibet, China. Vatukoula Gold project for Zhongrun Resources in Fiji. He has sufficient experience relevant to the style of Sepon gold/copper mineralization and deposit types under consideration to qualify as Competent Person, as defined in JORC code. He will be responsible for data verification, as well as reviewing on geology, exploration, resource estimate, and he visited the project site.

Liang Li, MEng. (Geology and Resources), is a Senior Geological Consultant at SRK China. Prior to joining SRK, he worked as a geologist for three different companies. He has gained lots of experiences and expertise in mine geology, grade control and optimization, resources/reserves management. He is also very familiar with the processes and principles to geological prospecting of metallic ore deposits in China. He gained lots of rules of thumb in mining, especially in resources/reserves estimation. In addition, he is proficient in digital modelling by using Surpac.

Yonggang Wu, (Mining and Reserves), MEng., is a Principle Consultant (Mining). He joined SRK after graduation from Jiangxi University of Science and Technology in 2007. He has acquired specialized knowledge of mining engineering, MineSight software and has been involved in various projects to date. He has worked on a wide range of commodities including Au, Ag, Pb, Zn, Mn, Cu, Fe, W, Sn, fluorite, potassium salts, alum, phosphorus, serpentine, and many more. He has accumulated extensive experience in mineral resource/ Ore Reserve estimation, pit limit optimization and design, underground mining design, long-term production planning, mining assessment, public facilities and infrastructures assessment and due diligence studies. Yonggang has expertise in

geological and mining modelling and is proficient in using MineSight, Surpac, AutoCAD, and other specialized software packages. He has been involved in dozens of independent technical reports, due diligence reports and annual reports to provide investors, decision makers and shareholders with unbiased technical opinions.

Erwei Lu, M.Eng.; Consultant (Mining) at SRK China, he obtained his bachelor's degree and master's degree in mining engineering from Central South University. He has over five years of practice of underground operation, and about one year's mineral project evaluation experience. He worked as an on-site mining engineer in Zambia for China Nonferrous Metal Mining (Group) Co., Ltd. after graduation in 2017. He also worked for an autonomous driving application and mineral project investment companies since 2022. He is familiar with large scale underground mobile equipment operation and training, long-hole blasting, mine design and scheduling, and production management, as well as autonomous driving application in open pit mine, and project evaluation.

Lanliang Niu, B.Eng., MAusIMM, is a Principal Consultant (Mineral Processing), who graduated in 1987 from Beijing University of Science and Technology majoring in ore processing. He has worked on the industrial testing of gold leaching with low grade ores, managed or participated in processing and metallurgical testing for more than 10 precious and non-ferrous metals projects. With SRK, he has been responsible for the ore processing and metallurgical scope of work and involved in many key projects. Mr. Niu was responsible for the metallurgical and processing review.

Andy Li, PhD, MAusIMM, is a Principal Environmental Consultant with SRK Consulting China Ltd. Having graduated with a doctoral degree in Environmental Engineering from the Florida State University, he has over 12 years' experience in the environmental engineering field and has worked in various environmental projects in the USA, China, Mongolia, and a number of South Asian countries. He has particular expertise in environmental due diligence reviews, environmental compliance, and impact assessments for mining, mineral processing, refining, and smelting; in contaminated-site assessments and remedial design; in wetland and landfill rehabilitation; and in environmental-risk assessment. He also has extensive experience in water/wastewater treatment design, water distribution systems, and storm water management system design. Dr. Li was responsible for the environmental, permit, social and community review.

Yonglian Sun, B.Eng. PhD, FAusIMM, FIEAust, CPEng., is a Corporate Consultant and a Practice Leader of SRK China. Dr Sun has over 30 years' experience in geotechnical engineering and mining engineering in five countries across four continents. He also has extensive international experience in mining project evaluation for project financing and overseas stock market listings. Over the last decade, Dr Sun has led and coordinated dozens of due diligence projects for many mining companies and most of them have been successfully financed or listed on the HKEx. Dr Sun provided internal peer review to ensure the quality of the report meets the required standard.

2.8 Warranties

Chifeng Gold has warranted to SRK that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt these warranties.

Based on the information provided by Chifeng Gold, there are no events that have occurred since the Effective Date that are likely to have a material impact on the Mineral Resource and Mineral Reserve statements for the Sepon Au Cu Project at the date of publication of this CPR.

2.9 Compliance Statement

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Dr. Anshun Xu, a Competent Person who is a Fellow of the AusIMM, and Mr. Yonggang Wu, a Competent Person Who is a Member of the AusIMM. Both are full time employee of SRK Consulting China Ltd.

This Report is a Competent Person's Report in line with the Listing Rules of the Exchange and HKEX.

Dr. Anshun Xu has no prior association with Chifeng Gold in regard to the mineral assets that are the subject of this Report. Dr. Anshun Xu has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

Dr. Anshun Xu and Mr. Yonggang Wu have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code".

Dr. Anshun Xu and Mr. Yonggang Wu consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Peer review and quality control of the Report were conducted by Dr. Yonglian Sun, *FAusIMM (CP Eng)*, a Principal Consultant (Mining).

2.10 Independence Statement

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

SRK has no prior association with Chifeng Gold or Chifeng Gold's employees or in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. SRK is independent of Chifeng Gold applying all of the tests in 18.21 and 18.22 of the Listing Rules of the Exchange and HKEX.

SRK is not an insider, associate or an affiliate of Chifeng Gold, and neither SRK nor any affiliate has acted as advisor to Chifeng Gold, its subsidiaries or its affiliates in connection with the projects. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

2.11 Consent

SRK consents to this Report being included, in full, in documents that Chifeng Gold proposes to submit to the HKEX and/ or disclosure to the public markets, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2.12 Forward Looking Statement

Estimates of Mineral Resources, Ore Reserves, and mine production are inherently forward-looking statements, which being projections of future performance will necessarily differ from the actual performance. The errors in such projections result from the inherent uncertainties in the interpretation of geologic data, in variations in the execution of mining and processing plans, in the inability to meet construction and production schedules due to many factors including weather, availability of necessary equipment and supplies, fluctuating prices, ability of the workforce to maintain equipment, and changes in regulations or the regulatory climate.

The possible sources of error in the forward-looking statements are addressed in more detail in the appropriate sections of this report. Also provided in the report are comments on the areas of concern inherent in the different areas of the mining and processing operations.

3 Operational Licenses and Permits

This section summarises related operational licences and permits. SRK relies on the information provided by the Company, and SRK understands that a legal due diligence review of this Project has been undertaken by the Company's legal advisors.

3.1 Mining License

Table 3-1 summarizes key information of the mining license, and a scanned copy of the original mining license associated with an English translation is attached in Appendix A.

Table 3-1: Mining License

Name of Mine	Sepon Copper Gold Mine
Mining License No.	ML0002
Issued to	Lane Xang Minerals Limited
Issued by	Ministry of Mine and Energy
Area (km ²)	116.96
Issuing Date	30 September 2023
Expiry Date	29 September 2033

3.2 Exploration Permit

Currently, LXML possesses an exploration permit with a total area of 996.12 km², which is valid till June 2026. The exploration permit consists of 66 inflection points which have been provided in Table 3-2 below.

Table 3-2: Inflection Points of Sepon Exploration Permit

Coordinates (Indian60/UTM zone 48N)								
No.	Easting	Northing	No.	Easting	Northing	No.	Easting	Northing
1	576400	1882200	23	627800	1878000	45	592000	1871800
2	585600	1882200	24	639800	1878000	46	590800	1871800
3	585600	1879600	25	639800	1872200	47	590800	1872400
4	588800	1879600	26	634000	1872200	48	589200	1872400
5	588800	1881000	27	634000	1870600	49	589200	1873200
6	593200	1881000	28	624800	1870600	50	587400	1873200
7	593200	1882200	29	624800	1868200	51	587400	1874000
8	597600	1882200	30	616400	1868200	52	585600	1874000
9	597600	1893200	31	616400	1862200	53	585600	1874600
10	606000	1893200	32	654400	1862200	54	583800	1874600
11	606000	1890800	33	654400	1856200	55	583800	1875200
12	604400	1890800	34	625000	1856200	56	582400	1875200
13	604400	1887400	35	625000	1861600	57	582400	1875800
14	613200	1887400	36	615400	1861600	58	581000	1875800
15	613200	1892200	37	615400	1863200	59	581000	1876400
16	615000	1892200	38	608000	1863200	60	579600	1876400
17	615000	1894800	39	608000	1867200	61	579600	1877000
18	619000	1894800	40	598000	1867200	62	578800	1877000
19	619000	1892600	41	598000	1867800	63	578800	1877600
20	622000	1892600	42	594600	1867800	64	577400	1877600

Coordinates (Indian60/UTM zone 48N)								
No.	Easting	Northing	No.	Easting	Northing	No.	Easting	Northing
21	622000	1881200	43	594600	1869000	65	577400	1878000
22	627800	1881200	44	592000	1869000	66	576400	1878000

3.3 Other Key Operational Licenses and Permits

Table 3-3 presents the major information of the business license. LXML operates the Sepon project, in which Chifeng Gold owns 90% interest and the Lao Government owns the rest 10%.

Table 3-3: Business License

Name of Enterprise	Lane Xang Minerals Limited
Registration No.	01-00010734
Operation Activities	Sepon Gold-Copper Exploitation
Issued by	Ministry of Industry and Commerce
Issuing Date	19 October 2018
Expiry Date	Long Term

The Company provided SRK with revised Mineral Exploration and Production Agreement ("MEPA") dated 15 September 2023 between the Lao government and the Company. According to this agreement, up to 1,127.00 km² contract area is defined for the purpose of mining and exploration activities for the project. Annual rent fee is paid to the Lao Government as follows: USD 200/ km² for exploration and USD 8,000/ km² for mining. This contract area is served as the land use agreement with the Lao Government. In addition, communities living within LXML's concession area retain land use rights and are legally entitled to compensation for impacts to their land, property and livelihoods due to exploration activities and mining operations. According to the Company, the average compensation paid is ranged from USD 9,000 – 15,000/ha, based on quality of assets on the compensated land. The Company has compensated the impacted residents accordingly.

4 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

4.1 Accessibility

The Sepon project area located in Savannakhet province, south-central Laos (Figure 4-1). Access to the project area from Vientiane, the capital of Laos may take about 1.5 hours flight or about 8 hour driving with a distance about 560 km. There are daily charter flights between Vientiane and Sepon mine in weekdays. There are also daily flights between Vientiane and Chinese, Vietnam and Thailand cities. Alternate access to the project is about 1 hour flight between Vientiane and Savannakhet and then 4 hour bus-ride between Savannakhet to Sepon.

Figure 4-1: Location of Sepon Project



Source: LXML, 2022

4.2 Physiography and Climate

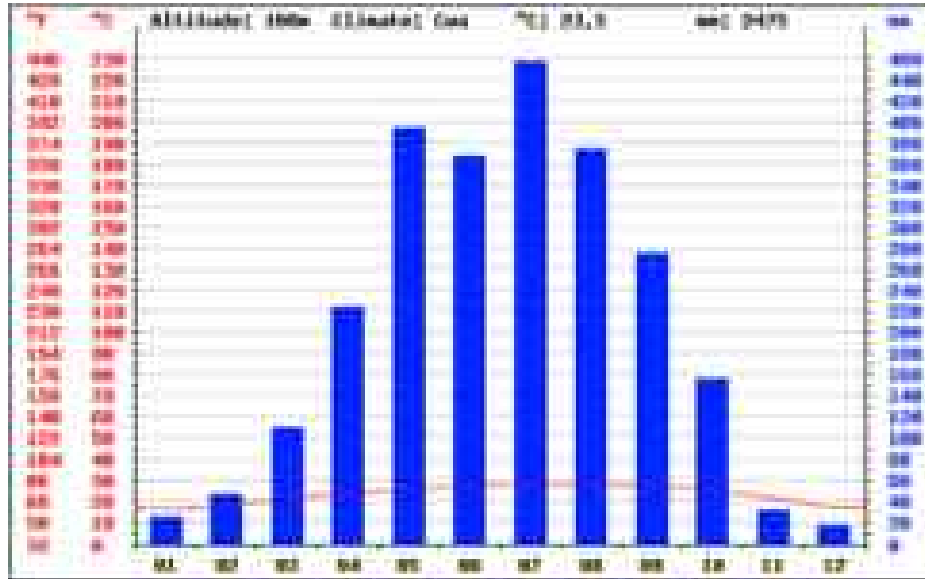
The Sepon project area has a geomorphology of low-mid mountains. The elevations generally range from 240 to 420m above sea level ("ASL"). The highest point in the mountainous area in north is 755.0m ASL. In the mine area, the relative elevation differences are about 50 to about 100m.

The mountain ranges generally strike near east to westerly. Water runs from the slope of each side to small streams. During dry the season, most of the small streams are dry out, while the small rivers into which the small streams flow have running water all year round. The small rivers flow into Sebanghiang River at the foot of the south slope, and the Sebanghiang River flows into Mekong River.

The climate in the project area belongs to tropic climate with northeast monsoon and southwest monsoon. The raining season relates to the southwest monsoon with the characteristics of heavy rains, high temperatures and high moistures, and lasts from mid-April to mid-October. The dry

season lasts from mid-October to mid-April of the following year with the characteristics of less rains and relatively lower temperatures and moistures, with the driest season from mid-November to mid-February of the following year. The monthly temperatures and precipitations in the project area have been illustrated in Figure 4-2 below.

Figure 4-2: Monthly Temperatures and Precipitations in the Project Area



4.3 Local Resources and Infrastructure

In the Sepon Project region, the vegetations are abundant with eucalyptus forest and bushes.

Villages are widely distributed in the area, and villagers generally work in agriculture and forestry productions. Rice is the main crop and Manihot is also important crop. Industry is not well developed. Labours are abundant, while technical personnel are absent.

Power line of 220 KV goes through the area and supplies the electricity. Telephones and mobile communication are also available.

5 History

Artisanal gold panning in numerous river valleys of the Sepon district was practiced in history, but no assessment of the hard rock potential had ever been undertaken prior to the involvement of CRA Exploration in 1990.

Potential of the Sepon district was first recognised by CRA geologists. While the style of mineralization was not immediately well understood, the association of porphyry intrusives, district scale alteration and extensive gold occurrences (alluvial and hardrock) was considered highly significant. The prospectivity was further confirmed by the assay results for 18 rock samples reported between 3.6 and 55.9g/t Au.

An application covering 5,000 square kilometers ("km²") in Savannakhet and Khammouane Provinces was submitted to the Lao Government in early 1991, and a MEPA was signed in September 1993. This Agreement provides for the exclusive right to explore, mine, process, transport and market all minerals from the MEPA.

Intensive exploration by CRA/Rio Tinto between 1993 and 1999 resulted in the discovery of gold and copper mineral resources in six separate deposits. In 1999 Rio Tinto decided to divest of the Sepon Project because it did not satisfy the companies resource size criteria. The project was put to competitive tender and following extensive due diligence Oxiana successfully bid for an 80% stake in the project in early 2000. Rio Tinto retained a 20% shareholding and has continued to provide strong support for Oxiana's subsequent gold and copper mine developments.

Oxiana decided to develop the project in two phases, i.e. oxidized gold development and oxidized copper development. In October 2001 a definitive feasibility study on development of gold mineral resources was done. The gold production from the Sepon project started in 2003, and stopped in December 2013 due to high operating cost and low grade. The feasibility study for developing the copper mineral resources was conducted in 2002. In March 2005, the Sepon mine completed the construction of copper processing plant and started copper production. In 2017, the peak production of cathode copper was more than 90,000 tonnes per year.

In 2018, Chifeng Gold acquired LXML which owns the Sepon project. In 2020, the Sepon project started production of gold from mining primary gold mineral resources. Currently the production is mainly from the primary gold resources, focusing on processing of oxidized gold and copper resources, with an annual production of about 10,000 tonnes cathode copper, and about 7 tonnes gold.

6 Geological Setting and Mineralization

6.1 Regional Geology

Tectonically, Sepon project area lies within the Truongson Fold Belt (or Annamite Cordillera) and the Kontum Massif. The Truongson Fold Belt is a NW elongated belt between South China Terrane and Indochina Terrane (Figure 6-1).

The Truongson Fold Belt is consisted of Early to Mid Palaeozoic sediments and lesser volcanic rocks, interspersed with lesser tectonic slices of metamorphic terranes, bound to the north by the Song Ma-Song Da suture zone and to the south by the NW trending Truongson Fault. The Kontum Massif comprises an Upper Proterozoic basement of ortho- and para-gneiss, crystalline schist and migmatite which abuts the Truongson Fold Belt to the south.

Figure 6-1: Regional Geology Setting



6.1.1 Regional Stratigraphy

The main strata in the region include the Proterozoic low to mid-high grade metamorphic rocks, such as schist, marble and gneiss; Palaeozoic marine volcanic and sedimentary rocks with some continental volcanic and sedimentary rocks, such as limestone, sandstone, siltstone, shale, mudstone and marlstone; Mesozoic continental sedimentary rocks, such as red sandstone and clay; and Cenozoic loose sand and gravel.

6.1.2 Regional Structures

In the Sepon district, the Truongson Fold Belt is represented by a series of E-W trending basins which are truncated by the NW-striking Truongson Fault (Figure 6-1). Affected by the Fault, NW and nearly S-N striking faults were developed, with some secondary faults striking NE and nearly E-W.

6.1.3 Magmatic Rocks

Granitic intrusions have been mapped in the district as well as rhyodacite and andesite dykes and stocks, interpreted to be part of the Late Palaeozoic Variscan Orogeny. At least three phases of around 300 Ma rhyodacite porphyry intrusion are recognised, including a late, quartz-stockwork veined phase, which is interpreted to be genetically associated with all known Cu and Au mineralisation in the field. Minor remnants of Jurassic to Cretaceous Khorat Basin continental sedimentary rocks unconformably overlie the Palaeozoic marine sedimentary sequences to the east and north, while west of the Kontum Massif and south of the Truongson Fault, Khorat sedimentary rocks are dominant. Cenozoic volcanic rocks unconformably overlie the Palaeozoic rocks to the north-east.

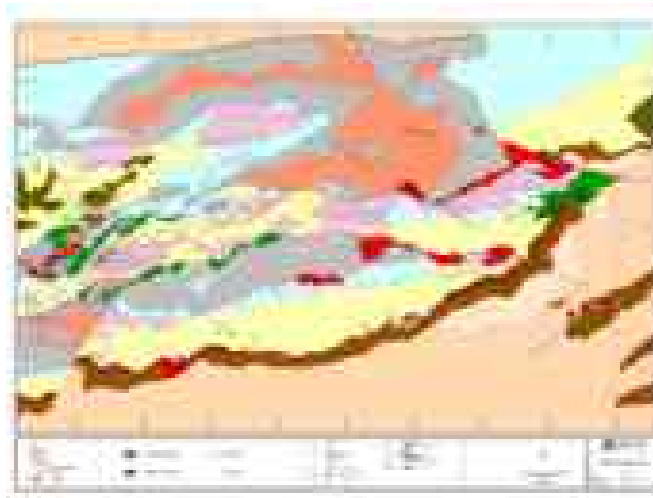
6.1.4 Regional Mineralization

There are abundant mineral resources in the region, including gold, copper, lead-zinc and limestone resources, as well as coal, iron, REE and bauxite resources.

6.2 Property Geology

Figure 6-2 shows a geological map of the Sepon Project area.

Figure 6-2: Local Geology Setting



Source: Sepon Mine, LXML

6.2.1 Gold and Copper Deposit Geology

Stratigraphy

The Sepon basin comprises Devonian to Carboniferous age continental fluvial and shallow to deep marine sediments, deposited during the formation of an E-W oriented pull-apart basin. Alternating sequences of carbonate (calcareous shale, dolostone, limestone) and siliciclastic (sandstone, siltstone) rocks form the stratigraphy of the SMD.

The Sepon stratigraphic sequence succession has been informally divided into 8 formations based on lithology and depositional setting (Figure 6-3).

1. Highway Formation

The Highway Formation represents the lower siliclastic, marine sedimentary sequence of stratigraphy that dominates the southern and eastern areas around the Sepon Mining District and also directly north of the North Bounding Fault. The lower member of the Highway Formation comprises a sequence dominated by thick bedded arenitic to arkosic sandstones with lesser, irregular interbeds of siltstone, mudstone and shale. Intervals of thin bedded to laminated calcilutite, calcarenite and limestone occur towards the top of the member. The Upper Highway Member is compositionally similar to the Lower Member but is distinct due to generally thinner bedding thicknesses and more regular (even thickness) beds. It is characterised as medium to thickly bedded (ranging from 0.1 m to 1 m, averaging 0.4 m thick beds) massive quartz-feldspar-mica sandstone with regular interbeds of thinly bedded to laminated siltstone, banded siltstone and mudstone-shale. The Upper Highway Member represents a transitional sequence and has gradational relationships between the underlying Lower Highway Member and the overlying Vang Ngang Formation. It displays variable thickness laterally across the Sepon district. In some areas (particularly from Houay Yeng to Nampa) it is very difficult to map as a distinct unit and may not be present at all and the Lower Highway Member appears to be in direct contact with the Vang Ngang Formation siltstones and/or cherts.

2. Vang Ngang Formation

The Vang Ngang Formation is characterised by very well bedded, thin (2 cm-15 cm) and rhythmically bedded red and green siltstone with lesser sandstone that is typically silicified to chert. Unlike the underlying Highway Formation, the Vang Ngang sediments are non-micaceous. The cherts are underlain by a limestone unit that locally occurs at the boundary between the underlying Highway Formation and overlying Vang Ngang cherts, which serves as a marker unit. The limestone is typically a light grey colour, non-fossiliferous and massive with little internal structure apart from stylolites. In the Ban Salo area it contains sub-vertical veins of barite. The top of the Vang Ngang Formation is marked by the Graptolite Member shales which is a thin unit of laminated, thinly bedded black carbonaceous to graphitic shales containing common graptolite fossils. The Graptolite member is commonly silicified or "cherty" at its base.

3. Kengkeuk Formation

The Kengkeuk Formation consists of black laminated calcareous, carbonaceous shales with rare nodular texture. In the upper parts of the Kengkeuk Formation, the shales become more calcareous, with discrete beds/lamina of carbonate and sand to gravel sized crinoid clasts. Limestone / dolomite talus breccias are common in the upper parts of the formation. Overall, the unit was deposited in a shallowing upwards succession, ranging from deep-water basinal shales in the lower sections, up to

proximal fore-reef slope breccias (or even reef margin) in the upper portions of the unit. The upper carbonate-rich portion of the unit represents a carbonate slope succession that was probably deposited in front of a prograding reef system.

4. Namphuc Formation

The Namphuc Formation, comprising andesite-pebble to cobble conglomerates and volcanic rocks grading to siliceous conglomerates, occur at, or close to the base of the Kengkeuk formation. The Namphuc volcanics sporadically outcrop adjacent to several units and therefore the base of the volcanic unit likely represents an unconformity.

5. Nalou Formation

The Nalou Formation is a platformal carbonate succession that has been almost completely dolomitized throughout the Sepon basin. The Nalou Formation is divided into five units:

- Lower laminated unit
- Lower dolomite-mudstone unit
- Laminated dolomite unit
- Upper bioclastic unit.
- Upper pale bioclastic unit (laterally restricted)

6. Discovery Formation

The Discovery formation is characterized by 200 m-300 m of grey - black to tan weathered nodular calcareous mudstone, with minor bioclastic material near the base of the formation.

The nodular calcareous mudstones grade upwards to planar laminated calcareous mudstone, siltstone and sandstone of the Nam Kian formation. In some areas a narrow bioclastic dolarenite to algal dolarenite - dololite layer occurs at the contact between the Discovery and Nam Kian formations mudstone.

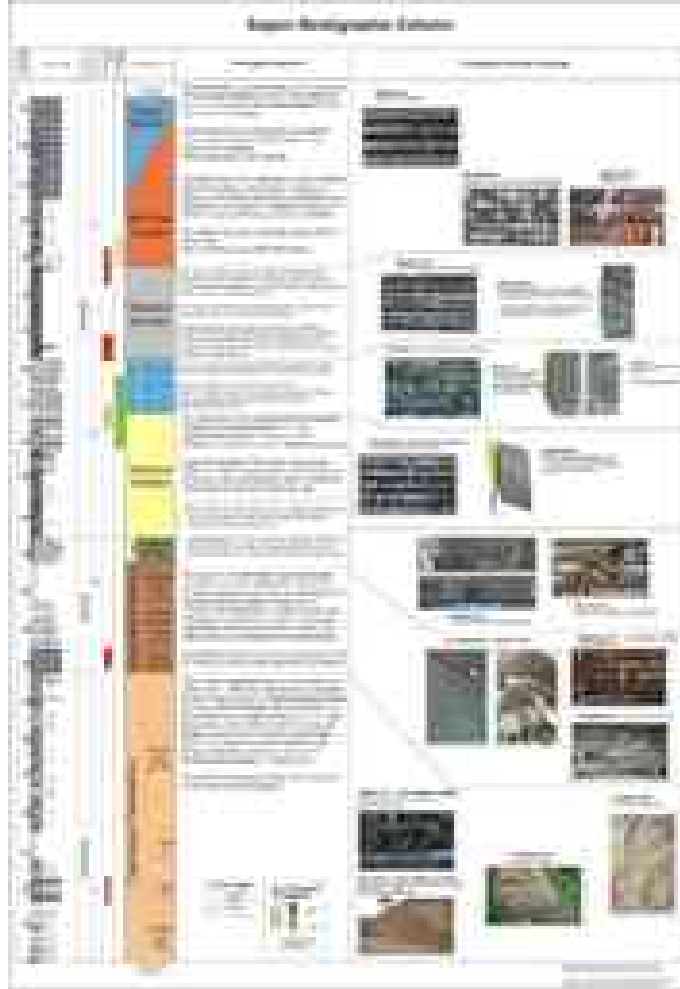
7. Nam Kian Formation

The Nam Kian formation contains variably carbonaceous and calcareous, well laminated and well bedded shale mudstone, siltstone, sandstone and minor chert.

8. Phabing Formation

Overlying and potentially locally interbedded with the Nam Kian Formation is the Phabing limestone, characterized by pale grey to dark grey limestone with abundant stylolites, sometimes nodular, locally resulting in a light to dark grey striped appearance. The minimum thickness of this formation together with Nam Kian formation is 400 m. This formation forms the distinctive karst hills at Phabing and south of Phavat.

Figure 6-3: Sepon Stratigraphy Log



Structures

The dominant structural grain of the Sepon basin strikes E to ENE and is controlled by the preferential alignment of basin-related fault structures and generally shallowly to moderately N dipping bedding planes. Dip value variations can be attributed to (locally tight) folding and faulting. Two main fold axis trends have been recognized in the Sepon Basin. The dominant fold generation strikes E to ENE, has wavelengths varying up to kilometre-scale, and are open folds. The E to ENE trending folds are deformed by N-trending folds as can be seen at Houay Bang and Houay Payee. The N-trending folds are typically broad open structures with wavelengths of 100's of meters. Tight, m-scale folds of varying orientation have also been documented across the district. These folds are typically associated with faults and their presence can be used as a tool to map brittle structures.

Dominant fault directions are NW (parallel to the Truongson Fault zone) and E to ENE. The NW and E to ENE faults typically dip steeply to the north and south and accommodate variable, but in some instances considerable (e.g. NW-trending Muang Luang Fault), strike-slip and dip-slip offset. The NW faults typically cut the E to ENE trending faults but are thought to have developed broadly contemporaneously in response to movement along the Truongson Fault.

Magmatic Rocks

Rhyodacite Porphyry (RDP), minor andesite, and rare lamprophyre are the only intrusive rocks to have been recognized within the Sepon district. The RDP has a remarkably consistent composition and morphology throughout the area with quartz and feldspar phenocrysts (2 mm-5 mm across) set in an aphanitic groundmass. No equigranular, crowded or megacrystic textures have been observed. A quartz-poor RDP variant has been identified that appears to be spatially associated with Cu mineralization at Thengkhamb East and South.

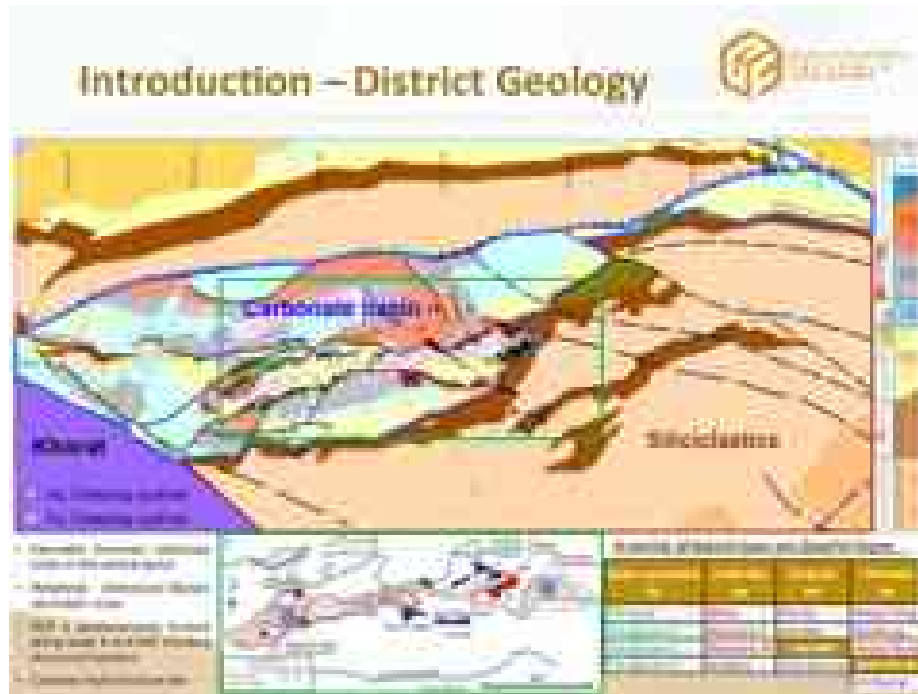
Three major intrusive centres occur across the Sepon district; the Thengkhamb, Padan and Kaban intrusive centres. The majority of primary gold mineralisation at potentially economic grade is located between the Thengkhamb Intrusive center in the W and the Padan Intrusive center in the East. These bodies are associated with intense quartz-dominated stock-work veins, and hornfels/skarn alteration of the wall rocks which result in them forming resistive hills. At Thengkhamb the RDPs are composed of abundant sills, dykes and intrusions with irregular geometries. RDP stocks, sills and dykes have also been mapped at Nakachan, Ban Mai, Katia, and Phu Xo. These porphyry occurrences form a broadly E trending linear across the Sepon district. Numerous RDP dykes also cut the sedimentary sequence, mainly within steep W- or NW- trending fault zones, but also along relatively flat-lying structures such as bedding planes or formational contacts.

Gold and Copper Mineralization

Gold and copper mineralization in the Sepon deposits has many similarities to the sediment-hosted replacement style deposits of the Great Basin, Nevada: host rocks comprise mid-Palaeozoic aged calcareous and carbonaceous sediments; high-angle faults serve as fluid conduits and are major ore controls; ore-bodies are generally tabular to rod-shaped; alteration is characterized by the dissolution of carbonate minerals and the precipitation of silica (jasperoid); gold is generally ultra-fine and intimately associated with pyrite; base metal levels are typically low. Significant differences between Sepon and the Great Basin Carlin-type deposits include the age of gold mineralization – Permian versus Late Eocene respectively, and the tectonic setting – compressive versus extensional respectively. Although the Sepon mineralization shares many characteristics with the Carlin-type of mineralization, it may more accurately be described as “distal-disseminated Au-Ag”, due to its position within a possible zoned, porphyry intrusive centred system.

In the Sepon Project area, gold and copper mineralization has been discovered in a carbonate basin as illustrated in Figure 6-4. Different mineralization types of deposits have been identified, such as skarn associated copper, carlin gold, orogenic gold, and supergene gold deposits. Some of the deposits have been mined out and some are to be developed.

Figure 6-4: Sepon Carbonate Basin and Mineralization Types



Alterations

There are 14 alteration subtypes that have been recognized in the three broad alteration zones. The earliest documented intrusion-related alteration/mineralization events are K-silicate alteration and associated A-type quartz stock working, hornfels and prograde skarn. Distal to, and transitional with, K-silicate alteration is propylitic alteration, which is commonly observed in the internal cores of rhyodacite porphyry sills adjacent to prograde skarn or K-silicate front. Observed to overprint the K-silicate and prograde skarn alteration types is phyllic alteration, retrograde skarn and carbonate replacement. A texture-destructive equivalent of the phyllic zone is silica-pyrite alteration where there is pervasive and intense replacement of fine to coarse grained quartz and >10 % vol pyrite. Overprinting the above alteration types is intermediate argillic alteration, which is commonly texturally destructive because of the increase in clay minerals. Silicification is a long-lived and pervasive event in these magmatic hydrothermal systems spanning across the porphyry Mo, skarn and jasperoid front. Alteration associated with the sediment-hosted Au systems is typically silicification, decalcification and dolomitization.

6.3 Deposit Types

This chapter describes the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned

6.3.1 Copper and Gold Mineralization types

Mineralization styles of the Sepon district can be classified as an intrusion-centred hydrothermal system with the majority of known Cu and Au mineralization spatially associated with the Padan and Thengkham porphyry centres. Mineralisation typically displays a zoned pattern in both mineralization type and metal content. Porphyry Mo-Cu systems occur at the core zoning outward through skarn and carbonate replacement Cu deposits to the Au dominated sediment-hosted systems which show Carlin type deposit characteristics (Figure 6-5). Pb-Zn mineralization occurs distal to the porphyry's contact metamorphic aureole in a sediment-hosted setting, though a genetic link is yet to be confirmed.

Figure 6-5: Relationship between magmatic rock bodies and mineralization types



Main intrusive centers that control the location of copper mineralisation (proximal) and gold mineralisation (distal) are discussed below.

The dominant style of mineralization in the Sepon mining district is micro disseminated sediment-hosted gold localized in combined structural, rheological and chemical traps. Gold mineralization occurs closely associated with decalcification of calcareous shale and irregularly distributed silica replacement (jasperoid) bodies. The geometry of the deposits is controlled by the interplay of shallow-dipping lithological contacts (dominantly Nalou-Discovery Formation contact) and high-angle faults, forming tabular to rod-like ore bodies. Faults as well as formation contacts often coincide with porphyry margins suggesting that intrusion as well as auriferous fluids exploited similar crustal pathways.

Gold mineralization is associated with elevated concentrations of arsenic, antimony and locally thallium which is also evident in the extensive soil sampling dataset that covers the Sepon mining district.

[illegible]

Three major controls on the distribution of gold and copper mineralization in the Sepon Basin have been identified. The primary control is understood to be the porphyry centres around which there is a metal zonation. Secondary control is the structural architecture (faults and folds). In the case of Au mineralisation there seems to be a strong (third order) lithological control where gold dominantly occurs along or close to the Nalou-Discovery formation contact which acts as a favourable receptive region.

The bulk of the mineralisation across the Sepon district is spatially associated with RDP intrusive centres. All known copper deposits are immediately adjacent to intrusive centres and the main sediment-hosted gold zone is located between two of the largest intrusive centres and located in a peripheral position with respect to the molybdenum and copper zones.

The structural architecture around the margins of the intrusions is a key control on the distribution of mineralization. NW to WNW and E to ENE faults localise mineralization from district to outcrop scale and likely acted as the main conduits for mineralizing fluid. These faults provided traps and focused fluids into other depositional sites such as lithological contacts and fold axes. Much of the mineralization occurs to the east and west of the intrusive centres, rather than the north or south.

This also likely relates to the overall architecture of the basin and more specifically the orientation of favourable feeder structures like NW- and E- striking faults.

■ Ternary Control

Lithological receptivity favourable factors include: (1) the receptivity of calcareous black shale, with gold deposition accompanying decalcification and jasperoid development; (2) the rheological and permeability contrasts between footwall rhyodacite porphyry sills or bioclastic dolomite and the overlying calcareous shale; (3) the carbonate and clay content of formations Vang Ngang and Kengkeuk and their amenability to forming skarn assemblages.

Petrologic, fluid inclusion and organic studies of drill core samples suggest temperatures >600°C for alteration assemblages developed proximal to intrusions and 150°C-250°C for alteration associated with sediment-hosted gold deposits. It has been estimated that ~4.5 km of stratigraphic section has been eroded from above the currently exposed rocks.

7 Exploration and its Quality Assurance and Quality Control and Sampling

7.1 Exploration Programs

7.1.1 Exploration Programs of Gold and Copper Deposits Prior to Chifeng Gold

The first campaign was greenfields exploration drilling. This drilling was completed by RTZ during the 1990s. Oxiana continued to use the drilling and sampling protocols developed by RTZ after acquiring the project. This drilling included the oxide gold drilling in the neighbouring Discovery deposit to the north of Khanong.

Oxiana encountered significant amounts of wet sample during RC drilling in Khanong.

In 2006 it was recognised that wet RC samples were subject to considerable downhole grade smearing. This was demonstrated at Thengkhram by drill holes TKN035, a wet RC hole, which returned 2m @ 5% Cu from 74.0 m plus 65.0 m at 6.4% Cu from 94.0 m. This hole was twinned by DD hole TKN077 which intercepted a 0.9m void from 72.2m, then 1.8 m of copper carbonate mineralisation at 41.0 % Cu from 73.1 m. The remainder of the hole was unmineralised dolomite. This was interpreted as indicating that the copper carbonate mineralisation self-stopped as TKN035 was drilled causing the second very long, high grade intersection.

In May 2006 the Sepon site adopted a policy of requiring no wet RC drilling of mineralised zones. If wet RC sample was encountered the hole was stopped. Therefore, any RC drilling post 1/5/2006 is restricted to pre-collars only or was part of a sterilisation campaign. Geologists and/or geotechnicians supervised RC drill rigs at all times while diamond drill rigs were checked twice daily by geology staff to ensure drilling practices were being followed. Drillers maintained drilling logs which recorded the depth and number of drill runs as well as important information such as core loss and ground conditions. In situations where errors were detected in the core during processing, drillers' logs and field geologists' notebooks could be consulted to rectify the error.

Drill holes collars have been surveyed by a range of methods including total station survey instrument, differential GPS, theodolite, handheld GPS and tape and compass over the past years. Planned collar coordinates, which are generally surveyed using handheld GPS, were also recorded for further check to the actual coordinates. The planned coordinates are resurveyed by total station in Sepon SPG06 grid system or differential GPS in the UTM IT60 grid system once drilling was completed. The coordinates in UTM IT60 grid system are converted to local Sepon SPG60 grid system. As set in the database system, the actual coordinates will not be entered into database if the difference to the planned coordinates is greater than 20m. Further check was then conducted to confirm the correct actual coordinates. All drill holes collars survey are stored in the database and ranked according to method and date of survey. Only the most recent survey and the highest rank survey are used for data extraction.

Collar validation was also performed by displaying the drill holes on screen against surface to check visually if there is any collar that is off the surface. Drill holes collars which appear far away from surface or outside of the project boundary are then investigated.

Prior to June 2007, most downhole surveys were conducted by drilling contractor using Eastman Single-shot Cameras with the result recorded in a survey disc. Since June 2007, all downhole surveys were conducted using Reflex camera which provides reading results digitally. The results were then written manually by the driller on a piece of paper. Protocol dictates that surveys should be taken at depths of 12m, 30m, 60m (then every 30m to the bottom of hole). Historically vertical holes with depths of around 50m were not surveyed. These drill holes were drilled at high angles to sub-horizontal mineralisation and hence any deviation is regarded as insignificant and immaterial to resource estimation.

Core orientations were carried out at 18m intervals using chinagraph-tipped spear in the selected holes. Post 2006, all core has been oriented using the electronic ACE Reflex Core Orientation tool. Segments of core were classified as having good, medium or poor quality bottom-of-hole lines (BOH) or no BOH. The BOH line is used as the reference line for recording, presenting and interpreting structural data.

Drilling contractors provide the downhole surveys to LXML. LXML geologists then check the survey disc/form and initial the survey after having been checked. Data is then entered into the database. All surveys are entered into the database; however, if a survey is deemed to be erroneous a field in the database is set to "reject". Only data with accepted surveys are exported for use in resource estimation. The grid to magnetic deviation at Sepon is 1° and so azimuth conversion problems are inconsequential.

Downhole surveys were checked both mathematically in LaosDB (maximum deviation of 0.27° per metre downhole where dip > -80°) and visually for excessive deviation or unlikely hole traces. Any obvious problems were identified and rectified in the database prior to export for use in the Mineral Resource modelling. Neither the planned nor actual rig set up azimuth is recorded in the LaosDB.

A total of 1,321,787m of DD and RC drilling data is contained in the resource database, of this 85% is geologically logged, and 98% of sampled intervals contain gold and copper assays (15% of the RC data was assayed but not logged).

Only samples within the mineralisation or geological domains are used in the estimations. There are also some drillings within block model extents not used in estimations as they fall outside of the areas of interest, or have suspicious assay results.

A total of 1,503 diamond holes (100,582.5m), 2,840 RC drill holes (170,825.6m) and 13,661 grade control RC holes (202,618.3m) were used to inform the Nalou block model.

A total of 1,022 DD (117,495m), 23,732 RC (not Grade Control) (175,499.2m) RC drill holes and 45,635 RC Grade Control holes (764,831.8m) for a total of 1,057,826m were used to inform the Discovery region block model.

Figure 7-1 summarized the drillings that have been completed by December 2022 in the Sepon Project area.

Figure 7-1: Drilling Programs completed in Sepon Project by December 2022



7.1.2 Exploration Programs of Gold and Copper Deposits by Chifeng Gold

After Chifeng Gold took over the Sepon project, the exploration programs focused on discovering new gold deposits in brownfield to supply the processing plant and keep on the production, as well as discovering new types of mineralization in green field. Figure 7-2 and Figure 7-3 summarized the exploration programs in 2021 and 2022.

Figure 7-2: Exploration Programs completed in Sepon Project in 2021



Figure 7-3: Exploration Programs completed in Sepon Project in 2022



7.1.3 Trenching

LXML conducted exploration work basically by its in-house personnel of the exploration department, including trenching, drilling, and general geological survey and mapping. Figure 7-4 shows trenches used in the exploration programs.

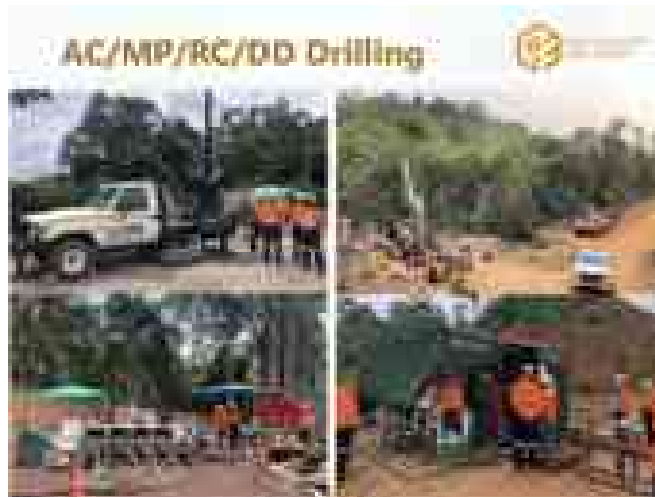
Figure 7-4: Trenches used in the exploration in Sepon Project



7.1.4 Drilling

LXML conducted exploration work basically by its in-house personnel of the exploration department, with different drilling rigs. Figure 7-5 shows rigs LXML owns and uses in exploration programs.

Figure 7-5: Drill rigs used in the exploration in Sepon Project



Diamond Drilling

Diamond drilling is carried out by a variety of track or skid mounted rigs with 3 m masts. Core barrel lengths are usually 3 m, but sometimes 1.5 m. All diamond drilling is wireline drilling. Drilling productivity is hampered by the very clay rich ground resulting in short run lengths. The diamond drilling has predominantly used triple tube drilling methods to enhance recovery and mostly using a HQ3 size core barrel. Core samples are usually collected over 1 m intervals but may range from 0.5-1.5 metres in length to enable samples to be broken on lithological and mineralisation contacts. Where possible RC pre-collars are used to reduce drilling costs, which is also recorded in the drill hole database.

Run by run recovery has been recorded for all diamond drilling carried out at Sepon and for all drill runs. DD recovery averages 95% (based on length) and RC recovery averages 80% (based on mass).

The recovery data is somewhat muddled by the recording of 'cavities' in the database. There are some true cavities in the Khanong area (small caves that occur in dolomite or limestone). Originally drillers recorded "cavity" when they encountered unconsolidated material inferred to have formed in a cavity.

Since March 2014 this practice changed and that material is now recorded as core loss, the term cavity is only used on voids now.

Diamond drilling recovery improves with depth, reflecting the better drilling conditions and absence of clay and unconsolidated fill.

Reverse Circulation Drilling

RC drilling is carried out by a variety of track mounted rigs with 6 m masts and rods. All hammers are face sample with 5 ¼ inch bits and 3 ½ inch rods. No attempt is made to control the direction of the hole. Boosters are not normally used. Exploration, Resource and grade control RC samples are collected at 1.0 m downhole intervals. Representative rock chips are collected during the drilling and logged on site by a geologist to establish the stratigraphic context of the sampling and to provide a geological description of each sample.

No RC drilling has been carried out routinely by the Resource Geology department since 2006. RC drilling at Khanong represents a large amount of the data used to estimate copper grades.

Each metre sample is weighed to assess drilling recovery prior to splitting. The average RC sample weight for dry samples was 22.7kg. This compares to expected sample weights from a 5 ¼ inch hole of 25 kg, assuming average supergene material density (1.8t/m³). Sample moisture is recorded and has been summarised below.

About 26% of the RC samples were wet or moist out at Discovery, and 32% from Nalou was wet or moist. This constitutes 31% of the total RC data for Discovery and Nalou metres.

Grade control drilling was used in both Nalou and Discovery resource models for the first time in 2019. This decision was made to better inform the model in terms of data density and produced higher quality geostatistics. It also allowed a small amount of material to be classified as measured due to the greatly increased kriging efficiency.

7.1.5 Mapping

Exploration surface interpretation and grade control bench mapping have been used in areas as guidance to generate lithological and structural models. This geological information was further used for interpreting the ore delineation when generating ore domains. The Resource department at Sepon does not do bench or pit wall mapping or surface mapping but relies on other departments for this information.

7.2 Quality Assurance and Quality Control of the Exploration Programs

The samples from multiple drilling of the Sepon project development. There are at least five batches of drilling data that relate to these prospects:

- Pre-Oxiana (CRA/Rio Tinto) 1993-1999
- Oxiana Pre-Mining 2000-2002
- Oxiana Active Mining 2002-2006
- SPGRDP (Sepon Resource Development Program) 2006-2007
- LXML Resource and Exploration Drilling Programs 2007-2019
- LXML Grade Control Programs 2020-2022

The quality of the datasets from periods of 2020-2022 has been reviewed by SRK.

LXML developed a standard procedure in which quality control samples were inserted within the sample stream in order to validate analysis and drill-core samples. All of these protocols are also located on the LXML intranet. Full QC reports can be found in monthly reports located on the Sepon server.

LXML has prepared Core Sample Preparation for Lab Testing Standard Operating Procedure which demonstrated the QA/QC procedures in the exploration. Quality control samples including standard samples, blank samples and duplicated samples.

7.2.1 Standard Sample

Certified reference materials (standards) are inserted in the sample stream. Currently, most standards have been produced by Ore Research & Exploration and Grade Control. There were 71 standards used within the reporting period, and details are shown in Table 7-1.

Table 7-1: ALS and Sepon Lab Standards

Standard Name	METHOD	ELEMENT	UNITS	NOMINAL VALUE	STD DEVIATION	DATA SOURCE
Au_HG_OX_22	FA-AAS	Au	PPM	3.2	0.07	User
Au_HG_PR_22	FA-AAS	Au	PPM	6.94	0.16	User
Au_LG_21	FA-AAS	Au	PPM	1.31	0.04	User
Au_LG_OX_22	FA-AAS	Au	PPM	2.02	0.05	User
Au_LG_PR_22	FA-AAS	Au	PPM	1.58	0.04	User
Au_MG_21	FA-AAS	Au	PPM	2.04	0.07	User
Au_MG_PR_22	FA-AAS	Au	PPM	3.65	0.15	User

Standard Name	METHOD	ELEMENT	UNITS	NOMINAL VALUE	STD DEVIATION	DATA SOURCE
Cu_HG2	FA-AAS	Au	PPM	0.115	0.004	LaosDB
Cu_N1	4A-ICP	Au	PPM	0.508	0.02	User
Cu_N2	4A-ICP	Au	PPM	0.388	0.014	User
Cu-A	FA-AAS	Au	PPM	0.674	0.034	LXM-ACQ-GradeControl
Cu-B	FA-AAS	Au	PPM	0.37	0.02	LXM-ACQ-GradeControl
Cu-C	FA-AAS	Au	PPM	0.18	0.009	LXM-ACQ-GradeControl
Cu-D	FA-AAS	Au	PPM	0.181	0.01	LXM-ACQ-GradeControl
Cu-E	FA-AAS	Au	PPM	0.21	0.007	LXM-ACQ-GradeControl
Cu-F	FA-AAS	Au	PPM	0.212	0.006	LXM-ACQ-GradeControl
Cu-G	FA-AAS	Au	PPM	0.289	0.015	LaosDB
HG_Oxide	FA-MD	Au	ppm	0.412	0.007	User
MG_Oxide	FA-AAS	Au	ppm	0.196	0.007	User
OREAS_15Pc	FA-AAS	Au	PPM	1.61	NULL	LXM-ACQ-GradeControl
OREAS_50Pb	FA-AAS	Au	PPM	0.841	NULL	LXM-ACQ-GradeControl
OREAS_51P	FA-AAS	Au	PPM	0.43	NULL	LXM-ACQ-GradeControl
OREAS_52P	FA-AAS	Au	PPM	0.183	NULL	LXM-ACQ-GradeControl
OREAS_53Pb	FA-AAS	Au	PPM	0.623	NULL	LXM-ACQ-GradeControl
OREAS_54Pa	FA-AAS	Au	PPM	2.9	NULL	LXM-ACQ-GradeControl
OREAS_6Pc	FA-AAS	Au	PPM	1.53	0.12	LXM-ACQ-GradeControl
OREAS_7Pb	FA-AAS	Au	PPM	2.77	NULL	LXM-ACQ-GradeControl
OX_Au_L6	FA-MD	Au	ppm	0.379	0.015	LaosDB
OX_Cu_L6	FA-MD	Au	PPM	0.462	0.01	User
OX_Cu_M6	MD-MD	Au	PPM	0.28	0.007	User
OX_H3	FA-MD	Au	ppm	4.99	0.06	User
OX_H4	UNK	Au	ppm	4.8	0.16	User
OX_M4	FA-MD	Au	ppm	3.29	0.085	User
OX_M5	FA-MD	Au	ppm	1.5	0.05	User
Ox-P1H	FA-MD	Au	ppm	0.92	0.06	User
Ox-P1L	FA-MD	Au	ppm	0.88	NULL	User
Ox-P2H	FA-MD	Au	PPM	2.08	0.07	User
Ox-P2L	FA-MD	Au	PPM	1.94	0.08	User
PR01	FA-AAS	Au	PPM	1.03	NULL	User
PR02	FA-AAS	Au	PPM	3.28	0.13	User
STD_F	FA-AAS	Au	PPM	1.546	NULL	LXM-ACQ-GradeControl
STD_G	FA-AAS	Au	PPM	3.254	NULL	LXM-ACQ-GradeControl
STD_H	FA-AAS	Au	PPM	5.336	NULL	LXM-ACQ-GradeControl
STD_OX_H2	FA-AAS	Au	PPM	5.03	NULL	LXM-ACQ-GradeControl
STD_OX_H2	FA-AAS-40	Au	PPM	5.03	NULL	LXM-ACQ-GradeControl
STD_OX_H3	FA-AAS	Au	PPM	4.93	0.32	LXM-ACQ-GradeControl
STD_OX_H4	FA-AAS	Au	PPM	4.8	0.2	LXM-ACQ-GradeControl
STD_OX_L1	FA-AAS	Au	PPM	1.331	NULL	LXM-ACQ-GradeControl
STD_OX_L1	FA-AAS-40	Au	PPM	1.331	NULL	LXM-ACQ-GradeControl
STD_OX_L2	FA-AAS	Au	PPM	1.48	NULL	LXM-ACQ-GradeControl
STD_OX_L3	FA-AAS	Au	PPM	0.518	NULL	LXM-ACQ-GradeControl
STD_OX_L4	FA-AAS	Au	PPM	1.36	NULL	LXM-ACQ-GradeControl
STD_OX_M2	FA-AAS	Au	PPM	3.41	NULL	LXM-ACQ-GradeControl
STD_OX_M2	FA-AAS-40	Au	PPM	3.41	NULL	LXM-ACQ-GradeControl
STD_OX_M3	FA-AAS	Au	PPM	0.642	NULL	LXM-ACQ-GradeControl
STD_OX_M4	FA-AAS	Au	PPM	3.29	NULL	LXM-ACQ-GradeControl
STD_OX_M5	FA-AAS	Au	PPM	1.47	0.05	LXM-ACQ-GradeControl
STD_OX_P1H	FA-AAS	Au	PPM	0.926	0.039	LXM-ACQ-GradeControl
STD_OX_P1L	FA-AAS	Au	PPM	0.885	0.028	LXM-ACQ-GradeControl
STD_OX_P2H	FA-AAS	Au	PPM	2.08	0.04	LXM-ACQ-GradeControl
STD_OX_P2L	FA-AAS	Au	PPM	1.94	0.08	LXM-ACQ-GradeControl
STD_SEP05_1	FA-AAS	Au	PPM	0.574	NULL	LXM-ACQ-GradeControl
STD_SEP05_1	FA-AAS-40	Au	PPM	0.574	NULL	LXM-ACQ-GradeControl
STD_SEP05_2	FA-AAS	Au	PPM	0.307	NULL	LXM-ACQ-GradeControl

Standard Name	METHOD	ELEMENT	UNITS	NOMINAL VALUE	STD DEVIATION	DATA SOURCE
STD_SEP05_3	FA-AAS	Au	PPM	2.55	NULL	LXM-ACQ-GradeControl
STD_SEP12_1	FA-AAS	Au	PPM	0.36	0.01578	LXM-ACQ-GradeControl
STD_SEP13	FA-AAS	Au	PPM	0.15	0.021	LXM-ACQ-GradeControl
STD_SEP14	FA-AAS	Au	PPM	1.03	0.026	User
STD_X	FA-AAS	Au	PPM	1.44	NULL	LXM-ACQ-GradeControl
STD_Y	FA-AAS	Au	PPM	0.79	NULL	LXM-ACQ-GradeControl

7.2.2 Duplicates

Two types of duplicates are used for monitoring laboratory's preparation and analytics: field duplicates and lab duplicates.

Reverse circulation field duplicates have been prepared using a single tier riffle splitter. The larger sample size submitted for analysis has shown better repeatability than diamond drill field duplicates. Analytical duplicates are prepared by taking duplicate splits after pulverization of the sample material.

Lab duplicates are prepared by taking duplicate rotary splits after finer (-2mm) crushing of the sample material.

7.2.3 Blanks

Pulp and coarse blanks are inserted into the sample stream at the Sepon core shed operational area.

Presently, on average, coarse blanks and pulp blanks standards are inserted at start of each drill holes and thereafter at a rate of one in every 20 samples.

The Coarse Blank consists of crushed limestone sourced from the limestone pit within Sepon mine site. Analysis of the samples was done by ALS-Lab and Sepon Lab. The Coarse Blank used in Sepon has some detectable presence of Au based on the results of the analysis done by ALS.

Pulp Blank is mainly a hydrated lime originally placed in 25 kg rice bags. They are then re-packed by onsite samplers who scoop it into foil pouches for insertion. The source of the sample is from Vietnam

The blanks occasionally show some low-level contamination (<0.04 g/t maximum). It is uncertain if this should be attributed to the blank source material - establishment of a background baseline value should eliminate most of the noise associated with background mineralisation.

7.2.4 QA/QC Performance

The procedure of inserting control samples was routinely carried out over the entire exploration programmes. The control samples include pulp duplicates, coarse rejects and reference standards. Internal check and external check data from JM exploration between 2020 and 2022 were provided to SRK, and the main elements were Au, Cu and Ag.

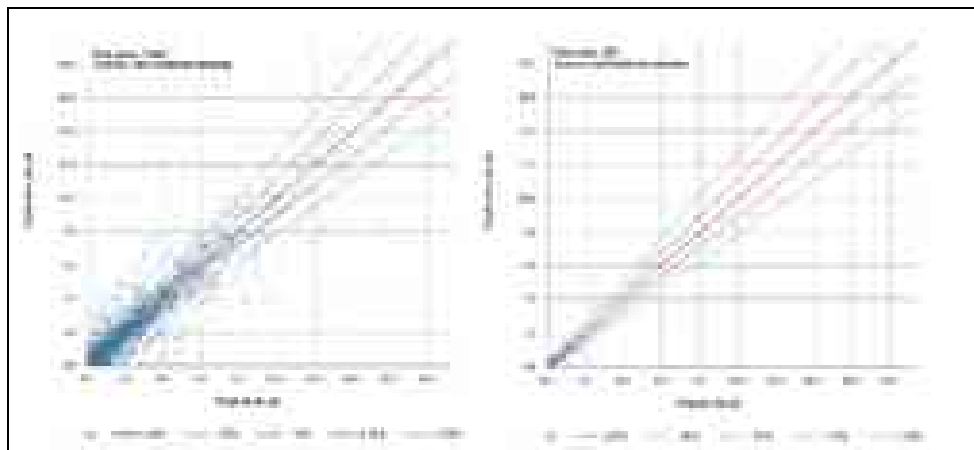
a. Duplicate

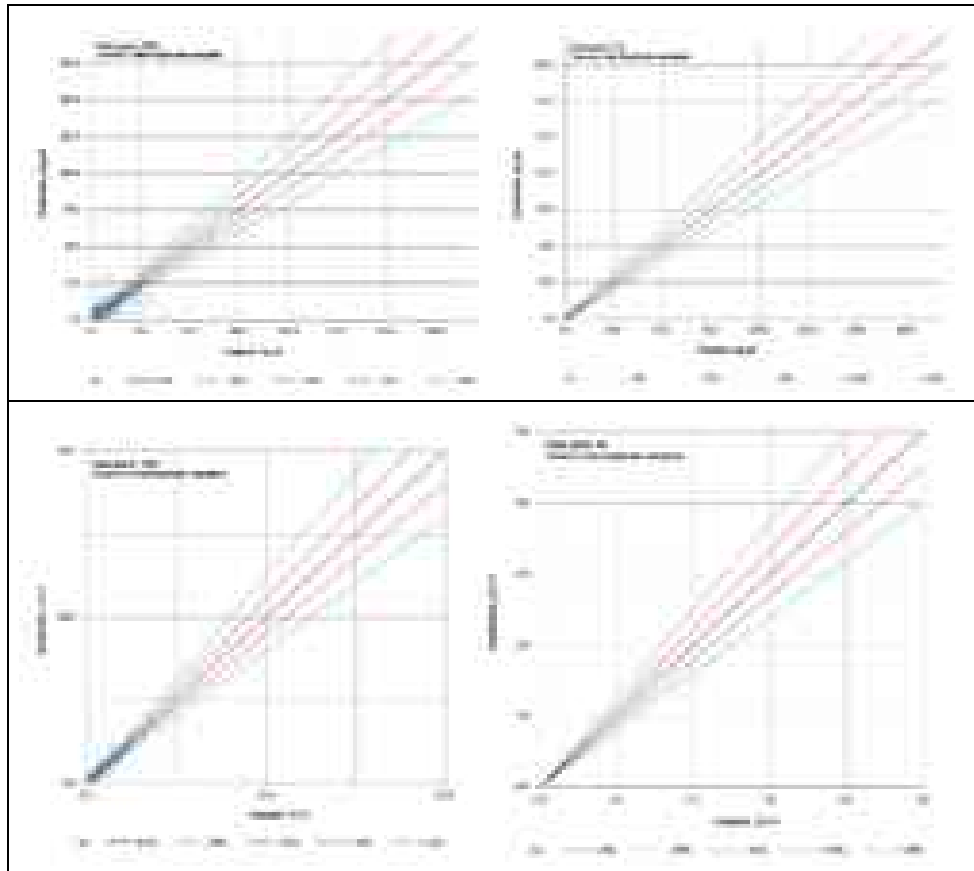
Two types of duplicates are used for monitoring laboratory's preparation and analytics: field duplicates and lab duplicates.

The Au field duplicate samples are general acceptable, among all 11443 field duplicate samples, 42% of which are below 10% relative difference and 63% of which are below 20% relative difference; the Ag field duplicate samples are general acceptable, among all 1699 field duplicate samples, 47% of which are below 10% relative difference and 71% of which are below 20% relative difference; the Cu field duplicate samples are general acceptable, among all 1959 field duplicate samples, 58% of which are below 10% relative difference and 79% of which are below 20% relative difference.

The Au field duplicate sample performance is not as good as Cu and Ag due to more nugget effect of Au, about 37% field duplicate samples are greater than 20% relative difference. The Au Lab duplicate samples are general acceptable, among all 177 Lab duplicate samples, 39% of which are below 10% relative difference and 61% of which are below 20% relative difference; the Ag Lab duplicate samples are general acceptable, among all 79 Lab duplicate samples, 52% of which are below 10% relative difference and 68% of which are below 20% relative difference; the Cu Lab duplicate samples are general acceptable, among all 94 Lab duplicate samples, 62% of which are below 10% relative difference and 86% of which are below 20% relative difference. The Au Lab duplicate sample performance is not as good as Cu and Ag due to more nugget effect of Au, about 39% Lab duplicate samples are greater than 20% relative difference. The field and lab duplicate samples performance are shown below.

Figure 7-6: Field and Lab Duplicate Au Ag and Cu Plot of Control Sample Programme





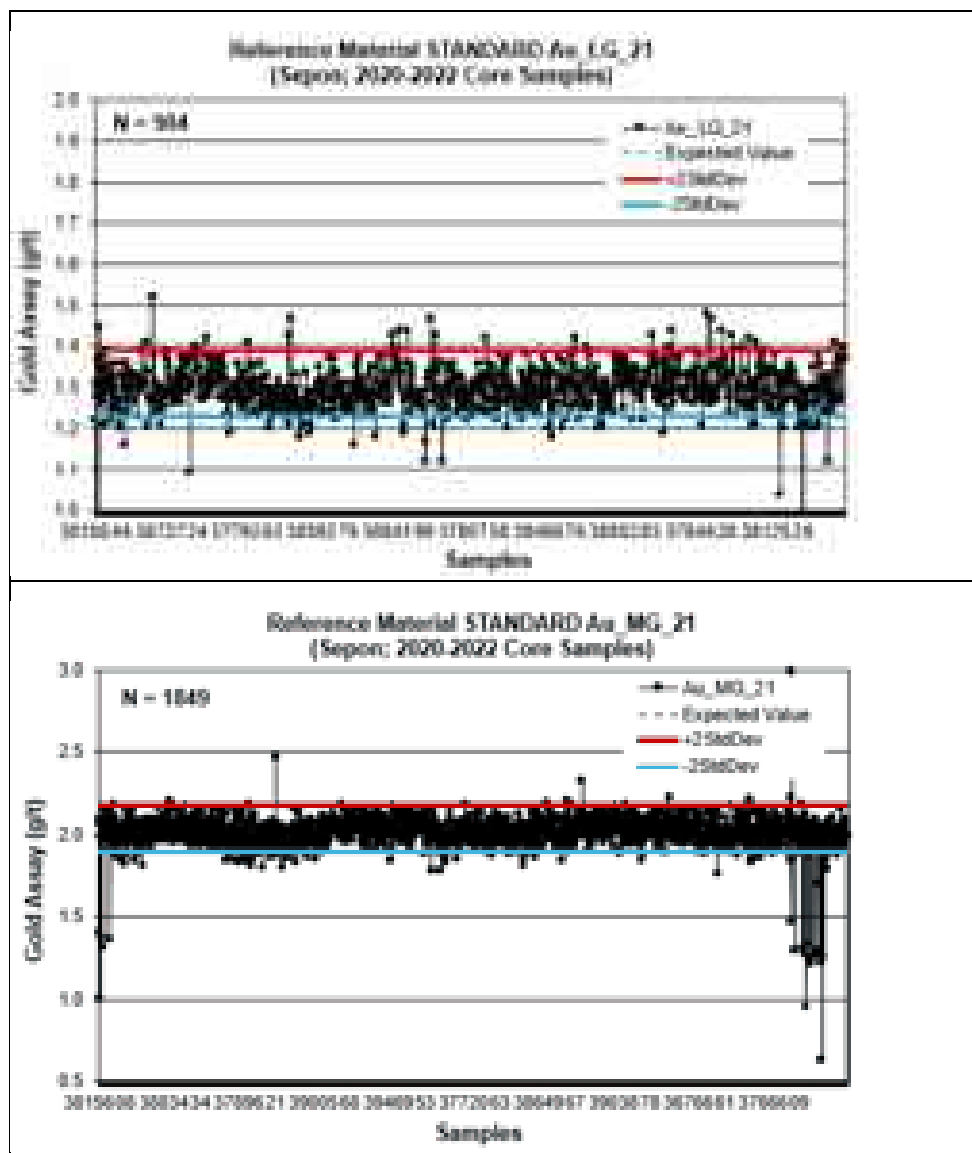
b. Reference Standards

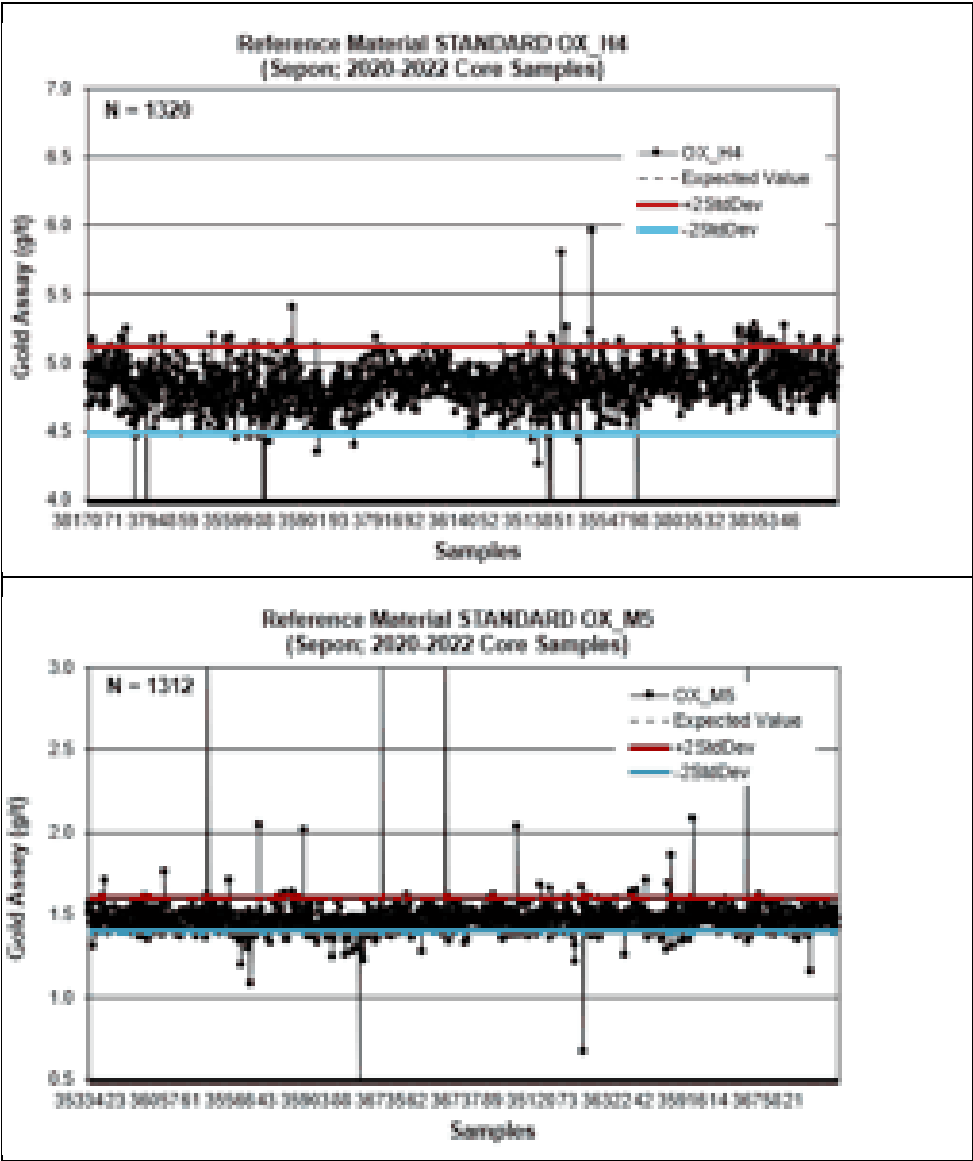
There were 71 standards used for monitoring laboratory's preparation and analytics.

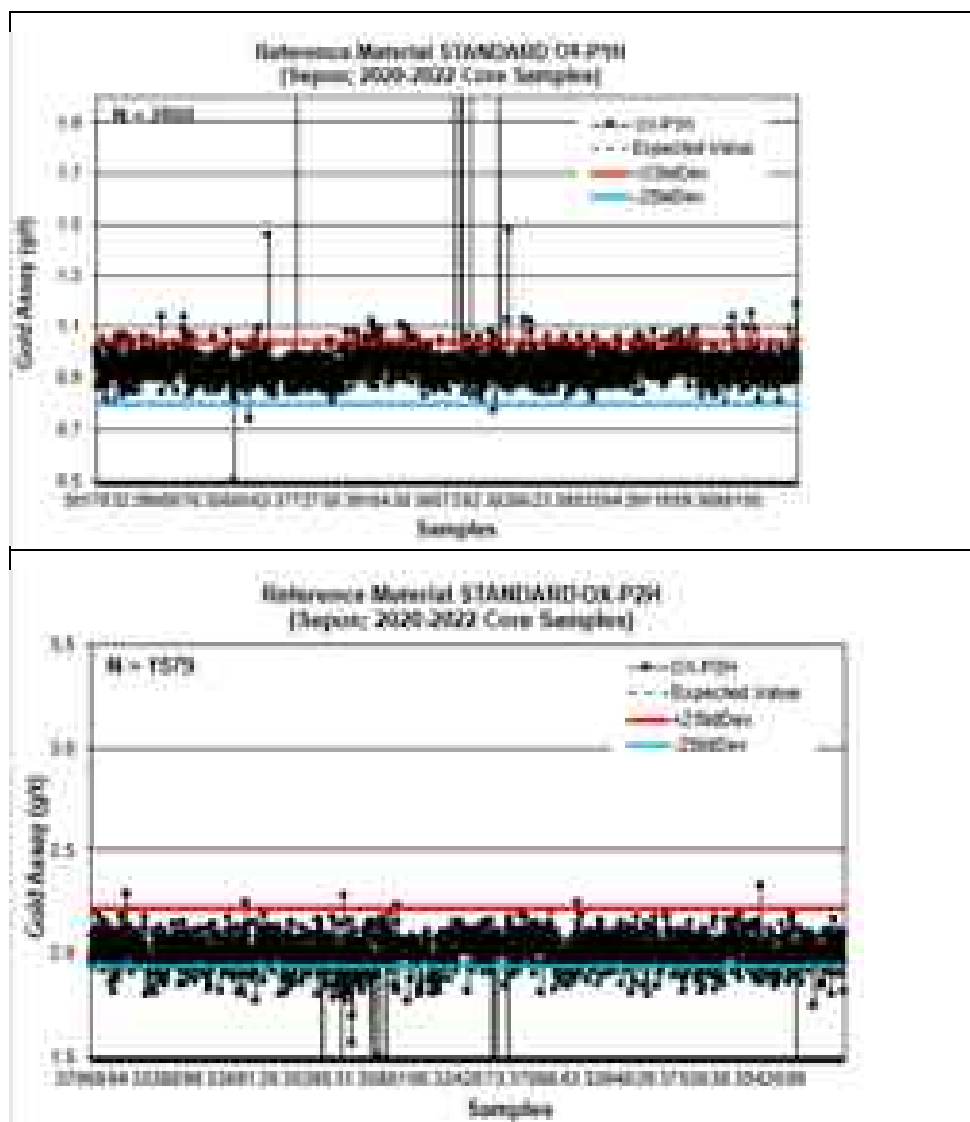
SRK selected standards with large quantities for statistical analysis: Au_LG_21 Au_MG_21 OX_H4 OX_M5 Ox-P1H Ox-P2H and Ox-P2L.

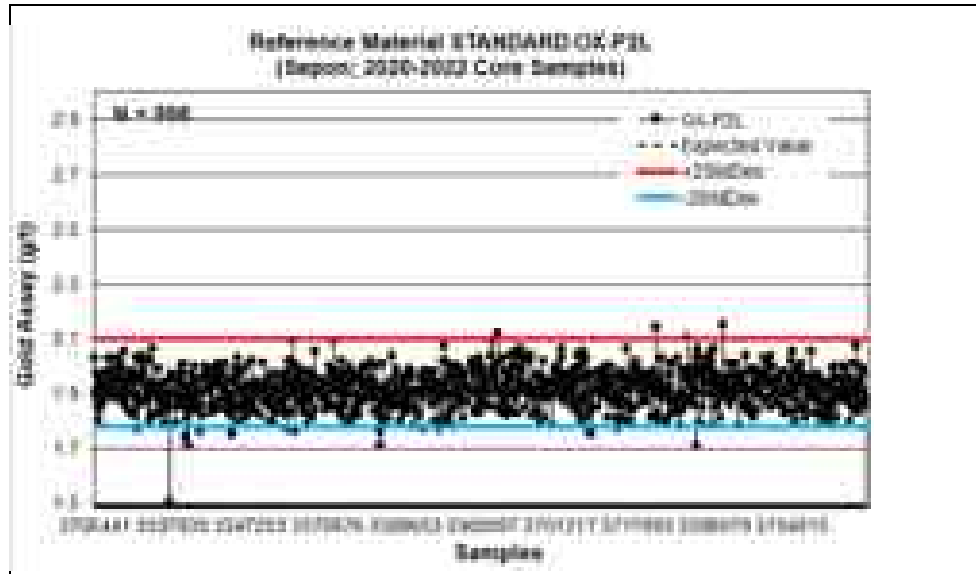
According to the comparison curves between the standard sample reanalysis results and the standard grade values in Figure 7-7, the Au analysis results of each standard sample are fluctuating within 20% around the standard value.

Figure 7-7: Performance of standards of Sepon





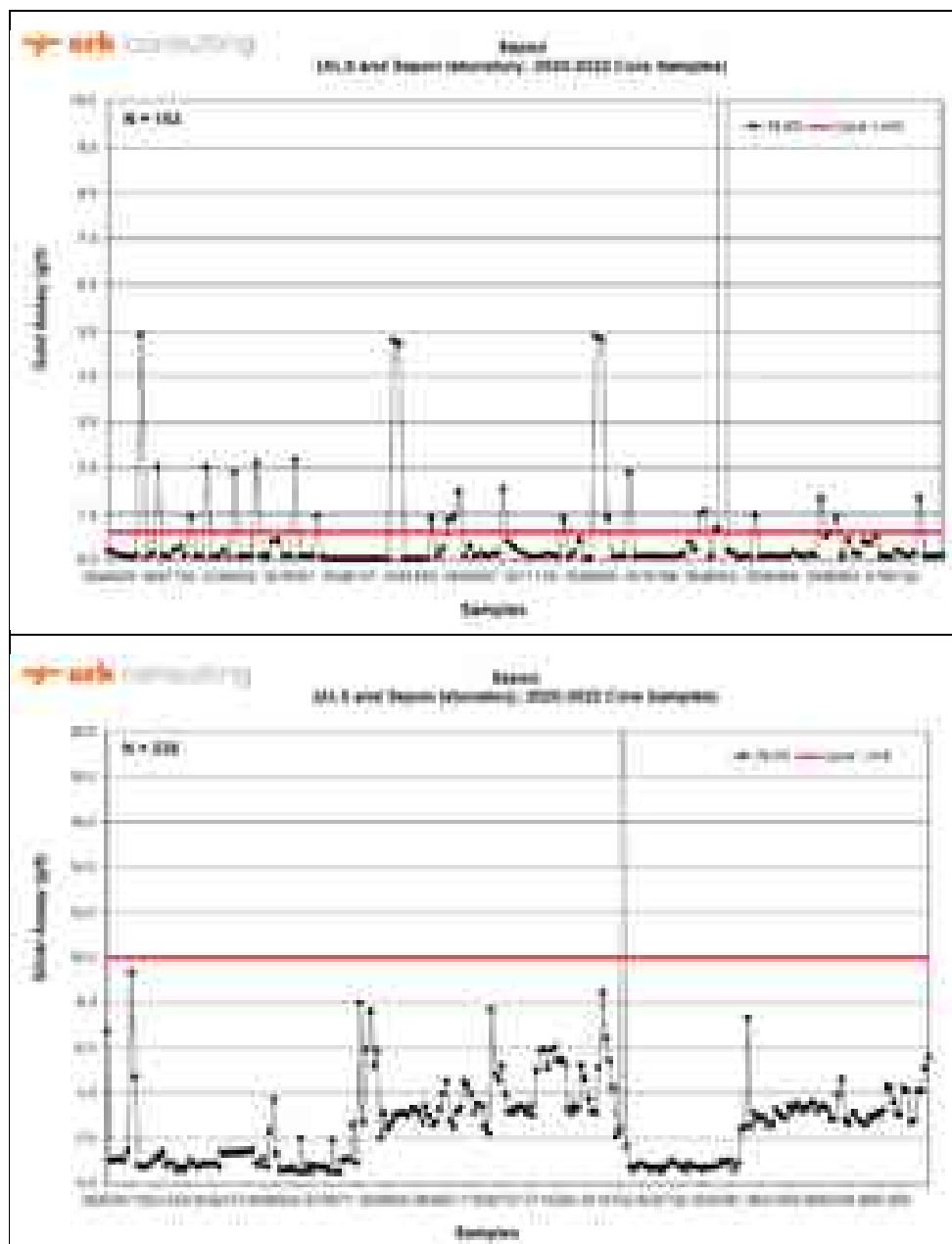


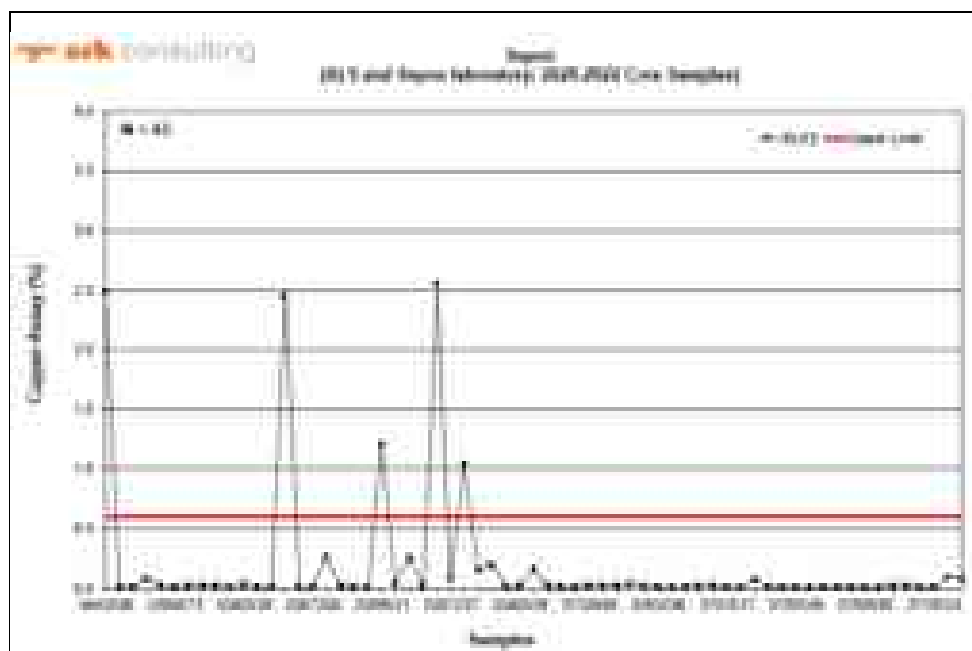


c. Blanks

The blank samples are the original blank sample, and the comparison of blank samples is shown in the figure below. The value of 5 samples exceeds the detection limit of 10 times, and the qualified rate is 92.1%. The blank samples performance is shown below.

Figure 7-8: Performance of blanks of Sepon





7.2.5 SRK Comments

SRK considers that, QA/QC performed during 2020-2022 for Sepon mine are consistent with generally accepted industry practices and are therefore adequate for resource estimation.

7.3 Sample Preparation, Analyses, and Security

7.3.1 Sample Preparation and Analyses of Gold and Copper Deposit

Sample preparation is the most critical step in the entire Laboratory operations and it must provide a homogeneous analytical sub-sample that is representative of the sample submitted to the laboratory.

Samples on arrival at the Laboratory are logged into the ALS tracking system with a bar code label attached. Samples are then dried in an oven at temperature of about 110 degrees followed by crushing of rock chips and drill samples to 70% of the sample passing 2mm. The samples are then split using the riffle splitter 250g and are pulverised to 85% less than 75 microns

The analytical methods employed at Sepon site have varied little over the years. The current assay protocol used by the Sepon Resource department is shown below in Table 7-2.

Table 7-2: Current Sepon Resource Assay Protocol

PROTOCOL	METHOD	TRIGGER	LAB	ELEMENTS ANALYZED
321	ALS-	Au-AA25		Au
SepCu+IR07	ME-ICP61		ALS	Ag,Al,As,Ba,Be,Bi,Ca,Cd,Co,Cr,Cu,Fe,Ga,K,La, Mg,Mn,Mo,Na,Ni,P,Pb,S,Sb,Sc,Sr,Th,Ti,Tl,U,V,W,Zn

+Cu-	S-IR07		S_S (Sulphide Sulphur)
PKGPH06	Cu-OG62	>0.5%Cu for OG62	Cu
	CuCN-PH06	>0.2% for	Cu (Cyanide Leach Soluble)
	CuR-PH06	Sequential	Cu (4 Acid Soluble)
	CuS-PH06	Cu-	Cu (Sulphuric Acid Soluble)
	CuT-PH06	PKGPH06	Cu (Calculated Total)

Notes

¹ ME-ICP61 Four Acid Near Total- ICP Multi-element Method² ME-OG62 Four Acid Near Total Assay Grade Multi-element Method³ Au-AA25_26 Fire Assay Gold AAS finish⁴ IR07 Total S by Lecco Furnace IR – provides sulphur speciation (sulphide sulphur and sulphate sulphur)⁵ PKGPH06 - Sequential Copper CuCn-PH06 (Cu Cyanide leach soluble), CuS-PH06 (Cu Sulphuric Acid leach soluble), CuR-PH06 (Cu 4 acid digest soluble) and CuT-PH06 (Cu calculated total based on all 3 methods of leach).**7.3.2 Bulk Density**

Historically, various estimations of the wax density have been undertaken; in February 2014. R. Berthelsen and A. Lewin (MMG) confirmed that the density used in the calculation of specific gravity ("SG") in the database is correct. The review formed part of a larger Mineral Resource site review (Sepon resource report 2014).

Samples for bulk density determination are taken from diamond drill core every 10m using wax coated core immersion method; however, in 2015 sample interval was changed to 5m interval. This is to reduce the wide range of sample selection interval hence to allow for more oxide material selection.

Density data was collected for all rock types during each drilling program from 1993 to 2016. During the period 1993-1999 (Rio Tinto International, "RTI"), the field procedure for determining density values changed several times, as summarised by Loader and Curtis (1999). Various techniques for SG measurement have been used in the past. Only SG determination using the Archimedes method (with or without wax coating) has been used in the Mineral Resource models, all other methods are flagged for exclusion in the database.

The bulk density determinations were estimated into both Nalou and Discovery models as there is sufficient data density per rock type to enable ordinary kriging efficiencies over 50%. All SG's were validated both visually and statistically, with errant SG values being flagged in the Leapfrog database for exclusion. The flagged field has been sent to the Sepon database administrator to address in the main database.

7.3.3 Database Management

The Sepon Exploration and Resource database system consists of three components, one manual and two digital. These are a manual on Field Logging System, a Data Entry Database (DEDB), and a Master Database (LaosDB). Each digital component is configured to run in SQL Server with user access and permissions controlled by domain logins.

The databases are backed up incrementally 8 hourly (kept for 5 days on the server) and fully daily (kept for 2 weeks on the server). IT incrementally back up the servers to tape daily, with the tapes

kept in the server container for a week. Full back ups of the servers are conducted weekly and the tapes stored both in the admin building and offsite at the LXML Vientiane office.

7.3.4 SRK Comments

In the opinion of SRK, the sampling preparation, security and analytical procedures used by LXML are consistent with generally accepted industry best practices and are, therefore, adequate.

8 Data Verification

8.1 Verifications by SRK

SRK has arranged to re-sample a total of 83 pulps from drilling holes DIS745, DIS747, DIS750, DIS761 and KHN1154 to check the repeatability and accuracy of the assay results for the Sepon project. The pulp samples details are listed in Table 10.1 below. SRK has also visited and collected 12 rock chip samples at Discovery West Pit (DSW), Nalou Pit (NIU), Thengkham East Pit (TKE) and Thengkham North Pit (TKN) to verify the mineralization types and grades, and has these samples assayed at the ALS Global Australia (Table 8-1 and Table 8-2).

These pulp samples show gold and copper re-assay values with a 8.18% and 14.65% difference from the respective original assay values from the primary assay lab. It clearly verifies the general tenor of pertinent exploration data, and SRK believes that these data have been verified to a reasonable extent.

Two types of duplicates are used for monitoring laboratory's preparation and analytics: field duplicates and lab duplicates.

The rock samples from three different pits show the various mineral mineralizations such as carlin type gold mineralization, skarn and hornfelsed copper mineralization, hydrothermal gold- copper-molybdenum mineralization.

Table 8-1: Comparison with Re-assay by SRK and Original Assay from Sepon for Drilling Cores

Hole_ID	D_FRO M (m)	D_TO (m)	Sample Type	Sample ID	Original Assay		Re-Assay		Diff(%)		Weight (g)
					Au (g/t)	Cu (%)	Au (g/t)	Cu (%)	Au	Cu	
DIS745	121	122	Pulp	D5096913	0.7		0.67		3.03		450
DIS745	122	123	Pulp	D5096914	1.5		1.54		3.97		410
DIS745	123	124	Pulp	D5096915	1.7		1.62		-6.57		450
DIS745	124	125.3	Pulp	D5096917	1.2		1.09		-5.36		500
DIS745	125.3	126	Pulp	D5096918	0.5		0.46		-6.32		430
DIS745	126	127.2	Pulp	D5096919	0.7		0.69		-		480
DIS745	127.2	128	Pulp	D5096920	3.9		3.05		-23.44		430
DIS745	128	129	Pulp	D5096921	1.7		1.67		-2.95		290
DIS745	129	130	Pulp	D5096922	3.2		3.02		-6.10		340
DIS745	130	131.4	Pulp	D5096923	4.2		4		-4.40		290
DIS747	131	132	Pulp	D5097107	0.5		0.52		-1.90		450
DIS747	132	133	Pulp	D5097108	1.4		1.44		2.82		370
DIS747	133	133.5	Pulp	D5097110	0.9		0.92		3.31		390
DIS747	133.5	134	Pulp	D5097111	1.1		1.28		19.74		420
DIS747	134	135	Pulp	D5097112	6.1		6.09		-0.65		300
DIS747	135	135.5	Pulp	D5097113	6.6		7.24		8.95		370
DIS747	135.5	136	Pulp	D5097115	28		30.5		9.03		400
DIS747	136	137	Pulp	D5097116	16		16.7		6.05		390
DIS747	137	138	Pulp	D5097117	14		18.9		28.61		390
DIS747	138	139	Pulp	D5097118	3.9		3.97		1.27		360
DIS747	139	140	Pulp	D5097119	3.9		3.99		2.03		370
DIS747	140	141.3	Pulp	D5097120	4.8		4.74		-1.88		330
DIS747	141.3	142	Pulp	D5097121	12		11.6		-0.35		320
DIS750	137	138	Pulp	D5097471	1.1		1.1		2.76		350
DIS750	138	139	Pulp	D5097473	0.8		0.8		-3.68		460
DIS750	139	140	Pulp	D5097474	21		32.8		42.01		410
DIS750	140	141	Pulp	D5097475	7.9		8.35		5.29		470
DIS750	141	142	Pulp	D5097476	3.3		3.33		1.21		470
DIS750	142	143	Pulp	D5097477	1.2		1.17		0.86		340
DIS750	143	144	Pulp	D5097478	12		18.3		43.35		340
DIS750	144	145.1	Pulp	D5097479	1.3		1.77		31.37		350
DIS750	145.1	146	Pulp	D5097480	2.3		2.28		-2.17		380
DIS750	146	147	Pulp	D5097481	2.2		3.17		36.57		470
DIS750	147	148	Pulp	D5097482	3.5		3.68		3.88		580
DIS750	148	149	Pulp	D5097484	1.1		1.17		3.48		500

Hole_ID	D_FRO M (m)	D_TO (m)	Sample Type	Sample ID	Original Assay		Re-Assay		Diff(%)		Weight (g)
					Au (g/t)	Cu (%)	Au (g/t)	Cu (%)	Au	Cu	
DIS750	149	150	Pulp	D5097485	1.2		1.31		5.49		480
DIS750	150	151	Pulp	D5097486	2.4		2.55		4.82		520
DIS750	151	152	Pulp	D5097487	3.3		3.56		8.80		490
DIS750	152	153	Pulp	D5097488	1.2		1.95		48.41		480
DIS750	153	154	Pulp	D5097489	1.1		1.1		-		570
DIS750	154	155	Pulp	D5097490	1		1.02		-1.94		480
DIS750	155	156	Pulp	D5097491	1.9		1.91		1.58		320
DIS761	166	166.6	Pulp	D5127483	0.1		0.05		-18.18		510
DIS761	166.6	168	Pulp	D5127484	1.3		1.33		2.28		470
DIS761	168	169	Pulp	D5127485	4.2		4.24		1.90		450
DIS761	169	170	Pulp	D5127486	0.9		2.46		94.61		470
DIS761	170	171	Pulp	D5127487	1.1		1.1		-0.90		490
DIS761	171	172	Pulp	D5127488	2.2		2.4		7.79		470
DIS761	172	173	Pulp	D5127489	2.9		3.03		5.08		490
DIS761	173	174	Pulp	D5127490	24		22.5		-6.32		430
DIS761	174	175	Pulp	D5127492	5.1		6.22		20.18		340
DIS761	175	176	Pulp	D5127493	3.7		3.96		8.15		410
DIS761	176	177	Pulp	D5127494	1.5		1.65		12.22		410
DIS761	177	178	Pulp	D5127495	1.2		1.69		32.30		370
DIS761	178	179	Pulp	D5127496	2		2		-		370
DIS761	179	180	Pulp	D5127497	3.9		4.7		18.10		410
DIS761	182	183	Pulp	D5127500	4.9		5.08		4.22		350
DIS761	183	184	Pulp	D5127501	3.9		4.46		14.42		390
DIS761	184	185	Pulp	D5127503	2.7		3.19		15.91		480
DIS761	185	186	Pulp	D5127504	1.8		1.84		1.09		390
DIS761	186	186.6	Pulp	D5127505	1.8		2.23		20.25		410
DIS761	186.6	188	Pulp	D5127506	0.5		0.57		13.08		400
KHN1154	200	201	HCHQ	D2212912		1.35		1.42		5.10	1980
KHN1154	201	202	HCHQ	D2212913		0.73		0.93		24.64	1840
KHN1154	202	203	HCHQ	D2212914		2.46		3.45		33.43	1970
KHN1154	203	204	HCHQ	D2212915		0.64		1.04		47.99	1710
KHN1154	204	205	HCHQ	D2212916		0.99		1.24		22.54	1750
KHN1154	205	206	HCHQ	D2212918		1.22		1.01		-18.86	1790
KHN1154	206	207	HCHQ	D2212919		3.89		3.58		-8.26	1700
KHN1154	207	208	HCHQ	D2212920		1.03		0.91		-11.82	1810
KHN1154	208	209	HCHQ	D2212921		3.99		5.29		27.93	1960
KHN1154	209	210	HCHQ	D2212922		5.84		8.59		38.11	1910
KHN1154	210	211	HCHQ	D2212924		4.28		5.00		15.55	2420
KHN1154	211	212	HCHQ	D2212925		3.4		4.19		20.84	1880
KHN1154	212	213	HCHQ	D2212926		1.61		1.97		20.17	1830
KHN1154	213	214	HCHQ	D2212927		0.89		0.99		11.41	2020
KHN1154	214	215	HCHQ	D2212928		0.94		0.88		-6.79	1970
KHN1154	215	216	HCHQ	D2212930		0.19		0.23		19.30	2120
KHN1154	216	217	HCHQ	D2212931		0.36		0.41		12.11	1960
KHN1154	217	218	HCHQ	D2212932		0.16		0.13		-20.30	1880
KHN1154	218	219	HCHQ	D2212933		1.31		1.20		-8.52	2040
KHN1154	219	220	HCHQ	D2212934		0.45		0.92		69.20	1660
Total sample				82					8.18	14.65	

Figure 8-1: Au Comparison with Re-assay by SRK and Original Assay from Sepon for Drilling Cores

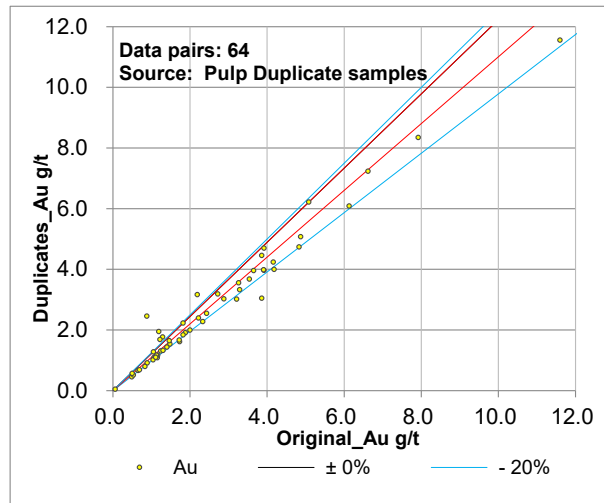


Figure 8-2: Cu Comparison with Re-assay by SRK and Original Assay from Sepon for Drilling Cores

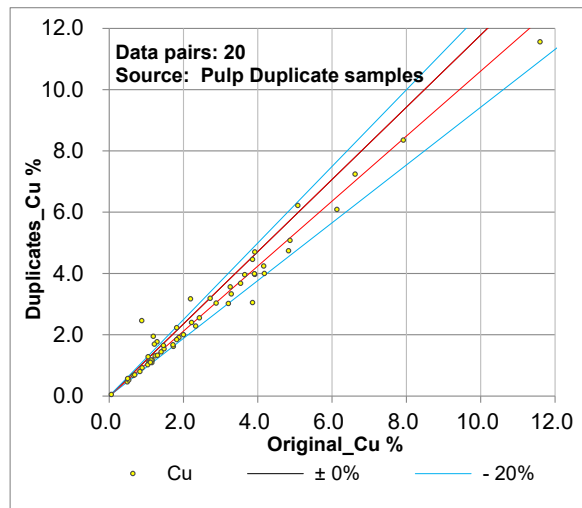


Table 8-2: Assay Report for Rock Samples from Sepon by SRK 2022

Prospect	Pit name	SPL_ID	Cu(%)	Au(g/t)	W(Kg)	Comment
DSW	Discovery West_A1 pit	R328792	<0.01	0.35	1.2	Au, 6-9 g/t
NLU	Nalou_Pit	R328793	<0.01	4.84	2	Au, 3-5 g/t
TKE	Thengkham East pit	R328794	5.15	2.99	3.8	Cu, 0.5-1.0 %

Prospect	Pit name	SPL_ID	Cu(%)	Au(g/t)	W(Kg)	Comment
TKN	Thengkham North A pit	R328795	0.65	0.49	2.8	Cu_pri
TKN	Thengkham North A pit	R328796	1.25	0.18	2	Cu_pri
TKN	Thengkham North A pit	R328797	0.02	0.94	1.6	Cu_pri
TKN	Thengkham North A pit	R328798	0.38	0.08	2	Cu_pri
TKN	Thengkham North A pit	R328799	1.14	0.19	2.6	Cu_pri
TKN	Thengkham North A pit	R328800	0.37	0.56	2.6	Cu_pri
TKN	Thengkham North A pit	S174600	0.14	0.09	2	Cu_pri
TKN	Thengkham North A pit	S174601	0.98	0.41	2	Cu_pri
TKN	Thengkham North A pit	S174602	1.12	0.16	1.4	Cu_pri
Total		12 SPL			26	

8.2 Site Visits

Dr. Anson Xu and Dr. Tony Guo from SRK team visited the Sepon property from 8 December 2022 to 14 December of 2022 (Figure 8-2 to Figure 8-4). Table 8-3 lists the details for all the sites visited.

Table 8-3: Sites Visited at Sepon Property by SRK Team

Date	Site	Activities
Dec. 9	Mine camp	Visited mine office and met mine senior officers and technical team
Dec. 10	Discovery West A2-A3 pits, Nalou pit and Theng-kham east pit, Core shack	Visited DISW A2, A3 operation pits, Nalou and TKE pit; verified the Calin-type sulfide Au mineralization and skarn type Cu mineralization, collected samples R328792, R328793 and R328794 respectively; visited drilling sites of holes PVN1233D1 and MBE036; Checked out cores from holes PVN 1199, HYB163, DSW928, KHN1154, TKE454, PVN1231D1, BME036, DSW039D1
Dec. 11	Discovery and Nalou pits and underground tunnel	Visited open pit operation, sighted mining equipment, checked out mining designing and plan; visited underground tunnel and stopes development
Dec. 12	TKN pits, Processing plants and Laboratory	Visited TKN A pits and slope to check out the lower grade skarn and hornfelzed Cu mineralization, collected rock chip samples from R328796 to R328800, S174600, S174601; Visited processing plant, floatation, high-pressure leaching tanks and laboratory
Dec. 13	Corporate office	Visited corporate office and met mine senior officers and technical team

Figure 8-2: Black Colour Carbonate Hosted Carlin Type Au Mineralization at Discovery West A2 Pit



Figure 8-3: Skarn Type Cu Mineralization at Slope Wall of TKN A Pit

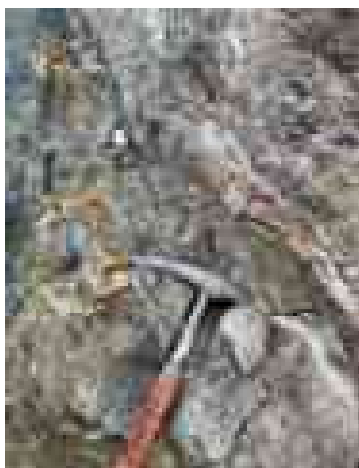


Figure 8-4: Hydrothermal Cu-Au Mineralization in the Intrusive



In December 2023 and May 2024, SRK team conducted an additional site visit to inspect other technical aspects of open-pit and underground mining, ore processing and smelter, as well as environmental issues.

9 Mineral Processing and Metallurgical Testing

9.1 Gold Ores

9.1.1 Mineralogy

A comprehensive mineralogical study on 60 drill core samples from Sepon Gold Mine was conducted. Sepon ores exhibit typical characteristics of refractory gold ores. In addition to occurring mainly as submicroscopic gold and micron-size inclusions in arsenian pyrite, the presence of slow-dissolving gold telluride, carbonaceous matter and arsenic-bearing Cu-Pb minerals makes gold extraction more challenging.

Bulk mineralogy and gold deportment studies were conducted on 30 of the 60 core samples, including 3 oxide ore samples and 27 primary samples. The mineralogical studies have concluded that:

1. Sepon Primary ores exhibit typical characteristics of refractory gold ores. In addition to occurring mainly as submicroscopic gold and micron-size inclusions in arsenian pyrite, the presence of slow-dissolving gold telluride, carbonaceous matter and arsenic-bearing Cu-Pb minerals makes gold extraction more challenging.
2. Grain size, liberation, association and chemistry of gold minerals (particularly gold tellurides) are the major mineralogical factors affecting gold recovery by gravity, flotation and also cyanidation.
3. Since gold is intimately associated with arsenian pyrite, overall gold recovery will be dictated by the efficiency and effectiveness of pyrite flotation, pressure oxidation and cyanidation.
4. Sepon Primary gold ores are composed mainly of silicate and carbonate minerals (including quartz, dolomite, muscovite and calcite), with trace to minor amounts of sulphide and other minerals. Dolomite is a calcium-magnesium bearing carbonate, which will drive acid demand to over 250 kg/t for the associated quantities within Sepon Primary gold, making any processing route uneconomical which includes acidification.
5. Sepon Primary gold can be classified as Carlin-type due to the presence of organic carbon. It is well known that carbonaceous material in the Carlin-type ores is detrimental to gold ore processing due to its preg-robbing capability. The presence of organic carbon dictates that some fraction of the Sepon Primary gold mineral inventory to be classified as double refractory.
6. Pyrite is the predominant sulphide mineral within Sepon Primary gold ores. Pyrite occurs as arsenian pyrite, mainly fine-grained (down to 1µm) and disseminated in silicate and carbonates. Coarse pyrite (up to several hundred microns) is not common.
7. The grade of refractoriness varies among the primary gold pits; with Nalou and Namkok being classified as highly refractory, while Discovery ore as mildly refractory.

9.1.2 Metallurgical Tests

The metallurgical response of Sepon Primary Ores has been evaluated since 2005. The most relevant testing data have been considered for the 2020 reformation design purposes. This includes three different testing campaigns:

- Burnie Laboratory campaign 2004 – 2005
- Hazen Testwork campaign 2006 – 2007
- G&T Testwork campaign 2006-2008
- Ammtec Testwork campaign - 2010
- ALS Testwork campaign 2012 -2013
- BGRIMM Testwork campaign 2018 - 2019

The metallurgical samples used for these testing campaigns are considered representative of the deposit.

9.1.3 GRG Test

A Gravity Recoverable Gold ("GRG") test was conducted in the year of 2019 BGRIMM testing program. Under a grind fineness of 60% to 90% minus 74 microns, the gravity concentrate grade of the Knelson concentrator is around 20 g/t with a gold recovery of only about 10%. The grinding fineness had little effect.

During the 2013 ALS testing program, a GRG test using a master composite sample ($P_{80} = 53$ microns) resulted in a gold recovery of 14.5%, with a mass pull of 4.36%. The GRG test results indicate that the gravity process is not feasible with the ultrafine dissemination of gold.

Flotation Test

The flotation response from Sepon Primary ores has received significant attention in order to maximise gold recovery. The tests were involved in the above testing campaigns. The flotation responses are illustrated in Figure 9-1 and summarized below:

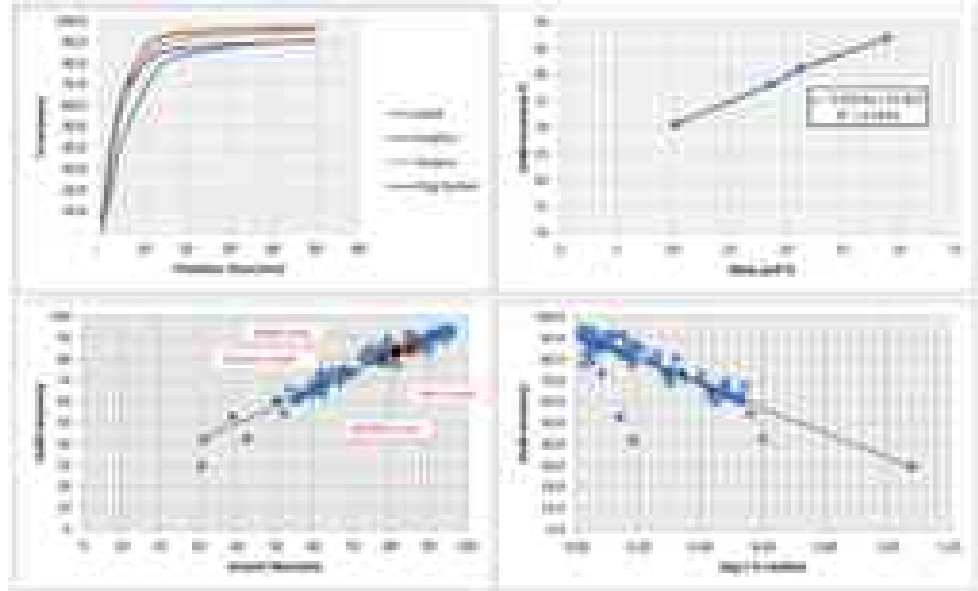
- Gold flotation recovery is in line with the sulphur, arsenic, organic carbon and the mass pull of the concentrate. The flotation time should be no less than 50 minutes.
- The optimal primary grind size is $P_{80}=53 \mu m$. The regrind and re-flotation of the flotation tails cannot improve the gold recovery.
- Flash flotation prior to conventional flotation can significantly improve the gold recovery.

Table 9-1 summarizes the results of four locked cycle flotation tests by BGRIMM.

Table 9-1: BGRIMM Flotation Test Results

Flotation Sheet	Head Grade (g/t)	Concentrate Grade (g/t)	Mass Pull (%)	Gold Recovery (%)
Carbon pre-float	4.38	29.10	10.19	70.52
Conventional	4.38	18.31	18.64	78.04
Flash pre-float	4.38	16.94	21.32	81.24
Intensified flash pre-float	4.38	12.95	29.04	86.89

Source: Sepon Gold Project Study – Chapter 7 Metallurgy and Mineral Processing

Figure 9-1: Sepon Primary Ore Flotation Response

Source: Sepon Gold Project Study – Chapter 7 Metallurgy and Mineral Processing

Pressure Oxidation

All pressure oxidation feeds were pre-acidulated with flotation concentrate. The post POX residue underwent the CIL process.

Hazen performed POX tests in both batch and pilot plant tests. Three batch tests gave consistent CIL results of 93.7% - 94.2% gold recovery when the sulphide sulphur oxidation was around 95%. The pilot plant produced CIL recoveries of 91.3% - 94.4% for partially acidulated feeds. When the feed was fully pre-acidulated the recoveries were 81% - 85%.

ALS POX tests confirmed the gold recovery ranges from 92% to 94%.

BGRIMM tests showed recoveries within 92.0% - 95.3%, and no regrind either lime boil was required.

Flotation Tails CIL

Historically cyanide leaching of flotation tails has been performed under aggressive leaching conditions including 2,000 ppm sodium cyanide concentration. Under these conditions, the cyanide consumption was over 4 kg/t, yielding a non-economical business proposition as additional gold recovery was within 3% - 6%.

A pre-conditioning step and a lower cyanide concentration in the CIL were tested. Cyanide consumption was reduced to under 0.4 kg/t.

An additional test was performed by regrinding the flotation tails down to 10 microns; however recovery was not improved highlighting the severe liberation issue related to the non-recoverable gold.

LXML Metallurgical Laboratory and Testing

The Sepon Gold Plant has been reformed to process oxide ore and primary ore in a parallel mode. The oxide ore is processed by the carbon-in-leaching ("CIL") process, and the primary ore is processed by the "flotation - concentrate POX - CIL process". The final product is Gold Doré. As both the oxide and primary ores are refractory, the gold recoveries are low, with the oxide ore ranging from 51.8% to 68.9% and primary ore ranging from 54.7% to 67.0%.

A metallurgical laboratory adjacent to the plants complex conducted metallurgical tests frequently on the samples from different ore bodies and plant flow to optimise the operation parameters for gold recovery improvement. Figure 9-2 shows part of the metallurgical test equipment.

Figure 9-2: Part of Test Devices in Sepon Metallurgical Laboratory



Source: SRK site visit

Tests of Reducing Mass Pull by Regrinding-Recleaning of primary flotation concentrate have been completed in the laboratory. A new plant for regrinding-recleaning of primary concentrate is being built to reduce the carbonates for acid saving of concentrate acidulation. The target regrind fineness is P80=20 μ m, and the test results are shown in Table 9-2. Mass pull is capable of being reduced down to ~15% via regrinding at a small cost to recovery (e.g., 1-2%). Correspondingly, the flotation recovery of calcium which is the indicator for sulfuric acid consumption in acidification ahead of POX, was reduced by 50% or more.

Table 9-2: Primary Concentrate Regrinding-recleaning Test Result

Reflotation Circuit	Mass Pull (%)	Ca Recovery (%)	Au Recovery (%)		
			Flot	POX-CIL	Overall
Current Plant Circuit	29.10	17.1	86.8	78.0	67.7
Coarse Split Flotation - Regrinding	15.66	5.5	86.2	80.1	69.1

Re flotation Circuit	Mass Pull (%)	Cu Recovery (%)	Au Recovery (%)		
			Flot	POX-CIL	Overall
Regrinding	19.31	7.3	86.5		69.3
Coarse Split Flotation - Regrinding	16.90	6.0	86.3		69.1

Source: LXML- Reducing Mass Pull by Regrinding-Recleaning

The current laboratory test is resin-in-Leach ("RIL"), using resin to replace activated carbon as the gold adsorbent. It is expected to improve the gold recovery as that the strong adsorption capacity of the resin can compete with organic carbon.

9.1.4 Conclusion and Recommendation

Sepon gold ores, both oxide and primary, are refractory due to the ultrafine deportment, the presence of arsenic and antimony minerals and organic carbon.

CIL process is suitable for the gold extraction of oxide ore, but the gold recovery is low. The historical production performance shows gold recovery ranging from 51.8% to 68.9%.

Flotation-POX-CIL process is suitable for the gold extraction of primary ore. The flotation tests indicate the gold recovery of flotation concentrate ranges from 85% to 90%, and the concentrate POX-CIL recovery ranges from 92% to 94%.

Gravity concentration is not suitable for the processing of Sapon gold ores. The gold extraction rate is as low as 3% to 6% for the flotation tails cyanidation.

The onsite metallurgical laboratory is well equipped. The frequent tests can guide the processing plant operation to remain steady and achieve satisfactory result.

9.2 Copper ores

9.2.1 Introduction

Sapon oxide copper ores are processed using hydrometallurgical process including agitation leaching and heap leaching, solvent extraction and electrowinning ("SX/EW") of the pregnant leach solution ("PLS"). The current copper plant adopts this process.

Supergene copper ores are processed using a unique hydrometallurgical process designed as an alternative to flotation and heap leaching.

Primary copper mineralisation at Thengkhamb and at Khanong has been identified; however, this ore contains chalcopryrite which the Sapon process was not designed to treat because chalcopryrite is refractory under the designed leaching conditions.

The test study on primary copper ores is focused on flotation process to produce a saleable copper concentrate.

9.2.2 Mineralogy

Seven primary ore samples from Thengkhamb East were examined for mineralogy by ALS in 2008. The mineral composition is listed in Table 9-3 for the seven samples. Nearly all of the copper was present as chalcopyrite. Minor tennantite and bornite, accounting for less than 3% of the total copper, were found in some of the samples. Pyrite was the other main sulphide mineral, varying from 0.2% to 10% in the samples. Gangue minerals varied between the samples. The major gangue minerals were dolomite, other carbonates such as calcite and ankerite, garnet, mica, quartz, and other silicates such as diopside, orthoclase, serpentine and amphibole.

Table 9-3: Mineral composition of Thengkhamb East Primary Samples

Mineral	Sample ID						
	R036781	R036782	R036783	R036784	R036785	R036786	R036787
Chalcopyrite	6.19	1.86	1.09	8.13	1.59	1.87	0.72
Bornite	0	0	0	0	0	0.01	0.01
Tennantite	0.14	0	0.03	0	0	0	0
Pyrite	4.85	0.94	2.96	9.93	0.28	0.18	4.81
Molybdenite	0	0	0.07	0.03	0.01	0.01	0
Iron Oxide	0	0.01	0.01	0.01	0.54	0.99	10.42
Ankerite	0.58	15.26	0.06	47.61	0.18	0.56	0.11
Calcite	2.72	5.8	1.61	0.29	11.1	18.04	11.42
Dolomite	40.98	53.41	5.65	4.58	0.11	0.17	0.18
Fluorite	0.08	0.2	0.02	0.46	0.01	0.01	0.57
Apatite	0.01	0.02	0.13	0.05	0.11	0.11	0.01
Amphibole	0.41	0.11	0.03	0	0	0.21	10.06
Andradite_Grossular	0.56	1.68	0.65	1.61	64.85	55	0.37
Chlorite	0.07	0.98	0	0.02	0.28	0.03	0
Chlorite_2	0	0	0	16.84	1.35	1.77	0.13
Chlorite_3	0	0	0.01	0	2.79	0.61	0.38
Chlorite_4	0	0	0	1.19	0.45	0.52	0
Diopside	4.54	2.79	0.43	0.3	0.34	0.92	26.76
Illite	0.07	0.06	1.63	0.86	8.41	4.9	0.01
Muscovite	0.63	0.17	26.01	4.56	0.12	0.1	0
Orthoclase	0.01	0	10.01	0.01	0.25	0.1	0
Phlogopite	0	0	0	0	0.02	0.02	2.23
Quartz	38.12	16.66	49.08	3.38	6.73	13.57	0.24
Serpentine	0.02	0.01	0.05	0	0	0.07	31.55
Titanite	0.01	0.01	0.04	0.01	0.34	0.16	0
Others	0.01	0.03	0.43	0.13	0.14	0.07	0.02
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: LXML - Sepon Thengkhamb Primary Copper Proof of Concept

9.2.3 Flotation Test

Flotation tests were conducted on 29 composites samples, which covered different rock types and lithologies, and a broad range of copper, sulphur, calcium and magnesium grade.

The tests adopted conventional flowsheet comprising rougher flotation at grind size of $P_{80}=106 \mu m$, regrinding the rougher concentrate to target fineness of $P_{80}=25 \mu m$ then cleaner flotation. The tests results are summarised in Table 9-4.

Low grade samples with average grade of 0.61% Cu yielded a copper recovery of 84.5%, with a concentrate grade of 18.5% Cu.

Middle grade samples with average grade of 1.12% Cu yielded a copper recovery of 83.2%, with a concentrate grade of 19.4% Cu.

High grade samples with average grade of 1.42% Cu, yielding a copper recovery of 57.0%, with a concentrate grade of 7.5%. All the high grade samples showed a high sulphur content and high Acid Soluble Copper (ASCu) fraction, which resulted in the low concentrate grade and low copper recovery.

Table 9-4: Primary Copper Flotation Results

Sample ID	Lithology	Head Grade (%)		Regrind (µm)	Mass pull (%)	Conc. Grade (%)		Cu Recovery (%)
		Cu	S			Cu	S	
Comp 8	Massive sulphide	0.28	1.2	24.4	1.0	24.5	27.9	88.8
Comp 6	Altered dolomite	0.39	11.8	24.9	2.3	13.0	22.1	77.1
Comp 2	Skarn	0.47	4.8	25.1	2.4	16.0	21.4	82.4
Comp 4	Magnesium Skarn	0.48	4.1	21.2	2.7	15.0	18.8	82.9
Comp 10	Altered Hornfels	0.53	2.9	24.4	1.9	24.9	28.9	89.3
Comp 5	Altered dolomite	0.60	8.7	25.2	3.1	16.6	34.5	85.3
Master TK3	HNF + SLT	0.73	5.5	30.0	5.0	12.1	39.8	87.9
Comp R2_5	Altered dolomite	0.84	8.0	23.0	3.6	19.0	37.1	80.5
Master TK6	HSK/DOL/HNF	0.86	4.8	25.0	2.7	26.4	33.5	83.6
Master TK1	DOL	0.87	2.8	22.4	3.5	19.9	23.7	86.8
Average		0.61	5.5	24.6	2.8	18.7	28.8	84.5
Master TK4	MAG/SCS-DOL	0.90	8.1	22.0	4.8	12.7	33.6	73.7
Comp R2_II	RDP	0.92	5.5	25.4	3.2	26.6	31.0	92.4
Master TK5	RDP	0.96	2.6	26.0	5.3	15.3	19.1	85.9
Comp R2_3	Magnesium Skarn	0.99	7.6	24.3	3.8	21.1	27.5	80.2
Master TK9	SRD/HSK/DOL	1.00	7.6	30.0	5.7	13.4	39.4	80.8
Master TK10	DOL/SRD/SLT	1.00	8.9	31.0	5.4	16.8	37.6	89.0
Comp R2_I	Skarn	1.05	7.4	25.7	3.6	26.9	31.1	91.2
Comp 3	Magnesium Skarn	1.07	5.0	20.7	5.9	15.1	19.0	83.4
Master TK7	MSS/HNF	1.09	4.7	32.0	5.4	19.0	35.6	91.3
Comp 9	Altered Hornfels	1.23	2.3	25.0	3.7	28.3	30.3	84.4
Comp 7	Massive sulphide	1.29	4.4	24.3	3.7	23.7	31.4	68.3
Comp 1	Skarn	1.33	5.2	25.9	5.2	21.1	25.0	82.5
Comp R2_9	Altered Hornfels	1.33	6.5	25.6	4.9	19.8	38.1	72.7
Master TK12	MSS-DOL	1.47	5.7	33.0	10.4	12.4	40.3	89.6
Average		1.12	5.8	26.5	5.1	19.4	31.4	83.2
Master TK8	DOL/RDP	0.96	12.1	34.0	15.0	3.4	47.7	53.2
Master TK11	MSS-SLT/DOL	1.29	13.2	42.0	19.3	3.1	49.1	47.3
Comp R2_7	Massive sulphide	1.13	14.0	25.7	4.4	21.3	37.6	81.6
Master TK2	RDP	1.11	18.0	39.0	22.0	3.2	48.7	69.2
Master TK13	MSS - DOL/RDP	2.63	43.0	29.0	13.2	6.7	47.9	33.6
Average		1.42	20.1	33.9	14.8	7.5	46.2	57.0

Source: LXML - Sepon Thengkhram Primary Copper Proof of Concept

A master composite was produced from other composites previously used for bench flotation testing. The flotation test results are shown in Table 9-5. The test achieved a copper recovery of 89.1%, with a concentrate grade of 22.3%.

Table 9-5: Master Composite Flotation Test Results

Product	Mass Pull (%)	Grade (%)			Recovery (%)		
		Cu	S	Fe	Cu	S	Fe
Cleaner Conc.	4.25	22.3	28.8	26.1	89.1	17.2	10.3
Cleaner Tail	4.32	0.56	12.1	14.7	2.27	7.32	5.89
Rougher Tail	91.4	0.10	5.9	9.87	8.59	75.5	83.8
Calc'd Head	100.0	1.06	7.14	10.8	100.0	100.0	100.0
Assay Head		1.11	6.79	10.2			

Source: LXML - Sepon Thengkhram Primary Copper Proof of Concept

9.2.4 Conclusion and Recommendation

Conventional flotation process can be applied to the primary copper ores to produce a saleable copper concentrate. The concentrate grade and copper recovery are affected by the sulphur grade and ASCu/TCu ratio. A general copper recovery of 80% can be achieved.

The gold and silver are likely recovered into copper concentrate but there are no relevant data. The precious metals credit to the concentrate cannot be evaluated. More flotation tests are recommended to assess the gold and silver recovery and concentrate quality.

10 Mineral Resource Estimates

The JORC Code 2012 defines a mineral resource as:

“a concentration or occurrence of material of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.”

“All reports of Mineral Resources must satisfy the requirements that there are reasonable prospects for eventual economic extraction (ie more likely than not), regardless of the classification of the resource.

Portions of a deposit that do not have reasonable prospects for eventual economic extraction must not be included in a Mineral Resource...”

10.1 Introduction

LXML is an operating mine at the Effective Date. It hosts several deposits along a 14 km long belt of carbonaceous rocks. Figure 10-1 is showing the plan view of current LXML deposits.

The open pits are or will be constructed at the area of deposits of DSE OP, DSW OP, NLU OP, SKM OP, NKW OP, TKM OP, KHN OP and Far West Areas (Nakachan (NAK OP), Ban Non (NON OP), and Ban Mai (MAI OP)). The underground mines are located at deposits Discovery Deep East (DSE UG) and Discovery Deep West (DSW UG).

In addition to these deposits, there are dozens of stockpiles of gold and copper ore on site.

The latest block models and data were constructed or updated by LXML personnel as at 30 September 2024.

At the Effective Date, SRK estimated Mineral Resource from these deposits and stockpiles.

Figure 10-1: Plan view of LXML Mineral Resource Deposits

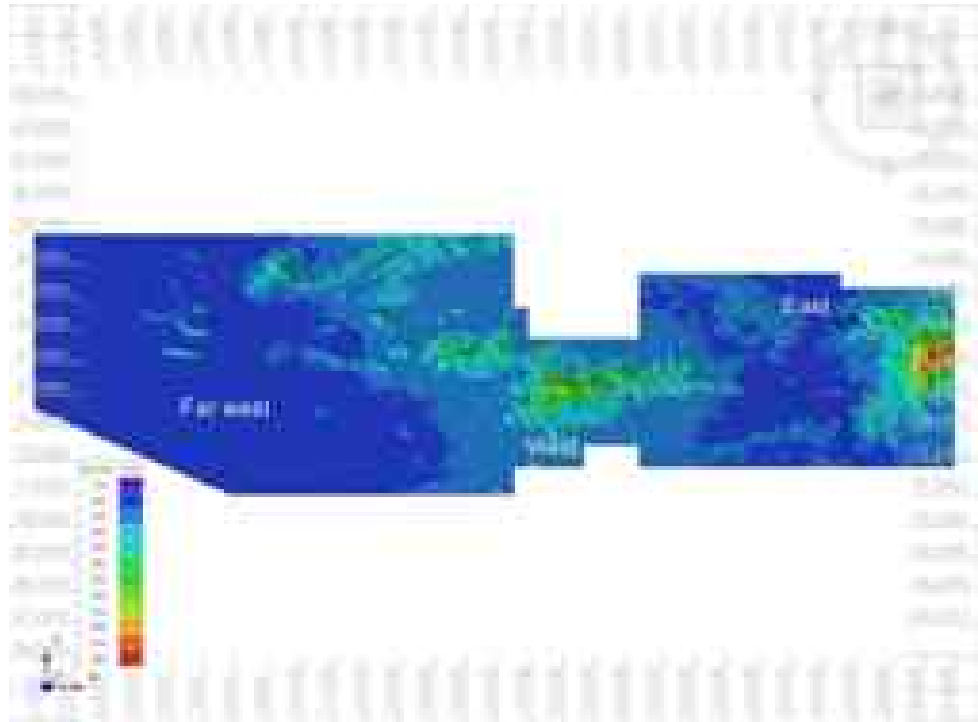


Sources: LXML

10.2 Year (Quarter)-end Map and Mined-out Areas

SRK was provided with a year (Quarter)-end map dated on 30 September 2024. The map covers those deposits that are working or in plan. After reviewing of the year-end map, SRK considered it was of sufficient details to support Mineral Resource estimate.

Figure 10-2: Year(Quarter)-end Map, Dated on 30 September 2024



Sources: SRK

10.3 Mineral Resource Models

SRK were provided with the latest block models, thirteen in total, which were constructed or updated by LXML personnel between in February to March 2024 and September 2023 (nlu_gc.bmf) and notes ("MR 2024Q1 Classification Notes.xlsx"), where Mineral Resource categories are classified in twelve block models. Among them, six block models have been updated based on sustaining exploration campaigns. They are: DSE OP ("dse_gc_29032024.bmf"), DSW OP ("dsw_gc_03022024.bmf"), NMK OP ("nkk_gc300324.bmf"), NLU OP ("nlu_gc160324.bmf together with nlu_gc.bmf"), SKM OP ("Songkham_v3.bmf"), and DSC UG ("DSC_UG_FEB24.bmf").

For the Phavat deposit ("PVT"), the Mineral Resources cannot be reported by SRK since the block model "bm_pvt_oct 2023.bmf " has not been classified as Mineral Resource.

10.4 Open Pit Mining

10.4.1 Discovery East (DSE OP)

The key parameters for DSE Mineral Resource estimation are summarized in Table 10-1.

Table 10-1: Key Parameters of Mineral Resources Estimate (DSE OP)

Item	Description
Software	Vulcan
Drill hole database	-
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t
Block size	The Parent block model is 150 x 96 x 75m, and the sub cell is 1 x1 x 2.5 m
Grade capping	-
Grade interpolation	-
Search parameter	-
Mineral Resource classification	Indicated: Approximate drill-hole spacing 20 to 40m through the area. Some parts with closer spacing. Inferred: Approximate drill-hole spacing up to 40m. All of DSE02A pit assigned Indicated. All of Oxide in DES04B is classified as Indicated, all of Primary in DSE04B is classified as Inferred. The DSE04B pit is targeting the northern edge of mineralisation and several sections do not have drilling closing out the mineralisation. Therefore, this mineralisation has been classified as Inferred in this pit shell. All other mineralisation has been classified as Indicated.

Sources: LXML

The DSE Statement of Mineral Resource is shown in Table 10-2.

Table 10-2: Mineral Resource Statement of DSE OP Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	472	1.61	0.76	24
	MES+IND	472	1.61	0.76	24
	Inferred	-	-	-	-
Primary	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	143	3.23	0.46	15
Total	Measured	-	-	-	-
	Indicated	472	1.61	0.76	24
	MES+IND	472	1.61	0.76	24
	Inferred	143	3.23	0.46	15

Sources: SRK

10.4.2 Discovery West (DSW OP)

The key parameters for DSW Mineral Resource estimation are summarized in Table 10-3.

Table 10-3: Key Parameters of Mineral Resources Estimate (DSW OP)

Item	Description
Software	-
Drill hole database	-
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t
Density	-
Block size	The Parent block model is 150 x 96 x 75m, and the sub cell is 1 x1 x 2.5m
Grade capping	-
Grade interpolation	-
Search parameter	-
Mineral Resource classification	Indicated: Approximately 20m spacing with some closer spaced drilling in places from previous GC campaigns. All of pits classified as Indicated Inferred: Approximate drill-hole spacing up to 40m

Sources: LXML

The DSW Statement of Mineral Resource is shown in Table 10-4.

Table 10-4: Mineral Resource Statement of DSW OP Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	12	1.02	0.01	0.4
	MES+IND	12	1.02	0.01	0.4
	Inferred	-	-	-	-
Primary	Measured	-	-	-	-
	Indicated	18	7.39	0.13	4
	MES+IND	18	7.39	0.13	4
	Inferred	-	-	-	-
Total	Measured	-	-	-	-
	Indicated	29	4.86	0.14	5
	MES+IND	29	4.86	0.14	5
	Inferred	-	-	-	-

Sources: SRK

10.4.3 Namkok West (NKW OP)

The key parameters for NKW Mineral Resource estimation are summarized in Table 10-5.

Table 10-5: Key Parameters of Mineral Resources Estimate (NKW OP)

Item	Description
Software	Leapfrog and Vulcan
Drill hole database	The database contains information for 17,421 boreholes and 530,024 samples with Cu, Au and silver (Ag) assays

Item	Description
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t.
Density	14,209 SG samples
Block size	The Parent block model is 60 x 30 x 10m, and the sub cell is 1 x 1 x 2.5m
Grade capping	Au Primary LG Pass 1:Au Lower:0.005 g/t Au Upper :15g/t Au Primary HG Pass 1:Au Lower:0.005 g/t Au Upper :30g/t Au Oxide LG Pass 1:Au Lower:0.001 g/t Au Upper :15g/t Au Oxide HG Pass 1:Au Lower:0.001 g/t Au Upper :20g/t
Grade interpolation	Ordinary Kriging
Search parameter	Domain Au Primary HG 1 pass: Dynamic anisotropy: Maj (dist.):50 Inter (dist.):25 Minor (dist.):20; Min No Samples:12 Max No Samples:15 2 pass: Dynamic anisotropy: Maj (dist.):80 Inter (dist.):40 Minor (dist.):30; Min No Samples:9 Max No Samples:16 3 pass: Dynamic anisotropy: Maj (dist.):120 Inter (dist.):80 Minor (dist.):60; Min No Samples:6 Max No Samples:18 4 pass: Dynamic anisotropy: Maj (dist.):1,000 Inter (dist.):800 Minor (dist.):600; Min No Samples:4 Max No Samples:12
Mineral Resource classification	Measured (approx. 10m spacing), Indicated (20 to 25m spacing), Inferred (>50m, up to 70m) Measured (approx. 10m spacing), Indicated (20 to 25m spacing), Inferred (>50m, up to 70m) All of pit NMK01B classified as Indicated. All of NMK02A classified as Measured. All of NMK02B is Inferred. All of NMK3A is Indicated.

Sources: LXML

The NKW Statement of Mineral Resource is shown in Table 10-6.

Table 10-6: Mineral Resource Statement of NKW OP Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	29	1.05	0.03	1
	Indicated	1,064	1.28	1.36	44
	MES+IND	1,093	1.27	1.39	45
	Inferred	176	0.90	0.16	5
Primary	Measured	1	2.78	0.003	0.1
	Indicated	259	3.43	0.89	29
	MES+IND	260	3.42	0.89	29
	Inferred	-	-	-	-
Total	Measured	30	1.11	0.03	1
	Indicated	1,323	1.70	2.25	72
	MES+IND	1,353	1.68	2.28	73
	Inferred	176	0.90	0.16	5

Sources: SRK

10.4.4 Nalou (NLU OP)

The key parameters for NLU Mineral Resource estimation are summarized in Table 10-7.

Table 10-7: Key Parameters of Mineral Resources Estimate (NLU OP)

Item	Description
Software	Leapfrog and Vulcan
Drill hole database	The database contains information for 17,421 boreholes and 530,024 samples with Cu, Au and silver (Ag) assays.
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t.
Density	14,209 SG samples
Block size	The Parent block model is 60 x 30 x 10m, and the sub cell is 1 x 1 x 2.5m
Grade capping	Au Primary LG Pass 1:Au Lower:0.005 g/t Au Upper :15g/t Au Primary HG Pass 1:Au Lower:0.005 g/t Au Upper :30g/t Au Oxide LG Pass 1:Au Lower:0.001 g/t Au Upper :15g/t Au Oxide HG Pass 1:Au Lower:0.001 g/t Au Upper :20g/t
Grade interpolation	Ordinary Kriging
Search parameter	Domain Au Primary HG 1 pass: Dynamic anisotropy; Maj (dist.):50 Inter (dist.):25 Minor (dist.):20; Min No Samples:12 Max No Samples:15 2 pass: Dynamic anisotropy; Maj (dist.):80 Inter (dist.):40 Minor (dist.):30; Min No Samples:9 Max No Samples:16 3 pass: Dynamic anisotropy; Maj (dist.):120 Inter (dist.):80 Minor (dist.):60; Min No Samples:6 Max No Samples:18 4 pass: Dynamic anisotropy; Maj (dist.):1,000 Inter (dist.):800 Minor (dist.):600; Min No Samples:4 Max No Samples:12
Mineral Resource classification	Measured (5 to 10m spacing), Indicated (20 to 25m spacing, some areas broader with less than 50m), Inferred (>50m) Classification applied by each pit shell/stage. 2B includes Measured where GC drilling has been undertaken (approximately 5 by 10m spacing). All other mineralisation in this pit is considered Indicated with a drill-spacing of between 20 to 25 metres. 2C has been classified in the same way as for 2B. 3C is entirely classified as Indicated as no GC has been completed for this pit shell and drill spacing is approximately 25 metre (less than 50m). 3D is entirely Inferred due to the drilling being broad-spaced in this volume.

Sources: LXML

The NLU Statement of Mineral Resource is shown in Table 10-8.

Table 10-8: Mineral Resource Statement of NLU OP Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	72	1.25	0.09	3
	MES+IND	72	1.25	0.09	3
	Inferred	24	1.20	0.03	1
Primary	Measured	1	2.41	0.00	0
	Indicated	299	3.80	1.14	37
	MES+IND	301	3.79	1.14	37
	Inferred	-	-	-	-
Total	Measured	1	2.41	0.003	0.1
	Indicated	372	3.30	1.23	39

MES+IND	373	3.30	1.23	40
Inferred	24	1.20	0.03	1

Sources: SRK

10.4.5 Ban Mai (MAI OP)

The key parameters for MAI Mineral Resource estimation are summarized in Table 10-9.

Table 10-9: Key Parameters of Mineral Resources Estimate (MAI OP)

Item	Description
Software	Leapfrog
Drill hole database	The database contains information for 1,309 boreholes and 97,225 samples with Cu, Au and silver (Ag) assays
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t.
Density	4,494 SG samples
Block size	The Parent block model is 25 x 12.5 x 25m, and the sub cell is 6.25 x 3.125 x 6.25m
Grade capping	Domain Au_H_01: Au Lower:0.01 g/t Au Upper :15g/t Domain Au_H_02: Au Lower:0.005 g/t Au Upper :5g/t Domain Au_V_01: Au Lower:0.005 g/t Au Upper :25g/t Domain Au_V_08: Au Lower:0.07 g/t Au Upper :10g/t Domain Au_V_09: Au Lower:0.02 g/t Au Upper :15g/t Domain Au_V_10: Au Lower:0.09 g/t Au Upper :10g/t Domain Au_V_11: Au Lower:0.005 g/t Au Upper :10g/t Domain Au_V_12: Au Lower:0.03 g/t Au Upper :4g/t Domain Au_V_14: Au Lower:0.005 g/t Au Upper :2g/t Domain Au_V_16: Au Lower:0.005 g/t Au Upper :12g/t Domain Au_V_17: Au Lower:0.005 g/t Au Upper :5g/t
Grade interpolation	Ordinary Kriging
Search parameter	Dynamic anisotropy ; Maj (dist.):50 Inter (dist.):50 Minor (dist.):10; Min No Samples:5 Max No Samples:20
Mineral Resource classification	Inferred: ranges from 50 to 100m. Entirely classified as Inferred based on deposit only recently delivered from Exploration drilling for assessment as Mineral Resource. Drilling is broad spaced (50 to 100m spacing). Several mineralised intersections on the main mineralised sections provide support for estimating/reporting a mineral resource but inconsistent and variable results do not support higher than Inferred Mineral Resource until further definition drilling is completed.

Sources: LXML

The MAI Statement of Mineral Resource is shown in Table 10-10.

Table 10-10: Mineral Resource Statement of MAI OP Deposit at Far West Mine, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	734	2.03	1.49	48
Primary	Measured	-	-	-	-

	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	354	3.43	1.21	39
Total	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	1,088	2.48	2.70	87

Sources: SRK

10.4.6 Ban Non (NON)**Table 10-11:** Key parameters of Mineral Resources estimate (NON)

Item	Description
Software	Leapfrog
Drill hole database	The database holds information for about 269 boreholes and 26,562 samples each of which include Cu Au and Ag grade and other element-related data.
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t.
Density	1079 SG samples
Block size	The Parent block model is 25 x 12.5 x 25, and the subcell is 6.25 x 3.125 x 3.125
Grade capping	Domain Au_OX_01:Au Lower:0.005 g/t Au Upper :10g/t Domain Au_OX_02:Au Lower:0.005 g/t Au Upper :10g/t Domain Au_H_01:Au Lower:0.01 g/t Au Upper :10g/t Domain Au_W_03:Au Lower:0.005 g/t Au Upper :10g/t
Grade interpolation	Ordinary Kriging
Search parameter	Dynamic anisotropy; Maj (dist):30 Inter (dist):25 Minor (dist):5; Min No Samples:1 Max No Samples:20
Mineral Resource classification	Inferred: ranges from 50 to 100m. Entirely classified as Inferred based on deposit only recently delivered from Exploration drilling for assessment as Mineral Resource. Drilling is broad-spaced (50 to 100m spacing). Several mineralised intersections on the main mineralised sections provide support for estimating/reporting a mineral resource but inconsistent and variable results do not support higher than Inferred Mineral Resource until further definition drilling is completed.

Sources: LXML

Table 10-12: Mineral Resource Memorandum of Ban Non Open Pit Deposit at Far West Mine, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	651	1.90	1.24	40
Primary	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	55	3.67	0.20	7
Total	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-

Inferred	706	2.04	1.44	46

Sources: SRK

10.4.7 Nakachan (NAK OP)

The key parameters for NAK Mineral Resource estimation parameters summarized in Table 10-13.

Table 10-13: Key Parameters of Mineral Resources Estimate (NAK OP)

Item	Description
Software	Leapfrog
Drill hole database	The database contains information for 208 boreholes and 23,082 samples with Cu, Au and silver (Ag) assays
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 0.6 g/t, and for primary gold ore is 1.5 g/t.
Density	940 SG samples
Block size	The Parent block model is 20 x 15 x 5m, and the sub cell is 5 x 3x 2.5m
Grade capping	Domain Au in Oxide: Au Lower:0.03 g/t Au Upper :6g/t Domain Au in Primary: Au Lower:0.03 g/t Au Upper :6g/t Domain Au Waste: Au Lower:0.005 g/t Au Upper :0.6g/t
Grade interpolation	Ordinary Kriging
Search parameter	Au in Oxide DIP 193.3 Dip Azi 120 PITCH 40; Maj (dist.):30 Inter (dist.):25 Minor (dist.):5; Min No Samples:4 Max No Samples:20 Au in Primary DIP 25.2 Dip Azi 191.6 PITCH 11.6; Maj (dist.):308.3 Inter (dist.):95.8 Minor (dist.):50.9; Min No Samples:4 Max No Samples:20 Au Waste DIP 25.9 Dip Azi 191.6 PITCH 175.2; Maj (dist.):250 Inter (dist.):207 Minor (dist.):177; Min No Samples:4 Max No Samples:20
Mineral Resource classification	Inferred: ranges from 50 to 100m. Entirely classified as Inferred based on deposit only recently delivered from Exploration drilling for assessment as Mineral Resource. Drilling is broad-spaced (50 to 100m spacing). Several mineralised intersections on the main mineralised sections provide support for estimating/reporting a mineral resource but inconsistent and variable results do not support higher than Inferred Mineral Resource until further definition drilling is completed.

Sources: LXML

The NAK Statement of Mineral Resource is shown in Table 10-14.

Table 10-14: Mineral Resource Statement of NAK OP Deposit at Far West Mine, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	1,251	1.07	1.33	43
Primary	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	212	2.76	0.58	19

	Measured	-	-	-	-
	Indicated	-	-	-	-
Total	MES+IND	-	-	-	-
	Inferred	1,463	1.31	1.92	62

Sources: SRK

10.4.8 Thenkham (TKM OP)

The TKM OP Mineral Resource is shown in Table 10-15.

Table 10-15: Mineral Resource Statement of TKM OP Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Measured	-	-	-
	Indicated	-	-	-
	MES+IND	-	-	-
	Inferred	855	1.89	16.16
Primary	Measured	-	-	-
	Indicated	-	-	-
	MES+IND	-	-	-
	Inferred	32	1.82	0.59
Total	Measured	-	-	-
	Indicated	-	-	-
	MES+IND	-	-	-
	Inferred	888	1.89	1.68

Sources: SRK

10.5 Underground Mining

10.5.1 Discovery Deep East (DSE UG)

The key parameters for DSE UG Mineral Resource estimation are summarized in Table 10-16.

Table 10-16: Key Parameters of Mineral Resources Estimate (DSE UG)

Item	Description
Software	Vulcan
Drillhole database	The database contains information for 22,096 boreholes and 69,474 samples with Cu, Au and silver (Ag) assays
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 3 g/t, and for primary gold ore is Domain.
Density	21,642 SG samples
Block size	The Parent block model is 5 x 3 x 2.5m, and the sub cell is 1 x 1 x 1.25m
Grade capping	Au Lower:0.005 g/t Au Upper :10 g/t
Grade interpolation	Ordinary Kriging
Search parameter	Domain AuHGPr_Vn1 Dynamic anisotropy; Min No Samples:12 Max No Samples:20

Item	Description
	Domain AuHGPr_Vn2 Dynamic anisotropy; Min No Samples:8 Max No Samples:20 Domain AuHGPr_Vn3 Dynamic anisotropy; Min No Samples:4 Max No Samples:20
Mineral Resource classification	Measured (approximately 15m spaced drilling), Indicated (mostly 25m, up to 50m spaced), Inferred (50 to 100m spaced)
Sources: LXML	

The DSE UG Statement of Mineral Resource is shown in Table 10-17 .

Table 10-17: Mineral Resource Statement of DSE UG Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	-	-	-	-
Primary	Measured	245	8.85	2.17	70
	Indicated	2,839	6.94	19.71	634
	MES+IND	3,084	7.10	21.88	704
	Inferred	1,237	7.02	8.68	279
Total	Measured	245	8.85	2.17	70
	Indicated	2,839	6.94	19.71	634
	MES+IND	3,084	7.10	21.88	704
	Inferred	1,237	7.02	8.68	279

Sources: SRK

10.5.2 Discovery Deep West (DSW UG)

The key parameters for DSW UG Mineral Resource estimation are summarized in Table 10-18.

Table 10-18: Key Parameters of Mineral Resources Estimate (DSW UG)

Item	Description
Software	Vulcan
Drill hole database	The database contains information for 21,580 boreholes and 698,180 samples with Cu, Au and silver (Ag) assays
Cut-off grade	The Au cut-off grade depends on the gold ore types. For oxidized gold ore, the cut-off grade is 3 g/t, and for primary gold ore is Domain.
Density	21,642 SG samples
Block size	The Parent block model is 20 x 10 x 10m, and the sub cell is 2 x 2 x 2m
Grade capping	Au Lower:0.005 g/t Au Upper :10 g/t
Grade interpolation	Ordinary Kriging

Item	Description
Search parameter	Domain Au Primary HG 1 pass: Dynamic anisotropy; Maj (dist.):50 Inter (dist.):25 Minor (dist.):20; Min No Samples:12 Max No Samples:15 2 pass: Dynamic anisotropy; Maj (dist.):80 Inter (dist.):40 Minor (dist.):30; Min No Samples:9 Max No Samples:16 3 pass: Dynamic anisotropy; Maj (dist.):120 Inter (dist.):80 Minor (dist.):60; Min No Samples:6 Max No Samples:18 4 pass: Dynamic anisotropy; Maj (dist.):1,000 Inter (dist.):800 Minor (dist.):600; Min No Samples:4 Max No Samples:12
Mineral Resource classification	Inferred (Variable 30 to 110m spacing), All UG Mineral Resource classified as Inferred

Sources: LXML

The DSW UG Statement of Mineral Resource is shown in Table 10-19.

Table 10-19: Mineral Resource Statement of DSW UG Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	-	-	-	-
Primary	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	1,165	5.68	6.62	213
Total	Measured	-	-	-	-
	Indicated	-	-	-	-
	MES+IND	-	-	-	-
	Inferred	1,165	5.68	6.62	213

Sources: SRK

10.5.3 Khanong (KHN UG)

The KHN UG Mineral Resource is shown in Table 10-20.

Table 10-20: Mineral Resource Statement of KHN UG Deposit, as of 30 September 2024

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Measured	-	-	0
	Indicated	-	-	-
	MES+IND	-	-	-
	Inferred	-	-	-
Primary	Measured	-	-	-

	Indicated	2,445	1.90	46.52
	MES+IND	2,445	1.90	46.52
	Inferred	595	1.58	9.39
	Measured	-	-	-
Total	Indicated	2,445	1.90	46.52
	MES+IND	2,445	1.90	46.52
	Inferred	595	1.58	9.39

Sources: SRK

10.6 Stockpile

10.6.1 Gold Stockpile

SRK was provided with summary details of the LXML gold stockpiles ("WK13_All Stockpile Status survey 27 Mar 2024 EODS_Au_Ca_Mg_update.xls") as of 30 September 2024. There are 41 stockpiles on site, of which 15 are oxide gold stockpiles, and 26 are primary gold stockpiles that are available for extraction of gold. The materials in these available stockpiles were converted to Indicated Mineral Resource.

The gold stockpile Statement of Mineral Resource is shown in Table 10-21.

Table 10-21: Mineral Resource Statement of Gold Stockpile, as of 30 September 2024

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Measured	-	-	-	-
	Indicated	361	1.91	0.69	22
	MES+IND	361	1.91	0.69	22
	Inferred	-	-	-	-
Primary	Measured	-	-	-	-
	Indicated	1,823	2.75	5.02	161
	MES+IND	1,823	2.75	5.02	161
	Inferred	-	-	-	-
Total	Measured	-	-	-	-
	Indicated	2,185	2.61	5.71	183
	MES+IND	2,185	2.61	5.71	183
	Inferred	-	-	-	-

Sources: SRK

10.6.2 Copper Stockpile

SRK was provided with summary details of the LXML copper stockpiles ("wk13_All Stockpile Status survey 27-Mar 2024 EODS_Cu_Update.xls") as of 27 March 2024. There are 20 stockpiles on site, of which 15 are oxide copper stockpiles, and 5 are primary copper stockpiles that are available for

extraction of copper. The materials in these available stockpiles were converted to Indicated Mineral Resource. The copper stockpile Statement of Mineral Resource is shown in Table 10-24.

Table 10-22: Mineral Resource Statement of Copper Stockpile, as of 30 September 2024

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Measured	-	-	0
	Indicated	1,367	0.93	12.74
	MES+IND	1,367	0.93	12.74
	Inferred	-	-	-
Primary	Measured	-	-	-
	Indicated	603	0.82	4.95
	MES+IND	603	0.82	4.95
	Inferred	595	1.58	9.39
Total	Measured	-	-	-
	Indicated	1,970	0.90	17.69
	MES+IND	1,970	0.90	17.69
	Inferred	595	1.58	9.39

Sources: SRK

10.7 Conclusions and Recommendations

The data provided from LXML is sufficient to estimate the Mineral Resource.

The total LXML gold Mineral Resource is shown in Table 10-23.

Table 10-23: Mineral Resource Estimate of Total Gold, as of 30 September 2024¹

Type	Category	Tonnage (kt) ²	Au Grade g/t	Au Metal Contained t	Au Metal Contained koz
Oxide	Measured	29	1.05	0.03	1
	Indicated	1,981	1.47	2.91	94
	MES+IND ³	2,010	1.46	2.94	95
	Inferred	2,836	1.50	4.25	137
Primary	Measured	247	8.80	2.17	70
	Indicated	5,239	5.13	26.89	864
	MES+IND ³	5,486	5.30	29.06	934
	Inferred	3,166	5.61	17.76	571
Total	Measured	276	7.98	2.21	71
	Indicated	7,220	4.13	29.80	958
	MES+IND ³	7,496	4.27	32.00	1,029
	Inferred	6,002	3.67	22.00	707

Sources: SRK

Notes:

¹ The information relates to Mineral Resource estimation is based on information compiled by Mr. Liang Li, MAusIMM, and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Both Dr. Xu and Mr. Li have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking

to qualify as Competent Persons as defined in JORC (2012). Dr. Xu supervised the work of Mr. Li. Both Dr. Xu and Mr. Li consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ MES+IND: combined measured and Indicated, Mineral Resource.

⁴ The cut-off grade depends on ore type (Otyp) and mining method. For open pit mining and gold stockpiles, the cut-off grade of oxide ores is 0.6 g/t, the cut-off grade of primary ores is 1.5 g/t. For Underground mining, the cut-off grade of oxide ores is 3g/t, the cut-off grade of primary ores is domain.

The total LXML copper Mineral Resource is shown in Table 10-24.

Table 10-24: Mineral Resource Estimate of Total Copper, as of 30 September 2024 ¹

Type	Category	Tonnage (kt) ²	Cu Grade (%)	Cu Metal Contained (kt) ²
Oxide	Measured	-	-	-
	Indicated	1,367	0.93	12.74
	MES+IND ³	1,367	0.93	12.74
	Inferred	855	1.89	16.16
Primary	Measured	-	-	-
	Indicated	3,049	1.69	51.47
	MES+IND ³	3,049	1.69	51.47
	Inferred	1,222	1.59	19.37
Total	Measured	-	-	-
	Indicated	4,416	1.45	64.20
	MES+IND ³	4,416	1.45	64.20
	Inferred	2,078	0.98	20.46

Sources: SRK

Notes:

¹ The information relates to Mineral Resource conversion is based on information compiled by Mr. Liang Li, MAusIMM, and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Both Dr. Xu and Mr. Li have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in JORC (2012). Dr. Xu supervised the work of Mr. Li. Dr. Xu and Mr. Li consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

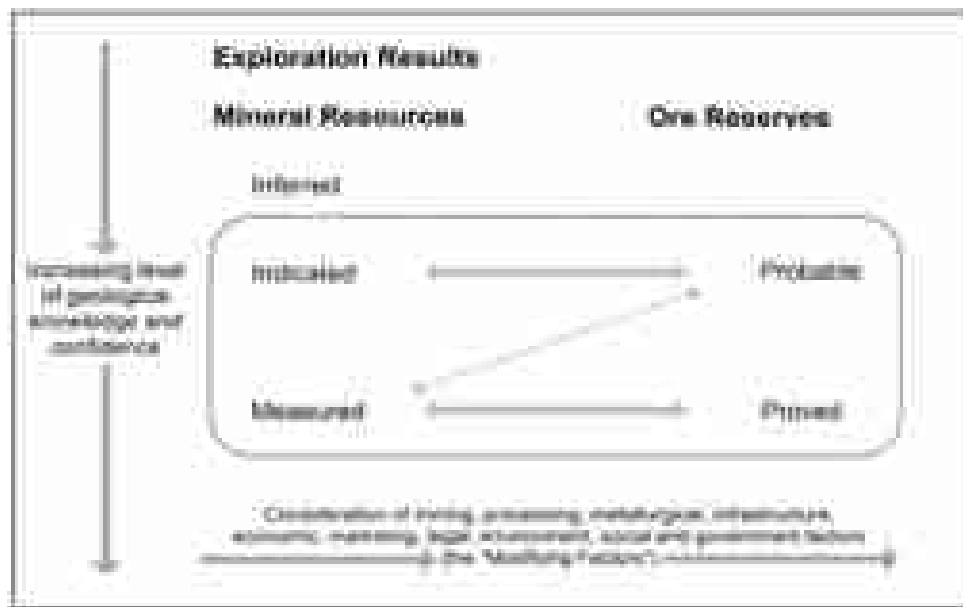
³ MES+IND: combined measured and Indicated, Mineral Resource.

⁴ The cut-off grade depends on ore type (Otyp) and mining method. For open pit mining and copper stockpiles, the cut-off grade of oxide ores is 0.7% Cu, the cut-off grade of primary ores is 0.3% Cu. For Underground mining, the cut-off grade of primary oxide ores is 0.8% Cu.

11 Ore Reserve Estimates

The JORC (2012) provide for a direct relationship between Indicated Mineral Resources and Probable Ore Reserve and between Measured Mineral Resources and Proved Ore Reserve. As shown in Figure 11-1 below.

Figure 11-1: Relationship Between Mineral Resources and Ore Reserves



Sources: JORC (2012)

The following statement has been extracted from the JORC (2012) for reference:

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

"The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported."

11.1 Introduction

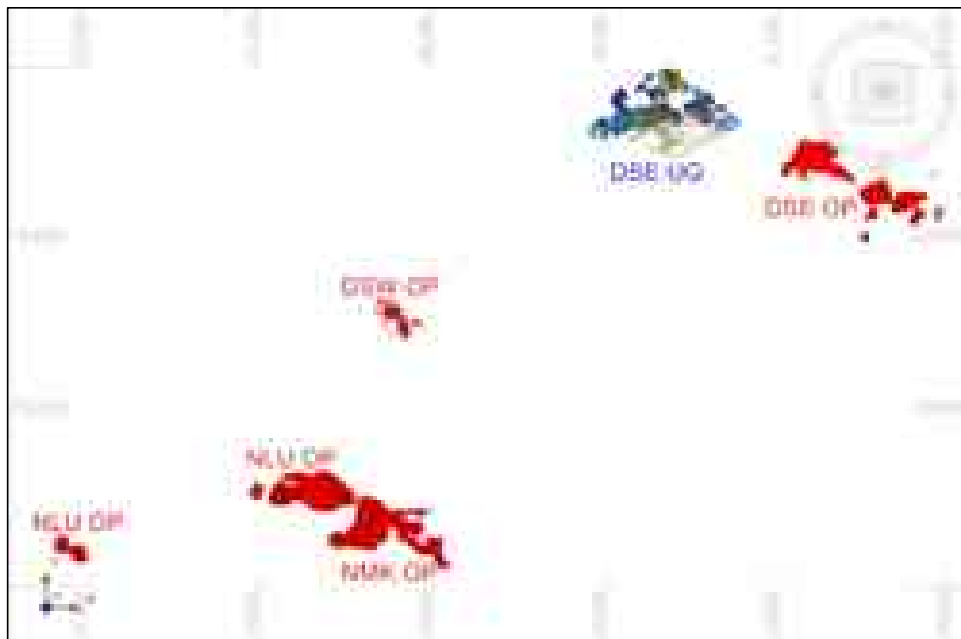
The gold deposits that are being or to be exploited include DSE OP, DSW OP, NLU OP, NMK OP, Far West Area (Including MAI OP, NON OP, NKN OP), DSE UG, DSW UG. The copper deposits that are being or to be exploited include KHN UG, TKM OPs.

DSE UG, DSW UG and KHN UG will be developed as underground mines, while all the other deposits will be continued as open pits.

Among these gold and copper deposits, only DSE OP, DSW OP, NLU OP, NMK OP, DSE UG, and KHN UG possess Measured and Indicated Mineral Resources. Additionally, KHN UG is currently in the re-feasibility study stage. Consequently, open-pit gold mines including DSE OP, DSW OP, NLU OP and NMK OP could be converted to Ore Reserves from their Mineral Resources. For underground gold mines, only DSE UG would be considered for estimating Ore Reserves. None of the copper deposits would be considered for estimating Ore Reserves..

The location of the deposits considered in the Ore Reserve estimation review, are shown in Figure 11-2.

Figure 11-2: Plan View of Ore Deposits to Estimate Ore Reserves



Sources: SRK

In addition to these deposits, there are dozens of stockpiles on site to supply (tonnes & grade) gold and oxide copper ore feed to the processing plant.

As of 30 September 2024, SRK estimated Ore Reserves from these deposits and stockpiles.

11.2 Feasibility Study

SRK was provided with the Sepon Gold Project Study ("SGPS") revised on 18 March 2020. AMC Consultants Pty Ltd ("AMC") completed the Mining, Geotechnical and Ore Reserves components of the SGPS.

As of 30 September 2024, SRK noted that the mineral resource models, final open pit designs, and underground mining study have changed since completion of SGPS.

For gold operations, LXML has gradually transitioned from open pit mining with stockpiles to a combination of open pit and underground mining with stockpiles. Developing the DSE UG for underground mining and the Far West Area for open pit mining would extend the mine life of LXML. The oxide and primary gold processing capacity is 3.8 million Mtpa run-of-mine ("RoM").

For copper operations, LXML currently only processes oxide copper ore from stockpiles, utilizing hydrometallurgy processing. LXML aims to develop the TKM OPs to exploit more oxide copper ore to maintain its oxide copper production. In the meantime, developing the KHN UG to exploit primary copper ore is under technical studies. Historical production data of the copper plant shows that 0.5 to 1.3 Mtpa oxide copper ore were processed.

SRK was also provided with Geotechnical Review - Open Pit & Underground revised on 4 December 2023. MEC Mining Pty Ltd ("MEC") provided a critical review of the geotechnical design and operational function relating to the underground and open pit mines. It was believed that geotechnical risk to be managed well in LXML. MEC has also provided a comprehensive list of improvements opportunities and believed that there were only minor recommendations that MEC considers a high priority.

As of 30 September 2024, SRK was provided with the updated mineral resource models, final open pit designs, underground mine designs, financial results, and capital report by LXML. SRK will estimate Ore Reserves based on the data provided by LXML with minimal modification.

11.3 Mineral Resource Models

Ore Reserves estimation was conducted based on mineral resource models constructed by LXML between in February to March 2024 and September 2023 (nlu_gc.bmf).

Block models have been updated based on sustaining exploration updates. SRK was provided with six latest block models. After review of these block models, SRK noted that:

- The block model covering DSE OP ("dse_gc_29032024.bmf") has fields to support preliminary reporting of Ore Reserves.
- The block model covering DSW OP ("dsw_gc_03022024.bmf") has fields to support preliminary reporting of Ore Reserves.
- The block model covering NMK OP ("nkk_gc300324.bmf") has fields to support preliminary reporting of Ore Reserves.
- The block model covering NLU OP ("nlu_gc160324.bmf together with nlu_gc.bmf") has fields to support preliminary reporting of Ore Reserves.
- The classification notes ("MR 2023 Classification Notes.xlsx") which explains how LXML geologists define the geological confidence in open pit mines have fair and adequate information to support preliminary reporting of Ore Reserves.

- The block model covering DSC_UG ("DSC_UG_FEB24.bmf") has fields to support preliminary reporting of Ore Reserves.

These block models were applied by SRK to estimate Ore Reserves.

11.4 Open Pit Mining

11.4.1 Month-end Map

SRK was provided with the Month-end map in March 2024 together with topography in December 2023 which has the pre-backfill data with a scale of 1:1000. The map covers those deposits that are working or in plan. After review of the Month-end map, SRK considered it is detailed enough to support Ore Reserves estimate.

11.4.2 Open Pit Design

Ever since the completion of SGPS, open-pit designs have been updated by LXML mining engineers. SRK understands that the typical life of mine ("LoM") for an open pit is several months due to small size of open pit. Open pit designs have been updated by LXML based on exploitation status, update of mineral resource models and other modifying factors.

SRK was provided with latest final open pit designs applied by LXML. Comparison between open-pit designs and survey of Month-end maps shows that the difference is little. SRK considered that it is technically feasible to guide mining boundaries based on the updated final open pit designs, and that the open pit designs can be used directly to support Ore Reserves estimate.

11.4.3 Cut-off Grade

The data in Table 11-1 provided, in SRK's opinion, was sufficient to verify cut-off grades to estimate Ore Reserves as of 30 September 2024, as it is shown in Table 11-2.

Table 11-1 Unit Operating Cost of Open Pit Gold Mining

Item	Unit	Actual			Budget	
		2021	2022	2023	1Q-3Q2024	2024
OP Mining	USD/Ore&Waste	3.1	3.0	2.7	3.2	3.4
Processing Oxide Gold	USD/milled ton	17.1	18.5	16.9	14.0	15.7
Processing Primary Gold	USD/milled ton	62.1	69.7	56.6	51.6	48.0
G&A	USD/milled ton	20.4	9.0	9.8	9.6	8.7
Overall Recovery Gold	%	54.6	63.8	64.1	61.0	68.4

Sources: LXML

Table 11-2: Gold Cut-off Grade Calculation

Item	Unit	Oxide Gold	Primary Gold
Gold Price	USD/oz	2,050.0	2,050.0

Item	Unit	Oxide Gold	Primary Gold
Gold Price	USD/g	66.9	66.9
Processing	USD/milled ton	17.0	55.0
Processing Recovery	%	65.0	65.0
G&A	USD/milled ton	9.0	9.0
Cut-off Grade	g/t	0.6	1.5

Sources: SRK

¹ Due to short life of open pit mining, a short-term price is considered more applicable than a long-term price to calculate cut-off grade.

11.4.4 Dilution and Loss

Same with LXML, mining dilution at 7.5% and mining loss at 5.0% were applied when estimating Ore Reserves.

11.4.5 DSE OP

Comparison of DSE OP, end-of-month map and final open pit design is shown in Figure 11-3.

Figure 11-3: Comparison between Month-end Status and Final Open Pit Design for DSE OP



Month-end Map, as of 30 September 2024



Final Open Pit Design

Sources: SRK

Table 11-3 is showing key parameters when estimating Ore Reserves for DSE OP.

Table 11-3: Key Parameters of Ore Reserves Estimate (DSE OP)

Item	Description
Mining method	Open Pit Mining
Cut-off Au grade	Oxide Ore: 0.6g/t; Primary Ore: 1.5g/t
Mining loss rate	5%
Mining dilution rate	7.5%

Sources: LXML and SRK

The DSE OP statement of Ore Reserves is shown in Table 11-4.

Table 11-4: Ore Reserves Estimate of DSE OP Deposit, as of 30 September 2024 ^{1, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
-	Probable	482	1.50	0.72	23
-	Sub-total ²	482	1.50	0.72	23
Primary	Proved	-	-	-	-
-	Probable	-	-	-	-
-	Sub-total ²	-	-	-	-

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Total ²	Proved	-	-	-	-
-	Probable	482	1.50	0.72	23
-	Total	482	1.50	0.72	23

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

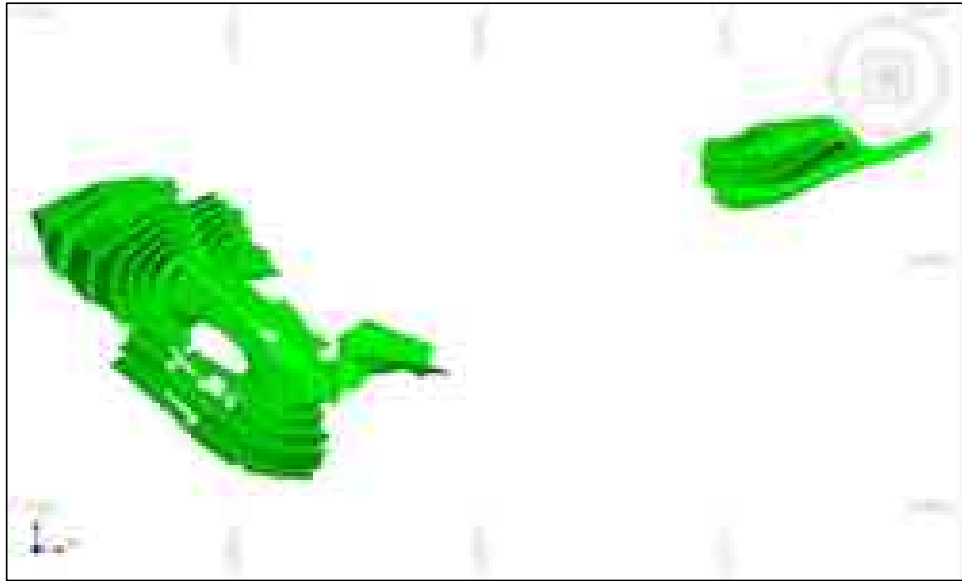
11.4.6 DSW OP

Comparison of DSW OP, Month-end map and final open pit designs is shown in Figure 11-4.

Figure 11-4: Comparison between Month-end Status and Final Open Pit Designs for DSW OP



Month-end Map, as of 30 September 2024



Final Open Pit Design

Sources: SRK

Table 11-5 is showing key parameters when estimating Ore Reserves for DSW OP.

Table 11-5: Key Parameters of Ore Reserves Estimate (DSW OP)

Item	Description
Mining method	Open Pit Mining
Cut-off Au grade	Oxide Ore: 0.6 g/t; Primary Ore: 1.5 g/t
Mining loss rate	5%
Mining dilution rate	7.5%

Sources: LXML and SRK

The DSW OP statement of Ore Reserves is shown in Table 11-6.

Table 11-6: Ore Reserves Estimate of DSW OP Deposit, as of 30 September 2024^{1, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
-	Probable	12	0.95	0.01	0.4
-	Sub-total ²	12	0.95	0.01	0.4
Primary	Proved	-	-	-	-
-	Probable	18	6.87	0.12	4
-	Sub-total ²	18	6.87	0.12	4
Total²	Proved	-	-	-	-
-	Probable	30	4.52	0.14	4

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
-	Total	30	4.52	0.14	4

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu. Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

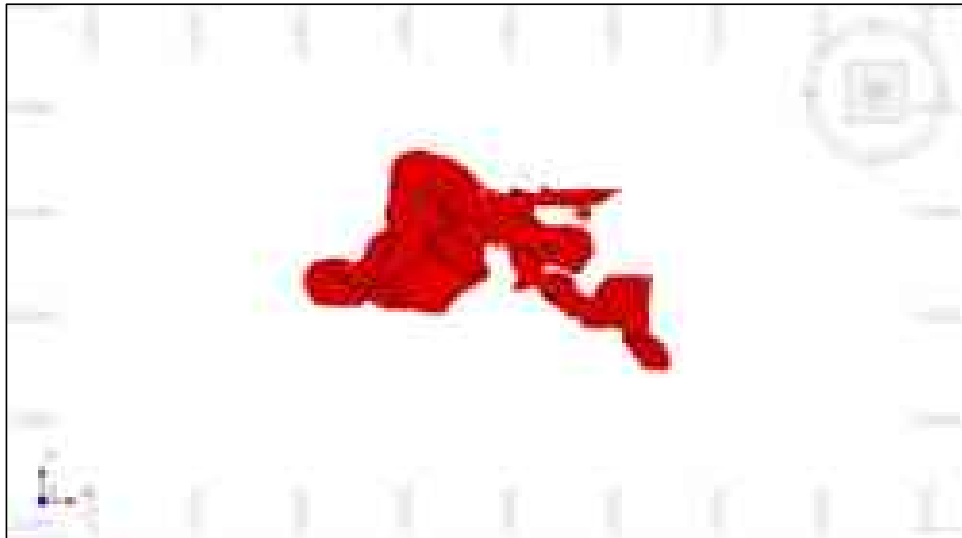
³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

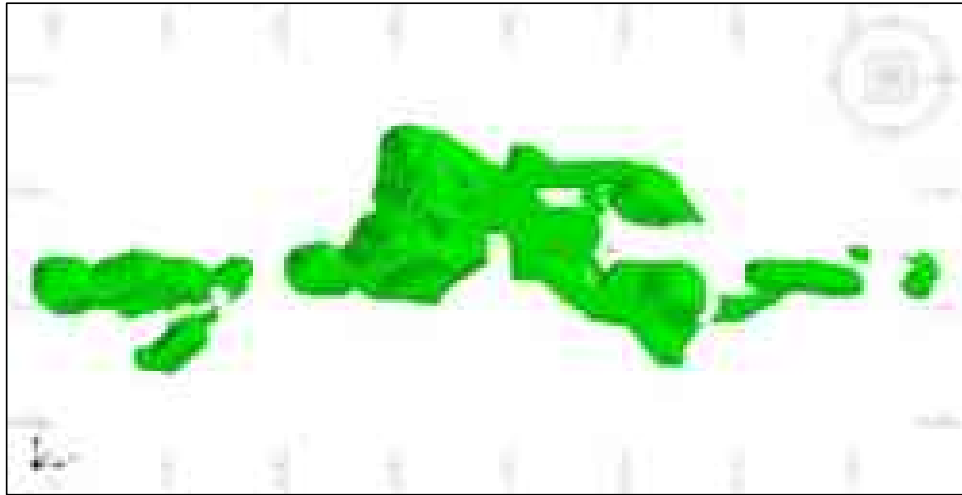
11.4.7 NMK OP

Comparison of the NMK OP Month-end map and final open pit designs is shown in Figure 11-5.

Figure 11-5: Comparison between Month-end Status and Final Open Pit Designs for NMK OP



Month-end Map, as of 30 September 2024



Final Open Pit Design

Sources: SRK

Table 11-7 is showing key parameters when estimating Ore Reserves for NMK OP.

Table 11-7: Key Parameters of Ore Reserves Estimate (NMK OP)

Item	Description
Mining method	Open Pit Mining
Cut-off Au grade	Oxide Ore: 0.6g/t; Primary Ore: 1.5 g/t
Mining loss rate	5%
Mining dilution rate	7.5%

Sources: LXML and SRK

The NMK OP statement of Ore Reserves is shown in Table 11-8.

Table 11-8: Ore Reserves Estimate of NMK OP Deposit, as of 30 September 2024^{1, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	30	0.97	0.03	1
-	Probable	1,030	1.20	1.24	40
-	Sub-total ²	1,060	1.19	1.26	41
Primary	Proved	1	2.59	0.00	0
-	Probable	263	3.19	0.84	27
-	Sub-total ²	264	3.19	0.84	27
Total²	Proved	31	1.03	0.03	1
-	Probable	1,294	1.60	2.08	67
-	Total	1,324	1.59	2.11	68

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu. Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

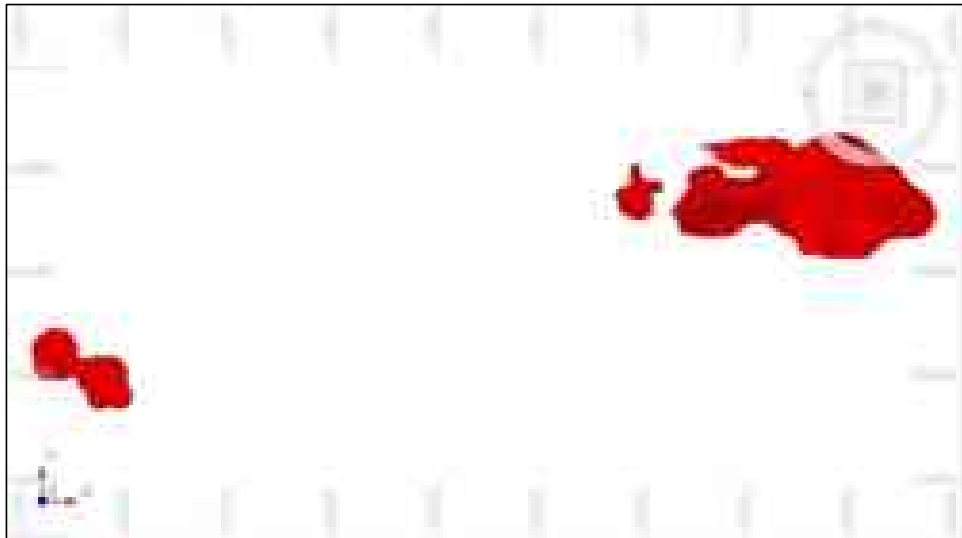
³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

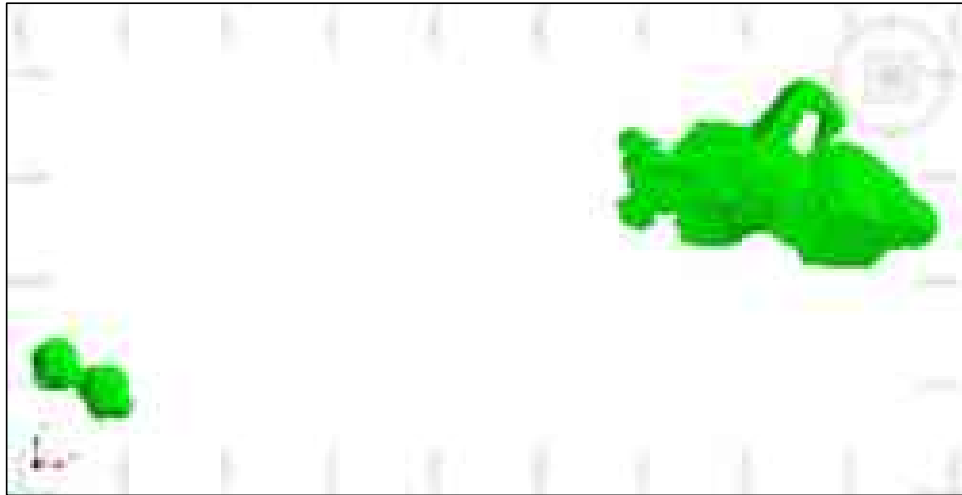
11.4.8 NLU OP

Comparison of NLU OP, Month-end map and final open pit designs is shown in Figure 11-6.

Figure 11-6: Comparison between Month-end Status and Final Open Pit Designs for NLU OP



Month-end Map, as of 30 September 2024



Final Open Pit Design

Sources: SRK

Table 11-9 is showing key parameters when estimating Ore Reserves for NLU OP.

Table 11-9: Key Parameters of Ore Reserves Estimate (NLU OP)

Item	Description
Mining method	Open Pit Mining
Cut-off Au grade	Oxide Ore: 0.6 g/t; Primary Ore: 1.5 g/t
Mining loss rate	5%
Mining dilution rate	7.5%

Sources: LXML and SRK

The NLU OP statement of Ore Reserves is shown in Table 11-10.

Table 11-10: Ore Reserves Estimate of NLU OP Deposit, as of 30 September 2024^{1, 3, 4}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
	Probable	73	1.17	0.09	3
	Sub-total ²	73	1.17	0.09	3
Primary	Proved	-	-	-	-
	Probable	297	3.56	1.06	34
	Sub-total ²	297	3.56	1.06	34
Total²	Proved	-	-	-	-
	Probable	370	3.09	1.14	37
	Total	370	3.09	1.14	37

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

11.4.9 SKM OP

LXML completed SKM OP exploitation in July 2024.

11.5 Underground Mining

Underground mining is new to LXML. It is located beside of DSE OP, and its decline access is built at the DSE OP.

11.5.1 Mined-out Area

A decline and other development system are being driven to provide an access to deep mineral resources. SRK was provided with three-dimensional ("3D") survey of the actual development and stopes. Figure 11-7 is showing the decline development end face and one of the stopes which was mined out during site visit.

Figure 11-7: DSE UG Underground Site Visiting Photos



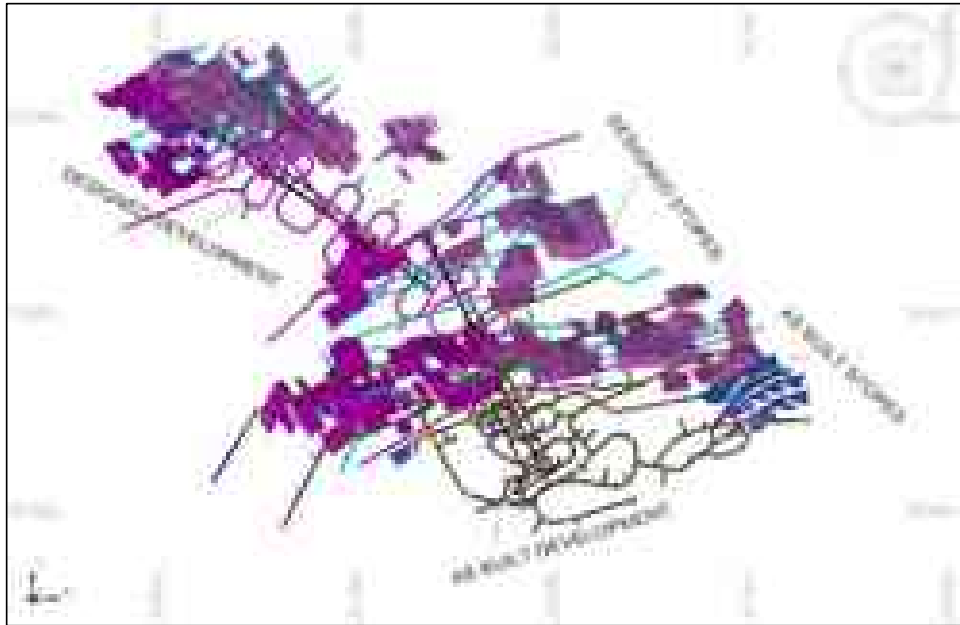
Sources: SRK

After review of the survey data, SRK considered it will not affect Ore Reserves estimation and mined-out area would be deducted.

11.5.2 Underground Design

The design has been updated by LXML based on updated block model, costs and other assumptions. The latest designs of tunnels and stopes are shown in Figure 11-8.

Figure 11-8: Underground Design for DSE UG



Sources: LXML

11.5.3 Cut-off Grade

The data in Table 11-11 provided, in SRK's opinion, was sufficient to verify cut-off grades to estimate Ore Reserves as of 30 September 2024, as it is shown in Table 11-12.

Table 11-11 Summary of Gold Production and Operating Cost

Item	Unit	Actual				Budget
		2021	2022	2023	1Q-3Q2024	2024
UG Mining	USD/mined ton	-	28.8	49.2	35.2	-
Processing Primary Gold	USD/milled ton	62.1	69.7	56.6	51.6	48.0
G&A	USD/milled ton	20.4	9.0	9.8	9.6	9.3
Overall Recovery Gold	%	54.6	63.8	64.1	61.0	68.4

Sources: LXML

Table 11-12: Gold Cut-off Grade Calculation

Item	Unit	Underground Primary
Gold Price	USD/oz	2,050.0
Mining	USD/mined ton	30.0
Processing Cost for Primary Gold	USD/milled ton	55.0

Item	Unit	Underground Primary
Processing Recovery	%	65.0
G&A	USD/milled ton	9.0
Backfilling ¹	USD/mined ton	5.0
Cut-off Grade	g/t	2.6

Sources: SRK

¹ The backfilling cost is widely used for a simple study.

11.5.4 Ore Reserve model

During SRK's review of the data, it was found that the stope design is not appropriate for estimating of Ore Reserves. After discussing with LXML Technical Personnel, it was agreed that SRK re-ran the stope optimization to generate new stope wireframe to guide the Ore Reserves estimation. The key parameters for re-running the DSE UG stope optimization are summarised in Table 11-13.

Table 11-13: Key Parameters of Stope Optimization

Item	Description
Mining method	Underground Sub-Level Open Stope with Backfilling
Cut-off Au grade to optimize stope boundary	2.0 to 2.5g/t
Footwall angle	>=42° and following ore/waste boundary
Stope height	20m
Stope length	20m
Stope width	>=5m
Cut-off Au grade of feed ore	2.6g/t

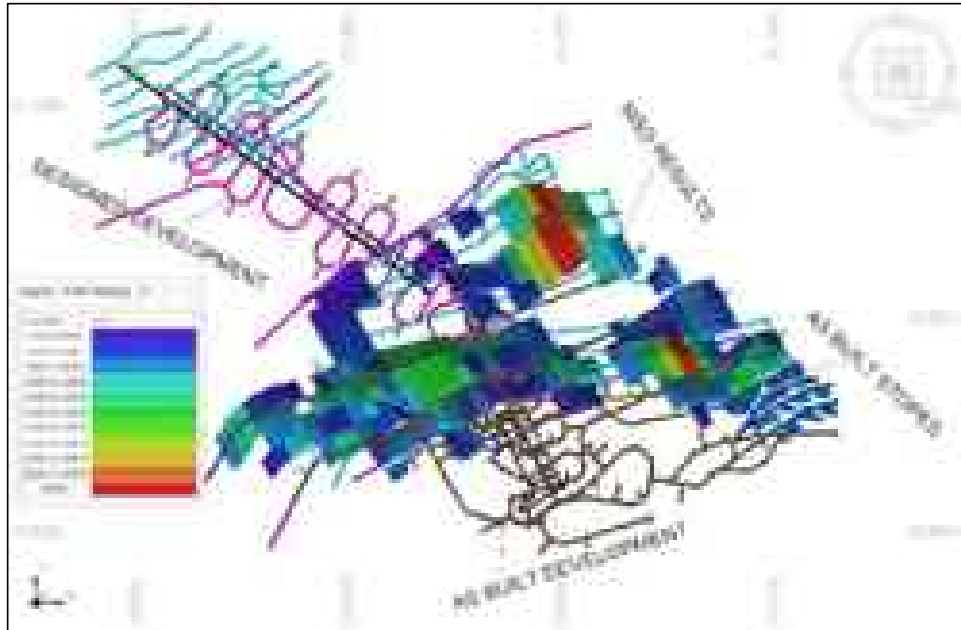
Sources: LXML

A stope optimisation exercise was then carried out using the Deswik Stope Optimizer ("SO") with stope design parameters showing in Table 11-13.

In addition, economic attributes and physical constraints of the sliced stopes with modifying factors include spatial location, unplanned mining dilution and loss, cut-off grade, were also considered to ensure stopes generated were technical feasible as well as economic.

Figure 11-9 graphically shows how the stopes (together with LXML's development design) look like.

Figure 11-9: Stope Optimization Results



Sources: SRK

11.5.5 Dilution and Loss

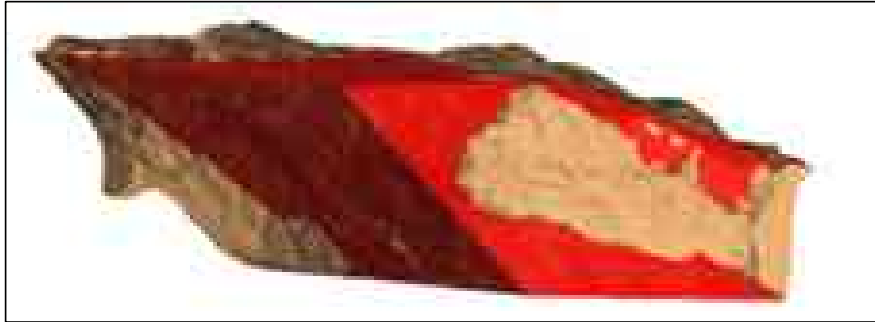
Table 11-14 summarizes the modifying factors used for Ore Reserves estimation.

Table 11-14: Modifying Factors Used for Ore Reserves Estimation

Factors	Rate	Description
General Stope Recovery	95%	Planned loss: Backfilled stopes, with sharp corner and crown/sill pillar loss
Mining Dilution	15%	Unplanned dilution: overbreak, considering diluted material as waste with no grade.
Mining Recovery	95%	Unplanned loss: underbreak, based on reconciliation analysis.

Sources: SRK

When making the underground designs, modifying factors including mining dilution (at 15%) and mining loss (at 10%) have been applied by LXML. After completing each stope, LXML conducted reconciliation to summarize the results of their underground mining performance. Figure 11-10 is showing the comparison of designed stope with as-built stope for DDE 1800 W1. The overbreak and underbreak were then calculated to be used for unplanned mining dilution and loss analysis. Figure 11-11 summarizes the stope performance after comparing designed stopes with as-built stopes.

Figure 11-10: Overbreak and Underbreak Analysis

Sources: LXML

Figure 11-11: Stope Performance Summary

Sources: SRK

The average of mining dilution is 14% and mining loss is 6%. When conducting estimation, unplanned mining dilution at 15% (same with LXML) and mining loss at 5% (compared with LXML at 10%) were applied.

11.5.6 Ore Reserve Estimates

According to JORC (2012), Measured Resources are typically converted into the Proved Reserve category, and Indicated Resources are converted into Probable Reserve.

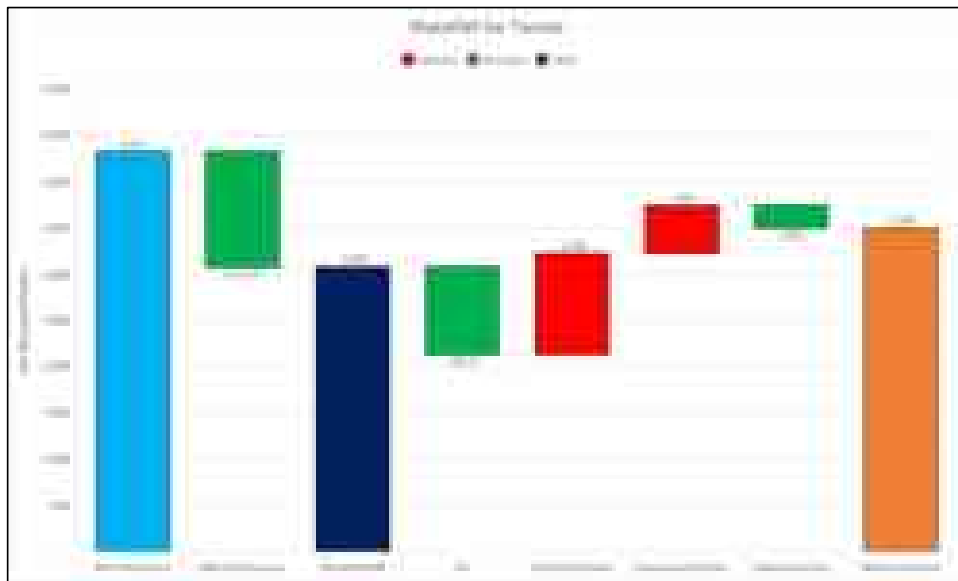
The estimated Mining Inventory based on Mineral Resources and modifying factors is summarized in Table 11-15 and the estimation process is illustrated in waterfall charts shown in Figure 11-12 and Figure 11-13.

Table 11-15: Estimates Process Summary

Process	Tonnes	Au Contained (kg)
M+I+I Resources	4,320,842	30,561
Inferred Resources	(1,236,722)	(8,678)
Remained MI	3,084,120	21,884
SO	(957,014)	(6,156)
Planned Dilution	1,105,594	(158)
Unplanned Dilution	517,905	0
Unplanned Loss	(245,380)	(820)
Ore Reserves	3,505,224	14,749

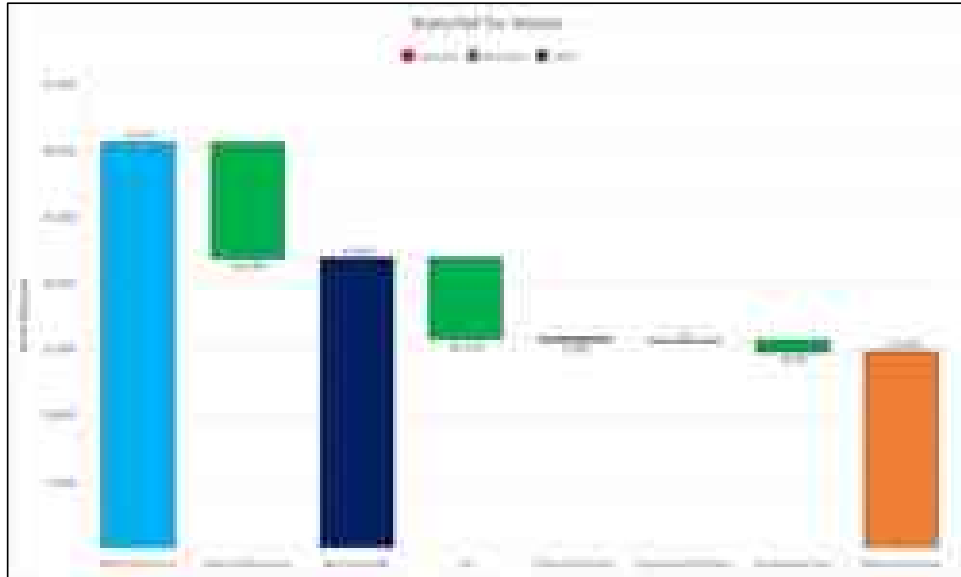
Sources: SRK

Figure 11-12: Estimates Process - Change in Tonne



Sources: SRK

Figure 11-13: Estimates Process - Change in Metal Contained



Sources: SRK

The Ore Reserves for the DSE UG are presented in Table 11-16 by reserve category. The primary reason why the Ore Reserves tonnes exceed the MI resources tonnes is due to both planned dilution during the Stope Optimizer (SO) process and unplanned overbreak dilution, as illustrated in Figure 11-12. As it is shown in Figure 11-13, Inferred Mineral Resources and SO (27% of total M+I+I Resources contained metal), is the key factors which affects to Ore Reserves conversion.

11.5.7 Ore Reserve Statement

The DSE UG statement of Ore Reserves is shown in Table 11-16. Total Ore Reserves contained metal (Proved plus Probable) is approximately 69% of Mineral Resources (Measured plus Indicated).

Table 11-16: Ore Reserves Estimate of DSE UG Deposit, as of 30 September 2024^{1, 3}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
-	Probable	-	-	-	-
-	Sub-total ²	-	-	-	-
Primary	Proved	237	5.18	1.23	40
-	Probable	3,268	4.14	13.52	435
-	Sub-total ²	3,505	4.21	14.75	474
Total²	Proved	237	5.18	1.23	40
-	Probable	3,268	4.14	13.52	435

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
-	Total	3,505	4.21	14.75	474

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

11.6 Stockpiles

11.6.1 Cut-off Grade

For gold stockpiles, the same cut-off grade with open-pit mining was applied for oxide and primary gold stockpiles when estimating Ore Reserves.

For copper stockpiles, back to the time when TKM area was in operation, mineralization was classified into many stockpiles based on several attributes including copper grade and gangue acid consumption ("GAC"). And to define cut-off grade, LXML was using the lowest grade blocks included in the ore stockpiles which is 1.1%. TKM area is currently being re-modelled and will be subsequently re-assessed along with cut-off criteria but no update to this is available now.

By considering the current copper operation, only oxide copper stockpiles are being processed by using hydrometallurgy technique and there have not been enough studies to support how the primary copper stockpiles would be processed. Therefore, when estimating copper Ore Reserves, only oxide copper stockpiles would be considered.

Table 11-17 and Table 11-18 are showing the summary of copper production cost and how the oxide copper cut-off grade was calculated.

Table 11-17 Summary of Copper Production Cost

Item	Unit	Actual				Budget
		2021	2022	2023	1Q-3Q2024	2024
OP Mining	USD/Ore&Waste	3.1	-	-	-	-
Processing Copper	USD/milled ton	47.6	36.0	23.0	19.6	31.7
Overall Recovery Copper	%	68.4	59.2	52.5	44.1	41.5

Sources: LXML

Table 11-18: Copper Cut-off Grade Calculation

Item	Unit	Oxide Copper
Copper Price	USD/t Cu	8,300.0
Processing	USD/milled ton	35.0
Processing Recovery	%	45.0
G&A	USD/milled ore	0.0
Sales and transport	USD/t Cu	40.0
Cut-off Grade	%	0.9

Sources: SRK

¹ 2024Q1 CMF price was applied.

11.6.2 Gold Stockpile

SRK was provided with summary details of the LXML gold stockpiles ("Au_WK39 Inventory_260924_Sep_EOM.xls") as of 30 September 2024. There are 41 stockpiles on site, of which 15 are oxide gold stockpiles, and 26 are primary gold stockpiles that are available to process, and among these 41 stockpiles, 35 stockpiles were economically feasible to be converted to Probable Ore Reserves categories.

The gold stockpile statement of Ore Reserves is shown in Table 11-19.

Table 11-19: Ore Reserves Estimate of Gold Stockpile, as of 30 September 2024 ^{1, 3, 4, 5}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	-	-	-	-
-	Probable	361	1.91	0.69	22
-	Sub-total ²	361	1.91	0.69	22
Primary	Proved	-	-	-	-
-	Probable	1,823	2.75	5.02	161
-	Sub-total ²	1,823	2.75	5.02	161
Total ²	Proved	-	-	-	-
-	Probable	2,185	2.61	5.71	183
-	Total	2,185	2.61	5.71	183

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ By reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

⁴ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁵ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used

by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement

11.6.3 Copper Stockpile

SRK was provided with summary details of the LXML copper stockpiles ("Cu_wk39_Inventory_260924_Sep_EOM.xls") as of 30 September 2024. There are 20 stockpiles on site, of which 15 are oxide copper stockpiles, and 5 are primary copper stockpiles that are available to process, and among these 20 stockpiles, 9 oxide stockpiles were economically feasible to be converted to Probable Ore Reserves categories.

The copper stockpile statement of Ore Reserve is shown in Table 11-20.

Table 11-20: Ore Reserve Estimate of Copper Stockpile, as of 30 September 2024 ^{1, 3, 4, 5}

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Proved	-	-	-
-	Probable	1,185	0.93	11.05
-	Sub-total ²	1,185	0.93	11.05
Primary	Proved	-	-	-
-	Probable	-	-	-
-	Sub-total ²	-	-	-
Total ²	Proved	-	-	-
-	Probable	1,185	0.93	11.05
-	Total	1,185	0.93	11.05

Sources: SRK

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAUSIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ By reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

⁴ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁵ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

11.7 Production Schedule

Production schedule prepared by SRK based on gold and copper minerals are shown in Table 11-21.

Table 11-21: Production Schedule of LXML

Type	Unit	Total	2024	2025	2026	2027	2028	2029	2030
Gold Production									
Open pit mining									
Ore tonnage	kt	2,206	956	829	421	-	-	-	-

Au grade	g/t	1.86	1.35	1.66	3.43	-	-	-	-
Au metal	kg	4,106	1,290	1,372	1,444	-	-	-	-
Waste tonnage	kt	15,374	5,775	3,180	6,420	-	-	-	-
Stockpile rehandling									
Ore tonnage	kt	2,185	259	1,230	696	-	-	-	-
Au grade	g/t	2.61	1.19	2.34	3.63	-	-	-	-
Au metal	kg	5,707	307	2,878	2,522	-	-	-	-
Underground mining									
Ore tonnage	kt	3,505	219	744	793	770	546	402	31
Au grade	g/t	4.21	3.71	4.94	4.53	3.61	3.81	4.25	3.21
Au metal	kg	14,745	815	3,676	3,592	2,774	2,082	1,705	101
Copper Production									
Stockpile rehandling									
Ore tonnage	kt	1,185	447	738	-	-	-	-	-
Cu grade	%	0.93	0.91	0.95	-	-	-	-	-
Cu metal	kt	11	4	7	-	-	-	-	-

Sources: SRK

11.8 Conclusions and Recommendations

The data provided by LXML to SRK was suitable in most cases to estimate the Ore Reserves. The summary outcomes are:

- The Ore Reserves estimation is primarily based on SGPS and LXML technical personnel's studies.
- Gold and copper cut-off grades are applied when estimating Ore Reserves.
- The modifying factors like mining loss, mining dilution are applied by using the design data collected from LXML with minimal adjustment.
- SRK noted that the production plan prepared by LXML assumed that Inferred Mineral Resources will be exploited together with those Measured and Indicated Mineral Resources in years between 2024 and 2026. Exclusive of most of Inferred Mineral Resources usually leads to a shorter operating period with estimation of Ore Reserves.

The LXML gold statement of Ore Reserves is shown in Table 11-22.

Table 11-22: Ore Reserves Estimate of Gold Minerals in Total, as of 30 September 2024 ^{1, 3, 4, 5}

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
Oxide	Proved	30	0.97	0.03	1
-	Probable	1,959	1.40	2.75	88
-	Sub-total ²	1,989	1.40	2.78	89
Primary	Proved	239	5.17	1.23	40
-	Probable	5,669	3.63	20.56	661

Type	Category	Tonnage (kt)	Au Grade (g/t)	Au Metal Contained (t)	Au Metal Contained (koz)
-	Sub-total ²	5,907	3.69	21.79	700
Total ²	Proved	268	4.70	1.26	41
-	Probable	7,628	3.05	23.30	749
-	Total	7,896	3.11	24.56	790

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁴ For gold stockpiles, by reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

⁵ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

The LXML copper statement of Ore Reserves is shown in Table 11-23.

Table 11-23 Ore Reserves Estimate of Copper Minerals, as of 30 September 2024 ^{1, 3, 4, 5}

Type	Category	Tonnage (kt)	Cu Grade (%)	Cu Metal Contained (kt)
Oxide	Proved	-	-	-
-	Probable	1,185	0.93	11.05
-	Sub-total ²	1,185	0.93	11.05
Primary	Proved	-	-	-
-	Probable	-	-	-
-	Sub-total ²	-	-	-
Total ²	Proved	-	-	-
-	Probable	1,185	0.93	11.05
-	Total	1,185	0.93	11.05

Sources: SRK

Notes:

¹ The information relates to Ore Reserve conversion is based on information compiled by Mr. Erwei Lu and Mr. Yonggang Wu and Dr. Anshun Xu, FAusIMM, employees of SRK Consulting China Ltd. Mr. Lu, Mr. Wu and Dr. Xu have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Mr. Wu is undertaking to qualify as Competent Person as defined in JORC (2012). Mr. Wu and Dr. Xu supervised the work of Mr. Lu, Mr. Wu, Mr. Lu and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

² Total may not add due to rounding discrepancies.

³ Only oxide copper stockpiles were considered during Ore Reserves estimation. By reviewing the data summary details and production records, especially the feed grade, which is showing reasonably reconcilable, therefore, SRK trusts the stockpiles data summary details provided by LXML have fair and adequate information to guide the estimation of Ore Reserves.

⁴ The Ore Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

⁵ The Ore Reserves Statement is based on the depletion data provided by LXML for the six-month period, 1 April 2024 to 30 September 2024. The reported LXML data may differ from that reported by SRK, due the updated block model now used by LXML for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the LXML provided data as the basis for this statement.

12 Mining

12.1 Production History and Current Status

Historically, LXML (LXML Sepon) used to be an operational open-pit gold and copper mine. In 1992, Rio Tinto discovered Sepon. In 1999, Rio Tinto sold an 80% option over Sepon to Oxiana. In 2004, Oxiana bought Rio Tinto's remaining 20% stake in Sepon. In 2008, Oxiana merged with Zinifex to form OZ Minerals. In 2010, MMG acquired Sepon from OZ Minerals. In 2018, Chifeng acquired LXML (LXML Sepon) from MMG.

As for gold and copper operations:

- Gold production commenced in 2003 but ceased in 2013 due to price fluctuations and other factors. In 2020, gold operations resumed. Construction of the underground mine commenced in April 2022 at DSE UG, and the first gold ore was transported to the surface in 2023. Since then, the gold operation has transitioned to a combination of open-pit and underground mining.
- Copper production began in 2005, and in 2021, LXML ceased open-pit copper mining operations. Since then, the copper processing plant has only processed oxide copper stockpiles.

Production records since year 2018 are shown in Table 12-1 for copper ore and gold ore, respectively.

Table 12-1: Production Records of LXML

Item	Unit	2018	2019	2020	2021	2022	2023	1Q- 3Q 2024
Copper Operation (Surface Mining)								
Mined Ore	t	2,155,808	2,178,736	1,420,165	148,924	-	-	80,562.62
Waste	t	22,432,995	20,799,689	16,310,493	273,195	-	-	-
Gold Operation (Surface Mining)								
Mined Ore	t	-	322,309	1,888,956	4,237,161	3,794,464	2,274,715	1,626,404
Waste	t	-	3,653,397	11,473,595	37,118,432	32,790,592	28,678,086	13,832,608
Gold Operation (Underground Mining)								
Mined Ore	t	-	-	-	-	-	181,057	311,347

Sources: LXML

The life of a mining location (or an open pit) is typically several months due to small quantity of open pit.

As of 30 September 2024, the gold deposits that are being or to be exploited include DSE OP, DSW OP, NLU OP, NMK OP, Far West Area (Including MAI OP, NON OP, NKN OP), DSE UG, DSW UG.

The copper deposits that are to be exploited include KHN UG, TKM OPs.

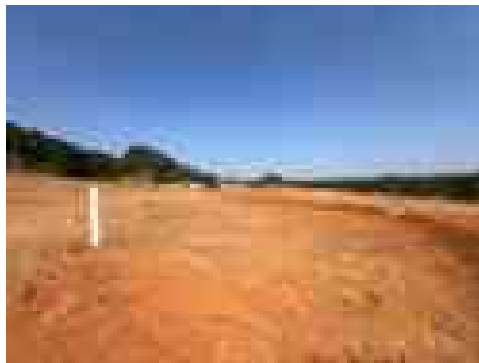
In addition to these deposits, there are dozens of gold and copper stockpiles on site to feed to the processing plant.

LXML has successfully transitioned to a copper mining operation with the capability to process both gold and copper in 2019. This transition includes the expansion and redevelopment of existing approved gold pits to access gold reserves located at deeper levels.

For copper operations, LXML exclusively processes oxide copper inventory sourced from historical stockpiles. Major changes occurred in year 2023 and first quarter of 2024 include:

- DSE UG underground development has resulted in the excavation of approximately 512,467 tonnes of rock and the completion of 4,972 meters of total development during 2023. For the first quarter of 2024, DSE UG has excavated about 154,810 tonnes of rock and completed 1,706 meters of total development. As of 30 September 2024, mining has progressed to approximately 11 meters above sea level (mASL).
- In Far West Area, during a site visit in May 2024, it was observed that the road to the Far West Area had been constructed and the topography in the area had been cleared, as shown in the Figure 12-1 below. According to LXML, on-site geologists were preparing geological models based on the latest exploration results. LXML plans to commence production in the Far West Area in the last quarter of 2024.
- For DSW UG, LXML is conducting additional exploration work to increase geological confidence. Figure 12-1 below shows the exploration field during SRK's visit in November 2023.
- In the TKM OPs area, LXML has conducted pit optimization for these deposits, and the results indicate the possibility of open-pit mining exploitation.
- Regarding the KHN UG deposit, LXML has completed a scoping-level study which indicates that KHN UG will be exploited as an underground mine. During the site visit in May 2024, LXML was conducting geotechnical field investigations and studies.

Figure 12-1: Far West Area and DSW UG Exploration Field



Far West Area, as of 15 May 2024



DSW UG Exploration Field, as of 30 November 2023

Sources: SRK

12.2 Hydrology and Hydrogeology

LXML is located in a monsoonal climate, with a maximum rainfall of up to 170 mm per day.

The following study was reviewed by AMC in the SGPS:

- “Feasibility Study Report for Surface Water Drainage and Hydrogeology”, which was prepared by the Golder Associates Pty Ltd (“Golder”) and dated on 13 January 2020.

The studies included:

- A data gap assessment based on the pre-feasibility study and revised mine plan;
- Hydrogeologic field investigations to advance the knowledge of the local groundwater regime and geology features;
- Development of a hydrogeological conceptual model to support both the ESIA and the site water management requirements;
- Numerical groundwater modelling to quantify mine dewatering predictions based on phases of the mine plan development;
- The development of a calibrated surface water runoff model and two-dimensional flood model based on measured and observed data;
- Development of feasibility level of river realignment designs allowing the development of pits within flood plain and water course areas; and
- Development of the mine water management plan addressing potential water quality and quantity impacts, surface water management and pit dewatering requirements.

The realignment of two rivers is planned. The Namkok river will be diverted around the DSW OP in two stages and the Houay Kiang creek will be diverted around the NLU OP.

12.3 Open Pit Geotechnics

12.3.1 Studies and Data

The following studies were reviewed by AMC in the SGPS:

- “Rock Mechanics Evaluation of The Primary Gold Project Deposits, Sepon Gold Copper Operation, LAOS, P.D.R. (06641487-R01)” , which was prepared by Golder Associates Pty Ltd (“Golder”) and dated in December 2007.
- “MMG Sepon Primary Au Geotechnical Study - Open-Pit Review (1743_G\3156)”, which was prepared by Mining One Consultants Pty Ltd (“Mining One”) and dated on 20 July 2012.
- “Sepon Gold Project Geotechnical Study”, which was prepared by Mining One and dated on 6 June 2019.
- “Geotechnical Review - Open Pit & Underground”, which was prepared by MEC Mining Pty Ltd and dated on 4 December 2023.

Two geotechnical logging and testing campaigns have been completed to support pit design for mining the primary gold deposits. A summary of drill holes is shown in Table 12-2.

Table 12-2: Summary of Drill Holes for 2007 and 2018 Drilling Campaigns

Area	Number of holes in 2007	Number of holes in 2018	Total
Discovery Main	11	5	16

Area	Number of holes in 2007	Number of holes in 2018	Total
Discovery West	9	5	14
Nalou	15	4	19
Total	35	14	49

Sources: SGPS

Structural mapping was done during both campaigns, with the mapping done for the three main rock types encountered, i.e., calcareous shale ("CSH"), dolomite ("DOL"), and rhyodacite porphyry ("RDP").

Laboratory testing was also performed during both campaigns. The 2007 testing was done by AL Technologies (S) PTE LTD and the 2018 testing was carried out by Trilab.

The test data was validated by Mining One and the rock mass parameters shown in Table 12-3 were used in the stability analysis in the SGPS focused on Discovery Main ("DSM"), Discovery West ("DSW") and Nalou ("NLU") areas.

Table 12-3: Rock Mass Parameters Used for Geotechnical Analysis by Mining One

Material	UCS (median) (MPa)	Cohesion (kPa)	Internal friction angle (degrees)	Density (mean) (kN/m ³)	mi (Roclab)	GSI (35 th percentile) DSM/DSW/NLU
Clay	-	11.1 (35 th percentile)	25.5 (35 th percentile)	17.3	-	-
Weathered	-	39.6 (lower bound)	40.8 (lower bound)	20.6	-	-
CSH Isotropic	35.8	-	-	27.6	6	55/52/56
CSH Anisotropic	-	-	-	27.6	-	-
DOL	51.2	-	-	28.2	9	56/55/60
RDP	49.7	-	-	27.0	20	57/53/57
Fault Zone	4.7/1/7/1.7	-	-	27.6	6	28/29/26

Sources: SGPS

12.3.2 Seismicity

LXML is situated in an area of low seismic risk, with peak ground acceleration less than 0.04g.

12.3.3 Modes of Failure

Batter-scale stability was assessed using a combination of limit equilibrium and kinematic analysis. Overall and inter-ramp slope stability was assessed using limit equilibrium methods. The potential failure modes identified by Mining One are shown below:

- Circular failure was considered the most likely mechanism in the upper clay slopes, whereas a combination of circular and structurally controlled failure was considered in the upper weathered slopes.

- In the fresh rock, failure was expected to be structurally controlled and would be plane, wedge, or toppling failures.

12.3.4 Geotechnical Domains

Selection of the geotechnical domains is based on the results of the limit equilibrium analyses, kinematic analyses, and anisotropic behaviour.

12.4 Open Pit Mining

The conventional mining cycle, comprising drilling, blasting, loading, and hauling, were employed for the extraction of ore and waste rocks. The mining operations were conducted on flitches with a height of 2.5 meters.

12.4.1 Grade Control

The proposed method of grade control is RC drilling on a 5m x 10m pattern to a depth of 20m.

12.4.2 Open-pit Design

Open pit design parameters are summarized in Table 12-4 and Table 12-5.

Table 12-4: Mine Design Parameters

Item	Unit	Value	Notes
Bench height	m	20	the height between two berms
Minimum mining width (bench floor)	m	25	
Dual-lane ramp width	m	16.5	
Single-lane ramp width	m	10.5	
Ramp gradient	%	12.5	

Sources: SGPS

Table 12-5: Rationalised Slope Design Parameters

Domain	Main Rock Units	Bench Height (m)	BFA (degrees)	Berm Width (m)	IRA (degrees)	Controls
Discovery Main West						
All	All	/	27	0	27.0	
Discovery Main East Weathered						
All	Clay and weathered	20	37.27	7	31.0	
Discovery Main East Primary						
1, 2, 5	CSH and DOL	20	55	9	41.0	
3	CSH	20	65	7	50.8	
4	CSH	20	70	7	54.5	
Discover West Main Weathered						
West	Clay and weathered	20	42.85	7	35.0	

Domain	Main Rock Units	Bench Height (m)	BFA (degrees)	Berm Width (m)	IRA (degrees)	Controls
Discovery West Main Primary						
1	CSH	20	65	7	50.8	
2	CSH & DRP	20	60	7	47.2	
3	DOL	20	70	7	54.5	
Eastern section	Clay & weathered	20	42.85	7	35.0	
Discover West Weathered						
All	Clay & weathered	20	29.12	7	25.0	
Discover West Primary						
1	CSH	20	65	7	50.8	
2	CSH	20	50	7	40.1	
3	RDP	20	70	7	54.5	
4	CSH	20	65	7	50.8	
Nalou Weathered						
All	Clay & weathered	20	34.51	7	29.0	-
Nalou Primary						
1 & 8	CSH, DOL & RDP	20	70	7	54.5	
2	CSH, DOL & RDP	20	55	7	43.6	
3 & 4	CSH & DOL	20	70	7	54.5	
5, 6 & 7	CSH	20	60	7	47.2	

Sources: SGPS

12.4.3 Waste Dumps Design

Waste dumps design parameters are summarized in Table 12-6.

Table 12-6: Waste Dumps and Stockpile Design Parameters

Item	Unit	Value	Notes
Waste swell factor	%	25	
Ore stockpile swell factor	%	25	
Lift height	m	10	
Face/batter angle	deg	23-31	
Berm width	m	5-7	
Overall slope angle	deg	17-25	
Dual-lane ramp width	m	16.5	
Ramp grade	%	10.0	

Sources: SGPS

12.4.4 Ore Stockpiles Design

Stockpiles design parameters are summarized in Table 12-6.

The Gold ROM Pad development will be built on the current Eastern Copper ROM. The Gold ROM is estimated to have a total capacity of 1.6 Mt of ore.

12.4.5 Mining Equipment

Open pit mining was outsourced to seven contractors, which are HCD, KJL, KXN, VCC, VDC, Orica, and EIC. Open pit mining equipment are shown in Table 12-7.

It was planned to continue mining activity with the existing fleet unless there is a convincing reason to change.

Table 12-7: Open-pit Mining Equipment

Type	Size	Model	Quantity
Excavator	90t	CAT 390DL, XCMG XE900D, XCMG XE900C	13
Articulate Truck	40t	CAT 740B	64
Drill Rig	DPI1100/DX700	Sandvik DX700, Sandvik DP1100i	5
XCMG Truck	30T	XCMG NXG5650 DTQ	8
Dozer	D8 & D10	CAT D8R, CAT D10R	8
Small Excavator	20t – 45t	CAT 336DL, CAT 345, XCMG XE370CA, XCMG XE215C	9
Loader	930, 950, 996	CAT 966H, CAT 908K	4
Water Truck	40t	CAT 740B	5
Grader	16H	CAT 14M	5
Float (Trailer)	90t	MANTGA Prime Mover Trailer	1
Roller	15t	XCMG XS143	1

Sources: LXML

12.4.6 Conclusions and Recommendations

The open pit mining is going to be completed in near future (about three years). The final open pit designs have been applied by LXML to guide mining boundaries. Mining cycle and management have been practised for a long time. SRK considered no significant risk will be encountered for the open pit mining in future.

12.5 Underground Geotechnics

The following study was reviewed by AMC in the SGPS. It highlighted the stope stability parameters and ground support regime are obtained from a scoping study, as opposed to a pre-feasibility level work.

- “Discovery Deeps, High Level Geotechnical Assessment (2610_GL5803v2)”, which was prepared by Mining One and dated on 17 June 2019.
- “Geotechnical Review - Open Pit & Underground”, which was prepared by MEC Mining Pty Ltd and dated on 4 December 2023.

Drill hole data shown in Table 12-8 was used to construct the geotechnical model. The domains include global hanging wall, immediate hanging wall, ore, immediate footwall and global footwall.

Table 12-8: Diamond Drill Holes Used to Construct Geotechnical Model

Hole Collars (RQD data)	Hole Collars (Structural data)
DLK01-2	DIS602
DSM203-5	DIS604
DSM303-4	DIS628
DSM307-8	DIS631
DSM335	DIS642
DSM342-5	DSM203-5
LOL055	DSM285
LOL065-68	DSM303-4
LOL066	DSM307-8
LOL067	DSM342-5
LOL068	LOL015
LOL071-74	LOL020
LOL081	LOL055
LOL083	LOL065-68
LOL086	LOL071-74
LOL089	LOL072
LOL147	LOL073
	LOL074
	LOL081
	LOL083
	LOL086
	LOL089
	LOL147

Sources: SGPS

A statistical analysis was undertaken on logged rock mass classification factor (Q') in each domain. This analysis is summarised in Table 12-9.

Table 12-9: Q' Statistical Analysis for Each Domain

Domain	Minimum	Q'25	Median	Q'75	Maximum	Mean	Quality
Global Hanging wall	0.5	11.7	21.7	25.0	142.0	24.1	fair
Immediate hanging wall	1.0	10.0	17.5	25.6	138.8	24.5	fair to good
Ore	0.8	8.8	18.8	32.5	100.0	24.0	poor to good
Immediate foot wall	2.0	8.9	18.8	35.0	150.0	30.0	poor to good
Global foot wall	0.9	29.0	67.0	137.5	270.0	77.3	good to very good

Sources: SGPS

AMC completed a geotechnical assessment to estimate stable stope spans and pillar dimensions for the DSE UG deposit. The limiting stope span was assessed to be the hanging wall or crown of the stope with a hydraulic radius ("HR") limit of 5.7.

12.6 Underground Mining

The exploitation of the DSE UG as an underground gold mine, commencing in 2023, was intended to extend the life of the mine

12.6.1 Development System

The design consists of twin declines, both developed from what would be the upper benches of the DSE OP. One decline, with a portal at 205 m ASL, provides an access to the eastern extent of the deposit and the other, with a portal at 215 m ASL, to the western extent. The design has divided the mine into 4 distinct zones – SE, NE, SW and NW. Isometric view of concept design for long-hole stoping with cemented paste backfill ("LHSB") is shown in Figure 12-2.

Typical lateral development dimensions are shown in Table 12-10. Vertical development dimensions are likely to be in the 2.0 to 4.0 m diameter range depending on the location and purpose and subject to positive stability assessment at those diameters.

Table 12-10: Lateral Development Profiles

Type	Dimensions
Decline and Access	arch 5.5m wide x 5.8m high
Deposit Access – Level	arch 5.5m wide x 5.5m high
Return Air Drives, Escapeway Accesses, Ore Development	square 5.0m wide x 5.0m high

Sources: SGPS

Figure 12-2: Isometric View of Concept Design (LHSP, looking south)



Sources: SGPS

Since commencing production at the DSE UG, LXML has revised the development design. The new design consists of only one decline, which continues development from the upper benches of the DSE OP. This decline, with a portal at 196 meters ASL, provides access for intake air, transportation

of materials, waste & ore and personnel. Additionally, there are fresh air and return air raises located at approximately 220 meters ASL. The dimensions and development rates for different types are shown in Table 12-11 below. The plan view of this design for DSE UG is illustrated in the Section11.5.2.

Table 12-11: Lateral Development Profiles

Type	Dimension	Rate
Decline	arch 5.5m width x 6.0m height	60m/month
Electrical Drive	arch 5.0m width x 6.0m height	60m/month
Fresh Air Drive	arch 5.0m width x 5.0m height	60m/month
Fresh Air Raise	circle 4.0m/diameter	60m/month
Level Access	arch 5.5m width x 5.5m height	60m/month
Level Connection	arch 5.5m width x 5.5m height	60m/month
Ore Access	arch 5.0m width x 5.0m height	60m/month
Ore Drive	arch 5.0m width x 5.0m height	60m/month
Return Air Drive	arch 5.0m width x 5.0m height	60m/month
Return Air Raise	circle 4.0m/diameter	60m/month
Sump	square 5.0m width x 5.0m height	60m/month
Stockpile	arch 5.0m width x 5.0m height	60m/month
Dia Drill Drive	arch 5.0m width x 5.0m height	60m/month
Pumpstation	arch 5.0m width x 5.0m height	60m/month
Slot Drive	arch 5.0m width x 5.0m height	60m/month

Sources: LXML

12.6.2 Mining Methods

The proposed mining methods in the SGPS include long-hole stoping with cemented backfill ("LHSB"), long-hole stoping with pillars ("LHSP"), and post pillar cut and fill ("PPCF").

LHSB would be applied to areas where the deposit thickness is greater than 15 m. Long-hole stopes would be mined at suitable lengths then be filled and cured before mining adjacent stopes. Waste rock backfill could be used in the final secondary stope along strike. This method would require development at both the lower and upper levels of the stope to enable filling of the mined voids. The stope is 15 m wide and 45 m long after considering a hydraulic radius ("HR") limit of 5.7. Stope height varies with thickness of mineralisation domain. The mining recovery rate was assumed to be 90%. The mining dilution rate was assumed to be 15%.

LHSP would be applied to areas where the deposit thickness is greater than 10 metres. Stopes would be extracted by bottom level development and blind production up holes. Stopes would be left unfilled as the rib and sill pillars allow for ongoing stability. The stope is 20 m wide and 25 m long after considering an HR limit of 5.7. Stope height varies with thickness of mineralisation domain. The sill pillar is 10.5 m wide. The rib pillar is 11.5 m wide. The mining recovery rate was assumed to be 95%. The mining dilution rate was assumed to be 10%.

PPCF would be applied to all remaining inventory and would utilise waste rock backfill where the deposit thickness is greater than 7 metres. The bottom development style excavation would be taken at 5 to 7m height depending on the deposit thickness. Subsequent lifts would be taken in approximately 4-metre slices depending on the initial drive height. Drive width to pillar width ratio is 1:1. Opening length to pillar length (between drives) ratio is 6:5. Number of lifts varies with thickness of mineralisation domain. The mining recovery rate was assumed to be 77%. The mining dilution rate was assumed to be 5%.

Currently, LXML has revised the design based on LHSP method, with a mining recovery rate designed to be 90% and mining dilution at 15%.

After reviewing the design, SRK noticed that the stope shape designed by LXML should be updated based on the latest geological model. Consequently, SRK re-ran the Stope Optimizer (SO) based on the input parameters provided by LXML to report the Ore Reserves, with more details referred to in Section 11.5.4.

12.6.3 Backfill

According to SPGS, the backfill study has not yet reached the pre-feasibility level. The decision on whether to utilize pumping (if reticulated) or truck hauls (if transported) has not been finalized. The operating costs of paste backfill and the capital forecast are derived from AMC benchmarks, set at 19.5 USD/m³ and 10.0 million USD, respectively.

Currently, LXML has prepared a report titled "Physical and Mechanical Properties and Proportioning Test of Copper-Gold Tailings of LXML Sepon Mine." This preliminary report indicates the following key points:

- Density Analysis: The report provides the density measurements of both historical and current operational tailings.
- Fineness Classification: The fineness classification of both historical and current tailings has been assessed.
- Tailings Classification: The report includes a comparison between full tailings and classified tailings.
- Cemented Material Comparison: A comparative analysis of two types of cemented materials is presented.
- Cement-Sand Ratio: The report discusses the cement-sand ratio used in the tailings.
- Material Consumption: An evaluation of material consumption is included in the findings.

Based on LXML's preliminary assumptions, the operating cost of paste backfill and the capital forecast would be 15-16 USD/m³ and 6.0 million USD, respectively, where LXML may take advantage of suitable budget-friendly options from China. However, LXML has acknowledged that these figures are still benchmarks, and more detailed studies by a third party will be presented by October 2024.

12.6.4 Mining Equipment

Underground mining equipment are shown in Table 12-12.

Table 12-12: Owner's Underground Mining Equipment Quantity

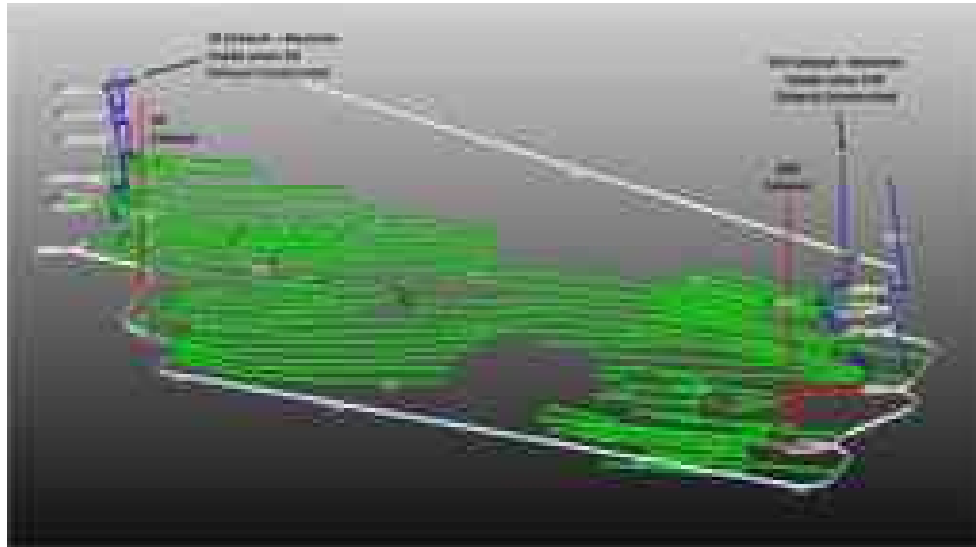
Type	Model	Quantity
Development Drills	Jumbo DD421	2
Production Drills	DRILL DL432, DRILL DL432i	2
Charge Rig	CHARMEC	2
Truck	TRUCK 740B	4
Loader	R2900	3
Grader	CAT 14M GRADER	1
Service Truck	Manitou MTX 1840, CAT 950 LOADER	2
Light Vehicles		12

Sources: LXML

12.6.5 Ventilation

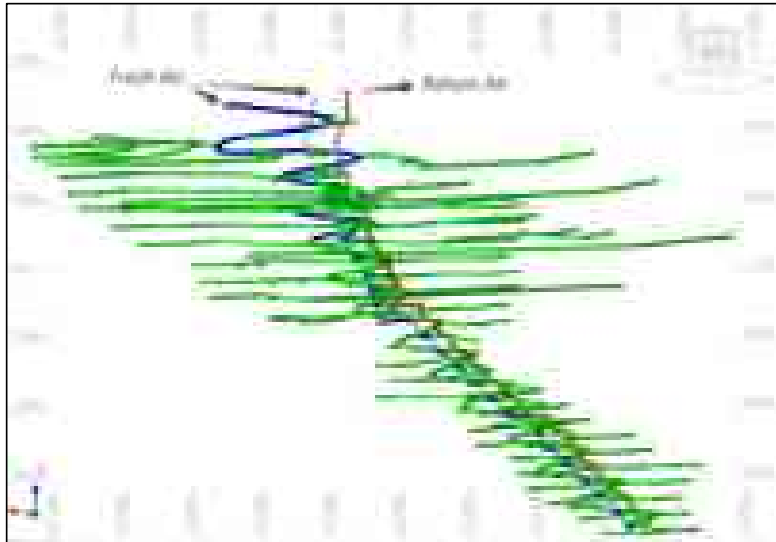
A primary ventilation flow requirement was assumed to be 390 m³/s in the SGPS.

Primary ventilation will be established initially in the SE and the SW zones and once the NE and NW shafts are constructed the primary ventilation fans would be moved from the southern shafts to the northern shafts. The southern shafts would then become intakes. Figure 12-3 provides an overview of the final primary ventilation network structure for the underground mine. Final exhaust shaft dimensions (subject to positive stability assessment) are estimated to be 3.5 m diameter with estimated fan power on each of 250 kW.

Figure 12-3: Primary Ventilation Layout

Sources: SGPS

As mentioned in Section 11.5, LXML has revised the development design, resulting in changes to the ventilation system. Figure 12-4 below illustrates the general layout of the updated ventilation.

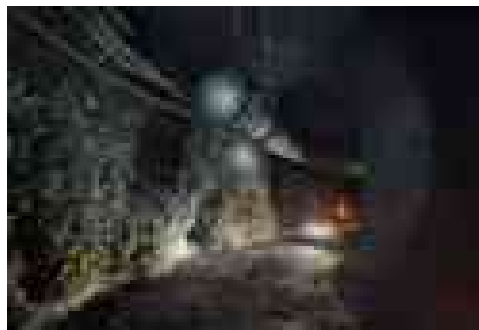
Figure 12-4: Revised Primary Ventilation Layout

Sources: LXML

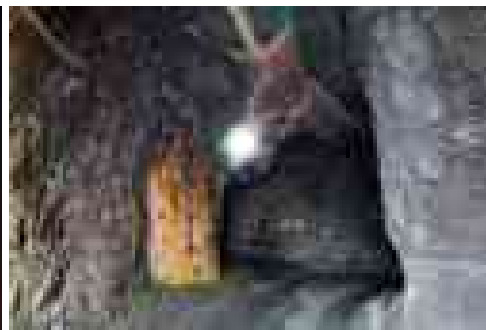
Generally speaking, fresh air enters through the main decline and fresh air raise, subsequently flowing into the fresh air drive or directly to the level access. A secondary fan is arranged to pressurize the fresh air, directing it to the ore drive and then to the stope or development face end. The exhaust air follows a reverse path, moving from the stope or development face end to the level access, then to the return air drive, and finally to the return air raise.

Table 12-11 in Section 12.6.1 presents the design parameters for the ventilation drive and raise.

Figure 12-5 shows the secondary fan and vent tube arranged in the main decline to level access, as observed during the underground visit on November 28, 2023.

Figure 12-5: Secondary Fan in Main Decline

Secondary Fan in Main Decline



Vent tube in Main Decline

Sources: SRK

As a general comment on the underground visit, the areas were clean, reasonably well-ventilated.

SRK was also provided with the primary and secondary ventilation survey monthly records, as shown in Figure 12-6 below. Normally, the survey is conducted on a monthly basis.

Figure 12-6: Primary Ventilation Survey in January 2024

Primary Ventilation Survey		Date: 15/01/2024		Time: 10:00		Location: [redacted]	
Surveyor: [redacted]		Client: [redacted]		Project: [redacted]		Report No: [redacted]	
Site Address: [redacted]		Postcode: [redacted]		County: [redacted]		Region: [redacted]	
Survey Type: [redacted]		Survey Method: [redacted]		Survey Duration: [redacted]		Survey Status: [redacted]	
Survey Notes: [redacted]		Survey Results: [redacted]		Survey Comments: [redacted]		Survey Conclusion: [redacted]	
Survey Summary: [redacted]		Survey Details: [redacted]		Survey Data: [redacted]		Survey Analysis: [redacted]	
Survey Findings: [redacted]		Survey Recommendations: [redacted]		Survey Action Plan: [redacted]		Survey Follow-up: [redacted]	
Survey Report: [redacted]		Survey Certificate: [redacted]		Survey Invoice: [redacted]		Survey Contract: [redacted]	
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Sources: LXML

12.6.6 Conclusions and Recommendations

In SGPS, the proposed mining methods in the DSE UG include long-hole stoping with cemented backfill ("LHSB"), long-hole stoping with pillars ("LHSP"), and post pillar cut and fill ("PPCA").

Construction of the underground mine commenced in April 2022 at DSE UG. As of 30 September 2024, SRK was provided with revised ventilation designs and underground designs by LXML.

SRK re-ran the stope optimization based on LHSB, as selected by LXML, then applied modifying factors and prepared the production schedule based on a review of LXML's data. SRK notes that LHSB has been widely practiced globally and is technically feasible.

SRK also noted that DSE UG would utilize cemented backfill to increase mining recovery, and more comprehensive study is on-going. Cemented backfill is widely used in various mines, it would not be a major risk which affecting Ore Reserves estimation



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Chifeng Jilong Gold Mining Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6693

GLOBAL OFFERING

Volume 3



This Prospectus is printed in three parts that together form the Prospectus. You should read each part of the Prospectus in conjunction with the other parts in order to understand the matters to which the Prospectus relates, including, without limitation, the Hong Kong Public Offering and the International Offering. Prospective investors should read each part of the Prospectus before making any application in response to the Hong Kong Public Offering. We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at cfgold.com. You may download and print from these website addresses if you want a printed copy of this Prospectus.

13 Recovery Methods

13.1 Gold Processing Plant

13.1.1 Introduction

The Sepon Gold Plant started operations during 2002 as a conventional processing plant for treating oxide ores by cyanide leaching. The plant was originally designed to process ore at 1.25 Mtpa. During 2006 the processing plant was expanded to achieve a processing throughput rate of 2.5 Mtpa. The plant was placed in care and maintenance in December 2013 due to unfavourable economic conditions driven by low grades and low gold prices. During 2016, a Scoping Study evaluated the option of re-allocating existing assets from both plants (Sepon Gold plant and Sepon Copper plant) to significantly minimize the required capital expenditure. This option was considered in later studies, as it was accepted that there were challenges for increasing the reserves for copper ores. The option of pre-concentration by flotation followed by pressure oxidation ("POX") was selected as "going-forward case" taking advantage of current POX facilities.

During 2020, the Sepon Gold Project Study was completed by LXML, focused on optimising the option evaluated during 2016, and maximising the utilisation of current assets. Since 2019, several assets from the Sepon Copper plant have been allocated to processing primary gold ores, including the flotation plant and the pressure oxidation circuit.

Currently, the plant has been expanded to process oxide ore and primary/transition ores in parallel mode. The overall plant capacity is 3.8 Mtpa, including the capacity at 2.2 Mtpa to process primary/transition ores and at 1.6 Mtpa to process oxide ore.

The oxidised ore is processed by carbon in leaching process ("CIL") and the primary/transition ore is processed by the "flotation - POX - CIL process". The final product is Gold Doré. Over the past three years, 3.08 to 3.55 Mtpa ore was processed and 6.01 to 6.26 tpa of gold was produced with the gold recovery of 55.1 to 65.2%.

The Sepon Gold Plant and Copper Plant are together in a complex. Figure 13-1 shows an aerial view of the complex.

13.1.2 Production Process

After crushing and grinding, the oxidised ore enters the CIL system. The primary and transitional ores are crushed and ground before entering the flotation system to produce a flotation concentrate and tailings, the tailings is discharged into the Flotation Tailing Storage Pit since cyanide free, while the concentrate enters the CIL system after acidification and POX. The gold-bearing carbon from the CIL systems is then sent to the elution-electrowinning-smelting system to produce Gold Doré. The leach residue from the CIL system is detoxified and discharged to the tailings storage facility ("TSF").

The production process is simplified in Figure 13-2 and described as follow:

Figure 13-2: Simplified Gold Recovering Flowchart



- IIIB-146 –

Oxide ore is fragmental and crushed by a roller crusher then GOX Mill (2,000 kW installed capacity). The final sizing of the oxide milling circuit is $P_{80}=90\sim125$ microns. The milled ore is then pumped to TK01 and TK61 agitation tanks for cyanidation with air injection and lime addition. The slurry is then pumped into the back end of the CIL circuit.

- Primary Ore Crushing and Grinding

A single toggle jaw crusher (Jacques ST47) will reduce the top size from 600 mm to 90 mm. Crushed ore is stockpiled between the crushing and milling circuits. The crushed ore is then reclaimed by apron feeders and fed into the SAG Mill (2,600 kW installed capacity) and Ball Mill (1,800 kW installed capacity) circuit. The final sizing of the entire milling circuit is $P_{80}=53\sim65$ microns.

- Primary Ore Flotation

The milled primary ore is then pumped to the flotation facility. The flotation plant includes two Jameson cells and six 160 m³ mechanical rougher-scavenger cells with prior flash flotation cells. The scavenger concentrate reports to the cleaning circuit which includes another Jameson cell and three 70 m³ mechanical cells. The cleaner tails are recirculated to the rougher flotation cells. The scavenger flotation tails report to a tails thickener (CCD4) for thickening purposes prior to being pumped to the surge tank in CIL circuit or discharged to west TSF ("WTSF") as well as to Khanong Tailing Storage Pit since it is cyanide free tailing slurry.

- Concentrate Acidulation and Pressure Oxidation (POX)

The final flotation concentrate is dewatered by a concentrate thickener (CCD5). Concentrate at 40% w/w density is then pumped into two agitation tanks (TK05 and TK06) for acidulation purposes. Concentrate sulphuric acid and POX residue CCD (counter current decantation in thickeners) wash solution provides the acid source for carbonate removal. The post acidulation slurry is dewatered by thickener (CCD7). Concentrate at 40% w/w density is then pumped into the pre-heater vessel at the Pressure Oxidation facility for increasing the temperature up to 90-95 °C. Heated concentrate slurry reports to an agitation tank (TK135) for feeding the pressure oxidation facility, POX1 and POX2. The heated concentrate slurry is then fed into the autoclave vessel, where the sulphides are oxidised under aggressive leaching conditions (220 °C, 2,900 kPa total pressure, 600 kPa oxygen overpressure). Pyrite is completely oxidised to hematite and basic ferric sulphate. The pressure oxidation vessel discharge reports to two tanks (TK101 and TK102) to start the hot cure process (dissolution of basic ferric sulphate). Hot slurry is then pumped into another tanks (TK07 and TK08) allowing enough residence time for complete basic ferric sulphate dissolution. The slurry is then washed through the front end of the CCD train. Four thickeners have been allocated for washing purposes (ALT1, CCD1, CCD2 and CCD3). The washed residue is then pumped from CCD3 to a tank (TK133), where pH is increased up to 10 ahead of the CIL circuit. The slurry is then pumped into the front end of the CIL plant at the Sepon gold plant.

A concentrate regrinding and cleaning facility is in construction for the concentrate upgrade and carbonatites decreasing to save the sulphuric acid consumption of concentrate acidulation.

- Carbon in Leach (CIL), Elution and Gold Room

The CIL circuit is operated considering two activated carbon circuits. Four large CIL tanks (1,800 m³ each) and three small CIL tanks (1,000 m³ each) are allocated for primary ore CIL, while three small CIL tanks (1,000 m³ each) are allocated for oxide ore CIL. This carbon configuration is based on minimising the cross contamination of preg-robbing material from the ore. Gold is leached by

conventional methods using sodium cyanide with air injection. Loaded carbon is transferred into the stripping facility for elution purposes and final gold pouring within the gold room. A new elution circuit is built in April 2022 to increase stripping capacity along with extension of gold room.

Mercury recovery system is included within the existing and new elution circuit and gold room, for regeneration kiln and electrowinning sludge drying. Mercury is recovered within liquid form, then storage onsite for latter exportation outside of the processing facility.

■ Cyanide Destruction and Neutralization

The overall CIL residue reports to the detoxification stage, where sodium metabisulphite and copper sulphate are added for cyanide destruction. The final tails report to the neutralisation stage for increasing the pH up to 9 for final tailing disposal.

13.1.3 Production Performance

The overall gold recovery ranges from 55% to 64%, as shown in Table 13-1.

Table 13-1: Sepon Gold Plant Historical Production Performance

Parameters	Unit	2021	2022	2023	3Q2024
Oxide Ore					
CIL Tonnes	t	1,380,792	1,482,549	974,224	765,931
CIL Feed Grade - Au	g/t	1.35	1.48	1.96	1.59
CIL Tails Grade	g/t	0.45	0.46	0.93	0.74
CIL Gold Recovery	%	66.70	68.90	51.80	50.70
Gold Production	kg	1,243	1,512	988	620
Primary Ore					
Flotation Feed Tonnes	t	1,892,688	2,070,955	2,110,735	1,589,337
Flotation Feed Grade	g/t	4.60	3.74	3.55	3.30
Flotation Mass Pull	%	27.98	33.12	38.80	26.60
Flotation Concentrate Tonnes	t	529,492	685,988	818,965	422,764
Concentrate Grade	g/t	12.10	8.89	10.50	9.98
Flotation Recovery	%	73.60	78.80	85.40	80.40
CIL Feed Tonnes - POX Residue	t	495,688	624,603	597,439	361,666
CIL Feed Grade - POX Residue	g/t	12.79	9.87	10.75	11.62
CIL Tails Grade - POX Residue	g/t	3.12	2.18	2.32	2.40
CIL Gold Recovery - POX Residue	%	75.60	77.90	78.20	79.20
CIL Feed Tonnes - Flotation Tails	t	243,020	-	-	-
CIL Feed Grade - Flotation Tails	g/t	1.93	-	-	-
CIL Tails Grade - Flotation Tails	g/t	1.78	-	-	-
CIL Gold Recovery - Flotation Tails	%	8.00	-	-	-
Total Primary Gold Recovery	%	54.66	61.28	67.01	63.47
Gold Production	kg	4,759	4,746	5,021	3,329
Total Gold Produced	kg	6,003	6,258	6,009	3,949
Overall Gold Recovery	%	55.0	58.1	64.0	61.0

13.1.4 Processing Facilities and Equipment

The main production facilities at Sepon Gold Plant include an oxide ore crushing and grinding system, a primary ore crushing and grinding system, a primary ore flotation system, a flotation concentrate acidulation and POX -CCD system, a POX post-concentrate CIL system, an oxide ore CIL system, a gold-loaded carbon elution-electrowinning-smelting-regeneration system, and auxiliary facilities including an oxygen plant, a metallurgical and assay laboratory, and a machine shop. The main processing equipment are described in the above process description. Figure 13-3 shows part of the gold facilities.

The cryogenic oxygen plant with a demonstrated capacity of 220 tonnes of oxygen per day supports the pressure oxidation facility. An existing vacuum pressure swing adsorption ('VPSA') oxygen has a capacity of 50 tonnes of oxygen per day and a new VPSA oxygen plant was built in 2021 with a demonstrated capacity of 160 tonnes of oxygen per day.

Figure 13-3: Facilities of Sepon Gold Plant



Source: SRK

13.1.5 Consumable

The Sepon Gold Plant Consumable of December 2022 is shown in Table 13-2, which is largely representative of the future consumption levels of the plant.

Table 13-2: Sepon Gold Plant Consumable

Reagents	Unit	Consumption
Total Grinding Media	kg/t dry ore milled	0.86
NaCN	kg/t dry ore milled	0.65
Hydrated lime	kg/t dry ore milled	12.8
Caustic Soda	kg/t dry ore milled	0.85
SMBS	kg/t dry ore milled	2.7
H ₂ O ₂	kg/t dry ore milled	0.73
CuSO ₄	kg/t dry ore milled	0.38
Diesel	kg/t dry primary ore milled	0.06
Sulfuric Acid	kg/t dry primary ore milled	
Xanthate - SIAX and SIBX	kg/t dry primary ore milled	1.8
Frother	kg/t dry primary ore milled	0.07
Promoter - MBT	kg/t dry primary ore milled	0.76
Fresh Water	m ³ /t dry ore milled	
Electricity	kWh/t dry ore milled	

13.1.6 Utilization of low-grade ore

There are plans to develop and utilize low-grade gold resources, but there is no technical studies, neither optionality tests and (pre-) feasibility studies, or specific plans to conduct feasibility studies.

13.1.7 Conclusion and Recommendation

The Sepon Gold Processing Plant uses the "flotation-POX-CIL" process for primary/transition ores to produce Gold Doré and the CIL process for oxide ores to produce Gold Doré, which is believed to be a suitable process by SRK.

In 2023, 2,111kt of primary ore was processed at a feed grade of 3.55g/t with 85.4% gold flotation recovery, 78.2% POX-CIL recovery. 5.021kg gold was produced from primary ore, the overall gold recovery is 67%.

In 2023, 974kt of oxide ore was processed at a feed grade of 1.96g/t with 51.8% gold recovery. The lower gold recovery rate is considered by SRK to be mainly due to the multiple ore types and the inherent refractory of the ore, while the reasons for the processing and operating parameters are of secondary importance. Total gold production is 6 tons from oxide and primary ores with overall gold recovery of 64%.

The primary and oxide ores will continue to be processed on existing facilities and the flowsheet is continuously upgrading. SRK proposes to forecast future production at an overall recovery of 65%. There are plans to exploit the low-grade gold resource, but no technical studies have been carried out yet in relation to this plan. It is recommended that verification and associated technical studies, including metallurgical tests and feasibility studies, be conducted on the low-grade resource.

13.2 Copper Processing Plant

13.2.1 Introduction

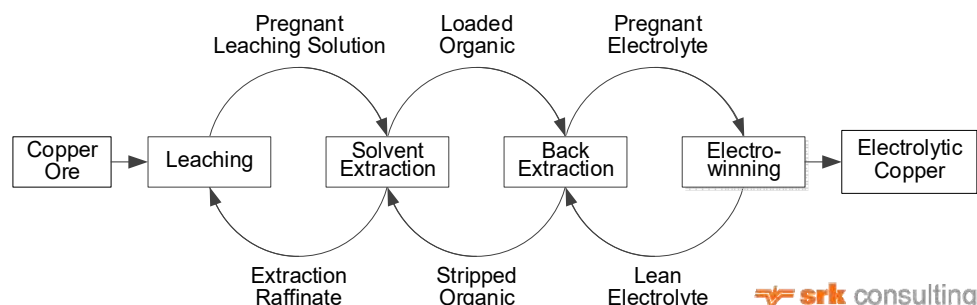
Copper processing is conducted at two different locations within the Sapon operation, utilising components of the former copper process plant together with the more recently constructed Heap Leach Operation. Each facility runs parallel to the other with the heap leach operation lying northeast of the copper processing plant at the mining ROM pad area. Final metal production occurs within the processing plant area. Previous copper operations were transitioned from July 2020 to the new gold primary circuit which included transfer of the former copper mill, pressure autoclaves, & leaching tanks. Remaining processing assets (which have not been utilised in the primary gold conversion) will be utilised to treat residual low-grade copper ore stockpiles on the ROM. The former copper process plant assets retained for copper processing include the Scrubber, cold acid leach, CCD, and solvent extraction & electrowinning (SX/EW).

Figure 13-1 of Section 13.1 shows an aerial view of the complex of Gold Plant and Copper Plant.

13.2.2 Production Flowsheet

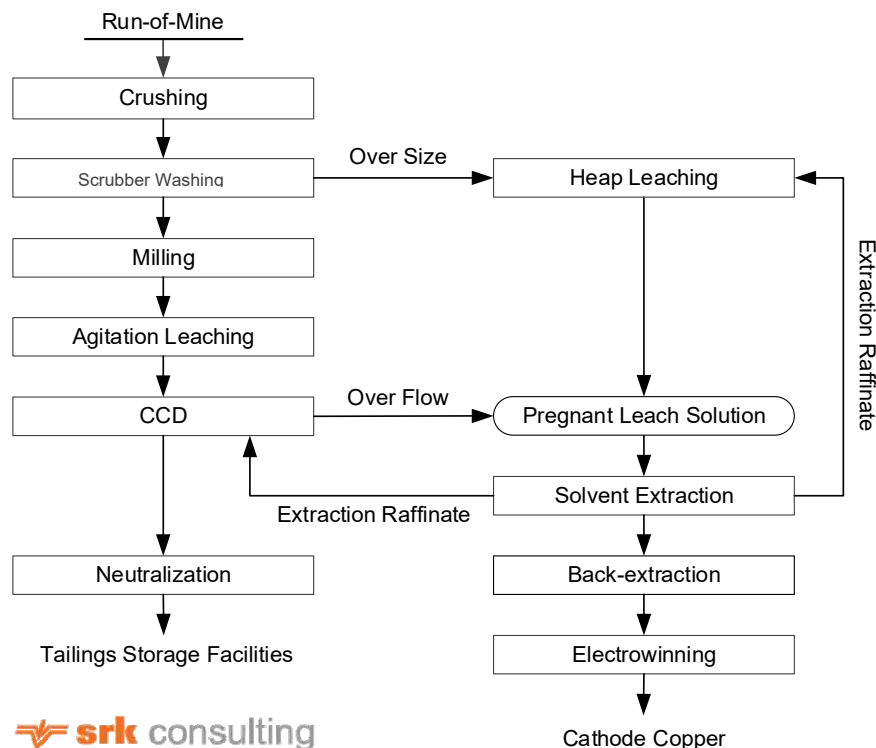
A typical hydrometallurgical process includes 3 circles as shown in Figure 13-4.

Figure 13-4: Schematic Diagram for Copper Hydrometallurgical Recovery



The Sapon copper production flowsheet is a typical hydrometallurgical process, including agitation leaching and heap leaching operations, and the final product is cathode copper. Simplified flow chart is presented in Figure 13-5, describes as follows:

Figure 13-5: Simplified Copper Metallurgical Flow Chart



Source: SRK

■ Crushing and Scrubbing

Low grade oxide and mixed oxide & sulfide copper ores are stored on the ROM pad. The ROM is then crushed by an impact crusher. The scrubber circuit washes the crushed ore with acidic process solution and then screens out the larger particles to produce a leach slurry that is sent to leach tank.

■ Cold Acid Leach and CCD

Concentrated sulphuric acid is added to leach tank to dissolve the copper into solution. The leach slurry is then transferred to CCD train #2. The slurry is thickened in each of the atmospheric leach thickener (ALT2). Thickener overflow, termed pregnant leach solution (PLS), is pumped to a clarifier, and flows from there, by gravity, to the PLS pond. Underflow streams from the PLS clarifier and atmospheric leach thickeners are pumped to the first CCD thickener. CCD train comprises six thickeners arranged in series. The purpose of the CCD circuits is to wash copper, acid and iron from the atmospheric leach thickener underflow stream. In order to achieve this, solid underflow and clear overflow streams move in counter-current direction through each CCD train. The streams are mixed ahead of each thickener, in an agitated mix tank, to ensure efficient washing.

Flocculant is added to each thickener according to the settling characteristics of the ore blend. The flocculation and resulting settling rate is sensitive to thickener feed density. Internal dilution in the

feed well is used to control the feed density and the flocculated solids are injected into the feed well to improve settling rates.

Washing of the solid material in the first three CCD thickeners of each train is achieved by contacting the solid underflow from the atmospheric leach thickener with copper raffinate from solvent extraction, which enters the circuit in the second CCD mix tank. The wash ratio in this section of the CCD circuit is approximately 4:1. Due to the high levels of iron and acid in the copper raffinate, only copper is washed from the solid underflow in the first two CCD thickeners.

Overflow from each of the first CCD thickeners is stored in a surge tank. CCD overflow is returned to milling and atmospheric leaching, via the heat recovery exchangers and atmospheric leach pre-heater in Pressure Oxidation.

Underflow from each of the third CCD thickeners is pumped through the next three CCD stages of each train where it is contacted with dilution water from the flotation circuit, to further recover copper as well as iron and acid. The wash ratio in the next three thickeners is approximately 1:1. As the wash water reports with raffinate to the CCD overflow tank, the amount of water used is set to match the makeup water requirements of the overall circuit. The plant water balance limits the wash efficiency achieved in this section of the CCD circuit.

The final thickener in the CCD circuit is used to thicken the slurry, the returned underflow is pumped to Neutralisation. Process water is added to the dilution tank to make-up for the volume sent forward as wash water.

■ Solvent Extraction

The solvent extraction plant consists of one train having three extraction mixer-settlers operating in series, two stripping mixer-settlers, one organic washing mixer-settler and a loaded organic tank. Each mixer-settler consists of one Dispersion Overflow Pump ("DOP") Unit, two Spiro mixing units and a settler.

The clarified and cooled PLS solution containing copper in solution is pumped from the PLS pond through two pipelines into the SX area into E1 DOP unit. The PLS flow rate is controlled with feed pump VFD.

In the E1 stage DOP, the PLS solution is mixed with semi-loaded organic coming from the E2 mixer-settler and a part of the PLS copper content is extracted into the organic phase by using copper selective organic reagent mixed with kerosene type diluent.

The formed dispersion flows through Spiro mixing units and via an uptake channel into the settler, where the dispersion flow is distributed across the full width of the settler by using a distributor fence. The organic and aqueous phases are separated by aid of set of picket fences. Because the organic phase has a lower density than the aqueous phase, it floats on top of the aqueous solution.

The extraction mixer-settlers are designed to operate with organic to aqueous phase ratio of close 1:1. The global O/A ratio is anyhow 1,7:1,0, thus the extraction mixer-settlers are furnished with aqueous inner circulations taken from the settler bulk.

There are two launder compartments at the discharge end of each settler. The copper loaded organic overflows into the first compartment and the aqueous phase flows under the organic launder into the

aqueous launder through pipes, which are furnished with bellows to control solution levels in the settler.

The aqueous phase from the E1 settler flows via an outlet box to E2 DOP unit and the copper loaded organic solution flows by gravity into a loaded organic tank. In the E2 DOP unit, the aqueous solution from the E1 stage is mixed with partly loaded organic solution from the E3 stage. The formed dispersion flows through the mixing units into the settler, where the phases are again separated.

The aqueous phase from the E2 stage continues into the E3 mixer-settler where it contacts with stripped organic coming from the S2 stage. About 88% to 95% of the PLS copper content is now transferred from the aqueous phase into the organic phase. The extraction recovery varies depending on the PLS acidity and copper content. The raffinate copper solution flows from the E3 stage by gravity into the raffinate pond.

The loaded organic tank is furnished with scrub water circulation to enhance impurity control. The PLS solution contains impurities like iron and manganese, which are harmful for the electrowinning process. Transfer of these impurities into the copper electrolyte is minimized with aid of scrubbing in the loaded organic tank and using a washing mixer-settler. The scrub water in the loaded organic tank is circulated into the organic outlet of the E1 stage with centrifugal pumps. Acidic fresh water is taken into the circulation and corresponding amount is bled out into the aqueous outlet of the E2 stage.

The pre-scrubbed loaded organic is pumped by using VFD controlled centrifugal pump from the loaded organic tank through LO pump tank into the W stage DOP unit, where it is mixed with acidic water, coming from electrolyte filter backwashing. The objective of the W stage is to wash out and dilute impurities, which have been transferred in organic phase as chemical and aqueous entrainment. Used wash water flows to the E2 DOP. The W mixer-settler is designed to operate with organic to aqueous ratio of close 1:1. However the advance ratio is about 45:1, thus the washing mixer-settler is furnished with aqueous inner circulations taken from the settler bulk.

The washed loaded organic flows from the W stage to the first stripping stage S1, where it's contacted with semi-rich electrolyte solution from the second S2 mixer-settler. Copper is transferred back into the aqueous phase by aid of acidity difference between the phases. The rich electrolyte containing close to 50 g/l copper flows from the S1 stage by gravity to the rich electrolyte after settler, which is located at the tank farm. Partially stripped organic solution continues to the S2 stage, where it's mixed with lean electrolyte solution pumped from the electrolyte circulation tank, which is located at the tank farm. The lean electrolyte contains 33-35 g/l copper and 180 g/l sulphuric acid.

The stripping mixer-settlers are also designed to operate with organic to aqueous phase ratio of close 1:1. The global O/A ratio is about 2:1, thus the stripping mixer-settlers are furnished with aqueous inner circulations taken from the settler bulk. The stripped organic returns from the S2 stage back to the E3 stage.

■ Electrowinning

Copper is recovered from the electrolyte solution by connecting direct current between the lead anodes and the stainless steel cathodes. The electrowinning layout is based on a double aisle configuration with 2 rows of cells. Two separate electrical and electrolyte circulation circuits are formed with 142 and 24 cells respectively. The electric current is fed to the electrolytic cells by two 60 kA transformer-rectifier. The bus bar system connects each group of cells together and to their

respective rectifier. During this process copper is deposited at the stainless steel cathodes and oxygen is liberated at the anodes.

The EW feed electrolyte is pumped from the electrolyte circulation tank into the electrolytic cells. Copper content of the electrolyte is 35 to 36 g/l and acid content 180 g/l. Electrolyte temperature is maintained at 45 to 50 °C. The change of the copper concentration in the electrolyte is 1.9 to 2.3 g/l. The electrolyte from the cells flows by gravity back to the circulation tank. Electrolyte outlet from the cells is equipped with screen to capture PP balls.

The Electrowinning process produces high purity 99.999% copper cathode metal. The cathodes are allowed to grow for certain days after which they are pulled from the cells. An operator controls the crane by using remote control. The crane bale is fine positioned to a cell by its positioning cones that meet the corresponding holes integrated into the cell, pulls every second cathode at a time, and during the pulling sprays the cathodes with water in order to rinse off the electrolyte.

Pulled cathodes are transferred from the cell to a cathode wash dip tank. Cathodes are washed and transferred to the receiving conveyor of the stripping machine. The Cathodes are again sprayed with hot water in a spray box fitted to the conveyor to remove any final traces of electrolyte. The Cathodes are then automatically stripped in the Cathode Stripping Machine. Stripped blanks are lifted from the discharge conveyor of the stripping machine and transferred back to the cells. The crane bale is equipped with cathode aligning combs that ensure that the cathodes are inserted safely between the anodes.

In the stripping machine, the stripped copper deposits move down and turn into horizontal position. The stacking unit automatically collects the deposits into stacks, which are discharged from the stripping machine by the stack discharge conveyor. The stacks are removed by a fork-lift truck for subsequent manual sampling station, weighing unit and strapping unit.

■ Neutralisation

Thickened CCD tailings are pumped to neutralisation tanks. The tanks are arranged in a cascade such that pulp from each tank overflows to the next tank in the sequence. Upcomers are fitted to the overflow of each tank to limit short-circuiting and ensure that no build-up of large particulate material occurs. Bypass launders are provided for each tank in the train to allow individual tanks to be isolated and maintained while the rest remain online.

Spargers are installed in the first two tanks to provide oxygen for ferrous ion oxidation to maximize iron precipitation in these tanks. Air is supplied to these tanks from the atmospheric leach blowers. Limestone slurry is metered into the first three tanks and lime into the final two tanks, both from circulating ring mains. Water is added to the final tank to reduce the solid density to 35% to control slurry viscosity.

Gold plant tailings enter the second neutralisation tank and the combined tailings stream overflows into a pump hopper. The combined tailings are pumped to the western tailings storage facility by two sets of tailings pumps.

■ Heap Leach

The heap leach copper processing plant was constructed in 2020 using a blend of primary copper ores, copper process scats and scrubber oversize. Ore has been stacked on 6 HDPE lined pads into heaps up to 12 metres high. The heaps are covered with plastic irrigation hosing to drip acidic

process solution from the copper process plant onto the top of the heap. The solution passes through the heap dissolving copper and is collected in HDPE lined ponds. Three (HDPE lined) ponds were also constructed in 2020 at the heap leach process plant to manage solution being fed to and from the copper heap leach pads. Pregnant Leach Solution from heap leach is transferred under gravity flow to the SX/EW PLS Pond to mix with scrubber leach solution prior to SX/EW.

13.2.3 Production Performance

The production process was modified in 2020 and 2021, with ore crushing followed by washing, coarse-grained fraction heap leaching, and fine-grained fraction grinding followed by stirred leaching. After 2020, heap leaching and stirred leaching simultaneously produced leach rich liquor (PLS) and copper cathode by extraction/electrolysis (SX/EW). The production performance is shown in Table 13-3. Stir leaching, with the decrease in leach grade, has a significant reduction in copper recovery, with a leach grade of 1.43% and a copper recovery of 57.2% in 2022. The integrated recovery from heap leaching for 2020, 2021 and 2022 is 76.2%, including the copper brought back to the heap leach by the extraction poor solution. The integrated recovery is 78.4% in 2021, which suffered a reduction to 61.7% in 2022 due to the decrease in ore grade. SRK believes the recovery rate will gradually increase for the long heap leach cycle.

Table 13-3: Sepon Copper Plant Historical Production Performance

Items	Unit	2021	2022	2023	3Q2024
Agitation Leaching					
Milling feed tonnes	t	255,074	772,052	1,105,175	843,337
Milling feed grade-Cu	%	2.47	1.43	1.02	0.99
Cu metal feed to agitation leach	t	5,673	10,308	11,273	8,313
Copper produced from agitation leach	t	4,052	5,891	6,136	3,446
Agitation leach recovery	%	71.22	57.15	54.43	41.45
Heap Leaching					
Stacked tonnes ²	t	236,988	40,800	188,585	214,711
stacked copper grade	%	0.70	0.80	0.99	0.67
Cu metal stacked	t	1,659	326	1,867	1,438
Copper produced from heap leach	t	1,696	675	383	184
Heap leach recovery ¹	%	68.95	76.23	63.30	65.58
Total ore processed	t	492,062	812,852	1,293,760	1,058,048
Copper grade of ROM	%	1.49	1.31	1.02	0.92
Cu metal feed	t	7,332	10,635	13,140	9,751
Total copper production-plated	t	3,345	6,566	6,548	3,856
Total copper production-stripped	t	5,748	6,565	6,519	3,462
Overall copper recovery	%	78.40	61.73	49.61	41.64

Notes:

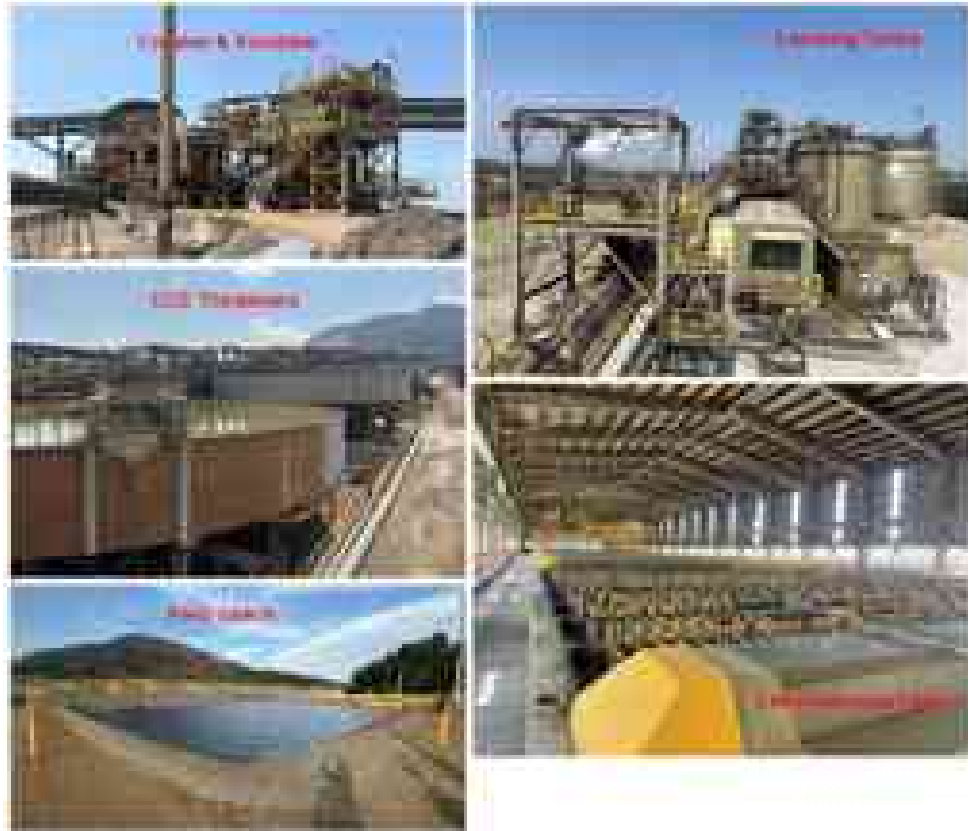
¹ Heap leach recovery is calculated based on the total amount of copper stacked and produced.

² The oversize ore in 2024 has not heap leached.

13.2.4 Metallurgical Facilities

The main metallurgical facilities at Sepon Copper Plant include a crushing and scrubber washing system, a grinding system, a heap leaching system, an agitation leaching and CCD system, a SX/EW system, a residue neutralization system. Figure 13-6 shows main workshops of the copper plant.

Figure 13-6: Workshops of Copper Plant



Source: SRK site visit

13.2.5 Consumable

Table 13-4 lists the consumptions of the agitation leaching plant.

Table 13-4: Sepon Copper Plant Consumable

Reagents	Unit	Consumption
Grinding Media (Steel Balls)	kg/t dry ore milled	0.33
Sulphuric Acid	kg/t dry ore leached	85.00
Flocculant Addition	g/t dry ore milled	212
Lime	kg/t dry ore milled	18.58
Limestone	kg/t dry ore milled	86.80

Fresh Water	m ³ /t dry ore leached
Electricity	kWh/t dry ore leached

13.2.6 Utilization of Low-Grade Ore

Total copper potential for Sepon including tailings and stockpiles estimated is as 138Mt @ 0.68% grade for 940kt of contained copper. The resources for potential copper production is as follows:

- Tailings for leach potential 24Mt @ 0.37% for 88kt of contained copper.
- Tailings for flotation potential 1.45Mt @ 0.4% for 6kt of contained copper.
- Copper stockpile estimated as 4.65Mt @ 1.04% for 48kt contained copper.
- More than 85% contained copper from Thengkhamb (58%) and Khanong (27%) ,total primary copper potential estimated as 95Mt @ 0.57% for 538kt of contained copper.

There are plans to utilize the aforementioned low-grade resources by treating low-grade primary copper ore using a flotation process to produce a saleable copper concentrate. The flotation tests on primary copper ores confirmed satisfied results, the copper recovery is over 80% with a saleable grade of above 18%. A pre-feasibility study level *Thengkhamb Primary Copper Proof of Concept* has been finished in October 2023 ("POC"). The POC designed the primary copper plant adopts "crushing-milling-rougher flotation-regrinding-cleaning" process to produce saleable copper concentrate with gold and silver credit. The designed capacity of the flotation plant is 7.5 Mtpa with copper recovery no less than 80%. Copper concentrate is expected within 18% to 24%.

There are two options of the plant development scheme:

- Option 1 - Building an entire new processing facility at Thengkhamb
- Option 2 - Upgrading the existing processing plant

As a result of preliminary trade off study, the Option 2 is the preferred scheme, but the NPV is negative. The economic indicators for the option of upgrading the existing plant provide enough resolution for classifying this project within negative/marginal project minimum blue-sky potential. This option will breakeven at a copper recovery of 87%, or at a copper price of 9,119 USD/t copper. A minimum inventory of 137 Mt is required for breaking-even. A strong copper price outlook would support additional studies for this option.

The final recommendation from this study is to proceed with the update of the Resource model as a priority. The model update should be mainly focused on the primary mineralisation. The LXML Exploration team has already included additional drilling in this region for the 2024 plan. The upside potential for the Upgrading the existing processing plant case warrants this additional drilling and model update. Once the Resource model is updated, a detailed feasibility study is recommended.

13.2.7 Conclusion and Recommendation

Hydrometallurgy is a reliable process technology for treating copper oxide ores. The operation of Sepon copper mine for many years has shown that the copper recovery rate is greatly influenced by the leaching grade during the "Stirred Leaching-CCD-SX-EW" process. The leach grade is reduced from 2.71% in 2020 to 1.43% in 2022, and the copper recovery rate is reduced from 83.3% to 57.2%.

Heap leaching is a low-cost wet copper extraction process that can consume excess extractive solution. The combination of stirred leaching and heap leaching can better maintain the process water balance and also reduce the cost to treat lower grade ore. As a reference, the combined recovery of stirred leaching and heap is 61.7% in 2022. A recovery rate of 65% is recommended by SRK as a parameter for subsequent deposit evaluation and economic analysis, taking into account the long heap leach cycle.

The primary copper ores are amenable to flotation process. Laboratory tests results in the copper recovery over 80% in the concentrate with copper grade ranging 18% to 24%. A Proof of Concept study shows the NPV is negative. A detailed feasibility study is recommended to be conducted once the Resource Model is updated and the copper price raises to above USD9,119 per tonne.

14 Project Infrastructure

14.1 Tailings Storage Facilities

There are two Tailings Storage Facilities ("TSFs") at the Sepon copper mine and gold mine, TSF1 and the western TSF ("WTSF"). The blended tailings from Copper Plant and Gold Plant are deposited in the TSFs. The storage capacity of TSF1 has been exhausted, and WTSF is in its final raising stage (stage 8). A WTSF EXTENSION DETAILED DESIGN has been compiled by Knight Piesold Pty Ltd in August 2022, adding an extra of 44 Mt ($37 \text{ Mm}^3 @ 1.2 \text{ t/m}^3$) storage capacity serving 8 years from 2023 at approximate rate 5.52Mt per year.

14.1.1 TSF1

TSF1 is located approximately 1 km southeast of the Sepon processing plant. TSF1 was constructed in 2002. Gold tailings were deposited exclusively into the facility until March 2005 when both gold and copper tailings were co-disposed. Construction comprised six downstream stages undertaken between 2002 and 2008 to a crest level of RL 287.2 m with a storage capacity of 16 Mt. A final upstream lift was added in 2012.

TSF1 has a main embankment. The dam figures a drainage system constructed at upstream toe of the embankment designed to pump underdrainage from the tailings mass directly back into the supernatant pond, although this underdrainage system is currently not in use. TSF1 also has a southern and a northern saddle dam that both comprise low permeability homogenous fill. The maximum height of the main embankment is at RL 287 m, approximately 72 m. The saddle dams are approximately 5 m high. The crest length of the main embankment is approximately 850 m. The saddle dams range from 40 to 80 m in length.

The tailings beach level based on the September 2018 survey is RL 285 m. A well-developed beach is formed against the main embankment and the saddle dams. There has been minimal tailings discharge since 2018, so the 13.9 Mm^3 of tailings stored in TSF1 calculated by LXML in December 2017 is assumed to be still applicable.

The current spillway is located near the northern saddle dam, through the western abutment. The current spillway discharges via a rock-lined chute to a deep valley below the northern saddle dam.

A seepage collection system is located at the downstream toe of the main embankment, returning seepage back to the TSF or directly to the process plant.

Ponded water is removed from the dam by a barge-mounted pump decant system and associated HDPE decant return pipeline, pumping directly to the process ponds at the plant site.

Tailings were delivered to the dam via a HDPE tailings delivery pipeline located within a concrete culvert for the entire distance between the plant and TSF1. An emergency dump pocket / catch dam is located at a low point along the pipeline alignment (adjacent to Hinsom Creek). The tailings distribution pipeline had 4 operating spigots and droppers located across almost the full length of the embankment. Currently, tailings deposition is not taking place, but LXML is considering the possibility of reintroducing limited discharge as part of the conversion to gold tailings.

14.1.2 WTsf

The WTsf is situated approximately 10 km southwest of the existing plant site. The WTsf has been operational since January 2008, storing tailings generated from the gold and copper processing plants. The copper processing plant has a current throughput rate of 2.2 Mtpa but was scheduled to be closed in 2020. The gold processing plant has been in care and maintenance since 2013 but is currently being refurbished and expected to recommence processing this year.

Stage 8 construction is ongoing, and the raise is being completed in stages. The crest was initially raised to RL 307 m and now construction of the downstream portion of the raise is underway.

The principal components of the WTsf comprise the following elements:

- Main Embankment.
- West Embankment: A major embankment located at the western side of the WTsf.
- Northern Saddle Dams: A series of saddle dams along the northern side of the WTsf.
- Spillway: The spillway is located at one of the northern saddle dams and is an overflow levee with erosion protection provided on the surface of the levee.
- Decant Facility: The decant facility is a pump barge located on the northern side of the WTsf.

The Main Embankment has a maximum height of just over 60 m with the western embankment at approximately 34 m and the saddle dams ranging in height up to approximately 7 m. The Stage 8 construction is reducing batter slopes on the downstream faces of both embankments with slopes of 1V:3.3H and 7 m wide benches at 10 m heights giving an overall slope of 1V:4H.

The crest length of the main embankment is approximately 2.4 km with the western embankment being approximately 300 m.

In February 2021, LXML conducted an optional study examining the potential to expand the WTsf to the west, north and southeast as part of ongoing extensions to the life of mine plan. Following this study, an expansion to the southeast was selected based on ultimate capacity, geological and embankment fill efficiency assessments. A tailings storage capacity of 17.4 Mt was required for the reserves nominated in the PFS, with an increased storage configuration up to 44 Mt developed for the final design. On the basis of LXML's study, Knight Piesold completed the WTsf extension design in August 2022. The extension capacity was designed to accommodate 44 Mt (37 Mm³ at 1.2t/m³) tailings which is scheduled to be deposited over 8 years, starting from year 2023 at annual volume of 5.52 Mt. Figure 14-1 is the WTsf and its extension drawn by Knight Piesold in the *WTsf Extension Design*.

Figure 14-1: WTsf and Extension



14.2 External Transportation

Sepon site is located in central Eastern Laos, 235 km East North East of Savannakhet, 45 km North of Ban Nabo and 290 km from Da Nang in Vietnam, and centred at Co-ordinates 17° (1875000nM) N and 106° (607000nM) E with an Elevation of 260m above sea level Figure 14-2). Table 14-1 lists different access methods to the project area.

Figure 14-2: Location and Access to Sepon Project



Table 14-1: Accesses to Sepon Project

Road Access	From Bangkok via Savannakhet (possibly routes 2, 202,212), 9 + 28A to Ban Nabo
Air Access	▪ Regular chartered flights operated by Lao Skyway from Wattay Airport domestic terminal in Vientiane, with some flights via Savannakhet Airport. ▪ Helipad on site ▪ Via Bangkok or Laem Chebang ▪ Logistics of supply lines to the site will be established to suit particular packages.
Sea Access	Most likely access will be via Bangkok where accumulation of goods will take place for road shipment to site. ▪ Via Vietnam

14.3 Other Facilities in the Sepon Mine site

Historically, Sepon Mine has about 20 years of production, and various facilities were well developed.

14.3.1 Industrial Sites

There are more than 20 open-pits associated with the waste dump sites and ore temporary storage sites near the pits. Now only a few of the open-pits are in operation, and some old pits have been used for waste dump sites.

There is an industrial site hosting ore processing plant and smelter, with ore dump and blending sites.

The whole mine site was separated from local communities with its own traffic control system of haulage roads and various internal roads.

14.3.2 Camps

There are two camps within the mine site. One camp can host about 700 people for expats and technical personnel, as well as visitors; the other can host about 2,000 people for Lao nationals who work in the mine. Each camp has its own catering and laundry services, as well as being equipped with various sport facilities. Shuttle buses operate from 5:00am to 7:00pm in the morning and evening between work sites and camps.

14.3.3 Airstrip

There is an airport within the mine site, only minutes away from the head office. Charter flights are available daily between Vientiane and the Sepon in weekdays.

15 Market Studies and Contracts

The final products from the Sepon project are cathode copper plates and gold bars. SRK was provided with copper sales agreement and gold refining agreement.

15.1 Copper Sales Contract

The copper sales agreement was signed on 14 January 2022 between LXML ("the seller") and Trafigura Pte Ltd, of Singapore ("the buyer"). The agreement sets that:

"The price shall be the LME Settlement price for Copper as quoted on the London Metal Exchange averaged over the market days of the quotational period (The quotational period shall be the month after the month of delivery (M+1) plus respective premium and minus any applicable discount below:

- **Premium:** The Codelco CIF Taiwan cathode benchmark for the respective year of delivery.
- In case the product does not meet the LME specifications, the **following discounts** shall be applicable:
 - OG 1 (max Pb 10ppm and max S 20ppm): USD 50.00 (US Dollar fifty) per Metric Tonne.
 - OG 2 (max Pb 30ppm and max S 30ppm): USD 80.00 (US Dollar eighty) per Metric Tonne.
 - OG 3 (max Pb 50ppm and max S 50ppm): USD 200.00 (US Dollar two hundred) per Metric Tonne.
- **Freight Netback:**
 - The price shall be further adjusted to EXW basis by an applicable freight netback from CIF CY Taiwan. Such freight netbacks shall be negotiated in good faith and mutually agreed between the parties for every six (6) month delivery period during the months of December and June prior to the scheduled delivery period. For 2022, Seller shall bear 1/3 of actual freight costs but no more than US Dollar 15 per Metric Tonne for cathodes shipped to countries other than Thailand."

15.2 Gold Refining Contract

A refining agreement was signed between ABC Refinery (Australia) Pty Ltd and LXML on 10 August 2020. The agreement defines that there is no charge on melt or assay of gold and silver Dorè, and refining charge is agreed as USD0.075/gross oz, with a retention (metal return) of 0.015% Au and 0.5% Ag.

16 Environmental Studies, Permitting, and Social or Community Impact

16.1 Environmental and Social Review Objectives

The objective of this environmental and social review is to identify and/or verify the existing and potential environmental and social liabilities and risks and assess any associated proposed remediation measures for the development and operation of the Sepon Project. During SRK's site visit in May 2024, the project was in commercial operation including multiple open pit mining, gold and copper ore processing, tailings storage facilities and waste rock dumps.

16.2 Environmental and Social Review Process, Scope and Standards

The process for the environmental and social preliminary review for the Project comprised a review of provided project environmental and social management documentation combined with site visit observation against relevant criteria within:

- Laos national environmental regulatory requirements; and
- World Bank/International Finance Corporation ("IFC") environmental and social standards and guidelines and internationally recognised environmental management practices.

16.3 Status of Environmental and Social Approvals

SRK was provided with the following Environmental and Social Impact Assessment ("ESIA") reports for the Project, where the associated ESIA report approvals were issued by the Ministry of Natural Resources and Environment ("MoNRE"):

- NSR Environmental Consultants Pty Ltd and Earth Systems Lao (September 2001), *Sepon Project Environmental and Social Impact Assessment Report*, English Version;
- NSR Environmental Consultants Pty Ltd and Earth Systems Lao (November 2002), *Sepon Project Environmental and Social Impact Assessment Addendum Report*, English Version;
- Enesar Consulting Pty Ltd (April 2004), *Sepon Project Gold Expansion Environmental and Social Impact Assessment Report*, English Version;
- Coffey (January 2008), *Sepon Gold and Copper Operations GPDA Gold Oxide Project Environmental and Social Impact Assessment Addendum Report*, English Version;
- Coffey (July 2009), *Sepon Copper Expansion Project Environmental and Social Impact Assessment Addendum Report*, English Version;
- Sustainable Solutions Global and Earth Systems Lao (2020), *Sepon Gold Expansion Project Environmental and Social Impact Assessment Report*, English Version; and
- Earth Systems Lao (October 2022), *Sepon Gold Expansion Project Stage II Environmental and Social Impact Assessment Report*, English Version.

16.4 Environmental Compliance and Conformance

Please note that the following are the Laos environmental laws and regulations which the Company needs to comply with:

- The 9th Five-Year National Social-Economic Development Plan (2021 - 2025);
- National Environment Strategy to 2020 (2004);
- National Biodiversity Strategy and Action Plan for 2016-2025 (2016);
- Strategic Framework for National Sustainable Development Strategy for Lao People's Democratic Republic ("PDR") (2008);
- National Environment Action Plan ("NEAP");
- National Adaptation Programme of Action on Climate Change (2009); and
- MoNRE Vision toward 2030 and National Resources and Environment Strategy, 2016-2025 (2015).

Further than these strategies and action plans, Lao Government has also formulated draft policies and strategic frameworks relating to environment such as the Draft Strategy and Action Plan for Water Resources Management.

SRK notes that these ESIA reports mentioned above have been compiled in accordance with relevant Laos environmental laws and regulations, as well as World Bank/IFC environmental and social standards and guidelines and internationally recognised environmental management practices. SRK has reviewed these ESIA reports with the associated approvals and conducted an environmental site visit against recognized international industry environmental management standards, guidelines and practices. In the following sections, SRK provides comments in respect to the Project's environmental management measures.

16.4.1 Water Aspects

Three classes of water are used in and around the mining, process plants and accommodation camp areas including raw water, process water and potable water.

Raw (untreated) water is pumped from the Nam Kok River through a water clarifier to a series of tanks to the east of the gold plant. Water is used to meet domestic and process water requirements. The process water is a combination of raw water from the Nam Kok River and recycled TSF decant water. Potable water for the offices and Padan Camp is supplied via a feed from the reverse osmosis plant, located at the Gold Plant, and an additional drinking water treatment plant for potable water supply at Padan camp. Potable water for Hinsom Camp is provided via a dedicated water treatment plant located adjacent to the camp supplied by a groundwater bore.

Water used at the site and surface water runoff has the potential to be impacted by process chemicals, hydrocarbons, eroded sediments, and Acid Rock Drainage ("ARD"). Effective water management is fundamental to minimising potential adverse effects to the downstream environment and community water and aquatic resource users.

A water management system is maintained at Sepon and comprises water management infrastructure such as diversion drains, settlement ponds, environmental wetlands and water

treatment facilities to remove heavy metals via lime precipitation, settlement and natural attenuation, supported by site operational procedures. The objectives of the Sepon water management system are to:

- Minimize extraction of raw water from the environment by reusing pit and process water where practical.
- Divert clean water around mining areas and mineral waste facilities to prevent impact.
- Collect all site effluent waters (runoff from mineral waste facilities, stockpiles, open pits, processing facilities and other general operations areas), test and treat to meet effluent discharge compliance criteria prior to discharge offsite.

16.4.2 Waste Rock and Tailings Management

Waste rocks are generated as part of mining activities and are dumped into various waste dump areas near the open pits. Based on an ARD assessment report dated September 2014, the recommended criteria for non-acid forming ("NAF") waste and potentially acid forming ("PAF") waste is that non-calcareous waste containing more than 0.3% S is assumed to be PAF, and calcareous rock units and non-calcareous waste containing less than 0.3% S are assumed to be NAF. Waste dump areas are generally located and constructed at the nearest proximity to mining areas to minimize haul distance. Mineral waste facilities are predominately valley fill construction, although several are mound or hill type of construction. The construction of waste dumps takes into account the acid-generating and acid-consuming characteristics of the waste rock material to ensure that the risk of acid rock drainage is reduced. The mitigation measures for the PAF waste dump area include low permeable layer on the bottom, blending with limestone, encapsulation with clay, and final dump covers with low permeable layers. PAF waste rock were also backfilled into exhausted open pits and were encapsulated with 5m thick NAF waste. NAF waste rock from any of the pits may be used for construction purposes such as the tailing storage facility embankment, haul roads and sediment control structures. Based on the observations and discussion during the site visit, this mine site generally contains significant levels of dolomites, which can neutralize the ARD naturally and reduce the impacts to the environment.

Tailings are generated from the processing plant, which contain significant amount of sulfur concentrate. In order to reduce the risk of ARD, tailings are sent to the neutralization circuit where they are neutralized with lime to a pH of 7 prior to discharging into TSFs. Since primary gold is processed by pressure oxidation, associated sulfur is converted to acid and neutralized before sending to the TSF, ARD risk could be reduced significantly. Monthly water quality monitoring undertaken previously identified elevated levels of sulphate and manganese in the surface waters of Houay Nam Laeb and Houay Aria Creek, respectively, southwest of the WTsf. Inspection conducted identified that the elevated sulphate and manganese is likely from WTsf supernatant. Three seepage containment dams were constructed in 2017 to intercept, contain and return the seepage into WTsf, associated with lime treatment on the seepage water.

16.4.3 General Solid Waste Management

The Company states that the municipal solid waste is collected in designated areas and disposed of into an on-site landfill to keep all project sites in good housekeeping. The Company has a program

to recycle iron scraps, paper, plastic bottles, aluminum cans, and cardboards, and several identified local subcontractors come to the site to collect them.

16.4.4 Hazardous substance management

The main hazardous material management for the Project comprises the storage and handling of processing chemicals including cyanide, limestones, paints, lubricant oil, gasoline, diesel, etc. These materials will not only harm the environment, also impact the safety and health of the workers. The Company stores them with secondary containment, in compliance with various laws and regulations. In addition, some certain levels of fuels are stored onsite for mining and ore transporting, and they are stored properly. The Project site is equipped with a high temperature incinerator to treat medical waste. The oily waste and waste oil will be temporarily stored in the temporary storage of hazardous waste and then handed over to qualified organizations for disposal and treatment.

16.4.5 Site Ecological Assessment

The development of mining and mineral processing projects may also result in impacts to or loss of wildlife habitat. The project development ESIA reports determined the extent and significance of any potential impacts to wildlife. Where these potential impacts are determined significant, the ESIA reports proposed effective measures to reduce and manage them.

The Project is located in the Annamite Range Moist Forest ecoregion, which is one of Asia's largest contiguous natural forests, and supports a number of unique species, many of which are endemic and/or highly threatened. This region is listed as 'Vulnerable' as it is threatened by human impacts including logging, wildlife trade and unsustainable natural resource exploitation. In terms of aquatic biodiversity, the Project is located in the Greater Mekong ecoregion, including wetlands, peat swamps, subterranean streams, and crater lakes, which provide habitat for many other aquatic and terrestrial flora and fauna. This ecoregion is considered 'Vulnerable' due to existing threats.

The Company implements biodiversity management through a set of prioritised steps to avoid and minimise the potential impact of the Project on biodiversity. Specific commitments to biodiversity include:

- Do not explore, mine or cause environmental impact within the boundaries of the United Nations Educational, Scientific and Cultural Organization's ("UNESCO") "World Heritage List" properties;
- Avoid disturbance of biodiversity and other ecological values, and otherwise require an approved Mitigation Management Plan or Biodiversity Offset Management Plan prior to authorisation of disturbance; and
- Implement the common Land and Biodiversity Management Critical Control Design that considers topsoil management, erosion control, priority flora management, priority fauna and habitat management, and weed, exotic flora and pest animal management.

SRK notes that the site biodiversity management for the Project follows Lao laws and regulations, and internationally recognized guidance and practices.

16.4.6 Dust, Gas and Noise Emissions

Dust will be generated from the open pits, haul road and dry beach area of TSFs during dry season, and the Company uses water trucks to the open pits, haul road, and the dry beach area of the TSFs to mitigate the dust emission. In addition, the processing plant could be a significant dust and gas pollution source if without proper measures. The dust from the plant mainly comes from the coarse crushing room, medium and fine crushing room, and screening room. According to SRK's site visit, all pieces of equipment of processing plant for crushing and screening are not placed in enclosed spaces, and potentially causing fugitive dust pollution to the air. SRK recommends that all facilities of processing plant be placed in multiple warehouses equipped with dust collection systems and sprayers. Pressure Oxidation Plant ("POX") plant discharges vapor to the environment.

The main noise sources for the Project are from the operation of fixed plant (crushers, compressors, pumps, etc.) and mobile equipment (mainly ore haulage). SRK notes that the potential for significant off-site noise impact is low due to the site being remote (the nearest residence is approximately several kilometers away from the project site).

16.4.7 Environmental Protection and Management Plan

The purpose of an operational Environmental Protection and Management Plan ("EPMP") is to direct and coordinate the management of the project's environmental risks. The EPMP documents the establishment, resourcing and implementation of the project's environmental management programs. The site environmental performance is monitored and feedback from this monitoring is then utilised to revise and streamline the implementation of the EPMP. SRK notes that an operational EPMP has been developed and implemented for the Project. This EPMP incorporates operational monitoring programs for the monitoring of air emissions, groundwater quality, and soil and water conservation.

16.4.8 Site Closure Planning and Rehabilitation

Lao national legislation includes requirements for the closure of mining projects, including ecological rehabilitation and the continued sustainability and social development of local communities. These legislative requirements cover the need to conduct land rehabilitation, prepare a site closure report, and submit a site closure application for assessment and approval.

The recognised international industry practice for managing site closure is to develop and implement an operational site closure planning process and to document this through an operational Closure Plan. This operational closure planning process should include the following components:

- Identify all site closure stakeholders (e.g., government, employees, community);
- Undertake stakeholder consultation to develop agreed-upon site closure criteria and post-operational land use;
- Maintain records of stakeholder consultation;
- Establish a site rehabilitation objective in line with the agreed-upon post-operational land use;
- Define and describe any site closure liabilities (i.e., as determined against the agreed-upon closure criteria);

- Establish site closure management strategies and cost estimates (i.e., to address/reduce site closure liabilities);
- Establish a cost estimate and financial accrual process for site closure; and
- Describe the post site closure monitoring activities/program (i.e., to demonstrate compliance with the rehabilitation objective/closure criteria).

SRK was provided with a conceptual closure plan dated May 2020. SRK notes that the total mine closure cost estimate is around USD 255M, including rehabilitation of waste rock dumps, TSFs, roadways, industrial area, ancillary facility demolition, water management, community transition, etc. According to the MEPA between the Lao Government and the Company, the Company established a rehabilitation and mine closure fund in 2003 contributing USD 1/oz gold and an equivalent rate of all copper sales to the fund for the operational life of the mine. The rate has been increased to USD 3/zo since July 2021 according to the most recent MEPA. The Company provided a USD bank statement of a Lao national bank, and the balance was USD 8.3M in March 2023, which will be used for mine site rehabilitation exclusively. The Company is committed to conducting the mine closure progressively throughout the mine life and on-going stakeholder consultation, and follows the international standards defined by the closure plan mentioned above. Please note that under Laos law, there is no requirement that additional mine closure security bond to be paid in full, as the balance should be provided on instalment each year according on the project term. The aggregate amount contributed by the Company to the rehabilitation mine closure fund was US\$8,987,000 as at 30 September 2024. The Company has made a provision of US\$236 million for the rehabilitation work to be carried out in future in the financial statements, calculated by discounting remaining future rehabilitation cash outflow of US\$247 million to current value term.

16.4.9 Social Aspects

The Sepon Mine is located in Vilabouly District, Savannakhet which has 73 villages with approximately 8,200 households and 44,000 people, the majority of whom is located in rural areas. These villages are populated by two main ethnic linguistic groups (Phou Thai and Mon-Khmer). This district has a low level of infrastructure to support local activities and the project was developed within an area of comparatively low socio-economic profile, primarily based on a subsistence economy.

Public participation and community consultation programs were confirmed as being undertaken for the Project operation as part of their ESIAs. SRK observed that the Company had a good understanding of the social dynamics and knowledge about the local society. This Project provides major employment opportunities for the locals and improves the local economy significantly. The Company stated they have social dispute resolution mechanism and reported to SRK that complains and grievance between the Company and local Laotians are resolved by communication. In addition, According to the MEPA, Community Trust Fund ("CTF") has been established to improve the livelihood of local communities, with an annual contribution of USD 750k by the Company.

Areas in and around the Sepon Mine have a rich archaeological history and the Company has been involved in archaeological and cultural heritage discovery and preservation in the area throughout mine operations. These include artefacts including bronze drums, bronze weapons potteries, and porcelains, cemeteries, spirit forests, caves and sites of local significance. One of the most significant sites is the Dragon Field, a significant cultural site with possible connections to ancient copper mining activities, which is declared as a national protected heritage site. This site is fenced by the Company

and excluded from any mining activities. The Company implements cultural heritage management through the local authorities, universities and museums.

No non-compliance notices or other notices of a breach of environmental or social conditions for the Project from the Local or Provincial governments have been sighted as part of this review. The Company also stated to SRK that they maintain a strong relationship with the local, provincial and national governments along with the local police. As part of this review, SRK has not sighted any documentation in relation to any actual or potential impacts of non-governmental organisations on the sustainability of Sepon Mine's mining and processing operations.

16.4.10 Occupational Health and Safety

During SRK's site visit, SRK observed that safety signs were in place, safety provisions and rules were also displayed within the work areas, moving machinery parts were appropriately guarded and covered, guard railings were installed on all gantries, and proper Personal Protection Equipment ("PPE") was provided and was being used by the workers, such as hardhats, traffic vests, and steel toed shoes.

SRK has sighted the OHS management system and procedures, which provide the following summary in respect to the proposed OHS management measures for the Project:

- Mining, crushing, blasting and explosives handling,
- Side slope failure prevention,
- Waste rock disposal,
- Environmental dust and noise suppression,
- Emergency response,
- Fire protection and fire extinguishment,
- Sanitary provision,
- Power provision,
- Unexploded ordnance ("UXO") clearance;
- Labour and supervision, and
- Safety administration.

SRK notes that the above site occupational health and safety ("OHS") management measures are generally in line with recognised international industry practices and Laos safety regulations.

The Company's safety records indicate that there are 0, 0, 0, and 0 fatalities, 1, 1, 2, and 1 serious / lost time injuries, and 27, 32, 4, and 7 minor injuries respectively, in the past four years between 2021 and 2024, which were shown in Table 16-1. Incident descriptions for these injuries were also provided to SRK for review.

Table 16-1: OHS Incident Statistics

Years	Minor	Serious	Fatality
2021 OHS Incident Statistics	27	1	0
2022 OHS Incident Statistics	32	1	0

2023 OHS Incident Statistics	4	2	0
2024 OHS Incident Statistics	7	1	0

Reports analysing the cause of injuries and identifying measures to prevent a recurrence were provided to SRK. SRK notes that such analytical reports are prepared in line with internationally recognized OHS accident monitoring practice, as part of OHS management practice.

16.5 Evaluation of Environmental and Social Risks

The sources of environmental risk are project activities that may result in potential environmental impacts. These project activities have been previously described within this report. In summary, the most significant potential environmental and social risks for the development of the Project, currently identified as part of the project assessment and this SRK review, are:

- TSF seepage pollution;
- Fugitive dust pollution; and
- Deficit mine closure fund.

It is SRK’s opinion that the above environmental risks are categorised as medium risks (i.e., requiring risk management measures) and they are generally manageable. Since various environmental protection measures are planned or conducted by the Company to solve these environmental issues, SRK considers that these environmental risks are controlled properly and not likely to develop into higher level of risks.

17 Capital and Operating Costs

17.1 Capital Expenditures

LXML has about 21 years of production history since 2003. Capital expenditures ("Capex") for construction of the mines, ore processing plants, on-site facilities etc. had been invested in the past.

LXML has made a plan for further capital expenditures as sustaining capital in next three years, as shown in Table 17-1. After reviewing the detailed sustaining capital forecast, SRK has observed that while no specific capital expenditure for the paste plant is listed, the overall capital forecast appears sufficient to cover these expenditures. Therefore, SRK has made the assumption that the capital forecast will adequately cover the capital expenditure required for the paste plant.

Table 17-1: Three Year Investment Plan Proposed by LXML

Item	Unit	Budget	Budget	Budget
		2024Q4	2025	2026
Growth	USD	11,382,777	23,647,600	17,160,000
Exploration	USD	3,289,314	8,282,649	8,046,405
Sustain	USD	6,989,876	18,140,200	11,432,076
Total	USD	21,661,967	50,070,449	36,638,481

Source: LXML

Sustaining capital includes capital development and all costs related to the acquisition, replacement, or major overhaul of assets during the mine life required to sustain operations. According to the data provided by LXML, the capital expenditures for the last three year from 2021 to 2023 are shown in Table 17-2.

Table 17-2: LXML Sustaining Capital Expenditures from 2021 to 2023

Year	Unit	2021	2022	2023
Sustaining Capital Expenditures	USD	80,045,664	13,902,841	15,486,999

Source: LXML

The unit sustaining capital costs for past three years are shown in Table 17-3. Excluding the year 2021, SRK has developed a unit sustaining capital forecast based on the average expenditures for the years 2022 and 2023.

Table 17-3: LXML Unit Sustaining Capex from 2021 to 2023

Year	Unit	2021	2022	2023	Average ¹
Unit Sustaining Capital Expenditures	USD/milled tone	21.8	3.2	3.7	3.5

Source: LXML

¹ The average is based on the unit sustaining Capex in 2022 and 2023.

Table 17-4 summarises the further Capex needed for the LXML.

Table 17-4: Further Capex needed for LXML as of 30 September 2024

Item	Unit	2024	2025	2026	2027	2028	2029	2030
Growth	USD million	11.4	23.6	17.2				
Exploration	USD million	3.3	8.3	8.0				
Sustain	USD million	7.0	18.1	11.4	2.7	1.9	1.4	0.1
Total	USD million	21.7	50.1	36.6	2.7	1.9	1.4	0.1

Sources: LXML and SRK

SRK assumes that working capital has been incorporated into the sustaining capital. During the economic analysis, non-current assets will be considered for amortization and depreciation. Together with further Capex, they will adhere to the amortization and depreciation rates as proposed in Table 18-2. It is reasonable to expect that the operation of the Sepon project will be extended with further exploration and feasibility studies, the mine closure fees and the residual value of the project will not be considered in the economic projection.

17.2 Historical Operating Costs

A summary of cash costs from 2021 to 3Q2024, which excludes the depreciation, amortisation and financial costs from the total costs, is shown in Table 17-5.

Table 17-5: Operating Costs in 2021, 2022, 2023 and 2024 Q1- Q3

Item	2021	2022	2023	Q1-Q3 2024
Annual Cost (USD Million/a)				
Gold Operation				
Labor	28.4	22.7	23.1	18.2
Material	107.8	178.6	140.1	89.4
Electricity	13.3	12.2	18.4	14.8
Contractors	0.1	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0
Safety	-	-	-	-
Repairment	-	-	-	-
Others	0.0	0.0	0.0	0.0
Copper Operation				
Labor	2.1	2.9	4.0	2.9
Material	7.4	22.2	24.0	14.2
Electricity	1.0	1.4	3.4	2.3
Contractors	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0
Safety	-	-	-	-
Repairment	-	-	-	-
Others	0.0	0.0	0.0	0.0

Item	2021	2022	2023	Q1-Q3 2024		
LXML Operation						
Non-income Taxes, Royalties and Surcharges	17.2	20.0	21.7	16.7		
Selling costs	0.1	0.1	0.1	0.0		
G&A costs	16.8	4.5	18.5	13.1		
R&D costs	-	-	-	-		
Total	194.4	264.5	253.2	171.6		
Unit Cost (USD/milled ton)				Average For TEM ¹		
Gold Operation						
Labor	8.3	6.4	7.5	7.7	7.5	9.0
Material	31.6	50.2	45.4	37.9	41.3	51.0
Electricity	3.9	3.4	6.0	6.3	4.9	7.0
Contractors	0.0	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-
Repairment	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0
Copper Operation						
Labor	8.4	3.7	3.6	3.5	4.8	9.0
Material	29.1	28.8	21.7	16.8	24.1	30.0
Electricity	4.0	1.8	3.0	2.7	2.9	4.0
Contractors	0.0	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-
Repairment	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0
LXML Operation						
Non-income Taxes, Royalties and Surcharges	4.7	4.6	5.2	5.2	4.9	6.0
Selling costs	0.0	0.0	0.0	0.0	0.0	0.0
G&A costs	4.6	1.0	4.4	4.1	3.5	5.0
R&D costs	-	-	-	-	-	-
Total	94.7	100.1	96.9	84.3	94.0	121.1

Sources: LXML

¹ The unit cost forecast is based on the maximum value from the past three years, rounded up to the nearest whole number. If the unit cost is less than 1.0 USD/feed ore, then the maximum value is used.

17.3 Opex Forecasting

The year-by-year Opex forecasting was set forth in Table 17-6.

Table 17-6: Operating Costs Forecast of LXML

Item	Q4 2024	2025	2026	2027	2028	2029	2030
Annual Cost (USD Million/a)							
Gold Operation							
Labor	12.9	25.2	17.2	6.9	4.9	3.6	0.3
Material	73.2	143.0	97.4	39.2	27.9	20.5	1.6
Electricity	10.0	19.6	13.4	5.4	3.8	2.8	0.2
Contractors	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Engineering	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Safety	-	-	-	-	-	-	-
Repairment	-	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Copper Operation							
Labor	4.0	6.6	-	-	-	-	-
Material	13.4	22.2	-	-	-	-	-
Electricity	1.8	3.0	-	-	-	-	-
Contractors	0.0	0.0	-	-	-	-	-
Engineering	0.0	0.0	-	-	-	-	-
Service	0.0	0.0	-	-	-	-	-
Safety	-	-	-	-	-	-	-
Repairment	-	-	-	-	-	-	-
Others	0.0	0.0	-	-	-	-	-
LXML Operation							
Non-income Taxes, Royalties and Surcharges	11.3	21.2	11.5	4.6	3.3	2.4	0.2
Selling costs	0.0	0.1	0.0	0.0	0.0	0.0	0.0
G&A costs	9.4	17.7	9.5	3.8	2.7	2.0	0.2
R&D costs	-	-	-	-	-	-	-
Total	136.1	258.7	149.0	60.1	42.6	31.3	2.5

Sources: SRK

17.4 Metal Prices

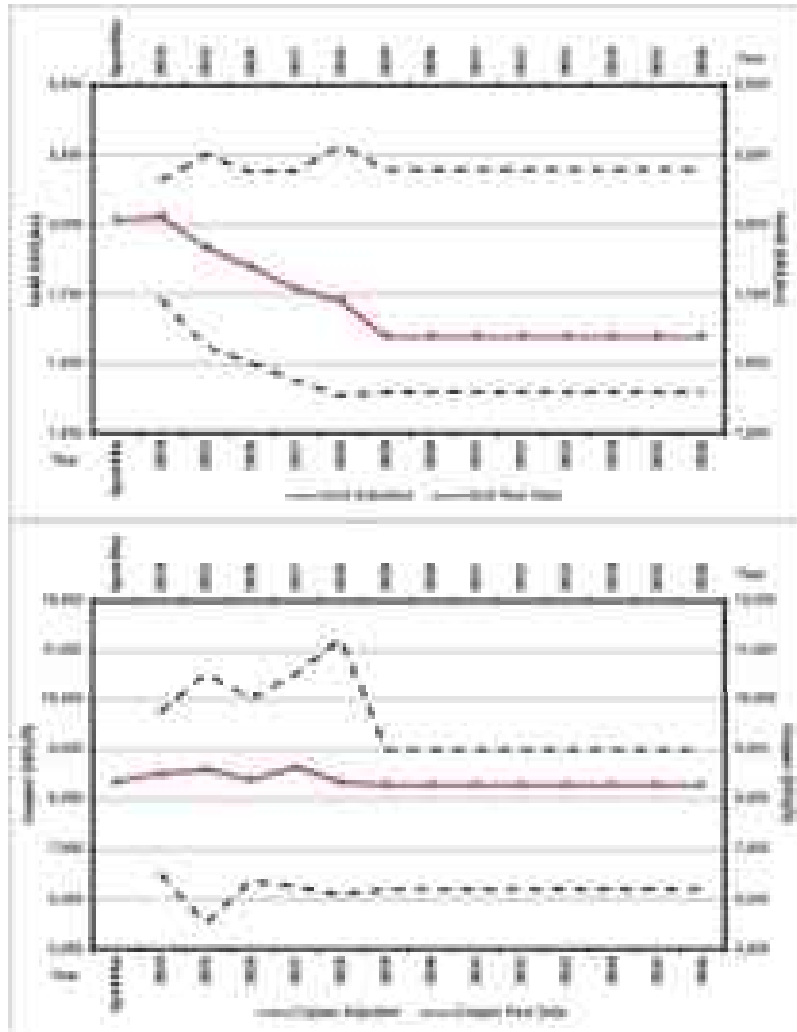
The primary project revenue is from gold and copper, Figure 17-1 shows the historic gold and copper price. Price forecast of CMF is shown in Figure 17-2.

Figure 17-1: Gold and Copper 5 Years Historic Price



Sources: Kitco

Figure 17-2: Gold and Copper Price Forecast



Sources: SRK

Notes: 2024Q1 CMF, Spot in 19 February 2024.

Table 17-7 shows the annual gold and copper price forecasts used by SRK, which is a consensus market forecast, considering various forecasts made by other professional institutions.

Table 17-7: Forecasted Gold and Copper Prices by SRK in the 3rd Quarter of 2024

Item	Unit	2024	2025	2026	2027	2028	2029	2030
Copper price	US/t	9,350	9,600					
Gold price	US/oz	2,480	2,480	2,360	2,220	2,130	2,000	2,000

Sources: SRK

17.5 Tax Obligations

Based on the documents signed between Laos Government and the MEPA's previous owner, CRA, the owner of the mining licenses and exploration permits has following tax obligations.

Company Income tax: once the project produces profit, the company will have a two year tax free period, and have to pay 16.67% income tax of taxable income for the third year, and then will pay full tax rate of 33.33% afterwards.

18 Economic Analysis

It is important to note that the purpose of this analysis is solely for the purpose of Ore Reserve estimation. The derived NPVs do not indicate the fair market values or the profitability of the projects. The estimated cash flows and NPVs were presented on an after-tax basis, and financing costs were not considered..

The economic analysis was conducted using conventional Discounted Cash Flow ("DCF") techniques. The Net Present Value ("NPV") was determined from the project's cash flow using a 10% discount rate. It should be noted that SRK's DCF modelling and NPV calculation are carried out with the purpose of testing the "economic viability" of the Project which is required to a reasonable Ore Reserve reporting. Additionally, a sensitivity analysis was performed to examine the effects of changes in Capex, Opex, and gold price (revenue).

18.1 Principal Assumptions

The assumptions used to carry out the economic analysis are listed below:

- The discounted cash flow method (the "DCF") is selected as the foundation of economic analysis. The discount rate is 10%, which is a widely used value for a simple economic analysis.
- The base date is assumed to be 30 September 2024, and all the operations related data are subject to conditions obtained at the base date.
- The production schedules are shown in Table 11-21.
- The Capex are shown in Section 17.1.
- The working capital is assumed to be incorporated into the sustaining capital. The mine closure fees and the residual value of the project will not be considered in the economic projection.
- The capital forecast would cover the expenditures for the paste plant.
- The Opex forecasts are shown in Section 17.3.
- The taxes and their rates are shown in Table 18-1.
- The financial interests were not considered (i.e. 100% interest), as it's an internal cash flow among investors for a project. It has nothing to do with a project's economic viability.
- The final product will be sold entirely in a calculating year, with no inventory at the end of each year.

Table 18-1: Taxes and Surcharges Assumption

Item	Unit	Value
Corporate income tax (CIT)	% taxable income	33.33

Sources: LXML

18.1.1 Technical and Economic Parameters

For the economic analysis of the Projects, SRK adopted a discount cashflow analysis based on previous assumptions and parameters as presented in Table 18-2.

Table 18-2: Technical and Economic Parameters

Item	Unit	Amount	Remarks
Gold Production			
<i>Open Pit</i>			
Proved+Probable	kt	2,206	
Grade	g/t	1.86	
Production Plan	ktpa	1,600/800/400	As mine plan
LoM	years	3	2024-2026
<i>Underground</i>			
Proved+Probable	kt	3,505	
Grade	g/t	4.21	
Planned Production Capacity	ktpa	800	As mine plan
LoM	years	7	2024-2030
<i>Stockpiles</i>			
Proved+Probable	kt	2,185	
Grade	g/t	2.61	
Planned Production Capacity	ktpa	1,200	As mine plan
LoM	years	3	2024-2026
Copper Production			
Proved+Probable	kt	1,185	
Grade	g/t	0.93	
Planned Production Capacity	ktpa	700-900	As mine plan
LoM	years	2	2024-2025
Processing and Metallurgy			
<i>Capacity</i>			
Gold Capacity	ktpa	3,800	Enough for oxide and primary ore
Copper Capacity	ktpa	1,300	Enough for oxide copper only
<i>Overall Recovery</i>			
Gold Processing	%	65.0	
Copper Processing	%	45.0	
Opex			
Gold Operation	USD/milled ton	67.0	
Copper Operation	USD/milled ton	43.0	
Non-income Taxes,	USD/milled ton	6.0	
Royalties and Surcharges			
Selling costs	USD/milled ton	0.0	
G&A costs	USD/milled ton	5.0	
R&D costs	USD/milled ton	-	
Working Capital	%	0.0	Section 17.1
Capex			
Growth in Three Years	USD million	52.2	As mine plan
Exploration in Three Years	USD million	19.6	As mine plan
Sustain	USD million	42.6	As mine plan with SRK's Assumption
Sustain Unit Cost	USD/milled ton	3.5	Based on 2022 and 2023
Mine Closure	USD million	255.0	Section 16.4.8, exclusive in this analysis
Taxation			
Enterprise income tax	%	33.33	Based on taxable income
Other Parameters			

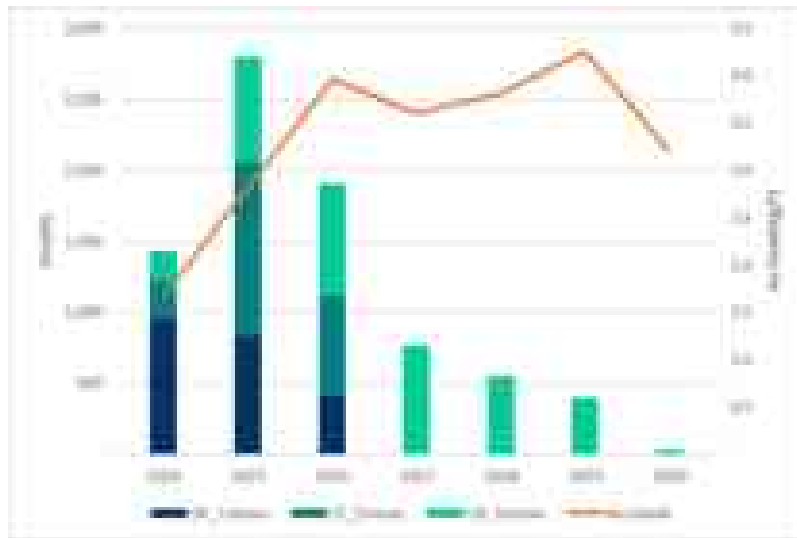
Item	Unit	Amount	Remarks
Amortization of intangible	years	10	
Capex and other Capex			
Depreciation of tangible	years	10	
Capex			
Discount rate	%	10	

Sources: SRK

18.1.2 Production Schedule

Figure 18-1 and Figure 18-2 are the production schedule for gold and copper.

Figure 18-1: Gold Production Schedule



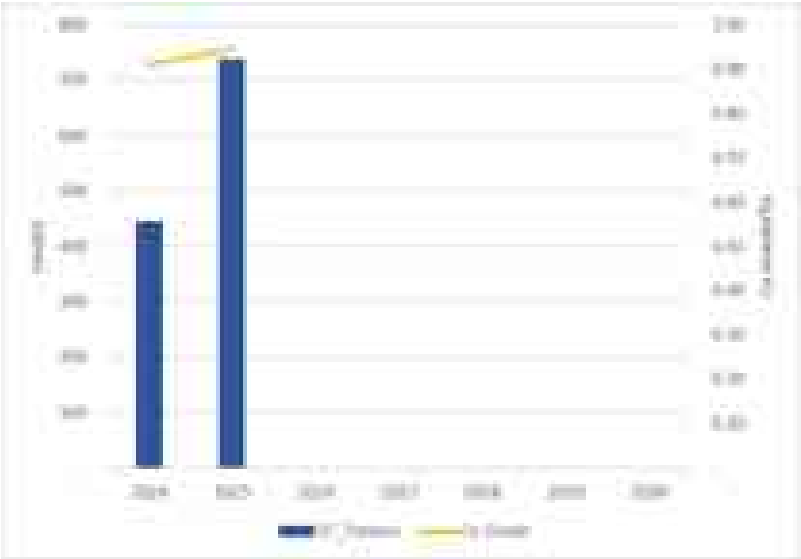
Sources: SRK

Notes:

¹ The line represents the average gold grade, corresponding to the right axis.

² The column represents the ore amount, corresponding to the left axis.

Figure 18-2: Copper Production Schedule



Sources: SRK

Notes:

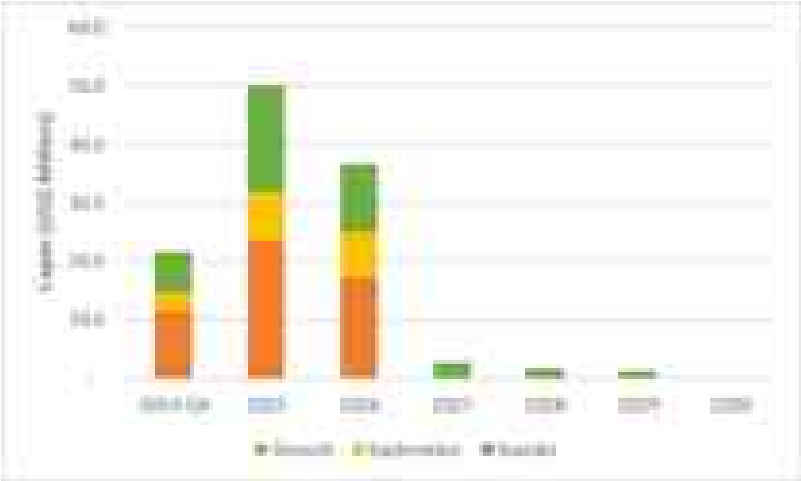
¹ The line represents the average copper grade, corresponding to the right axis.

² The column represents the ore amount, corresponding to the left axis..

18.1.3 Capital Costs

Figure 18-3 is Annual Capex over the LoM.

Figure 18-3: Annual Capex over the LoM

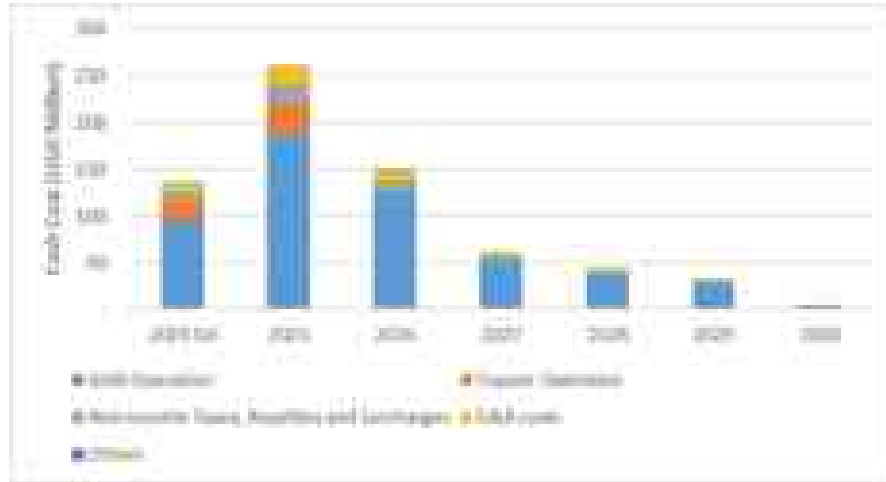


Sources: SRK

18.1.4 Operating Costs

Figure 18-4 are annual Opex over the LoM.

Figure 18-4: Annual Opex over the LoM



Sources: SRK

18.1.5 Tax and Surcharges

Non-income tax, royalties and other surcharges have been considered in Opex. The income tax for LXML is 33.3%.

18.1.6 Amortization and Depreciation

SRK uses the straight-line depreciation method as the economic analysis assumption, and the amortization and depreciation period are 10 years. Salvage value of invested Capex will NOT be considered to be reclaimed at the end of the mine's life.

18.2 Financial Net Present Value

The annualised net cash flow ("NCF") was calculated and shown in Table 18-3.

Table 18-3: NCF Calculation

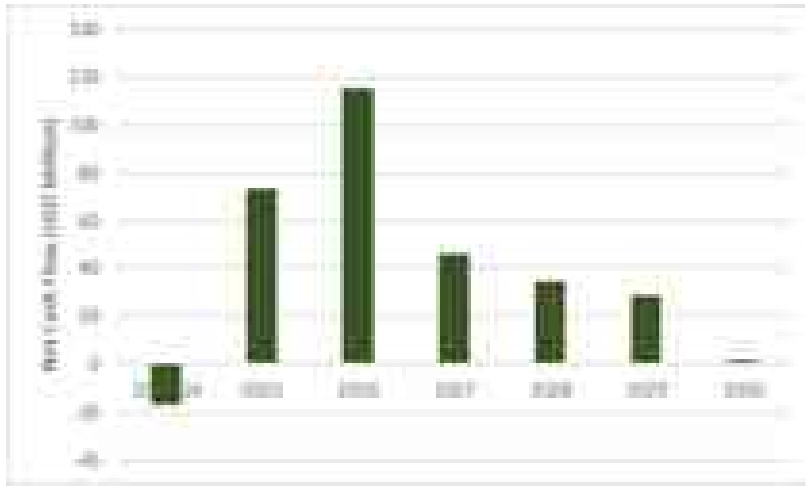
Item	Unit	Total	2024	2025	2026	2027	2028	2029	2030
Cash inflow									
Revenue	USD million	1,252.69	142.2	440.9	372.7	128.7	92.7	71.3	4.2

Item	Unit	Total	2024	2025	2026	2027	2028	2029	2030
Sub-total	USD million	1,252.69	142.2	440.9	372.7	128.7	92.7	71.3	4.2
Cash outflow									
Opex	USD million	680.3	136.1	258.7	149.0	60.1	42.6	31.3	2.5
Corporate Income Tax	USD million	175.3	1.4	58.7	71.6	19.8	13.6	10.2	-
Working Capital	USD million	-	-	-	-	-	-	-	-
Capex	USD million	114.4	21.7	50.1	36.6	2.7	1.9	1.4	0.1
Mine Closure	USD million	-	-	-	-	-	-	-	-
Sub-total	USD million	970.0	159.2	367.5	257.3	82.6	58.1	42.9	2.6
NCF									
NCF Total	USD million	282.7	(17.0)	73.4	115.5	46.2	34.6	28.4	1.7

Sources: SRK

Figure 18-5 shows the net cash flow over the LoM.

Figure 18-5: Annual Net Cash Flow



Sources: SRK

The net present values at a 10% discount rate ("NPV10") are USD 347.7 million. NPVs at various discount rates are shown in Table 18-4. SRK considered the Projects are economically viable for the future operations.

Table 18-4: NPV Projections

Discount Rate (%)	NPV (USD million)
5	259.3
6	255.1

Discount Rate (%)	NPV (USD million)
7	251.0
8	247.1
9	243.3
10	239.6
11	236.0
12	232.6
13	229.2
14	226.0
15	222.8

Sources: SRK

18.3 Sensitivity Analysis

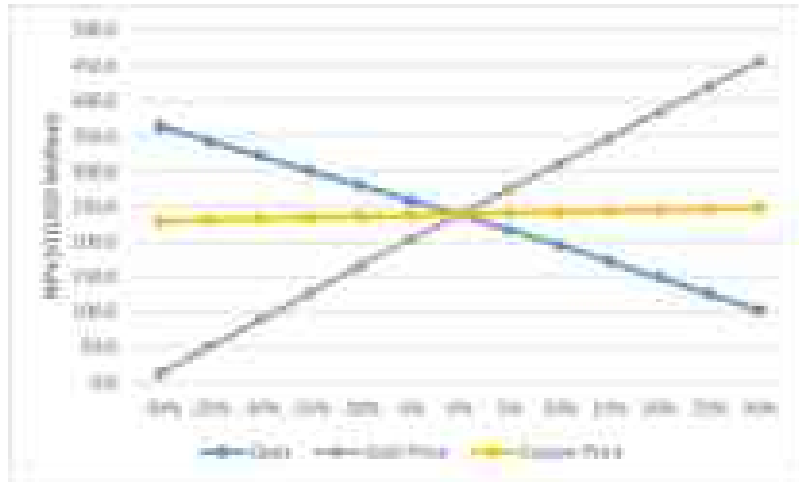
SRK applied a single factor method for the sensitivity analysis to the combined open-pit, underground gold production, and stockpile rehandling copper production of LXML. Many parameters can affect the Project's NPV. To simplify the calculations, the Opex, and the gold and copper prices were selected as the essential variable factors on cash flow. The effects of these essential factors on the NPV were analysed within a $\pm 30\%$ range. The results are shown in Table 18-5 and Figure 18-6.

Table 18-5: Sensitivity Study of NPV (at 10% Discount Rate, in USD Million)

Change	Opex	Gold Price	Copper Price
-30%	364.3	12.6	230.0
-25%	343.6	50.6	231.8
-20%	322.8	88.7	233.4
-15%	302.0	126.8	235.0
-10%	281.2	164.9	236.5
-5%	260.4	202.9	238.1
0%	239.6	239.6	239.6
5%	218.0	275.6	241.2
10%	194.9	311.6	242.7
15%	171.8	347.6	244.3
20%	148.8	383.6	245.8
25%	125.7	419.6	247.4
30%	102.7	455.6	248.9

Sources: SRK

Figure 18-6: NPV (at 10%) Vs. Gold Price or Copper Price or Opex



Sources: SRK

As shown in the Figure 18-6 above, changes in Opex and gold prices have bigger effect on the Project's NPV than copper prices.

Preliminary analysis indicates that high mine closure costs are the major negative factor affecting the project's economic feasibility.

19 Conclusions and Recommendations

19.1 Geology, Exploration and Mineral Resources

Mineralization styles of the Sepon district can be classified as an intrusion-centred hydrothermal system with the majority of known Cu and Au mineralization spatially associated with the Padan and Thengkhamb porphyry centres. Mineralisation typically displays a zoned pattern in both mineralization type and metal content. Porphyry Mo-Cu systems occur at the core zoning outward through skarn and carbonate replacement Cu deposits to the Au dominated sediment-hosted systems which show Carlin type deposit characteristics.

A total of 1,022 DD (117,495m), 2,3732 RC (no Grade Control) (175,499.2m) RC drill holes and 45,635 RC Grade Control holes (764,831.8m) for a total of 1,057,826m were used to construct the Discovery region block model. After Chifeng Gold took over the Sepon project, the exploration programs mainly focused on discovering new gold deposits in brownfield to supply the processing plant and keep on the production, as well as discovering new types of mineralization in green field.

Although the majority of discovered gold and copper deposits had been mined out, there are still some mineral resources of oxidized and primary gold, as well as low grade copper in the Sepon project area.

LXML pays a great attention to further explore new oxide gold and copper resources suitable for open-pit operation, and the primary type of resources is possible at the deep extensions of previous and current open-pits.

19.2 Mining and Ore Reserves

19.2.1 Gold Operation

For surface mining:

The gold open pit mining is going to be completed in near future (about three year). Based on SGPS, the final open pit designs have been applied by LXML to guide mining boundaries. Mining cycle and management have been practised for a long time. SRK considers the significant risk will be low for the open pit mining in future.

There are still 35 gold stockpiles that are economically feasible to buffer and supply the gold processing plant during periods of low production rates from open-pit mining.

In the meantime, SRK noted that LXML has already started some internal technical preliminary studies for exploitation of Far West Area to provide inventory.

For underground mining:

In SGPS, the proposed mining methods in the DSE UG include long-hole stoping with cemented backfill ("LHSB"), long-hole stoping with pillars ("LHSP"), and post pillar cut and fill ("PPCA").

Construction of the underground mine commenced in April 2022 at DSE UG. As of 30 September 2024, SRK was provided with revised ventilation designs and underground workings designs by LXML.

SRK re-ran the stope optimization based on LHSB, as selected by LXML, then applied modifying factors and prepared the production schedule based on a review of LXML's data. SRK notes that LHSB has been widely practiced globally and is technically feasible.

For DSW UG, LXML is still conducting additional exploration work to increase geological confidence.

19.2.2 Copper Operation

As of 30 September 2024, only hydrometallurgical process was in operation for oxide copper stockpiles.

Based on the fact mentioned above, only oxide copper stockpiles which were above cut-off grade were estimated to Ore Reserves.

In the meantime, SRK noted that LXML has already started some internal technical preliminary studies for exploitation of TKM OP to provide more oxide copper inventory and of KHN UG to provide more primary copper inventory.

19.3 Ore Processing and Metallurgy

Sepon gold ores are refractory due to the ultra-fine deportment, arsenic and organic carbon. The oxide ore is processed using CIL process in the Sepon Gold Plant, with historical throughput varying between 1.0 and 1.5 Mtpa. The gold recovery varies between 51.8% and 68.9%.

The Sepon Gold Plant adopts a complex flowsheet to process primary gold ore. The gold is first concentrated in a flotation circuit after crushing and grinding to obtain a gold concentrate, then POX process is applied to the concentrate. The post POX residue is CCD washed and then leached in CIL circuit. Gold loaded carbon from both oxide ore and primary ore is processed by elution, electrowinning, and smelting to produce Gold Doré. The historical throughput ranges from 1.9 to 2.1 Mtpa, and gold recovery ranges from 55% to 67%.

The yearly gold production of the gold plant is exceeds 6 t. Most of the facilities and equipment of the gold plant were converted from the copper plant. Historical production proves it is practicable.

The Sepon Copper Plant has a flexible capacity using heap leach and agitation leach processes. The coarse ore is sent to heap leach while the fine ore goes to agitation leach. A conventional sulfuric acid leach-CCD-SX/EW process is adopted in the plant to process oxide ore, producing electrolytic copper or cathode copper. Historical production data of the copper plant shows that 0.5 to 1.3 Mtpa of oxide copper ore is processed; cathode copper production is around 6,000 tpa with the copper recovery varying from 50% to 78%.

The well-equipped metallurgical laboratory on site strongly supports the normal operation of the plants.

Low grade primary copper ore is amenable to the flotation process. Flotation tests indicated that copper recovery above 80% with concentrate grade of 18% to 24% can be achieved using conventional flotation process. A Proof-of-Concept study has been completed for the purpose of

primary copper resource development. By using the existing facilities of the current gold plant and a throughput of 7.5 Mtpa, the NPV is negative. The break-even price is USD 9,119 per tonne of copper. The primary copper resource development would need a higher copper price and reliable resource volume. A detailed feasibility study is recommended in due time.

19.4 Mine Economy

Based on the information provided by LXML, SRK carried out preliminary review and analysis indicating that the mine plans about three years of open-pit gold operation, seven years of underground gold operation, three years of gold re-handling operation and two years of copper re-handling operation. Based on the parameters reviewed and summarized in the report, an economic analysis was conducted indicating that the operation of open-pit gold production, rehandling stockpiles and underground mine will be profitable.

20 Project Qualitative Risk Analysis

Mining is a relatively high-risk industry. In general, the risk may be expected to decrease from exploration, development, through to production stage. The Sepon Project is a production project. Risks exist in different areas. SRK considered various technical aspects which may affect the feasibility and future cash flow of the Project, and conducted a qualitative risk analysis which has been summarised in Table 20-1. In this risk analysis, various risk sources/ issues have been assessed for Likelihood and Consequence, and then a Risk Rating has been assigned. The qualitative risk analysis uses the following definitions for likelihood and consequence:

In the risk assessment, various risk issues have been assessed for Likelihood, Consequence, and Overall Rating. SRK has used a matrix as follows:

The Likelihood of a risk is considered within a certain time frame, e.g. 5 years, as:

Likely: will probably occur;

Possible: may occur; and

Unlikely: unlikely to occur.

The Consequence of a risk is classified into:

Major Consequence: the factor poses an immediate danger to the Project, if uncorrected, will have a material effect on the Project cash flow and performance and could lead a project failure;

Moderate Consequence: the factor, if uncorrected, will have a significant effect on the Project cash flow and performance; and

Minor Consequence: the factor, if uncorrected, will have little or no effect on the Project cash flow and performance.

The overall risk assessment combines the Likelihood and Consequence of a risk and be classified as **Low** (unlikely and possible minor risks and unlikely moderate risk), **Medium** (likely minor, possible moderate and unlikely major risks), and **High** (likely moderate and major and possible major risks).

Below is the qualitative risk analysis summary table of the Sepon Project.

Table 20-1: Project Risk Assessment of the Sepon Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Lack of Significant Ore Reserves	Possible	Major	High
Unexpected Groundwater Ingress	Unlikely	Minor	Low
Mining			
Significant Production Shortfalls	Unlikely	Major	Medium
Significant Geological Structure	Possible	Minor	Low
Excessive Surface Subsidence	Unlikely	Minor	Low
Poor Ground Conditions	Possible	Moderate	Medium
Ore Processing			
Lower Recovery	Unlikely	Moderate	Low
High Production Cost	Possible	Minor	Low
Poor Plant Reliability	Unlikely	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Capital Cost Increases	Unlikely	Minor	Low
Operating Cost Underestimated	Likely	Minor	Medium
High mine closure cost	Likely	Moderate	High
Environmental, Social and Permitting			
Impact to the ecological system	Possible	Moderate	Medium
Poor waste rock management	Possible	Moderate	Medium
Poor hazardous substances management	Possible	Minor	Low
Dust Pollution	Possible	Minor	Low
Renewal of mining licence	Unlikely	Major	Medium

Some medium and high risks have been identified for the Project. Two high risks are "Lack of significant Ore Reserves" and "High mine closure cost". To manage the risks, SRK recommends the Company should further conduct feasibility studies to develop currently available mineral resources in order to extend the mine life of the project, as well as proactively manage the environmental and mine closure issues during the production, in order to reduce the high mine closure cost at the end of the mine.

21 References

1. Lane Xang Minerals Limited, 2021; LXML Sepon – Fact sheet; LXML PowerPoint presentation
2. Lane Xang Minerals Limited, June 2022; Sepon LoM Project Review; LXML PowerPoint presentation
3. Lane Xang Minerals Limited, August 2022; Report on General Prospect of the Rare Earth Elements Deposit in the southern portion of Sepon Mine in Savannakhet Province, Laos
4. Lane Xang Minerals Limited, October 2022; 2022 Sepon Mineral Resource Statement; LXML internal report
5. Lane Xang Minerals Limited, December 2022; DSE Deeps Underground mine Overview; LXML PowerPoint presentation
6. Lane Xang Minerals Limited, December 2022; Exploration Overview; LXML PowerPoint presentation
7. Lane Xang Minerals Limited, December 2022; LoM Mine Production Plan-2022; LXML PowerPoint presentation
8. Lane Xang Minerals Limited, December 2022; LXML Sepon-Environmental management – Social responsibility; LXML PowerPoint presentation
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10. Lane Xang Minerals Limited, December 2022; Sepon Copper Flotation-TKM and KHN Optimisation; LXML PowerPoint presentation
11. Lane Xang Minerals Limited, December 2022; YTD 2022 Environment Performance Report; LXML PowerPoint presentation
12. Porter Geo Consultancy, 2006; Khanong-Sepon Geology; www.portergeo.com.au
13. Tony Manini and Peter Albert, 2001(?); Exploration and development of the Sepon Gold and Copper Deposits, Laos. (Oxiana Limited), from the Internet

Closure

This report, Competent Person's Report for the Sepon Gold and Copper Project, Lao People's Democratic Republic, was prepared by

Anshun Xu (Corporate Consultant)
Project Manager

and reviewed by

Yonglian Sun (Corporate Consultant)
Contributing Peer Review

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

Appendix A Copy of the Mining License





(English Translation)

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Energy and Mines

No. 24-23/MEM.DMM

Department of Mines Management

License No **ML0002**

MINING LICENSE

(2nd Extension)

—Pursuant to the Minerals Law (amended version) No 31/NA dated 3 November 2017;

—With reference to the Minister of Energy and Mines' Decision (2nd Extension) No 0837/MEM, dated 10 May 2023.

The Department of Mines Management issues this permit to LANE XANG MINERALS LIMITED under the name of Mr Saman Aneka, Lao National, ID number: 01-22 026932, Director of the company.

Headquarter of the company is located at: House Number....., Bourichanh Road, Phonsinouan Village, Sisattanak District, Vientiane Capital, Tel. 021-268206; Fax. 021-268201, email. saman.aneke@lxml.la.

Authorized minerals: gold and copper ore; within: 11,696 (Eleven thousand six hundred and ninety-six) hectares, located in Nong Kadaeng Village, Vilabouly District, Savannakhet Province.

Operational costs: USD169,000,000 (One hundred sixty-nine million US Dollars).

Project timeframe: 10 (ten) years from 30 September 2023 to 29 September 2033.

Vientiane Capital, 24 May 2023

Director General

Department of Mines Management

Signed and Sealed

Mr Chanthala Keohavong

Note:

It is forbidden to alter or modify any wording in this license without proper authorization. Wrongdoers will be punished as provided by the law of Lao PDR.

This license replaces the previous License No 013-19/MEM.DMM, dated 9 September 2019.

Application guidelines and conditions of this license:

1. This mining license is applicable to mining of minerals within the authorized area only;
2. The timeframe shall be as indicated in this license; this license is no longer valid upon its expiry. In the event of renewal, an application is to be lodged to the Department of Mines Management within 90 days prior to expiration of this license;
3. This license may not be placed as security;
4. This license applies exclusively to the company authorized by the government;
5. This license must be displayed at an open space at the business operation site or in the office;
6. This license was printed 3 copies only, 1 copy handed to the authorized company and 2 copies kept at the Mines Management Department;
7. The recipient of this license is required to pay a license fee in accordance with rules and regulations to be enacted.

Appendix B JORC Table 1

Section 1: Sampling Techniques and Data*(Criteria in this section apply to all succeeding sections.)*

Criteria	Explanation	Commentary
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Diamond drill core was sampled as half core at nominal 1-metre intervals to geological contacts. All 1-metre intervals start again immediately after the geological contact. Minimum samples of 0.3 metres were taken. Reverse Circulation (RC) chip samples were routinely collected in calico bags and chip box trays at 1-metre intervals. No field composites were created. To ensure representative sampling, industry standard practice has been applied. The laboratory has applied appropriate QA-QC to sample preparation and appropriate calibration to analytical instruments. Oriented diamond core was marked for recovery and samples considering mineralization intensity and veining orientations, then sawn, with half core being sampled. RC chip samples were collected using either a three-tiered riffle splitter, with either two or three tiers used, depending on sample size, or a rotary cone splitter. Cyclone and splitter was routinely inspected and cleaned as a minimum between each drill rod. Industry standard work has been undertaken for both diamond and RC samples: RC drilling was used to obtain 1m samples from which approximately 3kg was dried and pulverized then sub-sampled to produce a 30g charge for analysis. Diamond drilling was used to obtain drill core that was sampled on nominal 1m lengths except for adjustments around lithological boundaries. Most core has been sampled as half core. In early 2023, UG drill core has been sampled as whole core. Core samples (generally 3 to 6kg) are dried and pulverized then sub-sampled to produce a 30g charge for analysis. Until August 2021, Resource drill samples collected (both RC and DD) were analysed by ALS laboratories, using both their Lao and

Criteria	Explanation	Commentary
		Australian facilities. ALS standard analysis methods were used: Au-AA25 Au (Fire Assay Gold) Prepared sample with a 30g charge is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid in the microwave oven. 0.5 mL concentrated hydrochloric acid is then added, and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 10 mL with de-mineralized water, and analyzed by atomic absorption spectroscopy (AAS) using matrix-matched standards. ME-ICP61 multi-element analysis (4 Acid Digest; Atomic Emission Spectroscopy Finish) A prepared sample (0.25 g) is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by inductively coupled plasma-atomic emission spectrometry (ICP-AES). Results are corrected for spectral interferences. Since August 2021, all samples including resource drilling samples have been analysed in the LXML Sepon assay laboratory applying industry standard methods as follows: Fire assay Au: 30g charge with 150g flux (lead oxide, sodium carbonate, borax, silica, iron, flour, silver nitrate), fusion (1 hour), cupellation (1 hour), digestion with 50% nitric and hydrochloric acid, followed by AAS finish. ICP for Ag and As using 0.25g charge, digested with aqua regia (hydrochloric and nitric acid) AAS for Ca, Cu, Fe, Mg, Mn using a 0.3g charge and digested with hydrochloric, nitric and perchloric acid. Sulphur and Carbon analyser using a 0.3g charge digested with hydrochloric, nitric and perchloric acid.

Criteria	Explanation	Commentary
		Leachwell Au using a 35g charge adding 10g cyanide tablet and water, tumbled (1 hour) with AAS finish. PRI analysis with a 35g charge with 1.7ml of spike and 10g cyanide tablet added, tumbled (1 hour) with AAS finish.
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	Diamond drilling was carried out predominantly using HQ3 and PQ3 core-sized equipment with standard coring tube. Triple tube coring was applied historically for recovering samples in mineralised clay materials. Approximately 86% of the core at Sepon is HQ3 size. For RC drilling, a face sampling bit (121 mm) was used. All core has been oriented using predominantly the ACE orientation system or an Eastman single-shot system
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Recoveries from core drilling were measured and recorded in the database. Core recovery averaged 91% whilst RC recovery averages 80% by mass. Higher core loss occurred in oxide, karst infill and highly fractured (unmineralised) chert units. Historically RC samples were weight for the entire sample to check sample recovery. Currently the spilt sample is weighed, which indicates the total mass of the material recovered. Ground conditions at Sepon are generally good and drilling practices have been consistent for many years, leading to experience in gaining high core and sample recoveries. - Diamond drilling used drill muds and short runs in broken ground to maximize recovery. - Drilling is undertaken using auxiliary compressors and boosters to keep the hole dry and maximise sample lift. - Several twin hole programs assessed results obtained from both RC and core holes.

Criteria	Explanation	Commentary
		In general, the repeatability for gold was confirmed. An overall bias was not seen. • Diamond holes may be drilled using RC pre-collars to ensure good sample recovery of poorly or semi-consolidated rock. • In places, RC holes have been twinned with diamond holes to determine if any bias is detected regarding recovery between mineralised and barren material, to date it has not been deemed materially biased.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged.	All RC and DD core was logged on paper log sheets and entered manually into the Sepon database until 2015. Post 2015 logging is predominantly carried out on tablets and automatically linked to the database. Several quality control (QC) triggers are set in the database to validate data as entered. Drill core was logged in detail for stratigraphy, lithology, alteration, mineralization, oxidation state, structure and veining. RC cuttings were logged for various geological attributes including rock type by the mineral composition, mineralization by veining and visible minerals, and alteration including oxidation. Logging is considered sufficient to support geologic modelling and Mineral Resource estimates. Rock Quality Designation (RQD) and Rock Mass Quality (RMQ) logs were kept for geotechnical purposes only for purposely designated geotechnical holes. RC and diamond core logging is both qualitative and quantitative in nature depending on the feature being logged; geology, rock types, alteration and structure are recorded based on visual determination. All diamond core is routinely photographed, both wet and dry. More than 90% of all drill holes were logged in full regardless of mineralization. Since 2007, all holes have been routinely logged.

Criteria	Explanation	Commentary
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	Diamond core was cut in half using an electrically powered diamond blade core saw in competent ground and hand split in clay at either 1 m intervals or to geological contacts. Since March 2023, underground grade control diamond drill core was sampled as whole core. RC samples were collected from a cyclone and, if dry, put through a three-stage riffle splitter for a 12.5% sub-sample. A 3-5kg (1 m) sample was collected into pre-numbered sample bags for analysis. Before 2006, if RC samples were wet, then sampling was by quartering. Due to changing to diamond drilling, after 2006 wet RC samples were no longer taken. The RC and DD sample preparation techniques are considered appropriate. All samples contain a waterproof sample ID tag in numbered calico bags and are weighed. The samples were stacked and wrapped on a pallet before being transported by truck to the laboratory. Industry standard diamond and RC drilling techniques were used and are considered appropriate for use in Mineral Resource estimation. Sample preparation is to industry standard involving drying, crushing and pulverizing of the entire sample from which a sub-sample using a scoop is selected and stored in pulp packets. A 30g subsample is selected from each pulp packet for analysis. For RC drilling, sample quality was maintained by monitoring sample volume and by cleaning the splitters, cyclones and hoses on a regular basis. Sub-sampling in the laboratory is only carried out after size reduction in the grinding process. Field duplicates were taken at 1 in 15 or 1 in 20 for RC drilling. Quarter splits of core have been taken and recorded as duplicates in the database.

Criteria	Explanation	Commentary
		Sample sizes are considered appropriate to the gold mineralization based on the style of mineralization (fine-grained gold with no visible gold), the thickness and consistency of the intersections, the sampling methodology, and assay value ranges for gold. This has been checked during a separate gold deportment study which examined the grain size distribution and the liberation size.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Following sample preparation, a 110g pulp aliquot for Au Fire Assay and 20g pulp aliquot for ICP multi element was taken. The 20g pulp aliquots were transported to other ALS laboratories (usually ALS Brisbane) for ICP and Lecco furnace analysis. The analytical procedure is as follows: If Au grade > 10g/t Au, re-assayed by Fire Assay Gravimetric. If Au grade > 0.4g/t Au, re-assayed using CN Leachwell technique. Detection limit for Fire Assay is 0.01ppm. A multi-element suite (varying through time from 30 – 40 elements, but always including Cu, Ag, S, Mo) was analysed by ICP-AES. The copper multi-element suite analysed by ICP-AES (ALS laboratory code ME-ICP61) contains Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, U, V, W and Zn. Copper samples above 0.2% Cu are sent for sequential copper analysis. If Cu > 0.5% Cu, the sample was re-assayed using an Ore Grade technique (either AAS or diluted ICP). These methods are considered total methods. For some samples total sulphur, sulphide sulphur, sulphate sulphur, total carbon, carbonate carbon and organic carbon were analyses by Lecco Furnace following appropriate digestion, this sample selection is based on a Cu trigger that has varied overtime.

Criteria	Explanation	Commentary
		The fire assay gold analysis undertaken is considered to be a total assay method. Multi-element analyses of 31 elements by four acid digestion via ICP-AES are considered total assay methods except where they exceed the upper detection limit. In this case samples were re-assayed using a four-acid digest with HCl leach, and ICP-AES or AAS finish. Leachwell assays are a partial assay method used to estimate the percentage of gold in mineralisation recoverable in the standard CIL plant. This is supported by a separate gold deportment study and is a suitable indicator of gold recovery. No geophysical tools, spectrometers, handheld XRF instruments or similar tools were used for assays included in the Sepon database. Industry standard certified reference materials (CRMs) including matrix matched and CRM's made from drill core supplied from the Sepon mine were utilized to check laboratory assay quality control. The insertion rate for CRMs is a nominal 1 in 30, and 1/3 of CRMs are blanks. Different CRMs have been selected for use at varying gold grades over the life of the project. The combined insertion rate of pulp blanks and CRMs is a nominal 1 in 20 samples. The QA/QC program includes CRMs, blanks, preparation duplicates and field duplicates and is acceptable according to industry standards. Overall relative bias for the CRMs is within 5% and is acceptable. The assay precision determined from field duplicate samples was found to be acceptable. Blank sample results do not indicate any sample contamination issues. Assay results are acceptable for use in supporting Mineral Resource estimates. At a minimum, every drill hole contains at least one coarse blank, one pulp blank and one CRM standard. At a minimum 1 in 15 samples is a control sample (earlier programs vary from 1 in 25 to 3 in 25). Checks of the laboratory results and data import procedures are undertaken to identify any

Criteria	Explanation	Commentary
		spurious results for verification and re-assay. Acceptable levels of accuracy and precision have been established. Any suspect data is excluded from the Mineral Resource estimate. Independent / round robin laboratory checks were conducted on a quarterly or half yearly basis until 2010. The results were generally unbiased with respect to each other. Between 2010 and 2016, no independent laboratory checks were undertaken, however since 2016, an external umpire lab and round robin system have been used to validate results. To date 1841 samples have been sent for umpire review. In December 2015 a 3-month trial of the Sepon lab was carried out, the results at that time concluded that due to turnaround times, inability to complete all desired analysis and higher detection limits, the ALS lab would continue to be used for Mineral Resource analysis. However, Since August 2021, the Sepon Lab has been used for all analysis including resource samples.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	Intersections were reviewed by the senior geologist or superintendent on-site following receipt of the assay results. Monthly internal reviews are carried out for all assay batches returned. Any CRM samples that exceed 3 standard deviations from the expected value, or showing other issues such as significant bias or trends will have its batch returned for re-analysis. Sample swaps, mislabeling and incorrect control sample insertion related to human error have been identified by checking procedures and photos and are rectified. There are no known deficiencies in the assay data quality from ALS and Sepon laboratories that affect the resource confidence. Twinned or nearby holes have been undertaken throughout the history of mining at Sepon. Most

Criteria	Explanation	Commentary
		holes provide reasonable agreement with pre-existing drilling. Some twinned diamond drill holes previously found RC drilling in wet conditions to produce variably smeared and positively biased results. Areas affected by this occurrence have been mined out and do not contribute to the current Mineral Resource. Current practice is only to use DD in wet drilling conditions. RC drill holes with suspected smearing have not been used in the mineral resource estimation. Several deep surface holes in the DSE UG Mineral Resource were excluded from the estimate where shorter holes drilled from underground provided more accurate positioning of the deposit. Laboratory result files are directly uploaded into the database with no manual data entry. Below detection limit assay results are stored in the database as the detection limit (negative) with appropriate metadata. No other modification of the assay results is undertaken. All data is stored and validated within an electronic database. Drill collars and down-hole surveys are recorded by company staff and entered into a spreadsheet and then loaded into the database. Assays from the laboratory are received and loaded electronically. No adjustments were made to assay values. Where data was deemed invalid or unverifiable it was excluded from the Mineral Resource estimation.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	Drill hole collar locations are located by differential GPS or total station survey instrument. Downhole surveys have been carried out using a variety of tools over the history of Sepon. Magnetic based surveys: Eastman single-shot cameras, Reflex EZ or Axis Magshot tools. Surveys were taken at depths of 12 m, 30 m and

Criteria	Explanation	Commentary
		then every 30 m to the bottom of hole. Additional surveys are carried out at the request of the supervising geologist where significant hole deviation is noticed. North Seeking Gyro: Currently used in preference for surface collared resource drill holes. All drill hole collars are converted from UTM / India-Thai 1960 projection to SPG06 local grid coordinate systems. In 2008 a LiDAR (Light Detection and Ranging) survey was completed providing an accurate topographic surface. Drill hole collar locations have been validated through a process of database and spatial checking for both historical and recent data and by comparing the collar locations to the LiDAR topographic surface. Several holes were identified as having suspected locations and resolved prior to modelling of the data. Holes with collars above the topography were excluded.
Data spacing and distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	Resource drill hole spacing varies from less than 25m up to 100m to centres. Drill spacing is adequate to define the geological and grade continuity for Mineral Resource estimation. Classification has considered data quality, drill spacing, geological continuity and production data. DD samples are not composited prior to being sent to the laboratory. RC samples are 1m intervals but compositing up to 4m has occurred in the past in areas known to be waste. Sample lengths within the database are not composited. Compositing as part of the estimation process has been undertaken in the modelling software (Vulcan or Leapfrog). Composite lengths selected were set to 1-metre which is comparable to the actual sample length. Composited data was then used for statistical, geostatistical and estimation purposes.

Criteria	Explanation	Commentary
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Drill orientation varies by year drilled and location within the deposit. Geological mapping and interpretation show that mineralisation generally strikes 060° - 090° (deposit dependent); hence drilling is conducted on north-south sections to intersect the mineralised zone at a high angle. Most drill holes dip -60° to -90°, depending on the expected dip of the target mineralisation and surface site access for drill pads. In parts of the project area, drill holes were drilled at -60° along 090° or 270° from 50m spaced sections in order to reduce the need for vegetation clearance and ground disturbance in areas of extremely steep topography. Drilling orientation is not considered to have introduced any sampling bias. This has been confirmed through variogram reviews using the varying orientation data. No orientation-based sampling bias has been identified to date in the data.
Sample security	The measures taken to ensure sample security.	Adequately trained and supervised sampling personnel, with monthly inspections and verification of training. Core yard facility with security fence, security guards and well-maintained sampling sheds. Cut core is sampled and stored in calico bags tied and clearly numbered in sequence using a tear-resistant, waterproof, pre-printed tag. Calico sample bags are transported on wrapped pallets to the assay laboratory. The laboratory checks sample dispatch numbers against submission documents, advises of any discrepancies, and signs off on receipt of each batch. Sample bags are photographed prior to shipment Assay data returned separately in both spreadsheet and PDF formats.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No recent audits or reviews have been undertaken.

Criteria	Explanation	Commentary
		Historic reviews include the following: A review of assay services involving a trial of the Sepon Laboratory for Resource sample analysis was undertaken in 2015-2016. All samples $\geq 0.2\%$ Cu and QA/QC samples were sent to ALS laboratory for comparison during the trial period. The decision was made to remain with ALS laboratory on the basis of available analytical methods, better QA/QC results and turn-around time. REFLEX Geochemistry completed a QC review on data from 1 January 2011 – 31 May, 2014. The conclusions indicate that the control samples have provided a satisfactory guide to the accuracy and precision of the analyses. Procedures have not significantly changed since then. The ALS laboratory in Vientiane has been audited on a quarterly basis by site personnel. No material issues have been identified at the laboratory. The ALS laboratory in Brisbane was audited in March 2016 by MMG Resource estimation personnel. No material issues were identified. In 2008 a QC review of assay data at the Thengkhamb South deposit and Phabing area was undertaken (Hackman & Associates) and found that there were no obvious grade biases in the dataset, there were however quality discrepancies that required follow up. These have been addressed. A 2008 external audit (IO Global) of the database found post-2006 analytical data to be of appropriate integrity. In 2007 a twin drill hole study undertaken by QG comparing RC samples to DD samples, found that the use of all the available RC drilling is likely to be biased and overestimate tonnes above a gold cut-off. This was due to the presence of wet RC samples. Measures have been taken since this report to exclude wet RC samples from the estimate.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	LXML Mineral Resources are located within the bounds of the Mineral Exploration and Production Agreement (MEPA), a direct agreement with the Laos Government. The MEPA provides for exploration, development and extraction of any Mineral Resources discovered. The MEPA provides for exploration, development and extraction of any Mineral Resources discovered. The Sepon MEPA occupies portions of both Savannakhet Province, and Khammouane Province to the immediate north. The Sepon MEPA originally occupied 5212 km². Various relinquishments have occurred since it was granted in 1993, the most recent relinquishment in early 2005 has resulted in the current retained area of 1247 km². A royalty is payable to the Government of Laos, representing 4.5 % of the FOB value of minerals received by LXML. The Lao Government also owns a 10% share in LXML. Tenement rental is payable at US\$500 per square kilometer per annum (for operational and mining areas) in accordance with Annex D of the MEPA. Taxes and other obligations are set out in Article 13 of the MEPA. The operating period in accordance with the MEPA is thirty (30) years, from commencement of operations. As defined in Article 10, Paragraph 2 of the MEPA for Sepon Gold Stage 1, the operating period commenced on 1 March 2003. The terms of the agreement provide for the right to apply for two extensions of the operating period with each extension for a period of 10 years. There are no known impediments to operating in the area. The licenses are in good standing with no known impediment to the

Criteria	Explanation	Commentary
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	granted mining permit.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	CRA Exploration first identified the Sepon Mineral District as an area of interest in 1990 and formed Lane Xang Minerals Limited (LXML) as holder of the MEPA. Between 1995 and 1999 RTZ (RTZ was formed from the merger of CRA and Rio Tinto in 1997) discovered and defined several gold only Mineral Resources and copper and gold Mineral Resources at the Khanong prospect. Oxiana became manager of the Sepon Project in 2000 through the purchase 80% of LXML before later buying the remaining 20% interest from RTZ. The Laos Government exercised its option to acquire a 10% interest in LXML in 2006. In 2008 Oxiana merged with Zinifex Ltd to form OZ Minerals. In 2009 MMG acquired LXML from OZ Minerals. In 2018, Chifeng acquired the majority ownership of LXML from MMG The Sepon exploration and resource geology groups have been maintained throughout the OZ Minerals, MMG and Chifeng takeovers.
Geology	Deposit type, geological setting and style of mineralisation.	The Sepon project area is situated near the eastern margin of the intra-continental Khorat Basin and on the western flank of the Anamite Range fold belt. It lies within the Troungson geological region covering a broad spectrum of rocks ranging in age from Upper Proterozoic to Jurassic. The regional geology is dominated by an Upper Palaeozoic sedimentary belt of arkosic and feldspathic sandstone, variably calcareous

Criteria	Explanation	Commentary
		and carbonaceous siltstone, shale and limestone which is variably dolomitized and locally marble. There are lesser volcanic rocks, typically comprised of agglomerate, conglomerate, tuffaceous sandstone, and rare coherent volcanics. The belt is cut by plutonic to sub-volcanic bodies of granite, monzodiorite, granodiorite, quartz porphyry, rhyodacite porphyry (RDP) and andesite porphyry. The intrusive rocks are preferentially emplaced along either east or north-west trending well-developed structures. Several styles of mineralisation have been recognised within the Sepon Mineral District: porphyry-like Cu-Mo-Au mineralisation, skarnoid Cu-Mo-Au mineralisation adjacent to porphyry intrusive, distal skarn related Cu-Au-Ag+/- Pb+/-Zn massive sulphide veins, Carlin type carbonate hosted gold mineralisation and carbonate hosted Mississippi Valley type Pb-Zn-Ag mineralisation. In addition, weathering and supergene re-mobilisation has created supergene copper, exotic supergene copper, oxide gold and alluvial gold in karst fill deposits. Gold mineralisation mostly occurs in the fault zones and adjacent to the fault zones at the contact between the dolomite of the Nalou formation and the overlying shales and nodular carbonate of the Discovery Formation. Mineralisation occurs in association with decalcification and partial silica replacement of calcareous mudstones, and typically is best developed within the Discovery formation. But can also occur as a karst-controlled residual or collapse breccia deposit within the underlying Nalou formation, with mineralised jasperoid boulders occurring within a matrix of decomposed rock and clays. Regional WNW-striking, steeply NNE-dipping normal faults are believed to have been the major pathway for ascending mineralizing fluids. Primary gold mineralisation occurs as Carlin style gold forming distally to the copper skarn systems. Mineralisation occurs in

Criteria	Explanation	Commentary
		association with decalcification and partial silica replacement of calcareous mudstones ('jasperoid') along steep faults and is typically best developed at the contact of the Nalou Formation (dolomite) and the overlying Discovery Formation (nodular calc-shale). Oxide gold mineralisation shows further control by weathering processes with very high-grade zones developed as karst fill (mineralised jasperoid boulders occurring within a matrix of decomposed rock and clays) on chemically weathered carbonate rocks. Copper mineralisation is associated with nearby skarn-hosted intrusives. Copper has subsequently migrated to the peripheries of the intrusive centre and concentrated through a supergene process.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:	Due to the advanced nature and extensive drilling completed for this project, no individual drill hole is material to the Mineral Resource estimate and hence this geological database is not supplied.
	easting and northing of the drill hole collar	
	elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	
	dip and azimuth of the hole	
	down hole length and interception depth	
	Hole length.	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	This is a Mineral Resource Statement and is not a report on exploration results hence no additional information is provided for this section.

Criteria	Explanation	Commentary
	Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	This is a Mineral Resource Statement and is not a report on exploration results hence no additional information is provided for this section. No metal equivalent values have been used.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	Mineralisation true widths are captured by interpreted mineralisation 3D wireframes. Most drilling was at -60° to -90° dip angles in order to maximise exposure to the true width of intersections. Geometry of mineralisation is interpreted as sub-horizontal in the supergene and sub-vertical in the hypogene material and as such current drilling allows true width of mineralisation to be determined.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	A drill collar location plan and geological sections are not included, as the Project is an operating mine, and not an exploration discovery. A summary geological map of the Sepon Mineral District and a generalized east - west cross section of Sepon deposit are provided to illustrate the gold mineralization style at Sepon.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	This is a Mineral Resource Statement and is not a report on exploration results hence no additional information is provided for this section.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	This is a Mineral Resource Statement and is not a report on exploration results hence no additional information is provided for this section. This is a Mineral Resource Statement and is not a report on exploration results hence no additional information is provided for this section.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Mining activities at all deposits as and when scheduled require additional infill drilling as part of grade control work to deliver the

Criteria	Explanation	Commentary
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	required definition for detailed mine design and mining extraction. Mineral Resource definition drilling is also planned within most deposits to improve geological confidence and support the ongoing conversion of Inferred and Indicated Mineral Resources to higher classifications. Exploration drilling from October 2022 to September 2023 has successfully delivered new Mineral Resources at: Ban Mai Ban Non Nakachan Khanong Primary Copper (underground) Discovery West Underground And extended Mineral Resources at: Discovery East Underground, and Nalou Exploration drilling beyond 2023 is planned to focus on target around Discovery West, Discovery East Underground Thenkham and other nearby tenements.

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used.	A digital field logging system (with lookups and referential integrity (RI)) or paper-based system for exploration both transferring to a data entry database (DataEntryDB), (with lookups and further RI) then transferring to the master database (LaoDB) where assays are loaded and approved. A senior geologist reviews all new drill data logged in exploration logging view and sign off occurs after all corrections are made prior to loading into LaoDB which is done via SQL Server with stored procedures to detect and hold any errors on import. Micromine Geobank software provides a front end to an SQL database for the Mineral Resource and grade control data. Analytical data is uploaded directly from laboratory SIF files. The measures described above ensure that transcription or data entry errors were minimized. Validation routines by database personnel check for overlapping sample depths, lithological and alteration information, as well as reject criteria such as logging information past EOH depth. Further validation is performed in Leapfrog software once the database is imported during the modelling process. Any errors flagged are fixed in the database then the data is reimported into Leapfrog. Data used in the Mineral Resource has passed several validation checks both visual and software related prior to use in the Mineral Resource. The gold database used in the Mineral Resource is a merger of several databases and represents the best data for the gold mineral resources, which is separate to the master database. Several major data transfers, with inherent risks, have occurred over the life of the project, several suspect holes (assays) exist within the master drill hole database. Further work is required to verify and update the master database.

Criteria	Explanation	Commentary
		There is spatial confidence in the occurrence of gold grades, however the accuracy of those grades is unknown. The database currently being used in the gold estimates is deemed to be appropriate for an Indicated Mineral Resource.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	Dr. Anson Xu and Dr. Tony Guo from SRK team visited the Sepon property from 8 December 2022 to 14 December of 2022
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology.	Prior to Mineral Resource estimation an underlying three-dimensional geological model (stratigraphy, structure and intrusives) was made for all deposits. All domains used for estimation were interpreted using known controls on the domain variable with the geological model as a framework. For example, the gold grade domains, whilst interpreted at a nominal gold grade, follow favorable stratigraphic contacts and controlling fault structures. Confidence in the geological (domain) interpretation for all Sepon Mineral Resource estimates is high. Geological models were interpreted from logged drilling data and deposit scale surface geological mapping. If new drill programs contradict the geological model, the model is updated to reflect new drill data. The geological continuity of mineralisation and mineralogy is a key input into Mineral Resource classification and targeted drilling has been conducted to ensure geological continuity rather than solely exploring for mineralised continuity. Sepon hosts several deposit along a 14km long belt of carbonaceous rocks. Typical widths of Sepon deposits range from five to thirty-five metres wide and all have surface expressions. The current Mineral Resource has been simplified from previous years where deposits were split and modelled separately, for example, Discovery West and Discovery East is now

Criteria	Explanation	Commentary
		modelled in a single Discovery model whilst Nalou, Namkok East and Namkok West have similarly been merged to form a single model as they are geologically continuous across the span of the model with interaction between controlling structures.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping.	Mineral Resource estimation was undertaken in Leapfrog Edge and Vulcan mining software with the following key assumptions and parameters: Ordinary Kriging interpolation has been applied for the estimation of Cu, Au, Ag, Ca, Mg, Mn, Total S, Total C, and PRI are also estimated in the gold models. Inverse distance to the power of two interpolation has been applied where there was insufficient data to model spatial continuity for kriging weights within the gold block model estimates. This is considered appropriate for the estimation of Mineral Resources at Sepon. Extreme grade values were managed by upper grade capping. The typical upper cap used is the 99th percentile to contain outliers. The estimates of gold were predominantly undertaken using hard domain boundaries and a series of elliptical search passes orientated in the plane of mineralisation. These search orientations and sizes were supported by variogram analysis. A composite length of 1m downhole was chosen and the compositing process validated. Exploratory data analysis, variography and search neighborhood optimization for each domain was performed. Total sulphur and carbon are estimated to assist with gold speciation and in the Mineral Resource estimation was undertaken in Leapfrog Edge and Vulcan mining software with the following key assumptions and parameters:

Criteria	Explanation	Commentary
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Ordinary Kriging interpolation has been applied for the estimation of Cu, Au, Ag, Ca, Mg, Mn, Total S, Total C, and PRI are also estimated in the gold models. Inverse distance to the power of two interpolation has been applied where there was insufficient data to model spatial continuity for kriging weights within the gold block model estimates. This is considered appropriate for the estimation of Mineral Resources at Sepon. Extreme grade values were managed by upper grade capping. The typical upper cap used is the 99th percentile to contain outliers. The estimates of gold were predominantly undertaken using hard domain boundaries and a series of elliptical search passes orientated in the plane of mineralisation. These search orientations and sizes were supported by variogram analysis. A composite length of 1m downhole was chosen and the compositing process validated. Exploratory data analysis, variography and search neighborhood optimization for each domain was performed. Total sulphur and carbon are estimated to assist with gold speciation and in the determination of the primary domain. The minimum and maximum number of composites allowable to interpolate a block was typically set at 4-10 and 15-24 based on KNA. Octant searches were used for the first two passes for ancillary elements only. No assumptions about the recovery of by-products have been made. Parent block sizes are 15m x6m x 5m (XYZ). The parent block size has considered: data spacing, mining methods and variography. Sub-blocks honoring relevant shapes and surfaces were used. The parent block size delineates mineralized zones without compromising the block variance.

Criteria	Explanation	Commentary
		Search distances in general for most estimates are the length of the first variogram structure in pass 1 and doubled in subsequent passes. Larger passes were used to interpolate less well-informed blocks. No further assumptions have been made regarding modelling of selective mining units. Block models are validated by: Visual inspections for true fit with the high and low grade wireframes (to check for correct placement of blocks and sub-blocks), block model to wireframe volume differences are checked, visual comparison of block model grades against composite file grades, global statistical comparison of the estimated block model grades against the composite statistics and raw data, global and local (on key sections) swath plots are used to check for bias. determination of the primary domain
Moisture	Whether the tonnages estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The tonnages are estimated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	For OP Au the Mineral Resources are reported at a cut-off grade of 0.6 g/t Au of oxidized gold ore and a cut-off grade of 1.5 g/t Au of primary gold ore. For UG Au the Mineral Resources are reported at a cut-off grade of 3 g/t Au of primary gold ore. For OP Cu the Mineral Resources are reported at a cut-off grade of 1.1% Cu of oxidized copper ore and a cut-off grade of 0.5 % Cu of primary copper ore. For UG Cu the Mineral Resources are reported at a cut-off grade of 0.8% Cu of oxidized copper ore.

Criteria	Explanation	Commentary
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Sepon is an active open pit and underground mining operation and mining methods, minimum mining widths and internal dilution is well understood and documented on site. conceptual pit shells. Underground Mineral Resources are reported within mineable panels based on long-term plan shapes and or Mine Stope Optimizer (MSO) shapes. The assists in demonstrating that the Mineral Resource meets the requirement of having reasonable prospects for eventual economic extraction criteria.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Sepon Gold Mine and Copper Mine is a production project, both metallurgical testing and historical production performance data are available, providing reliable data to Metallurgical Factors. The oxide gold ore is amenable to CIL process, final product is Gold Doré. The gold recovery ranges from 51.8% to 68.9% in actual production. The primary gold ore is amenable to the process of flotation-POX-CIL, final product is Gold Doré. The gold recovery ranges from 78% to 85% in laboratory tests. The oxide copper ore is amenable to the process of sulfuric acid leaching-SX/EW, the copper recovery ranges from 62% to 78% in actual production. The primary copper ore is amenable to flotation process, final product is copper concentrate. The concentrate grade and copper recovery are affected by the sulphur grade and ASCu/TCu ratio. A general copper recovery of 80% can be achieved.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project,	See Section 18.

Criteria	Explanation	Commentary
	may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Samples for bulk density determination are taken from diamond drill core every 6 m using the wax coated core immersion method. The bulk density determinations were estimated into the block models by either ordinary kriging, or where limited data exists as direct assignment from average values. All estimates are based on oxide vs primary division and then further on lithology. Previous reconciled mined gold ore tonnages demonstrate these values are robust in the oxide zones. Previous models created using the same method have been proved accurate by reconciliation of actual versus mine claim.
Classification	The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit.	Mineral Resource classification is directly linked to the geological confidence based on drill hole spacing, degree of variability of shape and grade of mineralization and associated geological units and structures. Each mineral deposit has been reviewed separately. Unless an entire deposit or area was classified at a uniform level, then wireframes of classification were applied to demarcate the classification. Measured Mineral Resources include materials that have been grade controlled, having drilling that is spaced approximately 15m or less, and exhibits low levels of variability in shape (volume and tonnes), and grade. This confidence is sufficient to confirm geological and grade continuity of the mineralisation and supports detailed mine planning. Indicated Mineral Resources include materials that have drill spacing up to 50m with multiple intersections on each section and consistency of size and grade of mineralised intersections sufficient to assume geological and grade continuity, and to support mine planning and evaluations of economic viability.

Criteria	Explanation	Commentary
		Inferred Mineral Resources include materials with a drill spacing up to 100m showing mineralisation in several holes on each section over several sections. Mineralising shape and grade may be variable between holes and sections. Evidence is sufficient to imply geological and grade continuity, and it is expected that with additional exploration that the majority of the resource would upgrade to Indicated Mineral Resources. In the Competent Person's view the classification is appropriate to the deposits at Sepon given the available data for estimation.
Audits or reviews.	The results of any audits or reviews of Mineral Resource estimates.	The input data, including geological mapping and drillhole data are comprehensive in their coverage of the mineralisation. The Mineral Resource estimate appropriately reflects the view of the Competent Person. The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code. The statement relates to global volumetric estimates.

Section 4: Estimation and Reporting of Ore Reserves*(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)*

Criteria	Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.	The Ore Reserves estimate is based on the Mineral Resource model developed by LXML, which was subsequently reviewed by an SRK geologist. Inferred Resources have been excluded from this estimate. The Ore Reserves are reported inclusive of Mineral Resources.
	Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	For Open Pit Mining, the Ore Reserves estimate is derived from pit optimization and pit design, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the ROM Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant. For Stockpiles, the Ore Reserves estimate is derived from data provided by LXML, which has been reviewed by SRK. This review includes a detailed summary of the data and production records, particularly the feed grade. The reference point for the Ore Reserves estimates is within the stockpiles before processing and/or the hydrometallurgy plant. For Underground Mining, the Ore Reserves estimate is derived from stope optimization and underground design, accounting for mining dilution and loss. The reference point for the Ore Reserves estimates is the ROM Pad before the primary crusher and/or stockpiles at the processing and/or hydrometallurgy plant.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	SRK engineers, including specialists in geology discipline, visited the site in December 2022. SRK engineers, including specialists in mining and geology disciplines, visited the site in December 2023. SRK engineers, including specialists in mining, processing, geology, and environmental disciplines, visited the site in May 2024.
	If no site visits have been undertaken indicate why this is the case.	

Criteria	Explanation	Commentary
Study status	The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.	Sepon Gold Project Study ("SGPS") revised by AMC Consultants Pty Ltd ("AMC") on 18 March 2020. The LXML project encompasses gold and copper open-pit mining operations that have been active since the beginning of the 21st century. LXML has been overseeing the mine's operations since 2018. In 2021, LXML discontinued copper open-pit mining activities. In 2022, LXML commenced gold underground mining operations. Presently, the processing plants are engaged in processing gold extracted from open pits, underground sources, and stockpiles, as well as oxide copper from historical stockpiles. The operating practices, data, and records available are considered to be at a Pre-Feasibility Study (PFS) level, providing a reasonable basis for assessment. After reviewing the feasibility study and operating data, SRK opines that the project could meet the international PFS level in general and could serve as a basis for Ore Reserves conversion.
	The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	The feasibility study, operational data, and production plan form the basis for Ore Reserves conversion.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	The ORE is defined as the three main types as practical for the treatment flowsheet, by LXML. Gold processing plant: Oxide gold Primary gold Copper hydrometallurgical plant: Oxide copper The marginal cut-off grade (MCOG) is applied for review the cut-off grades. The costs are based on LXML's operation records with SRK's analysis.

Criteria	Explanation	Commentary
		For gold processing: the processing costs are USD17.0 per ton milled and USD 55.0 per ton milled for oxide gold and primary gold respectively. For gold mining costs: the underground mining cost is USD 35.0 per ton mined. For the general & administrative costs are USD 9.0 per ton milled. The reference gold and copper metal prices are USD 2,050 per ounce and USD 8,300 per ton, respectively. Those prices were based on the HSBC long-term forecast price and CMF long term price forecasting, released in 2024Q3. The processing recovery is considered the production data as 65% and 45% for gold and copper, respectively. The MCOG is estimated to be 0.6 g/t oxide gold and 1.5 g/t primary gold for open pit mining and gold stockpiles, which differ from the ore types applied by LXML. The MCOG for underground mining is estimated to be 2.6 g/t for primary gold, which is lower than the 2.9 g/t applied by the mine. The MCOG is estimated to be 0.9% oxide copper for copper stockpiles, which differs from the ore types applied by LXML. The Ore Reserves were reported based the SRK's MCOG estimation.
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).	For gold open-pit mining, the detailed design provided by LXML was used as the estimation boundary. For gold underground mining, Stope Optimization was carried out in alignment with LXML's input parameters as the estimation boundary.
	The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	For gold deposits, all deposits with estimated Ore Reserves are currently under operation. There are associated designs for both open pit and underground mining. For gold underground mining, AMC completed a scoping-level geotechnical assessment to estimate stable stope spans and pillar dimensions for the DSE UG
	The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.	

Criteria	Explanation	Commentary
	The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	deposit. The limiting stope span was assessed to be the hanging wall or crown of the stope with a hydraulic radius (HR) limit of 5.7. MEC conducted an audit of the geotechnical aspects for DSE UG and concluded that geotechnical risks are well managed in LXML.
	The mining dilution factors used.	The major assumption proposed is that backfilling will be applied for gold underground mining, which is expected to increase mining recovery.
	The mining recovery factors used.	
	Any minimum mining widths used.	For gold open-pit mining, the dilution factor is 7.5%, consistent with LXML's estimate. For gold underground mining, the dilution factor is 15%, also consistent with LXML's estimate. For gold open-pit mining, the recovery factor is 95.0%, consistent with LXML's estimate. For gold underground mining, the recovery factor is 95.0% higher than LXML's estimate after reviewing the reconciliation data. For gold open pit mining, the minimum mining width is 25.0 meters. No Inferred Mineral Resources are included in the Ore Reserves. Historically, LXML has approximately 20 years of production, and various facilities are well developed. A 220 KV power line traverses the area and supplies electricity. Telephones and mobile communication are also available.
	The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	
	The infrastructure requirements of the selected mining methods.	
Metallurgical factors or assumptions (Coal Preparation and Coal Quality)	The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples	Sepon Gold Mine is a production project, both metallurgical testing and historical production performance data are available, providing reliable data to Metallurgical Factors. The gold ore, both oxide and primary, is refractory. The oxide gold ore is amenable to CIL. The gold recovery ranges 51.8% to 68.9% in historical production. Flotation-POX-CIL process is applied to treat primary gold ore for producing Gold Doré. The gold recovery ranges 55% to 67% in historical production The oxide copper ore is amenable to the process of sulfuric acid leaching-SX/EW, the copper recovery ranges from 62% to 78% in historical production.

Criteria	Explanation	Commentary
	are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	The primary copper ore is amenable to flotation process, final product is copper concentrate. The concentrate grade and copper recovery are affected by the sulphur grade and ASCu/TCu ratio. A general copper recovery of 80% can be achieved in laboratory tests.
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	The sources of environmental risk are project activities that may result in potential environmental impacts. These project activities have been previously described within this report. In summary, the most significant potential environmental and social risks for the development of the Project, currently identified as part of the project assessment and this SRK review, are: TSF seepage pollution; Fugitive dust pollution; and Deficit mine closure fund.
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	The operation is established, and all required infrastructure is in place.
Costs	The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	Capital costs for 4Q2024 to 2026 were provided by LXML, including: Growth: USD 52.2 million Exploration: USD19.6 million Sustain: USD 42.6 million. (The unit sustaining cost was estimated based on data from 2022 and 2023, amounting to 3.5 USD/ milled ton. This estimate was used for forecasting the years 2027 to 2030.) SRK assumed that working capital has been incorporated into the sustaining capital. SRK considers it reasonable to expect that the operation of the Project will be extended with further exploration and feasibility studies. Consequently, mine closure fees and the residual value of the project will not be considered in the economic projection.

Criteria	Explanation	Commentary
	The allowances made for royalties payable, both Government and private.	The summary of cash costs from 2021 to 3Q 2024 excludes depreciation, amortization, and financial costs from the total costs. The unit cost forecast is based on the maximum value from the past three years, rounded up to the nearest whole number. If the unit cost is less than 1.0 USD per feed ore, the maximum value is used. No metallurgical allowances have been made for the effect of deleterious elements since none have been detected. Following exchange rate were used from 2021 to 3Q 2024: USD to CNY: 6.4515, 6.7208, 7.0467, 7.1085. The treatment and refining charge have been included in the processing costs. Government royalties are included in the unit operating cash cost.
Revenue factors	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	For economic analysis, SRK's CMF metal prices were used. There are no other revenue factors applied.
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	CMF's copper and gold prices vary in different years, considering the trends.
Market assessment	The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.	Sepon has developed and has steady buyers of its products, copper and gold.
	A customer and competitor analysis along with the identification of likely market windows for the product.	Ditto.
	Price and volume forecasts and the basis for these forecasts.	The basis of prices are the CMF forecast, and the volume are based on the production schedules.
	For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	N/A.

Criteria	Explanation	Commentary
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	The discount rate used for NPV calculation ranges from 5.0% to 15.0%, with increments of 1.0%. All results indicate a positive NPV. The operating costs, along with gold and copper prices, were selected as the essential variable factors affecting cash flow. These essential factors were analysed within a $\pm 30\%$ range for their impact on NPV, using a 10% discount rate.
	NPV ranges and sensitivity to variations in the significant assumptions and inputs.	The NPV is most sensitive to changes in the gold price, followed by operating costs. Copper price is the least sensitive factor affecting NPV.
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	See Section 18.4.9.
Other	To the extent relevant, the impact of the following on the Project and/or on the estimation and classification of the Ore Reserves:	Two high risks have been identified: "lack of significant Ore Reserves" and "high mine closure cost." The project is located within the current mining license, which is valid until 29 September 2033, thereby covering the entire Life of the Mine (LoM).
	Any identified material naturally occurring risks.	
	The status of material legal agreements and marketing arrangements.	
	The status of governmental agreements and approvals critical to the viability of the Project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	
Classification	The basis for the classification of the Ore Reserves into varying confidence categories.	For gold open pit and underground mining, Measured Mineral Resources in the mine designs are classified as Proved Ore Reserves. Indicated Mineral Resources in the mine designs are classified as Probable Ore Reserves.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	
	The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	For gold and copper stockpiles, only the materials above MCOG are considered as Probable Ore Reserves based on reviewing the data provided by LXML.

Criteria	Explanation	Commentary
		The classification of Ore Reserves appropriately reflects the Competent Person's view of the deposits. There is no Measured Mineral Resources are classified as Probable Ore Reserves.
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	The Ore Reserves estimates have been peer reviewed internally and is in line with current industry standards.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	The Ore Reserves estimates are based on SGPS and ongoing operations. The Ore Reserves estimates are at a PFS level. All modifying factors have been applied for Ore Reserves estimates on a global estimate. SRK noted that LXML proposed the use of cemented backfill for gold underground mining to increase mining recovery, although no study is available to date. While cemented backfill is widely used in various mines, it would be prudent to conduct an individual backfilling feasibility study to support further operations.
	Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	SRK considers the level of sampling work carried out by the client is sufficient for Probable Ore Reserves in accordance with the JORC Code.
	It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The Sepon mine has a long history of production for the open-pit production. The historical resource models are not available to SRK. The underground mine started its production, with the accumulated production, the comparison will be possible later.

Appendix C Compliance with Chapter 18

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18.01	DEFINITIONS AND INTERPRETATION	
18.02-18.04	CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES	
18.02	In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.	
18.03	A Mineral Company must:—	
(1)	establish to the Exchange's satisfaction that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:—	CPR1, CPR3.3 ^[1]
(a)	through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or	
	<i>Note: 'control over a majority' means an interest greater than 50%.</i>	
(b)	through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;	
(2)	establish to the Exchange's satisfaction that it has at least a portfolio of:—	CPR10.7
(a)	Indicated Resources; or	
(b)	Contingent Resources, identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;	
(3)	if it has commenced production, provide an estimate of cash operating costs including the costs associated with:—	CPR17.2. ^[2]
(a)	workforce employment;	
(b)	consumables;	
(c)	fuel, electricity, water and other services;	
(d)	on and off-site administration;	
(e)	environmental protection and monitoring;	
(f)	transportation of workforce;	
(g)	product marketing and transport;	
(h)	non-income taxes, royalties and other governmental charges; and	
(i)	contingency allowances;	
	<i>Note: A Mineral Company must:</i>	
	• set out the components of cash operating costs separately by category;	
	• explain the reason for any departure from the list of items to be included under cash operating costs; and	
	• discuss any material cost items that should be highlighted to investors.	

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	(4)	demonstrate to the Exchange's satisfaction that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:—	CPR17.1 ^[3]
	(a)	general, administrative and operating costs;	
	(b)	property holding costs; and	
	(c)	the cost of any proposed exploration and/or development; and	
	Note: <i>Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.</i>		
	(5)	ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has available sufficient working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.	CPR17.1 ^[3]
18.04	If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish to the Exchange's satisfaction that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.		
	Not e: <i>A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.</i>		
18.05-18.08	CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS		
18.05	In addition to the information set out in Appendix 1A, a Mineral Company must include in its listing document:—		
	(1)	a Competent Person's Report;	CPR Executive Summary and CPR 1.1
	(2)	a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;	CPR 2.8
	(3)	the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;	CPR3; CPR16.3
	(4)	a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;	CPR 2.3
	(5)	disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and	CPR20
	(6)	if relevant and material to the Mineral Company's business operations, information on the following:—	
	(a)	project risks arising from environmental, social, and health and safety issues;	CPR20
	(b)	any non-governmental organisation impact on sustainability of mineral and/or exploration projects;	CPR16.4.9
	(c)	compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;	CPR16.3
	(d)	sufficient funding plans for remediation, rehabilitation and, closure and removal	CPR16.4.8, CPR17.1 ^[4]

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		of facilities in a sustainable manner;	
	(e)	environmental liabilities of its projects or properties;	CPR16.4
	(f)	its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;	CPR16.4.9
	(g)	its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and	CPR16.4.9
	(h)	any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.	CPR16.4.9
18.06-18.08	Additional disclosure requirements that apply to certain new applicant Mineral Companies		
18.06	If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.		CPR17.2
18.07	If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.		CPR 17 ^[5]
18.08	If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.		CPR10
18.09-18.13	RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS		
18.09	A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:—		
	(1)	comply with Chapter 14 and Chapter 14A, if relevant;	
	(2)	produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;	
		<i>Note: The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.</i>	
	(3)	in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and	
	(4)	comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.	
	<i>Not e: Material liabilities that remain with the issuer on a disposal must also be discussed.</i>		
18.10-18.11	Requirements that apply to listed issuers		
18.10	A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.		
18.11	On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.		
18.12-18.13	Requirements that apply to Mineral Companies and listed issuers		
18.12	The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer		

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	has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.	
18.13	An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.	
18.14-18.17	CONTINUING OBLIGATIONS	
18.14	Disclosure in reports	
18.14	A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.	
18.15-18.17	Publication of Resources and Reserves	
18.15	A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.	
18.16	A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.	
18.17	Annual updates of Resources and/or Reserves must comply with rule 18.18.	
	<i>Not e: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.</i>	
18.18-18.27	STATEMENTS ON RESOURCES AND/OR RESERVES	
18.18	Presentation of data	
18.18	Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.	CPR10.7 CPR11.8
18.19	Basis of evidence	
18.19	All statements referring to Resources and/or Reserves:—	
	(1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and	
	(2) in all other cases, must at least be substantiated by the issuer's internal experts.	
18.20	Petroleum Competent Persons' Reports	Not applicable.
18.20	A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix 25.	
18.21-18.22	Competent Person	
18.21	A Competent Person must:—	
	(1) have a minimum of five years experience relevant to the style of mineralization	CPR 2.6; CPR2.7

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	and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;	
	(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and	CPR 2.6; CPR2.7
	(3) take overall responsibility for the Competent Person's Report.	CPR 2.6; CPR2.7
18.22	A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:—	CPR2.10
	(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;	
	(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;	
	(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and	
	(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.	
18.23	Additional requirements of Competent Evaluators	
18.23	In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:—	
	(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);	
	(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and	
	(3) hold all necessary licences.	
	<i>Not e: A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.</i>	
18.24	Scope of Competent Persons' Reports and Valuation Reports	
18.24	A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:—	
	(1) be addressed to the Mineral Company or listed issuer;	CPR 2.2
	(2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and	CPR 2.4
	(3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.	CPR 2.2
18.25-18.26	Disclaimers and Indemnities	
18.25	A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.	CPR 2.2
18.26	The Competent Person or Competent Evaluator must prominently disclose in the	CPR 2.11, CPR 2.12

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	Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.	
18.27	Obligations of sponsor	
18.27	Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.	CPR 1.4, CPR 1.7
18.28-18.34	REPORTING STANDARD	
18.28-18.30	Mineral reporting standard	
18.28	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.	
18.29	A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:—	CPR2.2
	(1) under:	
	(a) the JORC Code;	
	(b) NI 43-101; or	
	(c) the SAMREC Code,	
	as modified by this Chapter; or	
	(2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	<i>Not e: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.</i>	
18.30	A Mineral Company must ensure that:—	
	(1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Prefeasibility Study;	CPR11.2
	(2) estimates of mineral Reserves and mineral Resources are disclosed separately;	CPR10; CPR11
	(3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;	CPR11, CPR11.7, CPR11.8 CPR18.1
	(4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:—	CPR17.3
	(a) the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and	CPR17.3
	(b) if a contract for future prices of mineral Reserves exists, the contract price is used; and	CPR15
	(5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.	CPR 18
18.31-18.33	Petroleum reporting standard	Not applicable.
18.31	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a	

Chapter 18		
	Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.	
18.32	A Mineral Company must disclose information on Petroleum Resources and Reserves either:—	
	(1) under PRMS as modified by this Chapter; or	
	(2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	<i>Note:</i> A Reporting Standard applied to specific assets must be used consistently.	
18.33	A Mineral Company must ensure that:—	
	(1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;	
	(2) if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;	
	(3) Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;	
	(4) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30; <i>Note: In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.</i>	
	(5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated; <i>Note: Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.</i>	
	(6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and	
	(7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.	
18.34	Mineral or Petroleum Asset Valuation Reports	Not applicable.
18.34	A Mineral Company must ensure that:—	
	(1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from	

Chapter 18			
		time to time;	
	(2)	the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;	
	(3)	if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and	
	(4)	in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.	

Note:

1. CPR is the Competent Person's Report prepared by SRK; 1 and 3.3 are the section numbers.
2. Operating cost is breakdown according to cost center, instead of cost element.
3. Without considering current assets and current liabilities, SRK made the assumption that the working capital has been incorporated into the sustaining capital.
4. It is reasonable to expect that the operation of the Project will be extended with further exploration and feasibility studies, the mine closure fees, and the residual value of the project will not be considered in the economic projection.
5. Sepon Mine is a producing project.

**Appendix D Chapter 2.6 of the Guide for New Listing
Applicants**

Chapter 2.6		Section in SRK's Report
(i)	The cut-off grade (which should be an industry standard commonly used), minimum mining width, economic parameters (e.g. waste to ore ratio, stope productivity), specific gravity derivation, prevailing commodity price assumptions;	Section 10.4, 11.4, 11.5, 12.4, 12.6, 17.3
(ii)	If the Competent Person has a different view on certain assumptions (e.g. processing recovery rate) made by the applicant, both views should be disclosed in the listing document, with differences highlighted and underlying reasons for the different views, and the impact on the applicant if the more conservative view is adopted;	Not applicable.
(iii)	Detailed analysis for harmful elements identified at mines (e.g. mercury or arsenic at lead and zinc mines) to give a better picture of whether there are material concentrations of these elements within particular lodes, and the impact on the saleability of the minerals;	Not applicable.
(iv)	Clear and meaningful drawings and diagrams, shown to scale, of the location of the applicant's principal Mineral or Petroleum Assets;	Section 4
(v)	The procedures, amount of testing, assessment and time required to ascertain the amount of Reserves, and the existing Reserves of the mine over its entire mine life, expected average Resource and Reserve grades of ore that can be extracted in future years (preferably covering the whole economic life of the mine), depletion charges and hedging activities;	Section 11 and Section 12
(vi)	Whether the historical or expected improved recovery rate is used for estimating the net present value ("NPV"), and the basis on which the discount rates are considered appropriate;	Section 18
(vii)	If the Competent Person did not conduct a site visit, the applicant should disclose in the "Business" section of the listing document the basis on which the Reserves/Resources, cost forecasts and other data relating to the mines/oilfields as disclosed in the CPR are arrived at, how the lack of a site visit would affect the reliability of the information, and an appropriate risk factor 3; and	Section 1.5
(viii)	All material risks mentioned in the CPR should be disclosed in the "Risk Factors" section of the listing document.	Section 20

Final

Independent Competent Person's Report for Wassa Gold Mine, Akyempim, Western Region, Ghana

Wassa Project, Akyempim, Ghana
Golden Star Wassa Limited



SRK Consulting (China) Ltd. ■ SCN849C ■ 28 February 2025



Final

Independent Competent Person's Report for Wassa Gold Mine, Akyempim,
Western Region, Ghana

Wassa Project, Akyempim, Ghana

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Report Effective Date: 30 September 2024

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The opinions expressed in this Report have been based on the information supplied to SRK Consulting (China) Ltd. ("SRK") by Golden Star Wassa Limited (the "Client", or the "Company"). The opinions in this Report are provided in response to a specific request from the Client to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review is entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

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Appendices

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Appendix B	Wassa Life of Mine
Appendix C	Compliance with Chapter 18
Appendix D	Chapter 2.6 of the Guide for New Listing Applicants

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

%	Percent/percentage
/	Per
'	Minute of arc
°	Degree(s) of arc
°C	Degree(s) Centigrade
3D	Three-dimensional
2020 PEA	Preliminary Economic Assessment of potential expansion of the underground mine to extract the Inferred Mineral Resource in the Southern Extension zone (dated 2020)
AAS	Atomic adsorption spectroscopy (sample assay)
AC	Air-core (drilling)
ADK	Adoikrom and Dabokrom (deposit)
Ag	The chemical symbol of silver element
Ai	Bond abrasion index (metallurgical testing)
AIG	Australian Institute of Geoscientists
AISC	All in sustaining cost
ALS	ALS Minerals
ARD	Acid rock drainage
ARO	Asset retirement obligations (closure planning)
ASL	Above sea level
Au	The chemical symbol of gold element
AusIMM	Australasian Institute of Mining and Metallurgy
BDG	BD Goldfields (company)
BIF	Banded iron formation
BLEG	Bulk leach extractable gold (assaying)
BWi	Bond ball mill work index (metallurgical testing)
Capex	Capital expenditure, or capital cost
Chifeng Gold	Chifeng Jilong Gold Mining Co., Ltd.
CIL	Carbon in leach (processing method)
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CMCC	Community Mine Consultative Committee
Conc.	Concentrate
CP	Competent Person, or Chartered Professional

CPR	Competent Person's Report
CRM	Certified reference material (sample QA/QC)
CSL	Compacted soil liner (civil construction)
CSR	corporate social responsibility
Cut-off grade	The grade threshold above which a mineral material is considered potentially economic and is selectively mined and processed as ore
CWi	Bond low impact crushing work index (metallurgical testing)
CYAP	Community Youth Apprenticeship Program
DCF	discounted cash flow
DMH	Dead Man's Hill
DD	Diamond (core) drilling
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
EMP	Environmental Management Plan
EMS	Environmental and social management system
EPA	Environmental Protection Agency (Ghana)
ESR	Excavation support ratio (geotechnical)
FAusIMM	Fellow of the AusIMM
FB	Father Brown (deposit)
FOS	Factor of safety
FS	Feasibility study
FW	Footwall
g	gram
G&A	General and administration
GAI	Geochemical abundance index (geochemistry)
GC	Grade control
Ghana	Republic of Ghana
g/t	gram per tonne
GSI	Geological strength index (geotechnical)
GSOPP	Golden Star Oil Palm Plantation
GSR / Golden Star	Golden Star Resources (Ghana) Ltd
GSSTEP	Golden Star Skills Training and Employability Program
GSWL	Golden Star Wassa Limited
Halo	the mineralisation halo

HARD	Half absolute relative difference (statistics)
HBB	Hwini Butre Benso (deposit group)
HBM	Hwini Butre Minerals (company)
HG	High grade
HKEx	Stock Exchange of Hong Kong Limited
HL	Heap leach (processing/hydrometallurgical method)
HW	Hanging wall
ICOLD	International Committee on Large Dams
ICMC	International Cyanide Management Code
IFC	International Finance Corporation
ILR	In-line reactor (processing method)
Indicated Mineral Resource	An Indicated Mineral Resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability
IP	Induced Polarization, which is an exploration technique whereby an electrical current is pulsed through the ground and the response from the sub surface measured in order to identify minerals of interest. Strong IP responses may be a result of sulphide which may be associated with gold mineralisation
IPO	Initial Public Offering
IRR	internal rate of return
ITCZ	Inter Tropical Convergence Zone
Jn	Joint number (geotechnical)
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition, as published by the Joint Ore Reserves Committee.
JORC Committee	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
Jr	Joint roughness (geotechnical)
Jw	Joint alteration (geotechnical)
kg	kilogram(s), equivalent to 1,000 grams
kg/t	kilogram(s) per tonne
km	kilometre(s), equivalent to 1,000 metres
km ²	square kilometre(s)
koz	thousand ounces
kt	Thousand tonne(s)
ktpa	Thousand tonne(s) per annum
kV	kilovolt(s)
kW	kilowatt(s)
kWh/t	kilowatt(s) hour per tonne

L.I.	Legal Instrument
LG	Low grade
LHD	load-haul-dump machine
LHOS	Long hole open stoping (mining method)
LOM (or LoM)	Life of mine
LR (model)	Long-range model (geological modelling)
LVA	Locally variable anisotropy (geological modelling)
m	Meter(s)
MAIG	Member of the AIG
MAusIMM	Member of the AusIMM
Measured Mineral Resource	A Measured Resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
Mineral Resources	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge
mm/yr	Millimetre(s) per year
MOU	Memoranda of Understanding
M.Eng.	Master of Engineering
M.Sc.	Master of Science
MSG	Modified Stability Graph (geotechnical)
MSO	Mineable Stope Optimiser (mine planning)
Mt	million tonnes (metric tons)
NAG	Not acid generating (geochemistry)
NI 43-101	National Instrument 43-101, which is a national instrument for the (Canadian) Standards of Disclosure for Mineral Projects, including Companion Policy 43-101 as amended from time to time.
NPV	Net present value
OHS	occupational health and safety
OK	Ordinary kriging (grade estimation)
OP	open pit
Opex	operating cost
Ore Reserves	The economically mineable part of a Measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out including consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and government factors, as defined in the JORC definition standards. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves
oz	Ounce
PCP	Practical closure plan (closure planning)
PRC	People's Republic of China

Probable Ore Reserve	A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances Measured Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out including consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserve	A Proved Ore Reserve is the economically mineable part of a Measured Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
PVC	Poly-vinyl chloride
Q	Quarter: a fixed period of three months
QA/QC	Quality assurance, quality control
RAB	Rotary air blast (drilling)
RC	Reverse circulation (drilling)
RGI	Ryal Gold Inc (company)
RGLD	RGLD Gold AG (company)
RL	Reduced level
RMR	Rock mass rating (geotechnical)
RMS	Resource Modelling Solutions (company)
ROM	Run of mine
RPEEE	Reasonable prospects for eventual economic extraction
RQD	Rock quality description (geotechnical)
SGL	Satellite Goldfields Limited (company)
SJR	Saint Jude Resources (company)
SR (model)	Short-range model (geological modelling)
SRK	SRK Consulting China Ltd.
t	Tonne(s)
TMM	Total material movement
TSF	Tailings storage facility
UCS	Unconfined compressive strength
UG	underground
US\$	United States dollar/s, same as USD
VAT	value-added tax
VRA	Volta River Authority (Ghana)
WGM / Wassa Mine	Wassa Gold Mine
WRD	waste rock dump
WSL	Wassa site laboratory (assaying)
WUC	Western University College, Tarkwa (Ghana)
WUG	Wassa underground mine
XRD	X-ray diffraction
XRF	X-ray fluorescence

Executive Summary

SRK Consulting China Ltd. ("SRK") was requested by Golden Star Wassa Limited ("GSWL", the "Company" or the "Client") to prepare a Competent Person's Report ("CPR" or the "Report") for its mining property (the "Project") in the Republic of Ghana ("Ghana") in accordance with the guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the "JORC Code", 2012 edition) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "HKEx"), including the Chapter 18 requirements (Appendix C), Chapter 2.6 of the Guide for New Listing Applicants (Appendix D) and other relevant regulations of the HKEx. GSWL's primary asset is the Wassa Gold Mine (the "Wassa Mine" or "WGM"), and 90% equity interest of GSWL is owned by Golden Star Resources (Ghana) Ltd. ("Golden Star" or "GSR") which is a direct subsidiary of Chifeng Jilong Gold Mining Co., Ltd. ("Chifeng Gold"), and the Ghanaian government owns the remaining 10% equity interest of GSWL.

This Report consists of an independent review of the geology, exploration, Mineral Resources, Ore Reserves, mining, mineral processing, capital expenditure, operating cost, and environmental and social aspects of the Project. It is understood that the Report will enable potential equity investors and possible future shareholders to understand the Project's operations.

This Report does not express an opinion as to the value of mineral or other assets involved.

Property Description and Ownership

The mineral concessions belonging to GSWL are listed below.

- Wassa mining lease: The Wassa Mine is an operating gold mine comprising principally underground operations with the following mineralisation domains: F Shoot, 419, B Shoot, Zone 242, Starter, South-East, Mid-East, and Dead Man's Hill (the "DMH").
- Benso mining lease: comprising the Subriso East, Subriso West, G-Zone, C-Zone, and I-Zone deposits.
- Hwini Butre mining lease: comprising the Father Brown, Adoikrom, and Dabokrom deposits.
- Benso (Chichiwelli) exploration property: comprising two mineralised zones, Chichiwelli West, and Chichiwelli East.
- Manso exploration property: located east of the Benso and Hwini Butre Concessions.

The properties and leases are spread along a trend of approximately 80 kilometres (km) southwest of the Wassa Mine. There are sufficient access and surface rights for GSWL's operations.

Geology and Mineralisation

The Wassa Mine property lies within the southern portion of the Ashanti Greenstone Belt along the eastern margin of the belt within a volcano-sedimentary assemblage proximal to the Tarkwaian basin contact. The eastern contact between the Tarkwaian basin and the volcano-sedimentary rocks of the Sefwi group is faulted, but the fault is discrete as opposed to the Western contact of the Ashanti belt where the Ashanti fault zone can be several hundred meters wide. Deposition of the Tarkwaian sediments was followed by a period of dilation and the intrusion of late mafic dykes and sills.

The lithologies of the Wassa assemblage predominantly comprise mafic to intermediate volcanic flows which are interbedded with minor horizons of volcanoclastics, clastic sediments such as wackestone and magnetite-rich sedimentary layers, most likely banded iron formations ("BIF"). The volcano-sedimentary sequence is intruded by syn-volcanic mafic intrusives and felsic porphyries.

The Wassa deposit is located on the eastern flank of the northeast trending Ashanti Belt, a Paleoproterozoic greenstone belt which was formed and deformed, along with the dividing Birimian and Tarkwaian sedimentary basins during the Eoeburnean and Eburnean orogeny. Most deposits found within the Ashanti belt can be classified as lode gold deposits or orogenic mesothermal gold deposits, except for the Tarkwaian paleoplacer deposits which have a sedimentary origin. Orogenic gold deposits are the most common gold systems found within Archean and Paleoproterozoic terrains, in the West African shield, and these deposits are typically underlain by geology considered to be of Eoeburnean age (2164 ± 22 Ma) and are generally hosted by volcano-sedimentary sequences.

Host rocks in the Wassa mine area have been affected by at least four phases of ductile deformation, producing a polyphase fold pattern at the mine scale. Discrete high-strain zones locally dissect this fold system. The structural history of the Wassa area is important in that the various deformational events have been responsible for the emplacement of the gold mineralisation as well as the geometry of the zones themselves.

Mineralised zones at the Wassa Mine are related to vein swarms and associated sulphides that formed during the Eoeburnean deformational event. All rock types underlying the Wassa Mine appear to be altered to variable degrees with the most common alteration consisting of a carbonate-silica-sulphide assemblage.

The Wassa mineralisation is subdivided into a number of domains, namely: F Shoot, B Shoot, Zone 242, South-East, Starter, 419, Mid-East, and DMH. Each of these represents discontinuous segments of the main mineralised system. The South Akyempim (SAK) deposits are located approximately 2 km to the southwest of the Wassa Main deposit on the northern end of a well-defined mineralized trend parallel to the Wassa Main trend. The mineralisation is hosted in highly altered multi-phased greenstone-hosted quartz-carbonate veins interlaced with sedimentary pelitic units. The SAK mineralisation is subdivided into a number of domains as well, SAK 1, 2, and 3.

Mineralisation within the Wassa Mine is structurally controlled and related to vein densities and sulphide contents. The mineralisation generally consists of broadly tabular zones containing dismembered and folded ribbon-like bodies of narrow quartz vein material. Three vein generations have been distinguished on the basis of structural evidence, vein mineralogy, textures and associated gold grades.

Gold grades broadly correlate with the presence of quartz-dolomite/ankerite-tourmaline-bearing quartz veins and the presence of sulphide minerals (predominantly pyrite) within and around the quartz veins. Gold grades appear to be spatially restricted to the quartz veins, vein selvages and the immediate wall rocks. The alteration haloes developed around the veins and pervasively developed within the core of the Wassa Fold contain lower grade mineralisation.

According to the grade assays in various exploration campaigns and historic processing production records, both silver (Ag) and arsenic (As) are in relatively low content. In the Wassa Project, gold is the only prime element, and there is no concern about harmful mineral or element such as arsenic.

Exploration

Systematic exploration work has been conducted on the GSWL properties over a couple of centuries as the earliest record of gold business within the Hwini-Butre mining lease dates back to the late 15th century with the Portuguese colonial explorers. Evidence of colonial mining and local small-scale mining still remains with pits and adits mapped within all the mining leases and prospecting licenses.

Drilling is carried out by a combination of Diamond Drill ("DD"), Reverse Circulation ("RC") and Rotary Air Blast ("RAB") techniques. In general, the RAB method is used at early stages for follow up to soil geochemical sampling and testing contacts and mineralisation extensions around the production areas and has a maximum drilling depth of around 30 meters (m).

The Wassa, Benso, and Hwini Butre Mining Leases are advanced properties, and details of all drill results have been reported in early staged reports. Recent updated technical reports provided an overview of drilling and representative plans and cross-sections.

DD and RC drilling are used as the main method for obtaining samples for Mineral Resource estimation and the resource drilling at Wassa deposit; and the drilling is generally carried out along drill lines spaced between 25 and 50 m along prospective structures and anomalies defined from soil geochemistry and RAB drilling. RC drilling is typically extended to depths in the order of 100-125 m. The DD method is used to obtain more detailed geological data where such information is required. Generally, the deeper intersections are also drilled using DD and as a result, most section lines contain a combination of RC drilling and DD.

Mineral Resource Estimates

Mineral Resource Estimates conducted for the Project include underground ("UG") mines and open pits ("OP"). SRK has reviewed the drill hole database, definition of mineralisation domains, grade estimate parameters based on the received data and information for the footprints of Wassa Main (B Shoot UG and 242 UG), DMH, and Benso's I Zone OP. The wireframe and block models were compiled by GSR personnel and SRK performed validations on these models. The reporting of validated Mineral Resource models was done by SRK. Through cross check and validation of the procedure and key parameters, SRK is of the opinion that the reviewed models and Mineral Resource estimates have been performed in line with a standard approach which is generally accepted by international practice.

At Wassa Main's B Shoot UG deposit, the database with a total of 4,240 DD and RC holes with aggregated drilling length of 781,448 m was used to model and estimate the Mineral Resources. Mineralised domains were created and estimated using indicator approach and set parameter. Wireframes for mineralised zone(s) were modelled with a cut-off at 0.4 gram per tonne gold (g/t Au) for the low grade ("LG") or the mineralisation halo (the "Halo") domain, and a cut-off at 1.2 g/t Au for the high grade ("HG") or the Mineralised domain. SRK has reviewed and cross validated the sample composition and sample outliers outlined for grade estimation. Variograms were modelled and the Ordinary Kriging ("OK") method was used for grade estimation.

At Wassa Main's 242 UG deposit, the database with a total of 4,601 DD and grade control ("GC") RC boreholes with aggregated drilling length of 143,655 m were used for wireframe modelling and grade estimation. The mineralised domains are constrained within two envelopes (the "Halo" and the

"Mineralised") using semi-explicit method. The Halo Zone was modelled at a cut-off grade of 0.4 g/t Au with Leapfrog™ vein modelling technique. The Mineralized Zone was modelled at a cut-off grade of 1.0 g/t Au, with the same method as the Halo Zone. Variograms were modelled accordingly for each domain and the OK method was used for grade estimation.

At DMH deposit, a total of 2,137 DD and GC RC holes with an aggregated drilling length of 73,039 m were used in domain modelling and grade estimation. The domains (zone) were modelled using the intrusive technique in Leapfrog™ software by GSR. The Halo Zone was modelled at a cut-off grade of 0.4 g/t Au and the Mineralized Zone was generated with a cut-off of 1.0 g/t Au. Variograms were modelled and the OK method was applied for grade estimation.

I Zone Pit is within the Benso open pit mine. The database for I Zone Pit contained 254 DD and (GC) RC holes totalling 15,574 m. The solid model of I Zone Pit was constructed by GSR with Leapfrog™ vein modelling technique. The intervals used in the veins modelling were generated by Leapfrog™ implicit modelling technique, at a cut-off of 0.5 g/t Au. Assay data was composited to 2 m by GSR for statistics, estimation and model validation. The OK method was used for grade estimation.

With respect to Father Brown (FB)/ Adoikrom and Dabokrom (ADK) and Chichiweilli Zone, the Mineral Resources as of 30 September 2024 remain unchanged from the statement presented in the NI 43-101 Technical Report (issued in March 2021). A drilling program was initiated at Father Brown/ Adoikrom during 2022-2023, and 10,287.4m of drilling has been completed at Father-Brown/ Adoikrom. This additional drilling information has not been included in the resource estimate.

Below is a summary of GSWL's Mineral Resource Statement as of 30 September 2024, in accordance with JORC Code classifications.

Table ES-1: GSWL Mineral Resource Statement, as of 30 September 2024

Deposit/Category		Tonnage	Grade	Contained Au	Contained Au
		kt	Au g/t	koz	t
DMH OP					
	Measured	393	1.24	16	0.49
	Indicated	155	1.20	6	0.19
	Measured and Indicated	548	1.23	22	0.67
	Inferred	19	1.25	1	0.02
I Zone OP					
	Measured	37	1.28	2	0.05
	Indicated	21	1.65	1	0.03
	Measured and Indicated	58	1.41	3	0.08
	Inferred	1	1.22	0.03	0.00
Chichiwelli OP					
	Measured				
	Indicated	1,110	1.75	62	1.94
	Measured and Indicated	1,110	1.75	62	1.94
	Inferred	50	2.22	4	0.11
FB/ADK UG					

Deposit/Category		Tonnage kt	Grade Au g/t	Contained Au koz	Contained Au t
Measured					
Indicated		1,310	7.96	335	10.42
Measured and Indicated		1,310	7.96	335	10.42
Inferred		2,660	5.30	454	14.12
242 UG					
Measured		44	4.10	6	0.18
Indicated		177	2.68	15	0.47
Measured and Indicated		221	2.97	21	0.66
Inferred		42	2.38	3	0.10
B Shoot UG					
Measured		6,251	3.09	621	19.32
Indicated		7,210	2.52	585	18.18
Measured and Indicated		13,461	2.79	1,206	37.51
Inferred		58,122	3.29	6,147	191.18
Stockpile (Measured)	DMH Stockpile	26	1.19	1	0.03
	UG Stockpile	4	2.31	0	0.01
Total					
Measured		6,754	2.97	646	20.08
Indicated		9,984	3.13	1,004	31.24
Measured and Indicated		16,738	3.07	1,650	51.32
Inferred		60,893	3.38	6,609	205.53
Total		77,631	3.31	8,258	256.85

Notes:

- ¹ The Mineral Resource is reported in accordance with the JORC Code guidelines.
- ² The information in this report which relates to Mineral Resource is based on information compiled by Mr Huaixiang Li and Mr Pengfei Xiao who are full time employees of SRK Consulting. Mr Huaixiang Li is a Member of the Australian Institute of Geoscientists (the "AIG") and Mr Pengfei Xiao is a Member of the Australasian Institute of Mining and Metallurgy (the "AusIMM") and a Member of the AIG. Both Mr Li and Mr Xiao have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the "Competent Persons" as defined in JORC Code (2012). Mr Li and Mr Xiao consent to the reporting of this information in the form and context in which it appears.
- ³ Mt – million tonnes (metric tons), oz- ounce; koz – thousand ounces.
- ⁴ Mineral Resources for B Shoot and 242 underground deposits are reported within mineable stope optimiser (the "MSO").
- ⁵ Open Pit Mineral Resources are reported at a cut-off grade of 0.43 g/t for DMH, 0.73 g/t for I Zone and 0.55 g/t for Chichiwelli.
- ⁶ Underground Mineral Resources are reported at a cut-off grade of 1.34 g/t for B Shoot and 242; and 1.40 g/t for FB/ADK.
- ⁷ FB/ADK and Chichiwelli Mineral Resources were sourced from the Wassa NI 43-101 Technical Report (March 2021), based on a US\$1,500/ ounce (oz) gold price. No material change has been aware since then.
- ⁸ All composites have been capped where appropriate.
- ⁹ All figures are rounded to reflect the relative accuracy of the estimate.
- ¹⁰ It should be noted that the Mineral Resource Statement is made for GSWL on the basis of 100% ownership of the properties.
- ¹¹ The conversion between ounce and gram used herein is 1 oz = 31.1035 g.
- ¹² Mineral Resources are inclusive of Ore Reserves that have been converted from Measured and Indicated Mineral Resources.
- ¹³ The Mineral Resources Statement as of 30 September 2024 is based on the mineral resource models as of 31 March 2024 and the depletion for the Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024.

Ore Reserve Estimates

SRK has estimated the Ore Reserves of Wassa Mine for open pit and underground, and stockpiles and reported them in compliance with the JORC Code guidelines. The Ore Reserve statement for GSWL as of 30 September 2024 is in Table ES-2.

The total Ore Reserve for the Wassa Mine is estimated at about 8,842 thousand tonnes ("kt") at an average grade of 2.12 g/t Au, containing approximately 603 thousand ounces ("koz") of gold. This includes Proved Ore Reserve estimated at 3,521 kt with an average grade of 2.14 g/t gold, containing 242 koz of gold; and Probable Ore Reserve estimated at 5,291 kt at an average grade of 2.12 g/t gold, containing 360 koz of gold. The stockpiles are the ores that have spilled from conveyor belts and accumulated over time and are subsequently returned to the run of mine (ROM) Pad.

Table ES-2: Combined Ore Reserve Statement of Wassa Mine as of 30 September 2024

Deposit/Category	Category	Tonnage kt	Au Grade Au g/t	Contained Au koz	Contained Au t
Open Pit	Proved	183	0.97	6	0.18
	Probable	355	0.90	10	0.32
	Total	538	0.92	16	0.50
Underground	Proved	3,339	2.20	237	7.36
	Probable	4,935	2.20	349	10.87
	Total	8,274	2.20	586	18.23
Stockpile (Measured)	DMH Stockpile	25.98	1.19	1.00	0.03
	UG Stockpile	3.68	2.31	0.27	0.01
Total	Proved	3,521	2.14	242	7.53
	Probable	5,291	2.12	360	11.19
	Stockpile	30	1.33	1.27	0.04
	Total	8,842	2.12	603	19

Notes:

¹ The Ore Reserve Statement as of 30 September 2024 is based on the ore reserve models as of 31 March 2024 and the depletion for the Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024.

² The Ore Reserve is reported in accordance with the JORC Code guidelines.

³ The information in this report which relates to Ore Reserve is based on information compiled by Mr. Alexander Thin and Ms. TzuHsuan Chuang who are full time employees of SRK Consulting. Mr. Thin is a Fellow of the Australasian Institute of Mining and Metallurgy (the "AusIMM"), and Ms. Chuang is a Member of the AusIMM. Both Mr. Thin and Ms. Chuang have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the "Competent Persons" as defined in JORC (2012). Mr. Thin and Ms. Chuang consent to the reporting of this information in the form and context in which it appears.

⁴ Ore Reserves in the table above and in this Report are estimated/converted from Measured and Indicated Mineral Resources, therefore double accounting of tonnage should be avoided.

Open pit

¹ Ore Reserves are reported at a cut-off grade of 0.5 g/t Au.

² Ore Reserves are reported with modifying factors.

Underground

¹ Ore Reserves are reported at a cut-off grade of 1.34 g/t Au.

² Ore Reserves are reported with Modifying Factors. (Development Overbreak: 5%; Stope Recovery: 95%; Stope Dilution: 10%)

Mining

Open Pit Mining

The mining at Wassa Main area was initiated mostly by open pit in 2001, with underground development commencing in 2015. The underground and open pit mining continued at the Wassa Main deposit while the underground mining has been the main ore source since 2018. From these domains, DMH and Benso (I Zone) are currently two open pits while others are depleted or planned for underground mining.

A final open pit design utilised a gold price of United State Dollars (USD or US\$) 2,050 / oz, with optimised angles of 45° and 52° for the oxide and fresh rock masses, respectively. Detailed engineering design was based on the following nominal bench and berm configurations:

- Oxides: Bench height: 6 m, bench face angle: 65°, berm width: 4 m (Inter-ramp angle: 41°).
- Fresh Rocks: Bench height: 12 m, bench face angle: 75°, berm width: 4 m (Inter-ramp angle: 59°).

The overall final open pit design slopes are stable; however, the main geotechnical problem at Wassa historically has been lack of berm retention due to the well jointed nature of the rock mass and the relatively narrow berms required to achieve steep inter-ramp angles.

A conventional mining method is utilised; excavators and trucks which is considered typical for this type and style of gold mineralisation. The mining is carried out by a contract mining company who supply suitable mining equipment, manpower and supervision services. The 12 m bench heights with 72° bench face angle were designed while drilling and blasting will be conducted over bench heights of 6 m and explosives delivered to the hole by the manufacturer. Oxide or weathered material is generally only required to be lightly blasted or in some areas can be excavated as 'free dig'. Hydraulic excavators are used in conjunction with conventional blasting practices, to mine a 3.0 m flitch height. Broken rock is loaded into 60 t capacity off highway haul trucks to a central stockpile or to the waste dump.

Geovia MineSched™ software is used by GSR to plan the open pit production schedule. All criteria as detailed in the mining section of this Report has been employed plus 10% dilution and 5% ore loss to the gold grade and ore amount to make up the production schedule.

Underground Mining

The Wassa Underground Mine commenced development in 2015 and declared commercial production in January 2017 when the open pits operation was nearly completed. The Long Hole Open Stopping ("LHOS") is the selected method for Wassa underground mining. In this method the stopes are mined with blastholes drilled vertically upwards, from the level below. The primary stope is extracted in a top-down sequence; and each stope lift is extracted below the open stope void above. Up to three stope lifts are extracted to create a continuous excavation up to 75 m high. Primary stope length is 20 m and by the width of the orebody with 20 m pillars left between, with the pillars to be mined as secondary stopes after filling the voids with waste rocks or by paste filling. When the voids are filled with paste material, the secondary stopes are mined in a bottom-up sequence to minimize paste exposure in the sidewalls. The primary stopes will be filled when the

four stopes are extracted but in secondary stopes each stope lift is planned to be filled before extracting the lift above. A sill pillar is then left when the stope excavations are up to 100 m high.

The underground mine is accessed via declines from within the completed open pit mines and then access to surface via the available open pit ramps. There are three portals and surface facilities. The main portal named the Daniel Owiredu Portal, located in Starter Pit at approximately 905 m Reduced Level ("RL"). This portal is used as the main entrance to the underground mine. Portal 2 was established in the southern end of the Main Pit at approximately 845 m RL and connects to the main decline at 820 m RL. Duplication of the main decline forms part of a haulage loop system. Portal 3 was established within the 242 open pit, at approximately 930 m RL. This portal gives access to the 242 mine.

The mining method depends on the orebody thickness and grade distributions for each panel. In panels 1 & 3, the mined voids are generally left open with some loose rock fill, to dispose of waste or for opportunistic pillar recovery. Narrower ore zones (<15 m) are mined as longitudinal stopes (>25 m length) with progressive placement of rock fill to minimize ore loss in pillars. In panel 2, the voids will be filled with paste material when primary stopes were mined out, to allow the extraction of the pillars between secondary stopes. Also, in this panel the sill pillars can be extracted after the secondary stopes are backfilled. The sill pillar extraction assumes 60% recovery of the full stope. Secondary stopes follow the primary stope front with a lag distance of between 120-140m along strike to create a sufficient buffer from active primary stopes; and development and extraction of the sill pillar commences when there is a sufficient distance from secondary stopes in the blocks above and below.

GSWL completed the mining production schedule (including mine optimisation, design and scheduling), referred to as version #13 (the "Wassa Design"), and was reviewed by SRK. The production schedules based on the Wassa Design, and is shown in Table ES-3 below, which forms the Ore Reserve reporting for the Wassa Project.

Table ES-3: Wassa Life of Mine Plan (Based on Wassa Design)

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
OPEN PIT							
Ore Tonnes	t	538,041	79,981	458,061			
Au Grade	g/t	0.92	1.08	0.90			
Au Metal	oz	15,965	2,767	13,198	-	-	-
Waste Tonnes	t	1,681,405	635,265	1,046,140			
Total Material Movement	t	2,219,446	715,246	1,504,200			
UNDERGROUND							
Ore Tonnes	t	8,274,022	899,306	2,750,799	2,516,877	1,614,222	492,818
Au Grade	g/t	2.20	2.20	2.13	2.29	2.24	2.05
Au Metal	oz	585,981	63,647	187,961	185,510	116,452	32,411
Waste Tonnes	t	2,236,924	395,939	1,123,668	574,812	132,779	9,726
Total Material Movement	t	10,510,946	1,295,246	3,874,466	3,091,689	1,747,002	502,543

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
Total (OP + UG)							
Ore Tonnes	t	8,812,064	979,287	3,208,859	2,516,877	1,614,222	492,818
Au Grade	g/t	2.12	2.11	1.95	2.29	2.24	2.05
Au Metal	oz	601,946	66,414	201,159	185,510	116,452	32,411
Waste Tonnes	t	3,918,329	1,031,205	2,169,807	574,812	132,779	9,726
Total Material Movement	t	12,730,392	2,010,492	5,378,667	3,091,689	1,747,002	502,543
Development Meters							
Lateral Operating Development	m	15,480	4,333	5,372	3,945	1,635	194
Lateral Capital Development	m	20,140	3,121	11,067	5,123	828	-
Vertical Capital Development	m	1,448	220	733	414	82	-
Backfill							
Pastefill	m ³	2,128,352	187,178	678,193	731,515	449,982	81,484
Rockfill	t	1,653,541	72,271	592,791	358,842	341,201	288,436

Source: SRK

Notes: Scheduling start date: 1 April 2024

Mineral Processing

The ores of Wassa Mine are amenable to cyanide leaching. The processing plant adopts gravity and carbon-in-leach ("CIL") process to extract gold, and the gold recovery is higher as 95% to 97% in recent years production.

The current plant circuit for GSWL is capable of processing up to 3.5 Mtpa of total mill feed, while the processing capacity may decrease with the increase of the primary ore feed. The underground ore (fresh or primary ore) is the major source of feed into the plant whilst a blend of surface material may be added depending on availability in a ratio that averaged at 67% (OP) and 33% (UG) for 2021, 87% and 13% for 2022, and 83% and 17% for 2023, respectively. The surface ore may contain transition ore in addition to the oxides. Despite these average blend ratios, there will also periods that underground ore may be the sole feed into the plant based on the mining schedule. The blending ratio is maximised by the grade control to maintain recoveries at optimal levels throughout each year.

The processing flowsheet to treat ores from both open pit and underground operations in the Wassa Project has been proved to be mature. Recovery methods in the processing plant and forward recovery assumptions are supported by test work and plant history. The designed processing plant capacity is able to accommodate all mined ores from the mining production in all years of the life of mine (the "LoM") for the Ore Reserve plan, therefore no plant upgrades nor additional processing production lines are required to process the mine production plan.

There are no material risks identified in relation to the tailings and water balance in this Project.

Environmental and Social Aspects

The Wassa Mine has obtained relevant environmental permits for its operations, including the environmental permit, environmental certificate, water use permits for dewatering and water abstraction for domestic purposes, mining, processing and dust suppression activities, as well as discharge. Two environmental impact statements for the expansion project and the No.2 tailings storage facility ("TSF 2"), dated March 2016 and September 2015 respectively, were reviewed by SRK. The Wassa project's haulage route crosses 12 km within the Subri River Forest Reserve, but it does not impact the reserve's Globally Significant Biodiversity Area, according to the Project Expansion Environmental Impact Statements ("EIS"). Dewatering water is partially reused to supplement fresh water for underground mining operations and the processing plant, with the remainder being discharged. All processing wastewater is recycled internally and not released externally. The project conducts comprehensive environmental monitoring regularly, covering water quality, cyanide content, noise, and dust emissions. The monitoring results are generally within the reporting limits. GSWL is a member of *International Cyanide Management Code ("ICMC")*, and Eagle Environmental conducted the most recent certification audit in April 2023.

GSWL actively engaged in a range of corporate social responsibility ("CSR") strategies, such as Stakeholder Engagement planning and consultation, foster harmonious relationships and coexistence with local communities, supporting community skills training, and contributions to foundations. Moreover, it offers a variety of employment opportunities for residents in the local communities. In the first three quarters of 2024, the direct GSWL related CSR funding amounted to an investment of approximately US\$278,214 in their host communities.

GSWL encounters a challenge with small-scale artisanal mining activities ("galamsey"), particularly in the Hwini-Butre and Benso (HBB) concessions. GSWL intensified its security monitoring activities to drive away galamsey miners that operated close to its mining areas, and local law enforcement is engaged when necessary. Several stakeholder meetings were conducted with opinion leaders and youths from both Wassa and HBB communities, especially those involved in galamsey, emphasizing the importance of refraining from such actions to preserve rehabilitated sites and the environment. GSWL is of the opinion that galamsey around Wassa Mine has little potential to impact current or future operations, since the Benso, located about 40-50 km from the Wassa Main (the primary mining operation) and Hwini-Butre, located about 80km from the Wassa Main, have had most of its economically viable surface resources extracted rendering it largely irrelevant to the Company's ongoing mining operations.

Capital Cost and Operating Cost

The capital expenditures (the "Capex") for deeper development (depth extension to the current mine) and sustainability are estimated by GSWL. The Wassa Mine has relative stable operations, allowing the forecasting of operating expenses (the "Opex") based on historical records and current performance. All the Capex and Opex are calculated and reviewed in USD basis. The summary of Capex is presented in Table ES-4 below.

Table ES-4: Summary of Capex for Wassa Mine

Capex	Unit	LOM Total
Capital Development	Million USD	78
Other Sustaining Capex	Million USD	100
Closure	Million USD	27
Total Capex	Million USD	205

Sources: Wassa Mine, summarized by SRK

SRK has received two sets of costing data: one from Chifeng Group for the annual report and the other from Wassa Mine. The first set is organized by cost elements, while the second is grouped by activities. SRK has summarized both sets of data and used the first set, grouped by cost elements, as the input for the Technical Economic Model (TEM). Table ES-5 shows the total cost and unit cost of each category.

Table ES-5: Summary of Opex Historical & Forecasted for Wassa Mine

Item	Unit	2022	2023	2024 Q3	Unit Cost	TEM Input
Labor	USD/t	15.00	14.03	13.02	13.99	20.99
Material	USD/t	27.63	20.27	28.46	25.21	37.82
Electricity	USD/t	3.79	7.34	3.92	5.13	7.70
Contractors	USD/t	0.84	4.20	1.49	2.29	3.43
Engineering	USD/t	2.01	3.64	1.75	2.52	3.78
Service	USD/t	0.69	0.68	1.11	0.83	1.24
Safety	USD/t	-	-	-	-	-
Repairment	USD/t	-	-	-	-	-
Others	USD/t	3.30	-	0.14	1.05	1.58
Taxes and surcharges	USD/t	6.25	7.04	8.36	7.23	7.23
Selling costs	USD/t	-	-	-	-	-
G&A costs	USD/t	9.64	6.65	5.55	7.20	9.35
R&D costs	USD/t	-	-	-	-	-

Sources: Wassa Mine, summarized by SRK

Project Economics

The economic analysis was conducted using conventional Discounted Cash Flow ("DCF") techniques. The Net Present Value ("NPV") was determined from the project's cash flow using a 10% discount. It should be noted that SRK's DCF modelling and NPV calculation are carried out with the purpose of testing the "economic viability" of the Project which is required to be reasonable for Ore Reserve reporting.

The cash flow estimate includes only the revenue, costs, taxes, and other factors directly associated with the Project. The assumptions are as follows:

- The currency used for the Project is US dollars.
- Annual gross revenue is calculated by applying the estimated gold price and payables to the annual recovered metal for each operating year.
- The "nominal" values are applied. SRK does not consider future inflation of currency or cost fluctuations; the cost remains constant over the LoM without any adjustments are factored in.

- Financing is assumed to be on a 100% equity basis; no debt or related financing costs have been included in the technical economic analysis.
- Neither corporate obligations nor financing costs is considered.
- Sustaining capital for future exploration, which is aimed at discovering additional Mineral Resources that is outside the Ore Reserves estimates, is not considered during this analysis, as the current project economic analysis has not employed any additional potential tonnage or grade.
- No salvage value has been included in the technical economic analysis.
- The reference date or effective date is 30 September 2024.

The projection for Ore Reserve (only) plan shows a positive economic prospect. At a discount rate of 10%, the NPV of the Project is USD 168 million, which is shown in Table ES-6.

Table ES-6: Wassa Mine NPV versus Discount Rate

Discount Rate (%)	NPV (Million US\$)
5%	182
6%	179
7%	176
8%	173
9%	170
10%	168
11%	165
12%	163
13%	160
14%	158
15%	155

Source: SRK

SRK conducted a single-factor sensitivity analysis for the Project to determine which factors most significantly impact its economics when considered independently. The analysis focused on gold price, Capex, and Opex, each tested within a $\pm 30\%$ range. The results showed that the Project is most sensitive to changes in gold prices.

The break-even gold prices occur when the gold price drops by approximately 20%, resulting in an NPV of USD 0 at a 10% discount rate.

Risk Assessment

The results of the risk assessment rating are presented in Table ES-7 below. The rating of the risks is presented before implementation of control recommendations.

Table ES-7: Project Risk Assessment of the Wassa Gold Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Overestimate of Mineral Resource Grade	Possible	Moderate	Medium

Risk Source/Issue	Likelihood	Consequence	Overall
Unknown Significant Geological Structure	Unlikely	Moderate	Low
Mining			
Subsidence and Ground Stability	Unlikely	Moderate	Low
Hydrogeological Modeling Uncertainties	Possible	Minor	Low
Significant Production Shortfalls	Unlikely	Major	Medium
Lack of Significant Ore Reserves	Unlikely	Major	Medium
Unexpected Groundwater Ingress	Possible	Moderate	Medium
Ore Processing			
Significantly Lower Recovery	Unlikely	Moderate	Low
Higher Processing Cost	Possible	Moderate	Medium
Poor Plant Reliability	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delays	Unlikely	Moderate	Low
Capital Cost and Operating Cost Increases	Possible	Moderate	Medium
Higher Mine Closure Liability	Possible	Moderate	Medium
Environmental, Social and Governance			
Water Management	Possible	Moderate	Medium
Waste Rock and TSF Management	Possible	Moderate	Medium
Hazardous Materials Management	Unlikely	Moderate	Low
Social License to Operate	Possible	Moderate	Medium
Infrastructure			
Poor TSF Management	Unlikely	Moderate	Low
Shortfall of Water Supply	Possible	Moderate	Medium
Shortfall of Power Supply	Possible	Moderate	Medium
Poor Condition of the Site Road	Possible	Minor	Low

The Wassa Project is an operating project with constant open pit and open pit production. The geology, mining methods and metallurgical flowsheet have been partly verified and proved by historical operation. Overall ratings of technical risks of the Project are low and some medium risks exist in different aspects. The risks and recommended management measures are discussed below.

- The geological risks relate to the uncertainty of underground hydrogeology associated with local geological structures. SRK recommends to maintaining and enhancing the geological exploration, such as mapping the underground tunnels, especially for faults and fractures, and monitoring the underground water discharges.
- The geological risks also related to the grade estimation of underground Mineral Resources. SRK noted there are abundant Inferred Mineral Resources for the underground mine and further exploration potential, and the current Inferred Mineral Resources in deeper zones have been estimated on primarily drill core interceptions with sparse distance so there is possibility of underestimate or overestimate. SRK recommends continuous exploration to be carried out for the upgrade the underground Mineral Resources.
- The risk in relation to mining could be possible poor planning, as it is an underground mine with a relatively high production rate. Consequently, possible risk will result to production shortfall or Ore Reserve overstatement. SRK recommends carrying out in-depth engineering studies associate to LoM planning and the use of professional mine planning software. Professional services may be sourced and retained, if needed.

- The risk in relation to ore processing and metallurgy could be the possibility of high operating cost, as the current production is transitioning from underground production solely. Proper management in grade control and planning will help reduce operating costs.
- The measures and practices to manage environmental risks relating to surface water and groundwater may include separate drainage systems for production wastewater, domestic sewage, and stormwater systems; storage of hazardous materials in a dedicated area could be planned to control the risk of hazardous materials pollution. The environmental risk of land disturbances could be controlled by limiting the waste rock storage and other disturbances; scrap iron and other industrial waste collection and recycling activity may control the risks resulting from waste generation. SRK notes a conceptual closure plan should be updated with ceasing open pit production and further underground operation. TSF management associates to social responsibility, and should be taken into account.

The risks in relation to capital and operating costs include underestimates of project costs. Proper management and detailed mine scheduling may help the underground development of the Project in a proposed schedule. SRK recommends updating or adjusting the project's costs estimation from time to time according to production data in the future. It is SRK's opinion that the risks identified above are generally under control and not likely to develop into higher level of risks, as noted the Company and Wassa Project team has tracked record in production and risk management.

Conclusions and Recommendations

Conclusions

Geology and Exploration

- The Wassa deposit can be classified as an Eoeburnean folded vein system and is the only such deposit recognised to date within the Ashanti belt.
- The core drilling, geological logging etc. are implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resources estimations.
- The procedures for sampling, preparation, analysis, and QA/QC are following the industry standards. SRK considers that they are acceptable for Mineral Resources estimations.

Mineral Resources Estimation

The Mineral Resources have been prepared in accordance with the JORC Code guidelines. Mining is assumed by open pit methods at DMH, I Zone and Chichiwelli, and underground methods at Wassa (242 and B Shoot) and Hwini Butre (FB/ADK).

The Mineral Resources have a RPEEE, with estimates constrained as follows:

- Open Pit: constrained by open pit shell and cut-off grade.
- Underground (FB/ADK): constrained by cut-off grade.
- Underground (242 and B Shoot): constrained by the MSO.

As of 30 September 2024, the Mineral Resources are estimated as:

- Measured and Indicated Mineral Resource: 16.74 Mt at 3.07 g/t, containing 1,650 koz gold.
- Inferred Mineral Resources: 60.89 Mt at 3.38 g/t, containing 6,609 koz gold.

Metallurgical Testing and Recovery Method

- Metallurgical tests were carried out before and after the construction of the processing plant in 2004. Both oxide and fresh ores have negligible preg-robbing effect and are amenable to CIL process. The gold recovery of Gravity-CIL process is as high as 90% to 95%.
- The capacity of the processing plant is 2.7 Mtpa. A traditional Crushing-Milling-CIL process with assistance of Gravity-Acacia operation in milling circuit is applied. The plant is well managed and achieved good historical performance. The gold recovery is 95.3% to 97.1% with gold production (in gold doré bars) of 4.84 to 5.31 tons per year.

Infrastructure

- The rehabilitation of TSF 1 is complete and is operated by the GSOPP for palm oil trees. The construction and management of TSF 2 is conducted properly. The planed extension of TSF 2 can meet the required capacity for tailings storage.
- The current two electricity resources (Ghanian grid power and mine generated) are sufficient for operations and domestic needs. If the solar system is implemented, it could significantly reduce power costs for offices and domestic use.
- The water balance is carefully managed. The facilities of backwater, surface water and underground water can fully support the operations of mining and processing.

Recommendations

SRK has made a number of recommendations during the review and/or site visits which have been discussed among SRK consultants and client staff. Key recommendations include:

- The large Inferred Mineral Resources need drilling programs. SRK understands that the Company is working on a long-term exploration and production plan for the Project, and the current Inferred Mineral Resources will be upgraded in next few years.
- Improve the quality of grade control model and incorporate it into the Mineral Resource/ Ore Reserve model. The current grade control model has not been incorporated in to Mineral Resource/ Ore Reserve model yet due to various reasons including grade-control sample data quality and the duration of model update. SRK is aware of that the Company has already started to work on the improvement of both models.
- Exploration potential and opportunities to be further analysed.
- Additional technical studies to examine the Measured and Indicated Mineral Resources excluded from the current Ore Reserve estimate. SRK understands that GSWL recently commissioned a third party to work with the Company's mining team in this regard.
- Further test works on the deep underground veins may be needed to assure the processing procedures and laboratory protocols being used are appropriate and suitable. This will be dependent on future exploration programs and technical studies.

- It is a feasible plan for using renewable energy such as solar to replace gradually the electricity used in offices and residential facilities, as the concept of decarbonisation has been considered by the Company.

1 Introduction

SRK Consulting China Ltd. ("SRK") was requested by Golden Star Wassa Limited ("GSWL", the "Company" or the "Client") to prepare a Competent Person's Report ("CPR" or the "Report") for its mining property (the "Project") in the Republic of Ghana ("Ghana") in accordance with the guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("JORC Code") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx"), including the Chapter 18 requirements (Appendix C), Chapter 2.6 of the Guide for New Listing Applicants (Appendix D) and other relevant regulations of the HKEx. GSWL's primary asset is the Wassa Gold Mine (the "Wassa Mine" or "WGM"), and 90% equity interest of GSWL is owned by Golden Star Resources (Ghana) Ltd ("Golden Star" or "GSR") which is a direct subsidiary of Chifeng Jilong Gold Mining Co., Ltd. ("Chifeng Gold"), and the Ghanaian government owns the remaining 10% equity interest of GSWL.

This Report consists of an independent review of the geology, exploration, Mineral Resources, Ore Reserves, mining, mineral processing, capital expenditure ("Capex"), operating expenses ("Opex"), and environmental and social aspects of the Project. It is understood that the Report will enable potential equity investors and possible future shareholders to understand the Project's operations.

This Report does not express an opinion as to the value of mineral or other assets involved.

2 Program Objectives and Work Program

2.1 Purpose of the Report

The purpose of this Report is to provide both existing Chifeng Gold shareholders and potential investors with a CPR of the Wassa Gold Mine, located near the village of Akyempim in the Wassa East District in the Western Region of Ghana. The SRK's report is proposed to provide an unbiased technical assessment of the risk and opportunities associated with the Project.

2.2 Scope of Work and Reporting Standard

2.2.1 Scope of Work

The scope of work, as defined in letters of engagement executed in May 2024 between Golden Star and SRK, includes the preparation of a CPR in compliance with the JORC Code and the listing requirements of the HKEx. This work typically involves the assessment of the following key aspects of this project:

- Geology and exploration review;
- Review of exploration data quality;
- Review of Mineral Resource estimation and validation;
- Review of Ore Reserves and mining assessment;
- Ore processing flowsheet and mineral recovery assessment;
- Environmental, social aspects and permitting review;
- Preliminary economic analysis; and
- Interpretation and Conclusions.

2.2.2 Basis of Technical Report

This report is based on information collected by the SRK Team during the period of the review from April to June 2024, among which a site visit has been performed, and the technical review has also included additional information provided by Golden Star throughout the course of the SRK Team's investigations.

The SRK Team has exercised due care and checked the supplied information according to the team's experience and best knowledge of the Project. SRK has no reason to doubt the reliability of the information provided by Golden Star. Other information was obtained from the public domain. Besides information collected during the SRK Team's site visits, this technical report is based on the following sources of information:

- Data provided by Golden Star prior to the site visit;
- Discussions with Golden Star personnel;
- Inspection of the open pit and underground operations;

- Review of additional exploration data and Mineral Resource models supplied by Golden Star; and
- Additional information from public domain sources.

This report has been prepared to accommodate the requirements of HKEx, and the Mineral Resources and Ore Reserves are reported according to the JORC Code (2012) which is binding upon all members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG").

2.2.3 Site Visit

Four site visits were carried out by SRK with assistance from Golden Star personnel during preparation of the Report.

- December 7 to 10, 2022, by geologist, geotechnical engineer, processing engineer and environment scientist;
- January 10 to 14, 2023, by mining engineer and underground geotechnical engineer;
- February 11 to 16, 2024, by geologist; and
- May 27 to 29, 2024, by geologist, mining engineer, processing engineer and environmental consultant.

2.2.4 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the 2015 edition of the Code for Technical Assessment and Valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports (the "Valmin Code"). The Valmin Code incorporates the JORC Code for the reporting of Mineral Resources and Ore Reserves and is binding upon all the Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets. Aspects reviewed in this Report do include product prices, socio-political issues and environmental considerations; however, SRK does not express an opinion regarding the specific value of the assets and tenements involved.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code. However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code, at least until further documentation can be obtained on the estimates and they have been formally endorsed by a "Competent Person" in accordance with the JORC Code.

2.3 Limitations Statement

SRK is not professionally qualified to opine upon and/ or confirm the Client's ownership of its underlying tenement and/ or the Client has any unresolved legal matters relating to any transfer of

ownership or associated fees and royalties. SRK has therefore assumed that there are no legal impediments regarding the existence of the relevant tenements and that the Client has legal right to all underlying tenements as purported. Assessing the legal tenures and rights to the prospects of the Client and or any of its subsidiary companies are the responsibility of legal due diligence conducted by entities other than SRK.

2.4 Effective Date

The effective date for this CPR is deemed to be 30 September 2024 (the "Effective Date"). The Mineral Resource and Ore Reserve statements set out in this CPR are reported as of 30 September 2024 and represent the Mineral Resources and Ore Reserves at the Effective Date as audited by SRK.

The life of mine (the "LoM") plans and associated technical and economic parameters included in the LoM plans and technical and economic models all commence on 1 April 2024.

2.5 Work Program

The technical review was jointly undertaken by SRK as well as SRK Consulting Practises in Ghana and South Africa (collectively the "SRK Team"). The technical review involves multiple disciplines covering all fundamental aspects including geology, Mineral Resource estimation, Ore Reserve estimations, mining, processing, environmental and social assessment as well as project evaluation.

The Mineral Resource statement reported herein is a collaborative effort between Golden Star and SRK personnel. The exploration database and Mineral Resource models were compiled and maintained by Golden Star, and audited by the SRK Team.

The geological model and wireframes for the gold mineralisation were constructed by Golden Star. In the opinion of SRK, the geological model is a reasonable representation of the distribution of the targeted mineralisation at the current level of sampling. The review of geostatistical analysis, variography and grade models were completed by the SRK Team during April and June 2024.

The review of Modifying Factors including mining and processing operations, underground design and constructions, environmental and social assessment, infrastructure, capital expenditure and operating costs were conducted by the SRK Team.

The draft version of technical report was jointly compiled by the SRK Team from April to June 2024.

2.6 SRK Experience

The SRK Consulting Group ("SRK Consulting") is an independent, international consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK Consulting offers services from exploration through feasibility, mine planning, and production to mine closure.

Among the company's more than 1,500 clients are most of the world's major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration.

Formed in 1974 in Johannesburg, South Africa, SRK Consulting now employs more than 1,800 professionals internationally in 42 permanent offices across 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, along with its global base, has made the company a world leader in due diligence, feasibility studies, and confidential internal reviews.

SRK Consulting's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This enables the company to provide its clients with objective, conflict-free recommendations on crucial judgement issues.

SRK China was established in 2005 and has three offices located in Beijing, Nanchang and Kunming. Either independently or together with other SRK Consulting offices—especially SRK Australasia, SRK has been providing independent technical services for the Chinese mining companies. SRK has considerable experience at providing Independent Expert Reports for mining companies who have successfully listed on the stock exchanges in Hong Kong, Australia, United Kingdom, Canada, South Africa and the United States.

SRK has provided dozens of independent technical reports for the Chinese mining companies who have completed successfully listed and/or acquired on the Stock Exchange of Hong Kong Ltd., as shown in Table 2-1.

Table 2-1: SRK's Reports for Listing on the HKEx

Company	Year	Nature of Transaction
Yanzhou Coal Limited (listed in HKEx)	2000	Sale of Jining III coal mine to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on HKEx and New York Stock Exchange
Fujian Zijin Gold Mining Group	2004	IPO Listing on HKEx
Lingbao Gold Limited	2005	IPO Listing on HKEx
Yue Da Holdings Limited (listed in HKEx)	2006	Acquisition of shareholding in mining projects in Yunnan, China
China Coal Energy Company Ltd (China Coal)	2006	IPO Listing on HKEx
Sino Gold Mining Limited	2007	Dual Listing on HKEx
Xinjiang Xinxin Mining Industry Co., Ltd	2007	IPO Listing on HKEx
Kiu Hung International Holding Limited	2008	Acquisition of shareholding in coal projects in Inner Mongolia, China
Hao Tian Resource Group Limited	2009	Very Substantial Acquisition of two coal mines in Inner Mongolia, China
Green Global Resources Holdings Ltd	2009	Very Substantial Acquisition of shareholding in one iron project in Mongolia
Ming Fung Jewellery Group Holdings Ltd	2009	Acquisition of shareholding in gold project in Inner Mongolia, China
Continental Holdings Limited	2009	Acquisition of a gold project in Henan, China
North Mining Shares Company Limited	2009	Acquisition of a molybdenum mining project in Shaanxi, China

Company	Year	Nature of Transaction
CNNC International Ltd	2010	Acquisition of a uranium mine in Africa
Sino Prosper Mineral Products Ltd	2010	Acquisition of shareholdings in one gold project in Inner Mongolia, China
New Times Energy Corporation Ltd	2010	Acquisition of shareholding in gold projects in Hebei, China
United Company RUSAL Limited	2010	IPO Listing on HKEx
Citic Dameng Holdings Limited	2010	IPO Listing on HKEx
China Hanking Holdings Limited	2011	IPO Listing on HKEx
China Daye Non-Ferrous Metal Mining Limited	2012	Very Substantial Acquisition on HKEx
China Nonferrous Mining Corporation Limited	2012	IPO Listing on HKEx
Hengshi Mining Investments Limited	2013	IPO Listing on HKEx
Future Bright Mining Holdings Limited	2014	IPO Listing on HKEx
King Stone Energy Group Limited	2014	Acquisition of Shareholding in silver mines in Fujian, China
Agritrade International Pte LTD	2015	Acquisition of Shareholding in one coal mine in Indonesia
China Unienergy Group Limited	2016	IPO Listing on HKEx
Pizu Investment Co. Ltd	2020	Acquisition of Shareholding in a polymetallic project in China
China Qinfa Group Limited	2021	Annual disclosure of coal mines in Shanxi, China
China Graphite Group Limited	2022	IPO Listing on HKEx
Kinetic Development Group	2022	Major transaction of equity interest in Ningxia Sunshine
Persistence Resources Group Ltd	2023	IPO Listing on HKEx

2.7 Project Team

The SRK team contributed to this Report includes consultants as follows.

Pengfei Xiao, MSc, MAusIMM, MAIG, is the Managing Director of SRK China. He is a Principal Consultant (Geology) with a specialty in mineral exploration applying comprehensive geological and geophysical methods; and his expertise also includes resource modelling and estimation as well as project evaluation in the past 15 years. He is familiar with both theory and practice in sampling, sample preparation and chemical analysis. As a consulting geoscientist, he has been active in over 200 projects including due diligence reviews, exploration design, data verification, resource estimation, project evaluation and technical studies in over 60 countries. His experience relates precious metal (Au, Ag, PGE), base metal (Cu, Ni, Pb, Zn) and other metal deposits (Fe, Mn, V, Mo, Co), and also includes a few non-metal projects (phosphorite, potash, gypsum). *Mr Pengfei Xiao is the Project Manager and Competent Person for this Report and takes overall responsibility of the SRK team. Mr Xiao has been actively involved in the project assessment since 2022.*

Huaixiang (Hubert) Li, MEng, MAIG, is a senior consultant (geology) with SRK China. He graduated from the China University of Geosciences (Beijing). He has been worked in the China Railway Resources Group for 6 years and has gained lots of experiences and expertise in geological and mineral resources exploration. He is familiar with the Chinese principles and methods for metal ore deposits prospecting and exploration including gold, silver, copper, lead, zinc, molybdenum and

bauxite. He is proficient in geological modelling, mineral and ore resources estimation, data processing and GIS/RS application. Besides, he also has 5 years experiences in project management. *Mr Hubert Li assists Mr Xiao in geology and Mineral Resource review and he is the Competent Person who evaluates the Mineral Resources in this Project. He visited the Wassa Project in May 2024.*

Ivan Doku, Pr Eng (South Africa), MSAIMM, Principal Resource Geologist and Country Manager for SRK Ghana. Ivan's expertise is in due diligence studies and Mineral Resource estimation. With 16 years' experience spanning a range of commodities including gold, PGEs, and base metals, he has worked as a mine geologist at Driefontein Gold Mine, and as a resource geologist at South Deep Gold Mine. At SRK, Ivan has been involved with due diligent audits of several Mineral Assets, compilation of MREs, assay QA/QC analysis within South Africa and Africa in general. He has acted as Competent/Qualified Person for mining projects and operations on multiple technical studies. Ivan is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professionals (Reg: 400513/14). Ivan holds a BSc in Geological Engineering, MSc and GDE in Civil and Mining Engineering respectively. *Mr Ivan Doku reviewed the Mineral Resource estimation of the Project and he performed the site visit in February 2024.*

Paul Blaber, Associate Geological consultant SRK Consulting Ghana. Paul's expertise is in generative exploration, exploration development and due diligence studies. With 20 years' experience, mostly in gold and limited base metals in DRC and Cote D'Ivoire, working as Exploration geologist with Red Back Mining Inc in Ghana and Mauritania, Exploration geologist with Newmont Gold Ghana at Ahafo North, AVOCET Mining PLC in Guinea and Barrick Gold (Holdings) Ltd in Bulyanahulu, Tanzania. At SRK, Paul has been involved with due diligence audits of the Beoumi Polymetallic deposit in Cote D'Ivoire and other Projects in Tarkwa along the Ashanti Belt margins. He has acted as Competent/Qualified Person for a number of exploration projects and technical studies. Paul is a registered member with Australian Institute of Mining and Metallurgy (Reg: 305289). Paul holds a BSc in Geological Engineering and MSc Geological Engineering. *Mr Paul Blaber drafted the section of geology and exploration assessment and he performed site visit in 2022.*

John Kwofie is an Associate Principal Geotechnical Engineer with SRK Consulting Ghana Limited. He has a B.Sc. in Geological Engineering and an M.Sc. in Civil Engineering Construction Materials. He has over 30 years' experience in surface mining geotechnics predominantly in West African gold mines. His work experience includes open pits slope design, geotechnical risk management in fresh rock and saprolitic environments, tailings dams' operational management, and earthworks quality assurance. He has worked on multidisciplinary projects including gold mine construction, heap leach pads, raise boring, tailings and freshwater dams, metallurgical plant foundations, buildings, and road construction. He worked as an independent consultant and part-time lecturer prior to joining SRK as Country Manager in May 2011. John has many years' experience in mining operations, notably as Geotechnical Manager of AngloGold Ashanti - Mali (Sadiola, Yatela and Morila Mines) from 2008 to 2010. Prior to that, he was the General Manager - Rock Mechanics for Hindustan Zinc Limited, a member of Vedanta Resources Group in India. He is a registered member of the Southern African Institute of Mining and Metallurgy (SAIMM) and also the South African National Institute of Rock Engineering (SANIRE). *Mr John Kwofie visited the project site in 2022 and he provided geotechnical assessment to the project team.*

Seth Owusu-Sarpong is a holder of MSc degree in Finance and MSc Degree in Mining Engineer with specialization in Mining Rock Mechanics. He has over 30 years' experience in underground hard

rock mining and has been involved in many underground operations of varying ground conditions ranging from very shallow room and pillar mining, Cut and Fill mining to very deep and seismically active Vertical Crater Retreat, Open Stope and Sub-Level Caving environments. His experience includes numerical modelling, ground control management, ground conditions characterization for large underground excavation designs (stopes, workshops, pump chambers, etc.), mine shaft raise boring, training of mine personnel in underground geotechnics, consultancy services, as well as lecturing in Mining Principles and Rock Mechanics. His working experience covers 15 years of gold mining with AngloGold Ashanti, Obuasi Mine, Ghana; 8 years of copper mining with Mopani Copper Mines, (Mufulira, SOB Kitwe and Mindolo SV - underground and surface) in Zambia, and 8 years of consultancy service and lecturing in Ghana. *Mr Seth Owusu-Sarpong visited the Project in 2022 and contributed in geotechnical assessment.*

Ali Rudaki, BSc (Mine Exploitation Engineering), Pr Eng (South Africa), MSAIMM, Principal Mining Engineer of SRK Consulting (South Africa), he has been involved in the field of open pit mining engineering for the past 28 years. His expertise includes: open pit optimisation and strategic mine planning and scheduling; strategic risk management in mine design, from life of mine to global optimisation; mining and mineral processing optimisation; mining feasibility studies; and mining operations. *Mr Ali Rudaki visited the project site in 2023 and he has reviewed the mining aspects and Ore Reserves for Open Pit since 2022.*

TzuHsuan (Shan) Chuang, M.Eng., MAusIMM, is a Senior Consultant (Mining) at SRK China. She has experience in consulting and operation management. After graduating from Colorado School of Mines, she conducted scoping studies, pre-feasibility, feasibility studies, and project valuation in Zijin mining design company, with projects in China, Serbia, Tajikistan, Australia, Colombia, and Guyana. She then worked at Buritica underground gold mine of Continental Gold in Colombia, and was responsible for life of mine (LoM) plan, production operation, and grade control optimisation. Her expertise includes pit optimisation, mine design, and scheduling in metal mine, and is skilled in using Deswik, Whittle, Surpac, Minesched, and AutoCAD. *Ms Shan Chuang assists Mr Xiao in mining and Ore Reserve assessment and she is the Competent Person who evaluates the Underground Ore Reserves in this Project. She visited the Wassa Project in May 2024.*

Lanliang Niu, BEng, MAusIMM, Member of MCAMRA, is a Principal Consultant (Processing) with SRK Consulting China Ltd. He has 10 years' experience in processing research and 10 years in plant operation management and 15 years in mining technical consultancy. He has specific expertise in the processing of precious metal, nonferrous metal, ferrous metal, and some non-metallic minerals, as well as processing test, plant design and operation management, and mining project evaluation. He is actively involved with the new development of processing technologies, equipment, and reagents and has received two national awards for his achievements in this area. Since joining SRK, Lanliang has played a pivotal role in the due diligence and technical evaluation of nearly 200 mining financing or M&A projects within China and internationally. *Mr Lanliang reviews the processing part and he is the Competent Person of gold processing. He visited the Wassa Project in May 2024.*

Xiangfeng (Freda) Yang, M.E; MAusIMM, Registered Qualification Certificate of Constructor (Mining Engineering and Mechanical & Electrical Engineering), Registered Qualification Certificate of Cost Engineer (Civil Engineering); is a Senior Consultant (Processing) with SRK China. Ms Yang acquired specialized knowledge of non-ferrous and non-metallic ore processing and plant design during her undergraduate studies and graduate education at Wuhan University of

Technology. Since graduating in 2010, she has been engaged in feasibility study, preliminary design and construction drawing design while employed with Bluestar Lehigh Engineering Institute Co., Ltd. and Nanchang Mineral Systems Co., Ltd., published several papers and models, and led and participated in the design of many medium and large phosphate ore, potash and sulfide ore processing plants. Ms Yang also has rich experience in processing equipment selection and procurement, processing scheme design and plant configuration. *Ms Freda Yang assists in mineral processing assessment.*

Lawrence Darkwah is a Senior Lecturer in Chemical Engineering at Kwame Nkrumah University of Science and Technology, Kumasi and has vast experience working as an operation metallurgist and a consultant. His expertise in Mineral Processing is in operations, technology development, and implementation for the maximisation of resource recovery. He has been involved with diligent auditing of processing assets cutting across the chemical engineering discipline in Ghana. He has also served as a panellist at a National Policy Summit in Kumasi where his knowledge and experiences in the mineral processing industries were seen in advocating solutions to the small-scale mining canker in Ghana. He has presented technical papers at various meetings and conferences on mining practices and the potential menace from untreated mine water at national and international fora. Lawrence is registered with the Ghana Institution of Engineers (GhIE) (Reg: 08263) since 2015 and holds a BSc. (Hons.) in Metallurgical Engineering, an MSc. in Industrial Biotechnology and a PhD. in Chemical Engineering respectively. *Mr Lawrence Darkwah visited the Project in 2022 and he provided additional support to the metallurgical review.*

Hongchen (Cynthia) Huang, B.A., is a consultant (ESG) at SRK China, possessing 10 years of expertise in marketing, technical translation and project management within the mining industry. Currently she is transitioning her focus towards environmental, social, and governance aspects, actively contributing to environmental and social assessments while playing a key role in supporting SRK's carbon accounting program. Since joining SRK, Cynthia has provided project co-ordination and management, technical translations, and environmental review for a diverse range of projects, including Guizhou Union Coal Project, Hanking Indonesian Nickel Project, Mongolian Sujishan Graphite Project, Australian Greenbushes Lithium Project, Chilean Salar Project, Angola Binga Copper Project, and Zijin Group Tajik Gold Project. *Ms Cynthia Huang assists in environmental and social review. She visited the Wassa Project in May 2024.*

Ekua Semuah Odoom, BSc (Environmental Science), Msc (Climate Change and Sustainable Development), PhD (Environmental Science). Ekua Semuah Odoom is an environmental scientist and the Director of Systems Environ-Tech Ltd, an environmental consulting firm based in Accra, Ghana. She has over 7 years expertise in the areas of climate change adaptation and mitigation, natural resource management, environmental assessment and auditing. Ekua has a broad understanding of environmental legislation relevant to development projects, including Ghana EIA process, legislation and standards, and has over the years worked on environmental assessment for the mining, oil and gas, hospitality, healthcare and manufacturing sectors of Ghana. She has undertaken tasks in the domain of Environment Impact Assessment (EIA), Environmental Management Plan (EMP), Annual Environmental Report (AER), and dialogue facilitation among project stakeholders. She also provides advisory services and manages corporate environmental compliance portfolio for companies and industries in Ghana. Ekua is currently in the process of acquiring certification and membership with IEMA for practitioner level in Environmental

Management. *Mr Ekua Semuah Odoom visited the Wassa Project in 2022 and he assisted in environmental and social review.*

Alexander (Alex) Thin, BEng, FAusIMM (CP), FIMMM, FSAIMMA, Principal Consultant (Mining) at SRK China, he is an experienced mining professional with over 30 years' experience. His strategy and leadership experience spans feasibility studies, mineral asset audits and evaluations, independent technical reports, techno-economic studies, capital raising, merger and acquisitions, managing joint ventures, local and international stock exchange compliance, business development and investor/ stakeholder relations. Alex's industry experience spans operational (underground and open pit), technical consulting and corporate within the metalliferous resources sector, covering precious metals, base metals and bulk commodities. *Mr. Alex Thin peer reviewed the Report and he supervised the mining and Ore Reserve reviewing.*

2.8 Warranties

Chifeng Gold has warranted to SRK that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt these warranties.

2.9 Compliance Statement

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Mr. Pengfei Xiao, a Competent Person who is a Member of AusIMM, and Ms TzuHsuan Chuang, a Competent Person who is a Member of the AusIMM. Both are full-time employees of SRK.

This Report is a Competent Person's Report in line with the Listing Rules of the Exchange and HKEX.

Mr. Pengfei Xiao and Ms TzuHsuan Chuang have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code.

Mr. Pengfei Xiao and Ms TzuHsuan Chuang consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Peer review and quality control of the Report were conducted by Mr Alex Thin, *FAusIMM*, a Principal Consultant (Mining).

2.10 Independence Statement

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

SRK has no prior association with Chifeng Gold or Chifeng Gold's employees or in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. SRK is independent of Chifeng Gold applying all of the tests in 18.21 and 18.22 of the Listing Rules of the Exchange and HKEX.

2.11 Consent

SRK consents to this Report being included, in full, in documents that Chifeng Gold proposes to submit to the HKEX and/ or disclosure to the public markets, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2.12 Forward Looking Statement

Estimates of Mineral Resources, Ore Reserves, and mine production are inherently forward-looking statements, which being projections of future performance will necessarily differ from the actual performance. The errors in such projections result from the inherent uncertainties in the interpretation of geologic data, in variations in the execution of mining and processing plans, in the inability to meet construction and production schedules due to many factors including weather, availability of necessary equipment and supplies, fluctuating prices, ability of the workforce to maintain equipment, and changes in regulations or the regulatory climate.

The possible sources of error in the forward-looking statements are addressed in more detail in the appropriate sections of this report. Also provided in the report are comments on the areas of concern inherent in the different areas of the mining and processing operations.

3 Operational Licenses and Permits

The Wassa mine is located near the village of Akyempim in the Wassa East District, in the Western Region of Ghana. It is located about 80 kilometers (km) north of Cape Coast and about 150 km west of Accra, the capital city of Ghana. The property is situated between latitudes 5°25' and 5°30' north, and between longitudes 1°42' and 1°46' east. The location of the Wassa mine is shown in Figure 3-1.

Figure 3-1: Location of Wassa Mine



Source:SRK.

The Wassa mine is operated under the Wassa mining lease which was issued on 17 September 1992. The total surface area of the Wassa Mining Lease is 63 km². In addition to the Wassa mining lease, GSWL holds the Hwini Butre and Benso mining leases, and several prospecting licences in the Western Region of Ghana. GSWL's mineral properties are shown in Figure 3-2.

Figure 3-2: GSWL's Mineral Properties Location in Ghana

Source: GSR.

The mineral concessions belonging to GSWL are listed below.

- Wassa mining lease: The Wassa Mine is an operating gold mine comprising principally underground operations with following mineralisation domains: F Shoot, 419, B Shoot, 242, Starter, South-East, Mid-East and Dead Man's Hill.
- Benso mining lease: comprising the Subriso East, Subriso West, G-Zone, C-Zone and I-Zone deposits.

- Hwini Butre mining lease: comprising the Father Brown, Adoikrom and Dabokrom deposits.
- Benso (Chichiwelli) exploration property: comprising two mineralised zones, Chichiwelli West and Chichiwelli East.
- Manso exploration property: located east of the Benso and Hwini Butre Concessions.

The properties and leases are spread along a trend of approximately 80 km southwest of the Wassa mine. There are sufficient access and surface rights for GSWL's operations. This section summarises related operational licences and permits. SRK relied on the information provided by the Company, and SRK understands that a legal due diligence review of this Project has been undertaken by the Company's legal advisors.

3.1 Mineral Tenure

Table 3-1 sets out the mineral rights held by GSWL (or those in which GSWL has an interest). GSR will from time to time seek a title opinion from its legal counsel in Ghana to confirm its title in its material mineral properties, and the good standing of the underlying mineral rights. SRK viewed the copies of the mining licenses and prospecting licenses of Wassa project, while the licensing information in relation to the project needs to be further relied on legal due diligence opinions. The summary of the mineral tenure information is as below:

Table 3-1: Mineral Tenure Information

License Type	Lease/Permit Name	Current Lease No.	Current Grant Date	Current Expiry Date	Current Status	Area (km ²)
Mining Lease	WASSA ML	LVDGAST35364682022	26-Jan-2022	25-Jan-2047	Active	63.00
	HWINI-BUTRE ML	LVDGAST37993462020	25-Aug-2020	24-Aug-2031	Active	43.00
	BENSO ML	LVDGAST38000372020	25-Aug-2020	24-Aug-2031	Active	19.45
Prospecting License	BENSO PL	LVB 9113/1994 & PL 2/155	30-Dec-2020	Pending Renewal	Awaiting Minister's Approval	24.81
	MANSO 1 PL	LVB 5528/2005 & PL 2/378	3-Apr-2022	3-Mar-2025	Active	101.57
	DWABEN (SAFRIC) RL	LVB1624/2006 & RL2/117	12-Mar-2020	Pending Renewal	Awaiting Minister's Approval	26.92
	MANSO 2 PL	LVB 8461/2003 & PL 2/337	5-Apr-2022	3-May-2025	Active	23.41

Source: GSR

Notes: The Benso PL and Dwaben RL are awaiting for the approval of Minister of Lands and Natural Resources

The Wassa Mine sits within the Wassa mining lease which comprises an area of 63.00 km² lying to the north and south of latitudes 5°25'30" and 5°30'45", respectively and bounded to the east and west by longitudes 1°41'45" and 1°46'30", respectively.

The Wassa mining lease was entered between the Government of Ghana and Satellite Goldfields Limited (SGL) on 17 September 1992 for a term of 30 years, renewable. In 2002, the mining lease was assigned by SGL to GSWL with the written consent of the Government of Ghana. GSWL is the

registered legal and beneficial holder of the Wassa mining lease. The Government of Ghana holds 10% of GSWL share capital.

3.2 Underlying Agreements

GSWL pays to the Government of Ghana within thirty days from the end of each quarter a royalty at a rate of 5% determined based on the total revenue of minerals produced during the quarter. This royalty is payable prior to any adjustments from the Royal Gold stream (see below). Royalties are paid through the Commissioner of Internal Revenue.

Payment of annual ground rent is made to the owner of the land except in the case of annual ground rent in respect of mineral rights over stool lands, which are paid to the Office of the Administrator of Stool Lands. A holder of a mineral right must also pay to the Minerals Commission an annual mineral right fee determined based on the type of tenure. GSWL pays annual ground rate and annual fees in relation to all the mineral rights it holds.

GSR is party to a gold purchase and sale agreement with Royal Gold, Inc. through its wholly owned subsidiary RGLD Gold AG (RGLD). The agreement was initiated on 6 May 2015, amended on 29 June 2018, 17 October 2019 and most recently 30 September 2020 before Chifeng Gold's takeover. The stream covers all gold produced within GSWL's mineral concessions and requires GSR to deliver according to two tiers:

- Tier 1: 10.5% of all production to RGLD at a cash purchase price of 20% of spot gold until 240,000 ounces have been delivered; and
- Tier 2: thereafter, to deliver 5.5% of all production to RGLD at a cash purchase price of 30% of spot gold.

Pursuant to the terms of the gold sale and purchase agreement, GSR is restricted from granting encumbrances on the Wassa gold project without RGLD's consent. In 2019, GSR entered into a credit facility agreement with Macquarie Bank Limited pursuant to which GSWL's mineral rights were, with the approval of the Minister of Lands and Natural Resources and RGLD, encumbered to secure the repayment of the loan.

SRK is not aware of legacy issues associated with the GSWL site.

3.3 Permits and Authorisation

In addition to the mineral rights specified in Table 3-1, GSWL requires certain permits and licenses to carry out its activities, including:

- Mining operating permit:

The Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (L.I. 2182) prescribe technical and health and safety standards for mining operations and requires a person who is granted a mining lease to, before the commencement of operation of the mine, obtain a mining operating permit from the Inspectorate Division of the Minerals Commission.

- Licence to export, sell or dispose of minerals:

The exportation, sale or disposal of minerals requires a licence from the Minister for Lands and Natural Resources. Pursuant to section 46 of the Minerals and Mining Act., a mining lease authorises the holder to, inter alia, "take and remove from the land the specified minerals and to dispose of them in accordance with the holder's approved marketing plan." Under the Minerals and Mining (General) Regulations, 2012 (L.I. 2173), an application by a holder of a mining lease for a licence to export, sell or dispose of gold or other precious minerals produced by the holder must be accompanied by a refining contract and a sales and marketing agreement.

- Operating licence and permit for the acquisition, use, transportation and storage of explosives:

Under Regulation 23 of the Minerals and Mining (Explosives) Regulations, 2012 (L.I. 2177), the construction of a building or other structure to be used as a magazine for the storage of explosives is subject to an operating license delivered by the Minerals Commission. As required under Regulation 32 of L.I. 2177, the storage of explosives in a magazine is also subject to a permit from the Minerals Commission; the latter is valid for one year and is renewable upon application. Under L.I. 2177, an operating licence is required for the purchase and use or transportation of explosives. There are separate operating licences for the purchase and use of explosives and for transportation. Each is valid for a period of one calendar year and is renewable on application made one month before the end of each year. Additionally, a permit is required for each occasion on which explosives are being transported in respect of which the specific type and quantity of explosives must be indicated.

- Licence to use water resources:

The use of water resources is regulated by the Water Resources Commission Act, 1996 (Act 522) and the Water Use Regulations, 2001. Act 522 provides that no person shall (a) divert, dam, store, abstract or use water resources; or (b) construct or maintain any works for the use of water resources except in accordance with the provisions of the Act. Subject to obtaining the requisite approvals or licences, a holder of a mineral right may, for purposes of or ancillary to the mineral operations, obtain, divert, impound, convey and use water from a river, stream, underground reservoir or watercourse within the land the subject of the mineral right.

- Fire permit:

The Fire Precaution (Premises) Regulations, 2003 requires that a fire certificate be issued by the Chief Fire Officer in respect of premises used as a place of work or for a purpose which involves access to the premises by members of the public, whether on payment or not. The certificate is valid for 12 months and is renewable.

GSWL conducts its operations in accordance with applicable laws and regulations in Ghana and is in compliance with its permitting obligations in relation to its activities. With regards to environmental matters, GSWL has undertaken environmental impact assessment studies on its concessions to support the permitting of its mining projects and has considerable background data to support required environmental permitting processes.

3.4 Environmental Considerations

The Environmental Assessment Regulations, 1999 (L.I. 1652) require that all developmental activities likely to impact adversely on the environment be subject to environmental assessments. Pursuant to these regulations, an undertaking which in the opinion of the Environmental Protection Agency (EPA) has or is likely to have an adverse effect on the environment cannot commence unless the undertaking has been registered and an environmental permit has been issued by the EPA. The Minerals and Mining Act requires that all necessary approvals and permits required to be obtained from the Forestry Commission and the EPA for the protection of natural resources, public health and the environment.

The major environmental permits in place for the Wassa mine are:

- Wassa operations (EPA/EIA/112) and expansions (EPA/EIA/322) including South Akyempim pits (EPA/EIA/190);
- Hwini Butre and Benso operations (EPA/EIA/175) and expansion (EPA/EIA/247);
- Wassa tailings storage facility ("TSF") 2 (EPA/EIA/383) and renewal (EPA/EIA/442); and
- Wassa Expansion project, including Wassa underground, Main pits and waste dump expansion (EPA/EIA/508).

3.5 Mining Rights in Western Region of Ghana

There are a number of mining licenses granted for companies operating in Ghana.

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in Ghana requires an appropriate mineral title to be issued by the Government of Ghana acting through the Minister responsible for Lands and Natural Resources. The Minister of Lands and Natural Resources administers, promotes and regulates Ghana's mineral wealth through the Minerals Commission, a governmental organization designed in accordance with the Minerals Commission Act 1993 and the Minerals and Mining Act, 2006 Act 703 (Minerals and Mining Act).

A person must apply to the Minerals Commission and be granted a mineral right by the Minister of Lands and Natural Resources before they can search, survey, prospect, explore or mine for a mineral anywhere in Ghana. There are different types of licenses (namely, reconnaissance and prospecting licenses, and mining leases) for the different mining activities. Each type of licence details the activities that are permitted.

The Government of Ghana holds a 10% free-carried interest in all companies holding mining leases. The 10% free-carried interest entitles the Government to a pro-rata share of future dividends. The Government has no obligation to contribute development capital or operating expenses.

4 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

4.1 Accessibility

The Wassa Mine is located near the village of Akyempim in the Wassa East District in the Western Region of Ghana. It is 62 km north of the district capital, Daboase, and 40 km east of Bogoso. It is located 80 km north of Cape Coast and 150 km west of the capital Accra. The main access to the site is from the east, via the Cape Coast to Twifo-Praso road, then over the combined road-rail bridge on the Pra River. There is also an access road from Takoradi in the south via Mpohor.

4.2 Local Resources and Infrastructure

There are four other mines in the vicinity of Tarkwa; namely, Ghana Manganese Company – Nsuta Mine, Anglo Gold Ashanti Iduapriem Gold Mine and Goldfields Ghana Limited - Damang and Tarkwa mines.

The Wassa Mine itself is located in the Wassa Mining Lease within the Subri-Akyempim Concession, which covers an area of 63 km².

Wassa Mine is currently an operating open pit and underground mining complex yielding approximately 480kt of total material (ore and waste) per month, and the required services, infrastructure, and community support are already in place. The following are relevant to the assessment of resources and infrastructure:

- Access to the project is via the public road network that extends on to the site;
- Electricity and water are available;
- Surface infrastructure in the area consists of a variety of government, municipal, and other roads with good overall access;
- Processing will be carried out at the existing GSWL processing plant;
- Tailings will be stored in the existing GSWL TSF and the new TSF approved in April 2013;
- Waste rock generated at the site will be placed in existing waste dumps, adjacent to the Wassa open pit; and
- The extensive history of mining in Ghana provides opportunities to obtain skilled underground mine workers.

4.3 Climate

The climate in the project area is classified as wet semi-equatorial. The Inter Tropical Convergence Zone ("ITCZ") crosses the area twice a year, resulting in a bi-modal rainfall pattern, with peaks in March to July and September to October. During the dry season months of November to February, the climate is heavily influenced by the dry, dust-laden, northwest trade wind, known locally as the Harmattan, which blows from the Sahara Desert.

Analysis of available rainfall data, obtained from the Ateiku Meteorological survey (1944 to 2009) indicates that the average annual rainfall is $1,996 \pm 293$ millimetres ("mm"). The wettest month of the year is generally June, with an average rainfall of about 241 ± 85 mm, whilst January is the driest month of the year with an average rainfall of about 31 ± 35 mm. The wettest month on record was June 2009, when 475 mm of precipitation was recorded. Rainfall is mainly influenced by south-west monsoon winds, which blow from the south-western part of the country towards the north-east.

Using data from the GSWL weather station, the average annual rainfall has been estimated at about 1,750 mm. A drier period, which is influenced predominantly by a sweep of the north-east trade winds, is experienced between the month of November and February.

Annual potential evapotranspiration is estimated to be approximately 1,337 millimetres per year ("mm/yr"), indicating a minimum precipitation excess of 288 mm/yr. Rainfall exceeds potential evapotranspiration from March to July and September to October, and groundwater recharge is most likely to be prevalent during these periods. Relative humidity is fairly constant throughout the year, ranging from 88% to 90%.

Under such climatic conditions surface mining operations can continue year-round with short breaks during storms, most of which are short-term and may be experienced throughout most of the year. Underground mining operations will not be directly affected by storms as long as effective storm water management infrastructure is in place at surface to divert runoff from mine's accesses.

4.4 Physiography

The project area is characterised by gently rolling hills with elevations up to 1,100 m RL, incised by an extensive drainage network. The natural vegetation is an ecotone of the moist, semi-deciduous forest and wet rainforest zones. It has been degraded due to anthropogenic activities, giving way to broken forest, thickets of secondary forest, forb re-growth, swamps in the bottom of valleys, and cleared areas.

Extensive subsistence farming occurs throughout the area, with plantain, cassava, pineapple, maize, and cocoyam being the principal crops. Some small-scale cultivation of commercial crops is also carried out, with cocoa, teak, coconut and oil palm the most common. Forest patches are present on the steep slopes and in areas unsuitable for agriculture.

Environmental assessments carried out in the project area over the last two decades (SGS 1996 and 1998, WGL 2004, GSR 2015, Geosystems 2013, and Golder 2016) indicate that the biodiversity of the Wassa operational area is of low ecological significance and conservation status.

5 History

5.1 Wassa

5.1.1 Historical Mining

The Wassa area has experienced local small-scale and colonial mining activity since the beginning of the 20th century with numerous small open pits and adits evident.

From 1988, the property was operated as a small-scale mining operation with a gravity gold recovery circuit by WMRL, a Ghanaian company.

5.1.2 Satellite Goldfields Limited (1993-2002)

In 1993 WMRL formed SGL with the Irish companies Glencar Exploration Ltd. and Moydow Ltd., assigning the Wassa mining lease to SGL.

Extensive satellite imagery and geophysical interpretations were carried out which identified a strong gold target. Exploration drilling commenced in February 1994 and by March 1997, 58,709 m of drilling had been completed. Construction of the Wassa Mine was initiated in September 1998, after Glencar secured a US\$42.5 M debt-financing package from a consortium of banks and institutions.

The operation was originally developed as an open pit mine with heap leach treatment of 3.0 Mtpa and planned production of 100,000 oz/yr. First ore was mined from the open pit in October 1998.

During the first year of production, planned gold recovery of 85% from oxide ore in the heap leach was not achieved due to high clay content of the ore and poor solution management. Attempts were made to increase recovery, including doubling the leach solution application rate but recoveries for the oxide ores above 55-60% could not be achieved.

The low gold recovery resulted in debt servicing issues and Wassa was marketed for sale. GSR started negotiations to purchase Wassa in mid-2000. As part of due diligence, GSR initiated a drilling program in March 2001 to test their geological model and extensions to some of the high-grade orebodies.

SGL was placed into receivership in November 2001 and in April 2002, GSR concluded that the mineable reserve at Wassa was 30% below the 648,000 oz stated by SGL. Negotiation continued until September 2002 when the agreement for GSR to purchase the 90% share of Wassa was announced.

5.2 Hwini Butre, Benso and Chichiwelli

5.2.1 Historical Mining

Early European reports indicate the Dabokrom area, around Hwini Butre, may have been a major source for gold sold to Portuguese explorers when they first arrived in Ghana in the late 1400's.

European interest grew in the 1800's with the presence of gold and proximity to Sekondi-Takoradi, which had developed as a port to service mines at Tarkwa, Prestea and Obuasi. Many exploration licences were granted during the gold boom of 1898-1902 and by the 1930's most of the area was under license to various local and European interests.

At Dabokrom, a shaft was sunk by Oceania Consolidated in the 1930's to follow the shallow dipping quartz veins. The property was worked for several years but stopped in 1939 at the start of World War 2.

At Chichiwelli, a shaft was sunk in 1918 following a quartz vein at the very north end of the Benso concession, close to the Subri River Forest Reserve. Mining progressed to the 260 ft level but was abandoned in 1924 after the mine was flooded.

The whole area has many historic workings which evidence mining activity, mostly from the 1930's.

5.2.2 Modern Exploration (1980's-2005)

The Dabokrom concession was acquired by BD Goldfields (BDG) during the 1980's who invited Danish company Lutz Resources Limited to carry out preliminary exploration on the property. The property transferred to Hwini Butre Minerals (HBM) in the early 1990's, which was controlled by Lutz.

HBM entered a joint venture with Placer-Outokumpu who drilled several holes around Dabokrom in 1993 to assess potential of the vein systems. They concluded that potential was limited by widely spaced veins and little gold in the diorite host rock. Saint Jude Resources (SJR) acquired Dabokrom in 1994 and explored the area until 2002 when work was suspended due to a legal dispute between SJR, BDG and the Government of Ghana. The matter was resolved in 2005 before acquisition of the project by GSR.

SJR began exploring the concession in February 1995 which represented the first sustained exploration program on the concession. SJR undertook ground geophysical surveys which included magnetic, radiometric and induced polarization surveys; soil geochemical surveys were also completed on the concession area, resulting in the identification of numerous targets. Trenching and pitting were conducted in areas of geophysical and geochemical anomalies and over historical prospects or old workings in an attempt to outline near surface mineralisation. Subsequent drilling of the surface targets resulted in the delineation of the Adoikrom, Father Brown and Dabokrom prospects along a combined strike length of 900 m. Further exploration conducted in 2005 identified the Adoikrom North prospect. A total of some 22,100 m over 267 drill holes were completed on the main mineralised zones and the exploration targets.

Reconnaissance work at Chichiwelli, Subriso, Denerawah and Amantin was conducted by BHP Billiton from 1989-92, on what is now the Benso concession. This identified soil geochemical anomalies and follow-up drilling was completed at Chichiwelli but results did not meet targeting criteria and the concessions were relinquished. Tenure was then acquired by a local company, Architect Co-Partners, with a 150 km² prospecting concession which covered Amantin, Subriso and Chichiwelli, as well as a large part of the Subriso River Forest Reserve that was closed to exploration from 1996.

Canadian company Fairstar Exploration Ltd. ("Fairstar") took over the Benso concession in 1995 and carried out extensive work, particularly at Subriso and Amantin, where considerable drilling was

completed, but ceased by the end of the decade due to funding constraints. An agreement was reached in 2001 for SJR to take over the exploration work.

In 2001, SJR completed an agreement with Fairstar and took over the exploration work. From early 2002 to about mid-2004, SJR focused mainly on the Subriso area where substantial mineralisation was outlined at two prospects, Subriso East and West. Numerous other prospects, namely Subriso Central, I Zone and G Zone were identified, and drill tested, as was the Amantin area, which had also been drilled to a considerable extent by Fairstar.

5.3 Production History, Previously Declared Resources and Reserves

Since acquiring Wassa in 2003 GSR has produced 2.4 million ounces of gold and the mine has a remaining life of five years (2024 to 2028) as defined by the current Ore Reserve.

Milestones at Wassa under GSR management are:

- 2003: definition drilling ahead of feasibility study for a carbon-in-leach (CIL) plant.
- 2004: feasibility study completed, and construction commences on CIL plant with open pit mining.
- 2005: CIL plant commissioned.
- 2006: acquired St Jude Resources (Hwini Butre and Benso concessions). Connected to grid power.
- 2007: commenced open pit mining at South Akyempim. Construction of haul road to Hwini Butre.
- 2008: commenced open pit mining at Benso, processing at Wassa.
- 2009: commenced open pit mining at Hwini Butre and drilling to test underground potential.
- 2011: Hwini Butre mining moves from Adoikrom to Father Brown open pit.
- 2012: commenced drilling to test underground potential below Wassa.
- 2013: upgraded plant to 2.7 Mtpa capacity with fresh ore, consolidated mining at Wassa Main open pit.
- 2014: released positive Preliminary Economic Assessment for Wassa Underground and completed Hwini Butre mining at Father Brown.
- 2015: completed positive Feasibility Study for Wassa UG and commenced development, along with starting construction of TSF 2.
- 2016: mined first stope ore from Wassa UG in July and definition drilling continued to define wide zones of mineralisation in B Shoot.
- 2017: commercial production declared at Wassa UG and deep definition drilling program defines what was later to become the Southern Extension zone. UG averages 1,865 ore t/d.
- 2018: open pit mining of Main pit completed and UG ore mining rate increases to 2,945 t/d. Wassa UG Inferred Mineral Resource reported growth to 5.2 Moz with addition of Southern Extension zone.
- 2019: completed positive Feasibility Study for paste backfill commenced development. UG ore mining rate increased to 3,895 t/d (1.4 Mtpa).

- 2020: completed construction of paste backfill plant and on-site gas-fired power generation. UG ore mining rate increased to 4,480 t/d (1.6 Mtpa).
- 2023: commenced construction of B Shoot South and 242 decline

Production peaked in 2013 at 187 koz gold with the plant operating at full capacity and high-grade ore being mined from the Father Brown open pit at Hwini Butre. From 2014, open pit ore was sourced solely from the Wassa Main pit until its completion in 2017. Lower grades resulted in gold production of around 100 koz/yr.

Mining transitioned to underground from 2016, with commercial production realized in 2017 and the underground becoming the main production source by 2018. Since 2018, underground production has steadily increased to maintain and exceed 150 koz/yr, with the addition of minor amounts of low-grade ore from open pit stockpiles.

6 Geological Setting and Mineralisation

6.1 Regional Geology

The regional geological setting of the Ashanti belt has been extensively described by several authors.

The Ashanti greenstone belt in the Western Region of Ghana is composed primarily of paleoproterozoic metavolcanic and metasedimentary rocks that are divided into the Birimian Supergroup (Sefwi and Kumasi Groups) and the Tarkwa Group. Both units are intruded by abundant granitoids (Figure 6-1) and host numerous hydrothermal gold deposits such as the Wassa, Obuasi, Bogoso and Prestea mines and paleoplacer deposits such as the Tarkwa and Teberebie Mines, Perrouty et al, (2012).

Allibone et al. (2002) separated the Paleoproterozoic Eburnean orogeny into two distinct phases known as Eburnean I and II, this classification was revised by Perrouty et al. in 2012 and proposed two distinct orogenic events, the Eoeburnean orogeny and the Eburnean orogeny. The Eoeburnean orogeny predates the deposition of Tarkwaian sediments and is associated with a major period of magmatism and metamorphism in the Sefwi Group basement. The Eburnean event is associated with significant post-Tarkwaian deformation that affected both the Birimian Supergroup and overlying Tarkwaian sediments. The Eburnean orogeny is associated with major northwest to southeast shortening that developed major thrust faults, including the Ashanti Fault along with isoclinal folds in Birimian metasediments and regional scale open folds in the Tarkwaian sediments. These features are overprinted by phases of sinistral and dextral deformational events that reactivated the existing thrust faults and resulted in shear zones with strong shear fabrics.

The Birimian series was first described by Kitson (1918) based on outcrops located in the Birim River (around 80 km east of the Ashanti Belt). Since this early interpretation, the Birimian stratigraphic column has been revised significantly. Before the application of geochronology, the Birimian super group was divided in an Upper Birimian group composed mainly of metavolcanics and a Lower Birimian group corresponding to metasedimentary basins. Subsequent authors have proposed synchronous deposition of Birimian metavolcanics. Most recently, Sm/Nd and U/Pb analyses have reversed the earlier stratigraphic interpretation with the younger metasediments overlying the older metavolcanics. Proposed ages for the metavolcanics vary between $2,162 \pm 6$ Ma and $2,266 \pm 2$ Ma. Detrital zircons in the metasediments indicate the initiation of their deposition between $2,142 \pm 24$ Ma $2,154 \pm 2$ Ma. The Kumasi Group was intruded by the late sedimentary Suhuma granodiorite at $2,136 \pm 19$ Ma (U/Pb on zircon, Adadey et al., 2009).

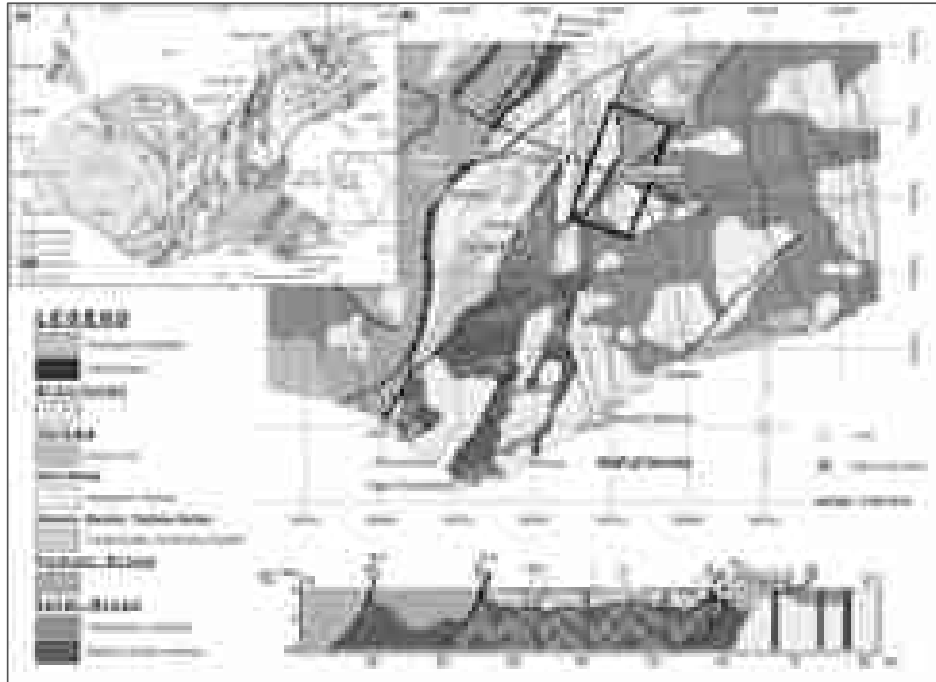
The Tarkwa super group was first recognised by Kitson (1928) and consists of a succession of clastic sedimentary units, which have been divided in four groups by Whitelaw (1929) and Junner (1940). The Kawere Group located at the base of the Tarkwaian super group is composed of conglomerates and sandstones with a thickness varying between 250 m and 700 m. The unit is stratigraphically overlain by the Banket Formation, which is characterized by sequences of conglomerates interbedded with cross-bedded sandstone layers, the maximum thickness of this group being 400 m. The conglomerates are principally composed of Birimian quartz pebbles (>90%) and volcanic clasts (Hirdes and Nunoo, 1994) that host the Tarkwa Placer deposits. The Banket formation is overlain by approximately 400 m of Tarkwa Phyllites.

The uppermost unit of the Tarkwa super group is the Huni Sandstone, comprised of alternating beds of quartzite and phyllite intruded by minor dolerite sills that form a package up to 1,300 m thick (Pigois et al., 2003). U/Pb and Pb/Pb geochronology dating of detrital zircons provide a maximum depositional age of $2,132 \pm 2.8$ Ma for the Kawere formation and $2,133 \pm 3.4$ Ma for the Banket formation (Davis et al., 1994; Hirdes and Nunoo, 1994). These ages agree with the study by Pigois et al. (2003) that yielded maximum depositional age of $2,133 \pm 4$ Ma from 71 concordant zircons of the Banket formation. According to all concordant zircon histograms (161 grains) and their uncertainties, a reasonable estimation for the start of the Tarkwaian sedimentation could be as young as 2,107 Ma.

Abundant granites and granitoids intruded the Birimian and Tarkwaian units during the Paleoproterozoic. Eburnean plutonism in southwest Ghana can be divided into two phases between 2,180 to 2,150 Ma (Eoeburnean) and 2,130 to 2,070 Ma (Eburnean) that is supported by the current database of U/Pb and Pb/Pb zircon ages. Most of the granitoids which intruded during both phases correspond to typical Tonalite–Trondhjemite–Granodiorite ("TTG") suites. However, in the southern part of the Ashanti Belt, intrusions within the Mpohor complex have granodioritic, dioritic and gabbroic compositions.

Dolerite dykes oriented north-south and East northeast to West southwest that are generally less than 100 m in thickness are abundant across the West African craton where they cross-cut Archean and Paleoproterozoic basement. In southwestern Ghana these dykes are well defined in magnetic data where they are characterised by strong magnetic susceptibility. Dolerite dykes are observed to cross-cut undeformed K-feldspar rich granites that formed during the late Eburnean, and are overlain by Volta basin sediments with a maximum depositional age of 950 Ma (Kalsbeek et al., 2008). These relationships constrain dyke emplacement to between 2,000 Ma and 950 Ma. In contrast some older dolerite/gabbro dykes and sills were deformed during the Eburnean orogeny and are dated at $2,102 \pm 13$ Ma (U/Pb on zircon, Adadey et al., 2009).

With the exception of some late Eburnean granitoids, dolerite dykes and Phanerozoic sediments, all other lithologies have undergone metamorphism that generally does not exceed upper greenschist facies. Studies on amphibole/plagioclase assemblages suggest the peak temperature and pressure was 500 to 650 °C and 5 to 6 kbar (John et al., 1999), dated at 2092 ± 3 Ma (Oberthür et al., 1998).

Figure 6-1: Location of the Wassa Mine with the Geology of the Ashanti Belt

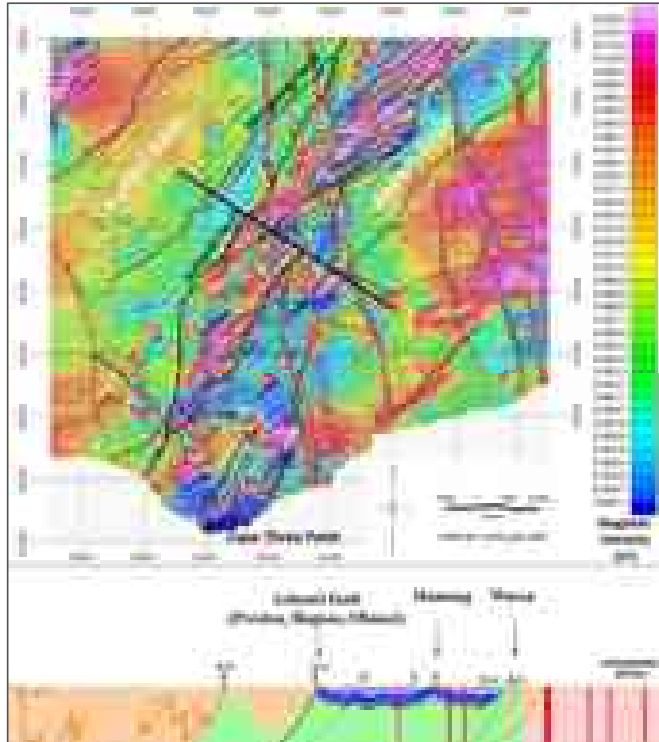
Source: Perrouty et al., 2012.

6.2 Property Geology

The Wassa Mine property lies within the southern portion of the Ashanti Greenstone Belt along the eastern margin of the belt within a volcano-sedimentary assemblage located at proximity to the Tarkwaian basin contact. The eastern contact between the Tarkwaian basin and the volcano-sedimentary rocks of the Sefwi group is faulted, but the fault is discrete as opposed to the western contact of the Ashanti belt where the Ashanti fault zone can be several hundred meters wide. Deposition of the Tarkwaian sediments was followed by a period of dilation and the intrusion of late mafic dykes and sills.

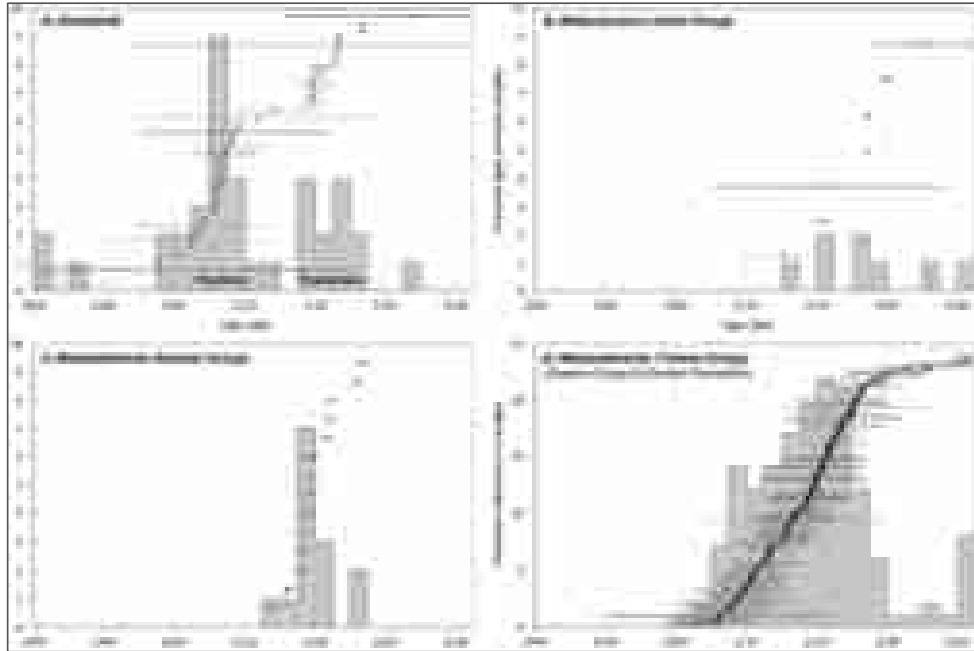
The lithologies of the Wassa assemblage are predominantly comprised of mafic to intermediate volcanic flows which are interbedded with minor horizons of volcanoclastics, clastic sediments such as wackes and magnetite rich sedimentary layers, most likely banded iron formations. The volcano-sedimentary sequence is intruded by syn-volcanic mafic intrusives and felsic porphyries.

The magnetic signature of the Ashanti belt is relatively high in comparison to the surrounding Birimian sedimentary basins such as the Kumasi basin to the west of the Ashanti belt and the Akyem Basin to the East as illustrated in Figure 6-2.

Figure 6-2: Total Magnetic Intensity Reduced to Pole of the Ashanti Belt

Source: Modified from Perrouty et al., 2012.

Rock assemblages from the southern area of the Ashanti belt were formed between a period spanning from 2,080 to 2,240 Ma as illustrated in Figure 6-3 with the Sefwi Group being the oldest rock package and the Tarkwa sediments being the youngest. The Ashanti belt is host to numerous gold occurrences, which are believed to be related to various stages of the Eoeburnean and Eburnean deformational event. Structural evidence and relationships observed in drill core and pits at Wassa would suggest the mineralisation to be of Eoeburnean timing while other known deposits in the southern portion of the Ashanti belt such as Chichiwelli, Benso and Hwini Butre are considered to be of Eburnean age.

Figure 6-3: Compilation of Geochronology Dating from the Ashanti Belt

Source: Perrouy et al., 2012.

The Eoeburnean deformation is best observed at Wassa where the deformational event has produced a penetrative foliation with an associated lineation which is defined by mineral alignments. A period of extension occurred between the Eoeburnean and Eburnean deformational events which resulted in the formation of the Akyem Basin (Kumasi Group) to the northeast of the Wassa Mine and the Tarkwa group to the west of the Wassa concession. Both metasedimentary sequences of the Takwa and Kumasi group have not been affected by the penetrative foliation observed at Wassa.

The Eburnean deformation is divided in multiple events which vary in number depending on the authors as summarized in Table 6-1. All deposits underlying the Wassa concession have been affected by the Eburnean deformational events, the main penetrative foliation has been affected by at least three Eburnean folding events which have resulted in a large scale refolded synform. The main foliation is sub-vertical and oriented northeast to southwest on the south-eastern flank of the Wassa mine fold whereas it is dipping at around 45° to the south-southeast on the northwest flank of the Wassa mine fold.

Table 6-1: Compilation of Deformational History of the Ashanti Belt

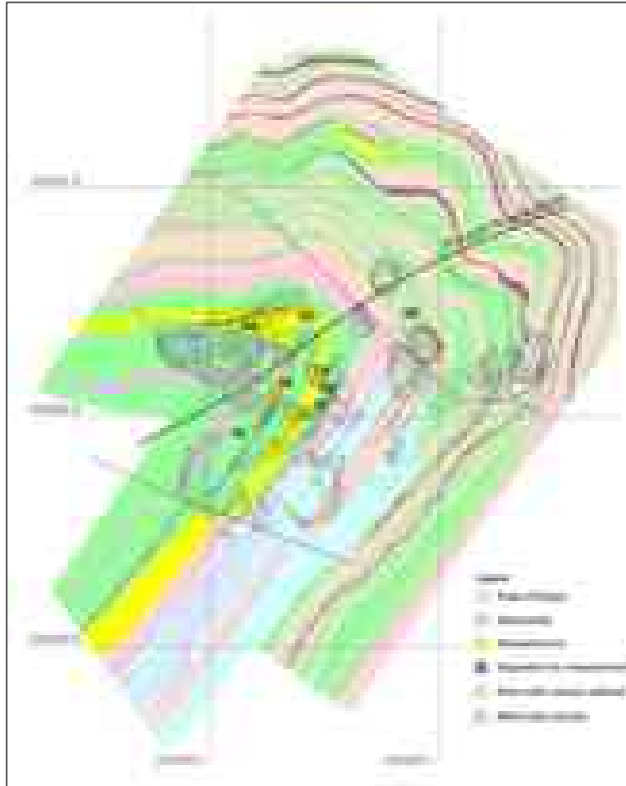
	Regional Interpretation (This Study)	In Birimian <i>Obusa/Bogoso</i> (Allibone et al., 2002a, b)	In Tarkwaian <i>Damang</i> (Tunks et al., 2004)	Regional (Eisenh�r et al., 1992)	Regional (Feybesse et al., 2006) (Milesi et al., 1992)
Eburnean 1 >2150 Ma	Early Birimian volcanism and sedimentation	Volcanism Granitoids intrusion Regional metamorphism		Birimian sediments and volcanics penecontemporane- ous Plutonism (Dixcove type granitoids)	
	D1, N-S shortening				Magmatic accretion Plutonism Birimian sedimentation
	Regional scale folding in the Early Birimian unit Syn-tectonic plutonism before 2170 Ma Possible gold mineralisation			Onset of deformation in a "foreland thrust" and Tarkwaian deposition	
	D2, Extension Phase Late Birimian sedimentation S2 parallel to bedding (S0) in Birimian sediments Tarkwaian basin formation	D1, S1 parallel to bedding Flat-lying bedding parallel shearing			
	D3, NW-SE shortening Km scale folds in Birimian and Tarkwaian S3 subvertical crenulation cleavage NE- SE Thrust faults (Ashanti, Damang, ...) Peak of metamorphism (Low Amphibolite)	D2, NW-SE shortening Isoclinal folds with axial surface parallel to the regional faults and shear zones Ashanti thrust fault D3 Low dip axial surface fold at Obuasi S3 crenulation cleavage overprinting S2 Final stage of D2?	D1, NW-SE shortening Km scale folds (with subvertical axial surface (S1)) Damang thrust fault	D1, NW-SE shortening S1 (NE-SE) subvertical and subparallel to bedding in both Birimian and Tarkwaian Regional folds (light to isoclinal)	D1, NW-SE shortening Thrust faults Tarkwaian sediments deposition (Syn D1) Metamorphism (6 kbar/550- 650°C)
				D2, Continuing Compression S2 (NE-SE) fabrics overprint S1 foliation S2 is defined by aligned muscovite and elongate recrystallised quartz veins Metamorphism Syn-tectonic plutonism (Cape-Coast type granitoids)	D2/D3, NW- SE shortening Tarkwaian folds Strike-slip faults and shearing Gold mineralisations Metamorphism (2-3 kbar/200- 300°C)
Eburnean 2 2120- 2060 Ma	D4, NNW-SSE shortening Sinistral shear reactivation of D3 thrust S4 crenulation cleavage ENE-WSW Greenschist retrograde metamorphism Remobilization and concentration of gold particle along the shear zones and at the base of Tarkwaian	D4, NNW-SSE shortening Hm scale fold at Obuasi D5 or syn-D4 Sinistral strike- slip faults and shearing Gold mineralisation	D2, NNW-SSE shortening Thrust faults and minor folds		
	D5 Recumbent folds (<m) Subhorizontal crenulation cleavage Last pyrite/gold mineralisation associated with quartz vein		D3, ESE- WNW shortening Folds with shallowly dipping axial surfaces and mineralised quartz veins, post-dating the peak of metamorphism	K-rich plutonism (cross-cutting all previous structures)	Late plutonism
	D6, NE-SW shortening, Panafrican (600 Ma)?? Low amplitude folds + crenulation cleavage ≈ N320 / 70 (RH) Reverse faults oriented NW-SE		D4 Faults oriented NW- SE		

Source: Perrouy et al., 2012.

The Wassa lithological sequence is characterized by lithologies belonging to the Sefwi Group and consisting of intercalated meta-mafic volcanic and meta-diorite dykes with altered meta-mafic volcanic and meta-sediments which are locally characterized as magnetite rich, Banded Iron

Formation ("BIF") like horizons (Bourassa, 2003), as illustrated in Figure 6-4. The sequence is characterized by the presence of multiple ankerite-quartz veins which are sub-parallel to the main penetrative foliation. The lithological sequence is also characterized by Eoeburnean felsic porphyry intrusions on the south-western flank of the Wassa mine fold.

Figure 6-4: Lithology of the Deposit Area



The first deformational event (D1) at Wassa is of Eoeburnean timing and consists of North-South shortening. This pre-Tarkwaian event resulted in a penetrative foliation which transposed lithological contacts along this main foliation. Early, gold bearing, synD1 quartz-ankerite veins were also formed during the Eoeburnean event.

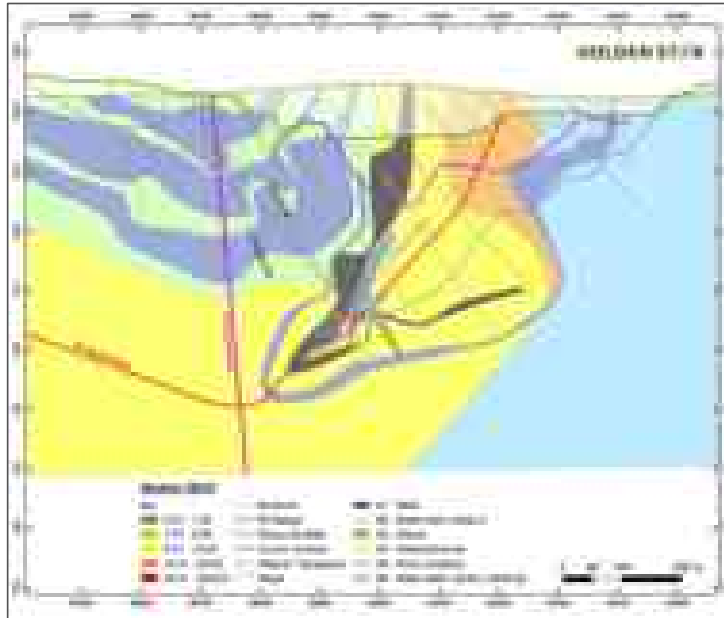
The second event of deformation (D2) is an extension period with no local deformation at the mine scale at Wassa. Regionally, this event separates the Eoeburnean and Eburnean orogeny by an extension period of approximately 40 Ma which resulted in the sedimentation of the Birimian and Tarkwaian basins.

The Eburnean orogeny is divided in three distinct deformational events, D3 is a Northwest-Southeast shortening event which resulted in the inversion of regional detachment faults into thrust faults. At the mine scale, this event generated a second penetrative foliation at Wassa and a first phase of Eburnean folding. The D4 deformational event, a North Northwest-South Southeast shortening event

resulted in the sinistral reactivation of earlier faults at the regional scale and severely buckled the Wassa stratigraphic sequence into moderately steeply dipping, tight fold patterns (F4 Fold) and a third penetrative foliation (S4). The last deformational event, D5, is the result of sub-vertical compression which resulted in open recumbent folds at Wassa and a fourth foliation located in the axial plane of the F5 folds and is generally sub-horizontal, shallowly plunging to the South.

Folded nature of the lithological sequence due to deformation is presented in vertical sections of the Wassa Main deposit (Figure 6-5).

Figure 6-5: Vertical Section 19975N of the Wassa Main Deposit Showing Folded Nature of the Lithological Sequence during the Eburnean D3 and D4 Deformational Events

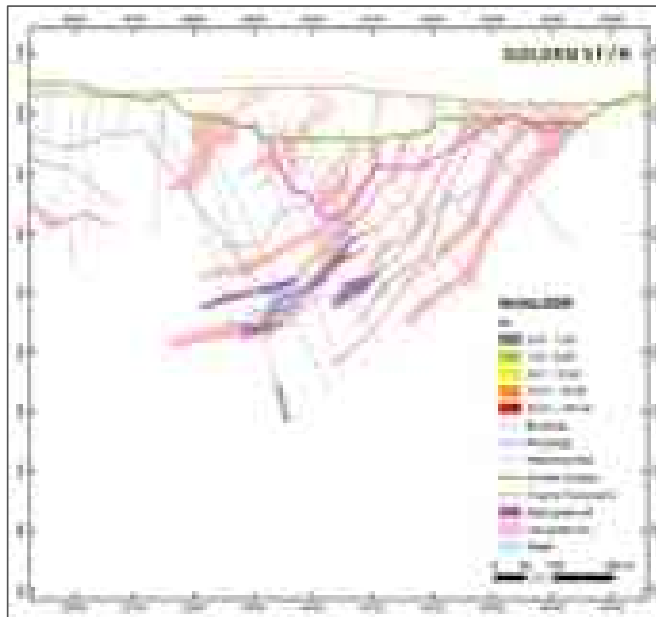


The Wassa mineralisation is subdivided into a number of domains; namely F Shoot, B Shoot, 242, South-East, Starter, 419, Mid-East, and Dead Man's Hill. Each of these domains, except for Dead Man's Hill, represents discontinuous segments of the main mineralised system which extends for approximately 3.5 km along strike and is still open at depth. Dead Man's Hill sits to the north-east of the main trend, proximal to the projected F4 axial fold trace. The SAK deposits are located approximately 2 km to the southwest of the Wassa Main deposit on the northern end of a well-defined mineralised trend parallel to the Wassa Main trend. The mineralisation is hosted in highly altered multi-phased greenstone-hosted quartz-carbonate veins interlaced with sedimentary pelitic units. The SAK mineralisation is subdivided into a number of domains as well, SAK 1, 2 and 3.

Mineralisation within the Wassa Mine is structurally controlled and related to vein densities and sulphide contents. In detail, the mineralisation generally consists of broadly tabular zones containing dismembered and folded ribbon-like bodies of narrow quartz vein material, zones are typically 10 m to 50 m wide within a 900 m mineralised corridor as illustrated in Figure 6-6. Three vein generations have been distinguished on the basis of structural evidence, vein mineralogy, textures and

associated gold grades. Evidence further relates the majority of gold mineralisation to the earliest recognised vein generation which is believed to be syn-Eoeburnean. Gold grades broadly correlate with the presence of quartz-dolomite/ankerite-tourmaline bearing quartz veins and the presence of sulphide minerals (predominantly pyrite) within and around the quartz veins. Gold grades appear to be spatially restricted to the quartz veins, vein selvages and the immediate wall rocks. The alteration haloes developed around the veins and pervasively developed within the core of the Wassa Fold contain lower grade mineralisation. The combined and overprinted Eburnean deformational events (D3 to D5) render precise prediction of the vein geometries and localities difficult in areas remote from drillhole data. While the general peripheries of the mineralised zones can be defined reasonably well with the drillhole data, the internal geometry is difficult to resolve with confidence.

Figure 6-6: Vertical Section 20000N of the Wassa Main Deposit Showing the Tabular Nature of Ore Zones



6.3 Deposit Types

6.3.1 Wassa

The Wassa deposit is located on the eastern flank of the northeast trending Ashanti Belt, a Paleoproterozoic greenstone belt which was formed and deformed, along with the dividing Birimian and Tarkwaian sedimentary basins during the Eoeburnean and Eburnean orogeny. Most deposits found within the Ashanti belt can be classified as lode gold deposits or orogenic mesothermal gold deposits, with the exception of the Tarkwaian paleoplacer deposits which have a sedimentary origin. Orogenic gold deposits are the most common gold systems found within Archean and Paleoproterozoic terrains, in the West African shield, these deposits are typically underlain by

geology considered to be of Eburnean age and are generally hosted by volcano-sedimentary sequences.

B. Dubé and P. Gosselin of the Geological Survey of Canada described these deposits as greenstone-hosted quartz-carbonate vein deposits in the 2007 special publication No. 5 entitled Mineral Deposits of Canada. The authors described these deposits as typically occurring in deformed greenstone belts and distributed along major compressional crustal scale fault zones commonly marking the convergent margins between major lithological boundaries. The greenstone-hosted quartz-carbonate vein deposits correspond to structurally controlled complex deposits characterized by networks of gold-bearing, laminated quartz-carbonate fault-fill veins. These veins are hosted by moderately to steeply dipping, compressional brittle-ductile shear zones and faults with locally associated shallow-dipping extensional veins and hydrothermal breccias. In these deposits, gold is mainly confined to the quartz-carbonate veins but can also occur within iron-rich sulphidized wall rocks or within silicified and sulphide-rich replacement zones.

The Ashanti belt is considered prospective for orogenic mesothermal gold deposits and hosts numerous lode gold deposits and paleoplacer deposits. Several major gold deposits are found within the Ashanti belt which can be classified into six different deposit types:

- Sedimentary hosted shear zones;
- Fault fill quartz veins;
- Paleoplacer;
- Intrusive hosted;
- Late thrust fault quartz veins; and
- Folded veins system.

The sedimentary hosted shear zone deposits are localized principally along a steep to sub-vertical major crustal structures located along the western margin of the Ashanti belt referred to as the Ashanti trend. The Ashanti trend shows a range of mineralisation styles associated with graphitic shear zones, which represents the principal displacement zone of a regional-scale shear zone that defines the mineral belt. These styles include highly deformed graphitic shear zones containing disseminations of arsenopyrite as the principal gold bearing phase and disseminations of sulphides in mafic volcanic rocks generally found in the footwall of the main shear zones. The sedimentary hosted shear zone deposits which occur along the Ashanti trend include Bogoso, Obuasi, Prestea and Nzema.

The second type of deposit found within the Ashanti belt are laminated quartz vein deposits containing free gold. Fault filled quartz vein deposits also occur along the Ashanti trend but are only present at Obuasi and Prestea. The third type of deposit are paleo-placer deposits within the Tarkwaian sedimentary basin which are hosted within narrow conglomerate horizons intercalated with sandstone units characterized by iron oxides cross beddings. Paleoplacer deposits occur in the southern portion of the Tarkwa basin and examples include Tarkwa, Teberebie and Iduapriem. The fourth type of deposit found within the Ashanti belt are intrusive hosted deposits which occur along second order structures such as the Akropong trend in the Kumasi basin and the Manso trend in the Southern portion of the Ashanti belt. These deposits can be hosted both within felsic and mafic intrusives and are characterized by a penetrative fabric where gold is associated with pyrite and

arsenopyrite. Examples of such deposits include Edikan and Pampe along the Akropong trend and Benso and Hwini Butre along the Manso trend. The fifth type of deposit found within the Ashanti belt is late thrust fault associated quartz vein deposits. The Damang mine which is located just west of Wassa is the only known thrust fault related deposit in the Ashanti belt. The deposit is characterized by low angle; undeformed extensional and tensional veins associated with low angle thrust faults. This type of deposit contrasts with the last type of deposit found with the belt, the multi-phase folded Wassa vein deposit. The Wassa mineralisation consists of greenstone-hosted, low sulphide hydrothermal deposits where gold mineralisation occurs within folded quartz-carbonate veins. The Wassa deposit can therefore be classified as an Eoeburnean folded vein system and is the only such deposit recognised to date within the Ashanti belt.

Host rocks in the Wassa mine area have been affected by at least four phases of ductile deformation, producing a polyphase fold pattern at the mine scale. Discrete high-strain zones locally dissect this fold system. The structural history of the Wassa area is important in that the various deformational events have been responsible for the emplacement of the gold mineralisation as well as the geometry of the zones themselves. Mineralised zones at the Wassa Mine are related to vein swarms and associated sulphides that formed during the Eoeburnean deformational event. All rock types underlying the Wassa Mine appear to be altered to variable degrees with the most common alteration consisting of a carbonate-silica-sulphide assemblage.

The Wassa mineralisation is subdivided into a number of domains, namely: F Shoot, B Shoot, Zone 242, South-East, Starter, 419, Mid-East, and Dead Man's Hill. Each of these represents discontinuous segments of the main mineralized system. The SAK deposits are located approximately 2 km to the southwest of the Wassa Main deposit on the northern end of a well-defined mineralized trend parallel to the Wassa Main trend. The mineralisation is hosted in highly altered multi-phased greenstone-hosted quartz-carbonate veins interlaced with sedimentary pelitic units. The SAK mineralisation is subdivided into a number of domains as well, SAK 1, 2 and 3.

Mineralisation within the Wassa Mine is structurally controlled and related to vein densities and sulphide contents. The mineralisation generally consists of broadly tabular zones containing dismembered and folded ribbon-like bodies of narrow quartz vein material. Three vein generations have been distinguished on the basis of structural evidence, vein mineralogy, textures and associated gold grades.

Gold grades broadly correlate with the presence of quartz-dolomite/ankerite-tourmaline bearing quartz veins and the presence of sulphide minerals (predominantly pyrite) within and around the quartz veins. Gold grades appear to be spatially restricted to the quartz veins, vein selvages and the immediate wall rocks. The alteration haloes developed around the veins and pervasively developed within the core of the Wassa Fold contain lower grade mineralisation.

According to the grade assays in various exploration campaigns and historic processing production records, both silver (Ag) and arsenic (As) are in relatively low content. In the Wassa Project, gold is the only prime element, and there is no concern around harmful mineral or element such as arsenic.

6.3.2 Hwini Butre

The Hwini Butre deposits can be characterized as mafic intrusive hosted, orogenic shear zones. The deposits are hosted within diorite and granodiorite intrusive rocks of the Mpohor complex. The Father

Brown deposit is characterized by well-developed fault-filled quartz veins, whereas the Adoikrom deposit is a shear zone hosted deposit characterized by intense potassium and silica alteration assemblage.

Analysis of geophysical surveys and topographical features have identified several north to north-northeast trending regional features running through the area which are tentatively interpreted as boundary faults along the margins of the Ashanti Belt. The Mpohor complex exhibits the underlying north-south trends but also has extensive cross cutting features present particularly in the north-west orientation. These structural features are second order or subsidiary structures splaying from primary structures.

The Adoikrom, Father Brown and Dabokrom deposits occur in the south portion of the Mpohor complex and appear to be controlled by a series of shallow to moderately dipping faults and shear structures with dips varying from 20° to the south at Dabokrom and steepening to 65° to the northwest at Adoikrom.

6.3.3 Benso

The Benso deposits can also be characterized as mafic intrusive hosted, orogenic shear zones deposits, which are hosted by Birimian metavolcanics into which coarse plagioclase porphyry units have intruded and are generally conformable with the volcanoclastic units.

At Subriso East, the metavolcanics host complex quartz vein systems associated with intense shearing and abundant sulphide mineralisation. At Subriso West, the presence of intermediate porphyry intrusive appears to play a more significant role and quartz veining is less extensive and broad scale silicification is more common. The contacts between metavolcanics and porphyry have been identified as potential targets for higher grade gold mineralisation.

The mineralisation hosting structures generally dip steeply towards the west with foliation generally parallel to the bedding. The aeromagnetic interpretation reveals a north to north-northeast striking fault system along the course of the Ben River with several other fracture systems also evident with strikes varying between the northwest and northeast. The Subriso East deposit is interpreted to dip less steeply to the west at approximately 50°.

Oxidation associated with weathering is variable but generally limited. The weathering forms a layer of lateritic clay rich material grading into a soft saprolite. The vertical depth is generally 10 m or less but can reach depths of 30 m in places. There is a sharp boundary between oxide and fresh material with a narrow and poorly developed transition zone.

6.3.4 Chichiwelli

The Chichiwelli deposits can also be characterized as mafic intrusive hosted, orogenic shear zones, the deposits are hosted within diorite and granodiorite intrusive rocks. The mineralisation zones at Chichiwelli are similar to those observed at Benso, with the mineralised hosting structures generally dipping to the east.

The Chichiwelli deposit consists of two sub-parallel mineralised trends which hosts two distinct types of mineralisation. Mineralisation at the Chichiwelli West zone is shear zone hosted with a carbonate,

sericite and potassic alteration assemblage, while mineralisation along the Chichiwelli East trend is quartz vein associated with an ankerite and sericite alteration assemblage. Mineralisation is spatially associated with pyrite at both deposits.

7 Exploration, Sampling, and Assaying

SRK has not participated in the exploration conducted for Wassa gold project. The information regarding the exploration is derived from the data provided by the client and through discussions with geologists engaged in the fieldwork.

7.1 Exploration

Systematic exploration work has been conducted on the GSWL properties over a couple of centuries as the earliest record of gold business within the Hwini-Butre mining lease dates back to the late 15th century with the Portuguese colonial explorers. Evidence of colonial mining and local small-scale mining still remains with pits and adits mapped within all the mining leases and prospecting licenses. A layout of current GSWL mining leases and prospecting licenses is shown in Figure 7-1.

Airborne and ground geophysical surveys consisting of aeromagnetics, radiometrics and Induced Polarization (IP) were conducted on these properties. Strong gold targets have been prioritised from these satellite imagery and geophysical interpretations followed with geochemical anomalies, which had previously been identified following multiple stream and soil geochemical sampling programs. To date, these various geophysical techniques continue to aid re-ranking of prospective targets within the various landholdings.

Detailed geochemical surveys over the mining leases and prospecting licenses has been an effective tool in locating mineralisation. Records of various geochemical surveys has been progressively reviewed since 1988 to date, around the mined-out open pits and adits.

GSWL has continued with exploration aimed at re-interpretation of geophysical and geochemical targets. Moreso, testing of surficial and historical anomalies around the mined-out open pits and along strike of known mineralisation zones.

GSWL has refocused exploration to expand the existing resources beyond the current mined out areas by following up on the prioritised and re-ranked geochemical targets along strike of known mineralisation and up/down dip of the mined-out open pits.

Untested greenfield geochemical targets are being reviewed along with surficial and up-dip potential mineralisation of underground operations. Historical brownfields targets like Dead Man Hill have been identified and prepped to contribute oxide ore for processing.

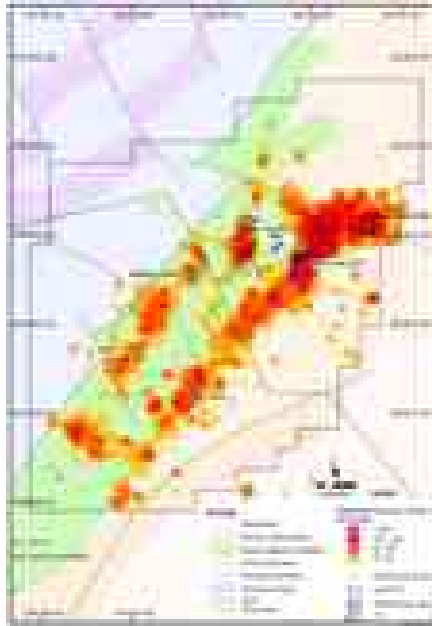
Figure 7-1: Layout of GSWL Mining Leases and Prospecting Licences Linked by Laterite Sheeted Haul Road



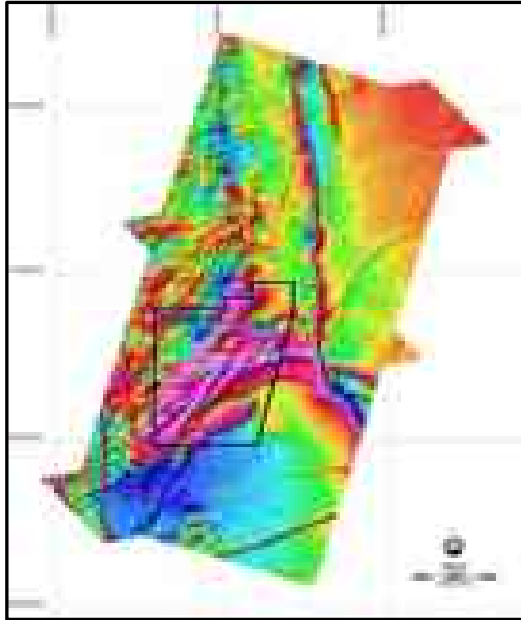
7.1.1 Wassa

Modern exploration programs on the Wassa concession began in the early 1990s with satellite imagery and geophysical surveys which identified geophysical lineaments and anomalies over small scale and colonial mining areas. Stream and soil geochemistry sampling programs were conducted over the geophysical anomalies and identified multiple linear gold in-soil anomalies as illustrated in Figure 7-2.

Figure 7-2: Wassa Au-in-Soil Anomalies with Prioritised Targets and Deposits



A high resolution, helicopter geophysical survey was conducted over the entire Wassa Mining Lease to generate different derivatives (namely, Electromagnetic, Resistivity, Magnetic, Radiometrics and Horizontal gradient of the Magnetic).

Figure 7-3: Layout of Wassa Airborne Magnetic Survey Coverage

Source: GSR, 2004.

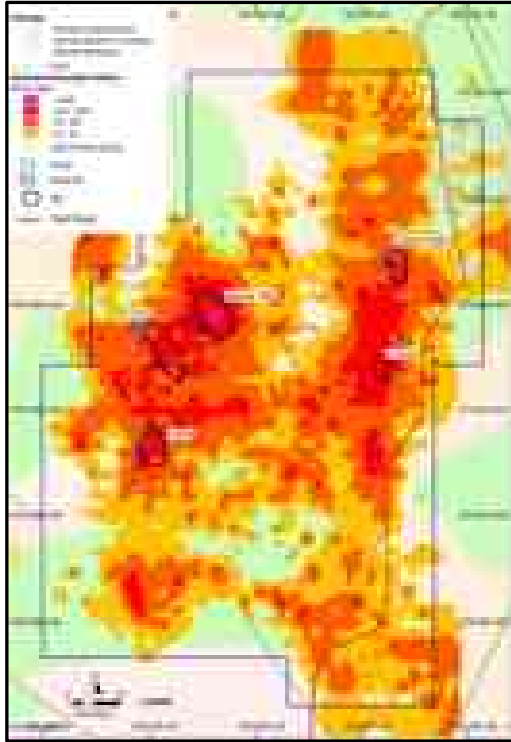
Grassroots exploration was conducted concurrently during the various phases of the resource expansion drillings within the open pit areas. Areas south of the main open pit like 419 and South Akyempim open pits (SAK) were discovered through conventional exploration as a result. These phased exploration to date include:

- 1994 to 1997 Exploration for the Feasibility study by Pincock, Allen and Holt
- 2002 to 2003 Due diligence for Mineral Resource/ Ore Reserve upgrade and feasibility study update
- 2011 to 2019 Wassa underground High-Grade definition + brownfields exploration
- 2021 to 2022 Chifeng Gold group, refocused and re-interpretation of geophysical and geochemical targeting alongside upgrading of known underground resources

After the acquisition of Golden Star (Wassa) by the Chifeng Gold Group, the geochemical data review within the Wassa Mining Lease has caused re-optimisation of oxide mineralisation around the mined out Dead Man Hill open pit. Untested gold-in-soil anomalies along the multiple linear trends in Figure 7-2 above is being evaluated to generate pipeline of oxide mineralisation for the processing plant.

7.1.2 Benso and Chichiwelli

Golden Star acquired the Benso and Chichiwelli concessions from St Jude Resources in 2005 and began with regional exploration programs. A number of geophysical and geochemical anomalies previously identified by St Jude were followed up per the labelled targets within Figure 7-4 below.

Figure 7-4: Au-In-Soil Anomalies with Pit Outlines within the Benso Mining Lease

Structural mapping and interpretation commenced in 2012 within the mining lease to aid in defining the controls of mineralisation and to determine the underground potential beneath the mined-out pits.

Induced Polarisation geophysical surveys were conducted over the Benso concessions in 2009 and the program generated targets that were coincident with lithological trends and gold in soil anomalies. Re-evaluation of surface geology and geochemical anomalies after the Chifeng Gold Group acquisition has produced the latest open pit mine within the Benso Mining Lease, namely the I-Zone pit which is a product of grassroots exploration and favourable gold price on the international market. Further re-interpretation is ongoing to further understand the surface mineralisation and underground potential beneath the mined-out pits, particularly Subriso West pit.

Benso (Chichiwelli) prospecting licence expired on December 30th 2020, awaiting for Minister of Lands and Natural Resources's approval for renewal. The satellite imagery and coincident au in soil anomaly within the Prospecting Licence (PL) has led to the delineation of Chichiwelli East and Chichiwelli West mineralised zones. Since 2012, no exploration work has been done on the concession.

7.1.3 Hwini Butre

Early European reports indicate the Dabokrom area, Hwini Butre mining lease, may have been a major source for gold sold to Portuguese explorers when they first arrived in Ghana in the late 1400's.

European interest grew in the 1800's with the presence of gold and proximity to Sekondi-Takoradi, which had developed as a port to service mines at Tarkwa, Prestea and Obuasi. Many exploration licences were granted during the gold boom of 1898-1902 and by the 1930's most of the area was under license to various local and European interests.

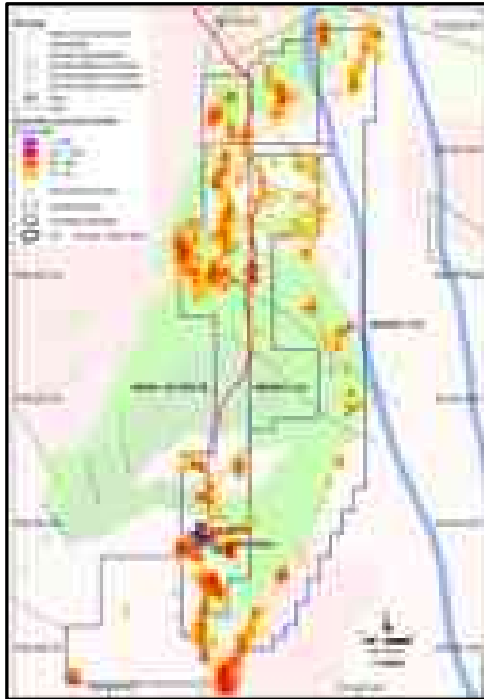
At Dabokrom within Hwini Butre Mining Lease (HBML) a shaft was sunk by Oceania Consolidated in the 1930's to follow the shallow dipping quartz veins. The property was worked for several years but stopped in 1939 at the start of World War 2.

Golden Star acquired St Jude and the Hwini Butre concession in late 2005 and commenced exploration work in early 2006. Exploration activities concentrated on the previously defined mineralisation at Adoikrom North, Adoikrom, Dabokrom and Father Brown.

Regional exploration programs over the concession were conducted by targeting a number of geochemical and geophysical anomalies previously identified by St Jude, these anomalies were mainly tested by the use of Rotary Air Blast ("RAB") drilling. A combination of 4 m deep auger and shallow auger at a grid spacing of 400 m by 50 m was also carried out to further test the existing gold-in-soil anomalies and gaps in the geochemistry sampling over the Hwini Butre concessions.

Hwini Butre exploration activities were focused on the northern parts of the concession where several colonial gold occurrences such as Breminsu, Apotunso (per Figure 7-5), Abada, Whinnie and Guadium are located. Previous soil sampling in these areas identified several anomalies and the follow up programs included deep auger and RAB drilling. The Mineral Resource definition drilling program continued in 2010 at Father Brown, Adoikrom and Dabokrom. The Mineral Resource/ Ore Reserve delineated was mined out by 2014 but exploration along strike continued to discover the continuity of mineralisation from geophysical targets and geochemical surveys on the Hwini Butre Mining Lease (HBML).

Figure 7-5: Gold in Soil Anomaly within Hwini Butre Mining Lease with Adoikrom and Father Brown Open Pits



Chifeng Gold Group has refocused brownfields prospects, grass roots exploration targets and untested greenfields targets. Re-interpretation of structural controls, geophysical targets and geochemical anomalies is being done to test five additional targets along the Hwini Butre Benso (HBB) corridor.

The regional exploration within the eastern blocks of Manso 1 PL, Manso 2 PL and Chichiwelli PL is focusing on geochemical anomalies and geophysical targets review to follow up on the fold closure, east of the mining leases.

7.2 Drilling

Drilling is carried out by a combination of Diamond Drill ("DD"), Reverse Circulation ("RC") and RAB techniques. In general, the RAB method is used at early stages for follow up to soil geochemical sampling and testing contacts and mineralisation extensions around the production areas and has a maximum drilling depth of around 30 m. Exploration continues across multiple leases with mapping and soil sampling. Prospective targets may be drill tested with either air core or RC drilling.

The Wassa, Benso and Hwini Butre Mining Leases are advanced properties, so details of all drill results are not required in this report. This section provides an overview of drilling and representative plans and cross-sections as shown in Figure 7-6 to Figure 7-8.

Concurrent grass root exploration and Mineral Resource definition drilling has been conducted between 2006 and 2012.

As of 31 March 2024, the summary of the exploration data used in the Mineral Resources Estimates is listed in Table 7-1.

Table 7-1: Summary of Exploration Data used in the Mineral Resources Estimates

Location	Type	Holes	Drill Meters(m)
B Shoot	DD	3,755	731,162.9
	RC	485	50,314.9
242	DD	190	42,023.4
	RC	79	8,773.0
	GCRC	4,332	92,859.0
DMH	DD	32	4,453.8
	RC	205	15,618.4
	GCRC	1,900	52,967.0
I Zone	DD	21	2,245.4
	RC	42	4,114.7
	GCRC	191	9,214.0
FB/ADK	DD	435	66,229.0
	RC	214	16,323.0
	GCRC	3,087	72,037.0
Chichiwelli	DD	23	3,692.0
	RC	483	29,802.0
Total	DD	4,456	849,806.5
	RC	1,508	124,946.0
	GCRC	9,510	227,077.0

Figure 7-6: Wassa Main Deposit Vertical Section 19975mN Showing Folded Lithological Sequence

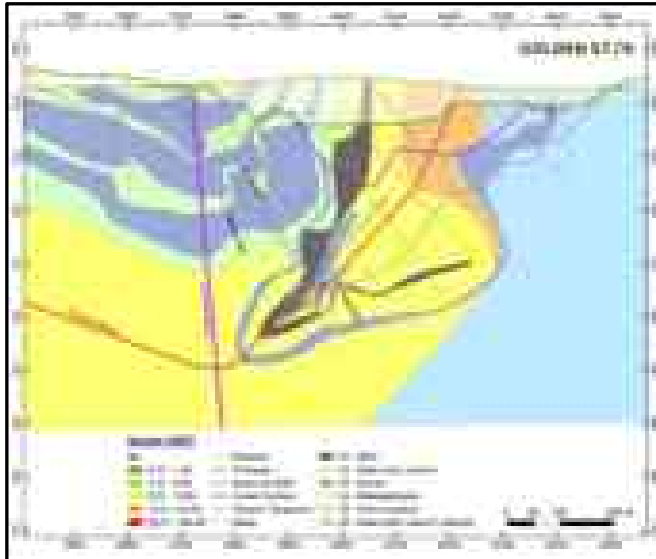


Figure 7-7: Wassa Main Vertical Section 19925mN Showing Interpretation with Tight Spaced Drilling



[illegible]

RC pre-collar with DD core tail drilling is used as the main method for obtaining samples for Mineral Resource estimation and is carried out along drill lines spaced between 25 and 50 m along prospective structures and anomalies defined from soil geochemistry and RAB drilling. RC drilling is typically extended to depths in the order of 100-125 m. The DD method is used to provide more detailed geological data and where more structural and geotechnical information is required. Generally, the deeper intersections are also drilled using DD and, as a result, most section lines contain a combination of RC and DD drilling.

Drilling depths within the mining leases do not generally exceed 250 m but with the discovery of higher grades below the mined-out open pits after 2011, hole depths have increased. In the 1st half of 2014, two gyro survey instruments were utilized to resurvey several of the deeper holes. In total, 153 holes, drilled during 2012 to 2014, were resurveyed. The gyro survey readings were conducted every 10 m both in and out of the hole and the values were then averaged. The 153 gyro surveyed holes were updated in the database and subsequently used for the Mineral Resource estimates. The gyro surveys showed that there was some deviation in the holes below 250 m drilled depth. Deviations varied from location to location depending on drill orientation with a general tendency for the hole to steepen and swing to the north.

Drilling of some of the deeper targets required the use of directional drilling methods. The deeper holes, often exceeding 1,000 m, are drilled from surface using HQ (63.5mm) sized core and this initial hole (referred to as the "mother" hole) is drilled to the depth where the first directional hole would be started. The directional hole (or "daughter" hole) is drilled using a smaller core size, NQ (47.6 mm) and is deviated from the mother hole initially using a casing wedge which is oriented in the direction of the mineralised target. Once the initial deflection has been achieved with the wedge, the hole deviation is controlled using a down hole directional motor which can change the dip and azimuth of the hole by approximately plus or minus 1.5 degrees over a 10-metre run. The direction of the hole can also be controlled by using various combinations of down hole stabilisers and drill bits. The step-wise deeper drilling fences typically involve mother holes with three to four daughter holes from each of these. The deeper holes are surveyed, down hole with either a Reflex multi-shot or gyro survey instrument. The surveys are taken while the hole is being drilled as well as every 10 to 15 m from the bottom of the hole once it has been completed.

The majority of the drilling has been conducted by Golden Star (Wassa), although there are some drillholes completed by previous concession owners that have been used to inform the Wassa long-range model (by SGL) and Hwini Butre and Benso models (by SJR). The drill data from prior ownership has been validated and checked in the NI 43-101 Technical Report (GSR, 2021) to the satisfaction of the QP for inclusion in interpretation and grade estimates.

All drillhole collars were surveyed using a Nikon Total Station (DTM-332) or Sokkia Total Station by a Golden Star (Wassa) surveyor. Individual RC and DD holes are identified and marked in the field with poly-vinyl chloride (PVC) pipes. RAB drill holes were surveyed in the field and identified and marked with wooden pegs.

7.2.2 Underground Drilling (Wassa Main)

Underground DD is performed using electric-hydraulic diamond drills utilizing the underground mine's 1,000 V power supply. Core drilled underground is HQ, NQ or NQ2 (50.6 mm) in core size. The final drilling density for classification as Measured Mineral Resource is designed to be 15 m along strike and 13 m down dip, or tighter. With the orebody generally striking north-south (on the mine grid), typical drilling azimuths range +/-30 degrees each side of 090° or 270° azimuth, depending on whether the drills are set up on the hanging wall or footwall side of the orebody. Dips generally range between +30° to -60°.

Downhole surveying is conducted using a Reflex multi-shot downhole surveying tool. When collaring, a single survey is taken at 10-12m depth. At the first survey, the drill hole orientation must fall within $\pm 2^\circ$ azimuth and $\pm 1.5^\circ$ dip tolerance, when compared to design. For any hole where the first survey falls outside of tolerance, the geologist has the discretion to either terminate the drill hole and re-collar at the drilling company's expense, or to continue the hole. At the completion of the drill hole, multi-shot surveys are collected at 15 m intervals on the way out.

Drill hole collar locations are captured by the underground mine surveying team. The surveyors use either a Leica TS15 total station, or a Leica TS16 total station to record the collar position in X, Y, Z location. The total station is accurate to less than two seconds in azimuth. In cases where the mine surveyors cannot identify the drill hole collar site, the designed collar coordinates are recorded in the databases.

7.2.3 RAB/AC Drilling

RAB and AC drilling is used for exploration but is not used to inform any of the current Mineral Resource estimates.

7.3 Sample Preparation, Analyses, and Security

The measures implemented by GSR related to sample preparation, analysis and security are considered by the Competent Person to be consistent with standard industry practice and of sufficient quality to include in the estimation of Mineral Resources. Golden Star (Wassa) has a standard approach to drilling and sampling on all mining leases and prospecting licenses in Ghana. Sampling is typically carried out along the entire mineralised drilled length. Sample recovery is good across all deposits drilled to date. Ground conditions are generally good and air drilling techniques (AC/ RAB and RC) are avoided below the groundwater table where DD is applied.

7.3.1 Sampling

For RC drilling, samples are collected every 1 m. Where DD holes have been pre-collared using RC, the individual 1 m RC samples are combined to produce 3 m composites which are then sent for analysis. Should any 3 m composite sample return a significant gold grade assay, the individual 1 m samples are then sent separately along with those from the immediately adjacent samples.

Resource definition drill core samples are collected, logged, and then cut in half along the foliation axis using diamond core saws. Sample length range from 0.3m minimum length to 1.5m maximum length, with the standard sample length being 1.0m. The core is cut according to mineralisation, alteration, or lithology. The sampling concept is to ensure that a representative sample of the core is assayed. The remaining half core is retained in the core tray, for reference and additional sampling, if required. Grade control core is whole core sampled.

RC sampling protocols were established in 2003. The composite length of 3 m has been established to allow a minimum of at least two composites per drillhole intersection based on experience from exploration drilling and mining. The hanging wall and footwall intersections can generally be easily recognised in core from changes in pyrite content and style of quartz mineralisation.

The 3 m composite sampling methodology is:

- A sample of each drilled meter is collected by fitting a plastic bag on the lower rim of the cyclone to prevent leakage of material;
- The bag is removed once the "blow-back" for the meter has been completed and prior to the commencement of drilling the subsequent meter;
- Both the large plastic sample bags and the smaller bags are clearly and accurately labelled with indelible ink marker prior to the commencement of drilling. This is to limit error and confusion of drilling depth while drilling is proceeding;
- 3 m composite samples are taken by shaking each of the 1 m samples (approximately 20 kg) and taking equal portions of the 3 consecutive samples into a single plastic bag to form one composite sample (approximately 3 kg);

- Composite samples are taken using tube sampling, which uses a 50 mm diameter PVC tube which has been cut at a low oblique angle at one end to produce a spear of approximately 600 mm length;
- The technique assumes that a sample from the cyclone is stratified in reverse order to the drilled interval. A representative section through the entire length of the collected sample is considered to be representative of the entire drilled interval;
- The PVC tube is shuffled from the top to bottom of the sample, collecting material on the way. The "shuffling" approach ensures sample accumulated in the tube does not just push the remaining sample away; and
- Material in the tube is emptied into the appropriately labelled sample bag and in the case of 3 m composite samples, stored separately from the 1 m samples.

The 1 m sample collection methodology is:

- 1 m re-sampling of selected mineralised composite zones using the 20 kg field samples is undertaken with a single stage riffle splitter;
- Splitter is clean, dry, free of rust, and damage is used to reduce the 20 kg sample weight to a 3 kg fraction for analysis;
- Care is taken to ensure that the sample is not split when it is transferred to the splitter, and is evenly spread across the riffles;
- When considered necessary, the sample is assisted through the splitter by tapping the sides with a rubber mallet;
- Excessively damp or wet samples are not put through the splitter, but tube-sampled or grab-sampled in an appropriate manner. Alternatively, the sample is dried before splitting. A common-sense approach to wet sampling is adopted on a case-by-case basis;
- Clods of samples are not forced through the splitter, but apportioned manually in a representative manner; and
- Splitter is thoroughly cleaned between each sample using a brush. Where possible, the splitter is cleaned using an air gun attached to the drill rig compressor.

RAB and AC samples are collected and bagged at 1 m intervals. As the samples are generally smaller in size than the RC samples, 3 m composites are prepared by shaking the samples thoroughly to homogenize the sample, before using the PVC tube to collect a portion of the three individual 1 m samples. After positive results from the 3 m composites, the individual 1 m samples are split to approximately 2 to 3 kg using the Jones riffle splitter and then submitted to the laboratory for analysis.

7.3.2 Sample Preparation

Sample preparation on site is restricted to core logging and core cutting or RC and RAB sample splitting. The facilities consist of enclosed core and coarse reject storage facilities, covered logging sheds and areas for the splitting of RC and RAB samples. Sub-sampling of RC and RAB samples is carried out using a Jones Riffle splitter.

7.3.3 Sample Dispatch and Security

Samples are collated at the mine site after core cutting or sample splitting, and then transported to the primary laboratory (Intertek Minerals Ltd, Tarkwa: ISO/IEC 17025) for the completion of the sample preparation and chemical analysis. Samples are trucked by road to the laboratories in Tarkwa.

Sample security involves two aspects, namely, maintaining the chain of custody of samples to prevent inadvertent contamination or mixing of samples, and rendering active tampering of samples as difficult as possible.

The transport of samples from site to the laboratory is by road using a truck dispatched from the laboratory. As the samples are loaded, they are checked, and the sample numbers are validated. The sample dispatch forms are signed off by the driver and a company representative. The sample dispatch dates are recorded in the sample database as well as the date when results are received.

No specific security safeguards have been put in place by GSR to maintain the chain of custody during the transfer of core between drilling sites and sample preparation and assaying facilities. Core and rejects from the sample preparation are archived in secure facilities at the core yard and remain available for future testing.

7.3.4 Laboratory Procedures

Sample assays have been performed at the Wassa Site Laboratory (WSL), SGS Tarkwa or Intertek Minerals Ltd (formerly named Transworld Ltd. ("TWL")). The two commercial laboratories are located at Tarkwa. Golden Star (Wassa) submits quality control samples to every batch of primary samples sent to laboratory for testing purposes.

Both SGS and Intertek laboratories are independent of Golden Star (Wassa) and are accredited for international certification for testing and analysis.

- SGS, Minerals Division – Tarkwa: ISO 17025 and ISO 9001; and
- Intertek Minerals Ltd, Tarkwa: ISO/IEC 17025.

The sample preparation and analytical processes at the WSL, Intertek, and SGS differ slightly. WSL prior to July 2007 operated as a metallurgical sample processing laboratory at the Wassa mine site. Subsequently, WSL has been used as the primary laboratory for grade control open pit drilling samples and mine grab samples. The WSL is prone to contamination as the jaw crusher and secondary crushing areas are dusty. Moreso, the manual capture of assay values from the desktop computers at WSL gives room for transcription errors. For these reasons, the WSL does not assay samples related to exploration or resource definition drilling.

Wassa Site Laboratory

The sample preparation and analysis process at the WSL is as follows:

- Sample reception, sorting, labelling and loading;
- Dry entire sample (3 kg) at 110°C for between 4 and 8 hours;

- Jaw crush entire sample to 3 mm, and secondary Keegor crusher to 1 mm;
- Split 3 kg sample and pulverize for 3 to 8 minutes to 95% passing 75 µm;
- Sample homogenization using a mat rolling technique, and sub-sample 1 kg into bulk leach extractable gold (BLEG) roll bottle;
- Bottle roll for 12 hours with LeachWell™ accelerant. Allow to settle for 30 to 60 minutes;
- Filter 20 ml aliquot from bottle;
- Di-isobutyl Ketone extraction and atomic absorption spectroscopy (AAS) determination of gold content; and
- 1 in 10 residue samples are retained for gold determination using fire assay.

Transworld

TWL (now Intertek) was the primary laboratory for core samples until July 2007, when it was discontinued due to the following issues:

- Contamination due to poor dust control in pulverizing area of the laboratory. Use of dust attracting cloth gloves for sample handling. BLEG aliquot preparation area containing dirt and liquids, which may result in sample cross-contamination.
- Large fluctuation in employee numbers (60 to 180), which resulted in a risk of training and quality control issues when increasing employment numbers over a short period of time.
- The use of a manual data tracking and capture system, which increased risk of data entry errors. Golden Star (Wassa) considered this to be a sub-optimal process for a commercial laboratory.

The sample preparation and analysis process used by TWL is illustrated in Figure 7-9 below.

```

graph TD
    A[Find the feasible region] --> B[Find the objective functions]
    B --> C[Generate random points in the feasible region]
    C --> D[Evaluate the objective functions]
    D --> E{If the point is a new Pareto point}
    E -- Yes --> F[Add it to the Pareto front]
    E -- No --> G[Delete it from the population]
    F --> C
    G --> C
    D --> H{The number of iterations reaches the maximum}
    H -- Yes --> I[Return the Pareto front]
    H -- No --> C
  
```

The SGS laboratory (Tarkwa) was used for drill core samples from July 2007 to August 2017, with the sample preparation and analysis process as follows:

- IIC-87 -

7.3.5 Quality Control and Quality Assurance

Quality control measures are set in place to ensure the reliability and trustworthiness of assay data, and to ensure that it is of sufficient quality for inclusion in the subsequent Mineral Resource estimates. Quality control measures include written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management and database integrity. Appropriate documentation of quality control measures and analysis of quality control data are an integral component of a comprehensive quality assurance program and an important safeguard of project data.

The field procedures implemented by Golden Star (Wassa) are comprehensive and cover all aspects of the data collection process such as surveying, drilling, core and RC cuttings handling, description, sampling and database creation and management. At Wassa, each task is conducted by appropriately qualified personnel under the direct supervision of a qualified geologist. The measures implemented by Golden Star (Wassa) are considered to be consistent with industry best practice.

The quality controls employed by Golden Star (Wassa) include:

- Field duplicates used to check sampling precision and deposit variability. Two separate samples are collected at the drill site and bagged separately from which two individual samples are produced. The results of these checks can be useful in highlighting natural variability of the grade distribution.
- Pulp duplicates used as a check of sampling precision and coarse gold in pulps. Two separate pulp samples are prepared from a single coarse reject after sample splitting and on-site preparation. The results are useful in indicating problems with sample preparation and splitting.
- Repeats as a check of analytical precision and coarse gold. Two separate aliquots are prepared from separate samples taken from the original coarse reject and the two samples' results are compared.

Blanks for highlighting contamination problems and cross labelling when samples are mislabelled in the laboratory.

- Standards as a check of analytical precision and accuracy.

Golden Star (Wassa) relies on both the laboratory operators Quality assurance, quality control (QA/QC) processes for assaying, as well as Golden Star (Wassa)' own independent QA/QC program. The Golden Star (Wassa) program includes inserting blanks, Certified Reference Materials (CRMs), and pulp or coarse reject duplicates into sample batches, before sample submission to the lab. Golden Star (Wassa) also provides sample dispatch lists to the laboratories, to ensure that all samples dispatched from site are received at the lab.

Golden Star (Wassa) has supplied QA/QC reports to various consultants over the numerous drilling campaigns since 2004, and a summary of the historical and current QA/QC results is included here.

7.3.6 Comparison of Assay Methodologies

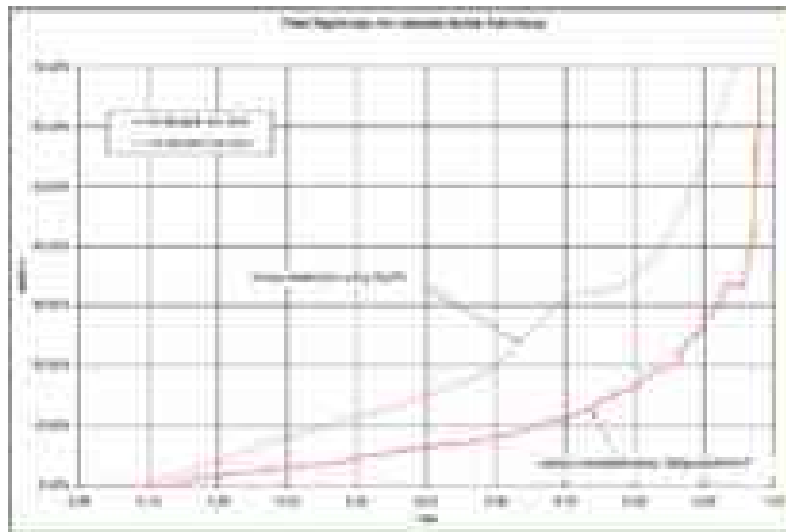
In 2003, during open-pit operations, it was recognised that there was a variance between primary and duplicate assay grades of the same sample, as well as a variance between the planned mine grade to the mill reconciled grade. The conventional 50g fire assay being used at the time displayed

poor reproducibility between field duplicates. This effect was also evident between pulp duplicates, although not as marked. The conclusion was that a component of coarse gold was present in the samples and contributed to poor reproducibility between samples. It was recommended to switch to an analytical process that made use of significantly larger sample masses, such as LeachWell™ assays.

To address this, Golden Star (Wassa) changed the assay procedure from the 50-gram fire assay method to a 1kg BLEG assay, with a LeachWell™ accelerant. Gold grade was determined using an AAS finish. Initially, samples were split by a rotary splitter and leached for six hours. Following the analysis of the leach tailings, the leach time was extended to 12 hours.

Due to time constraints, the use of the rotary splitter was discontinued, and a Jones Riffle splitter was used to split sub-samples from the larger RC drill hole samples. The difference between the reproducibility of fire assay versus larger BLEG assays is illustrated in Figure 7-11. It shows a significant improvement with respect to sample reproducibility between the fire assay and the BLEG methodologies. Using BLEG, 80% of pairs report Half Absolute Relative Difference (HARD) precisions of less than 17%, compared to the 35% precision attributable to the fire assay method. SRK recommended that Golden Star (Wassa) continue to monitor the reproducibility of the sample grades from the paired data analysis.

Figure 7-11: ARD Plot Comparing Fire Assay and BLEG for Field Duplicates



8 Data Verification

SRK has not carried out any independent collection and verification of individual samples or assay results. SRK has, however, obtained and reviewed the QA/QC results produced by Golden Star (Wassa), its consultants and the laboratories themselves.

SRK reviewed the core and samples available on site (core shed) and cross-checked them against the geological logs and assay records.

The quality of the results is generally considered good. Golden Star (Wassa) frequently sends samples with known values but "blind" test samples to the laboratory and monthly batch results are analysed, and any anomalous results are queried immediately. A small number of anomalous and/ or poor results have been noted over the years, but these have been identified and the reasons fall into two main categories, namely:

- Mislabelling of individual samples, standards and blanks.
- Individual batch issues corresponding to changes in the laboratory setup or calibration, in these cases re-assay has been carried out.

The results of the current QA/QC program indicate that performance is consistent with industry standards. The QA/QC program includes check samples which show reasonable duplicate performance. The duplicates are selected from coarse rejects from the initial preparation.

8.1 Verifications by Golden Star (Wassa)

The field procedures implemented by Golden Star (Wassa) involve several steps designed to verify the collection of exploration data and minimise the potential for inadvertent data entry errors. The data entry and database management involve two steps punctuated by validation steps by the logging geologist. All data is thoroughly checked prior to the incorporation into the project database.

Analytical data is also routinely checked for consistency by Golden Star (Wassa) personnel. Upon receipt of digital assay certificates, assay results together with the control samples are extracted from the certificates and imported into the Acquire database. Failures and potential failures are examined and depending on the nature of the failure, re-assaying is requested from the primary laboratory. Analysis of quality control data is documented along with relevant comments or actions undertaken to either investigate or mitigate problematic control samples.

8.2 Verifications by SRK (Between 2019 and 2022)

8.2.1 Duplicates

SRK has reviewed the supplied QA/QC reports, and a summary of the historical and current QA/QC results is included here.

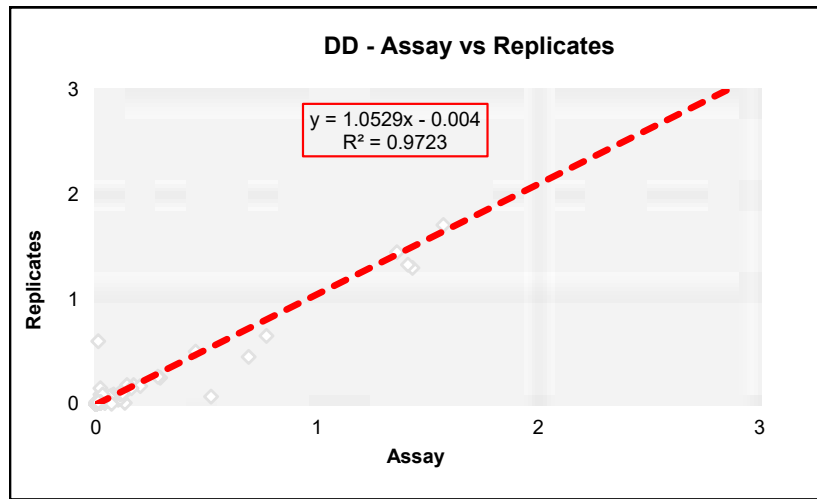
Historical data on field duplicates, from between 2003 and 2007 were poorly correlated. Supplied documentation from the time indicates that the field sampling techniques were identified as the likely cause. Improvements since 2008 are thought to be due to increased sample splitting training and

awareness amongst Golden Star (Wassa) sampling crew members, rather than improvements at the laboratory.

From 2011, Golden Star (Wassa) discontinued the use of pulp samples for determining repeatability. Instead, coarse reject material (leftover material from the laboratory primary crush stage) was used as duplicate sample material.

During the sample prep stage, after the drill core passed through primary crushing, the excess coarse reject material was collected and returned to Wassa. This material was then re-numbered and re-submitted to the laboratory for repeat analysis. Coarse reject replicates were used to monitor the sample preparation processes of the laboratory.

Figure 8-1: Correlation Plot of Coarse Reject Replicates and Original Assays



Laboratory coarse reject replicates pair analysis for all samples generated between 2019 and 2022 shows improved assay grade reproducibility. About 3% of the replicates below 1g/t do not correlate with the original assays but these are within acceptable limit for a gold deposit like Golden Star (Wassa).

8.2.2 CRMs and Blanks

CRM was introduced by GSR into the sample stream to monitor the accuracy, precision and reproducibility of the assay results. CRMs were sourced from Geostats Pty Ltd ("Geostats"), and from Gannet Holding Pty Ltd ("Gannet"). Although the CRM could be easily identified by the laboratory, the actual grade of the standard would be difficult to determine due to the large number of different CRM types used. The summary results of CRM types in use between 2019 and 2022 as supplied by both Geostats and Gannet are shown in Table 8-1 and Table 8-2; overall the results are satisfactory indicating that there are no concerns with the analytical method employed by the laboratories.

Table 8-1: CRM from Geostats Used within HBB between 2019 and 2022

Standard	Number analyzed	Certified Value	Analytical average	Lower limit	Upper limit	Failures	Bias	% Failures
G307-1	45	3.350	3.375	2.84	3.86	0	negative	0%
G307-4	51	1.360	1.324	1.15	1.57	0	negative	0%
G912-3	192	2.100	2.037	1.74	2.46	0	negative	0%
G913-2	33	2.420	2.334	1.97	2.87	0	negative	0%
G913-3	1	2.420	2.330	1.97	2.87	0	negative	0%
G913-4	1	2.420	2.400	1.97	2.87	0	negative	0%
G914-2	21	2.450	2.373	2.15	2.75	0	negative	0%
G915-2	50	4.940	4.968	4.34	5.54	0	positive	0%
G916-2	12	1.960	1.905	1.75	2.17	0	negative	0%
G916-3	9	1.000	0.979	0.85	1.15	0	no	0%
G918-6	56	3.400	3.333	3.04	3.76	0	negative	0%

Table 8-2: CRM from Geostats Used within Wassa Main between 2019 and 2022

Standard	Number analyzed	Certified Value	Analytical average	Lower limit	Upper limit	Failures	Bias	% Failures
G307-4	206	1.360	1.337	1.15	1.57	0	no	0
G312-5	172	1.560	1.610	1.23	1.89	0	no	0
G314-5	22	5.300	5.030	4.34	6.26	0	negative	0
G314-7	58	2.430	2.381	2.01	2.85	0	negative	0
G318-4	26	5.790	5.501	4.98	6.6	0	negative	0
G912-3	180	2.100	1.998	1.74	2.46	0	negative	0
G913-2	363	2.420	2.328	1.97	2.87	0	negative	0
G914-2	181	2.450	2.378	2.15	2.75	0	negative	0
G916-2	111	1.960	1.945	1.75	2.17	0	no	0
G916-3	283	1.000	0.978	0.85	1.15	0	negative	0
G918-6	179	3.400	3.352	3.04	3.76	0	negative	0
G918-7	6	5.870	5.798	5.12	6.62	0	negative	0

Blank samples are routinely inserted into the sample stream to check for possible sample contamination during the preparation and assaying process. Typically, blanks are inserted prior to the delivery of samples for preparation and analyses. Between 2019 and 2022, the blank assay data include 752 assays for HBB and 3,047 assays for Wassa main; all assays for these blanks are summarised in Table 8-3 and Table 8-4; overall, there is no indication of material cross contamination during the sample preparation stage.

Table 8-3: Blank from Hwini Butre Benso Assays

Standard	Number analyzed	Certified Value	Analytical average	Lower limit	Upper limit	Failures	Bias	% Failures
Blank	752	0.010	0.010	0.001	0.08	0	no	0

Table 8-4: Blank from Wassa Main Assays

Standard	Number Analyzed	Certified Value	Analytical Average	Lower Limit	Upper Limit	Failures	Bias	% Failures
Blank	3,047	0.010	0.010	0.0001	0.44	1	no	<0.5

8.2.3 Comments

SRK has conducted similar validation exercises on the historical assay QA/QC since 2014 and found no material flaws that impacts on the reliability of the assay dataset for Mineral Resource estimation.

8.3 Verifications by SRK (Between 2023 and March 2024)

GSR regularly inserted certified standards, blanks and coarse field duplicates for the period between 2023 and March 2024. The QA/QC summary is listed in Table 8-5.

Table 8-5: QA/QC Summary Between 2023 and March 2024

Zone	Category	QC samples	Total N of samples	%Coverage
B Shoot	CRMs	4,070	90,474	4.50%
	Blanks	4,362		4.82%
	Field Duplicates	4,148		4.58%
	Lab Check Duplicates	688		0.76%
242	CRMs	359	5,862	6.12%
	Blanks	337		5.75%
	Field Duplicates	1,193		20.35%
DMH	CRMs	469	9,924	8.00%
	Blanks	425		7.25%
	Field Duplicates	442		4.45%

8.3.1 B Shoot

For B Shoot, SRK was provided with 4,070 CRMs sample, 4,362 blanks samples, 4,147 coarse field duplicates and 688 lab check duplicates.

CRMs

The pass rate within 2 standard deviations ranges from 80.82% to 100% and the average is 96%. Most of the CRMs pass rate are greater than 95%. Only three CRMs pass rate are less than 90%, G319-5 is 84%, G916-1 is 80.82% and G918-2 is 87.27%, detailed in Table 8-6 and Figure 8-2

Table 8-6: B Shoot CRMs Summary Between 2023 and March 2024

CRM	Element	Expected	CRM SD	Samples	Samples Mean	2SD	
						Samples outside	Pass Rate
G918-6	Au	3.40	0.12	817	3.33	5	99.39%
G916-2	Au	1.96	0.07	580	1.94	19	96.72%
G913-2	Au	2.42	0.15	28	2.39	0	100.00%
G319-5	Au	3.94	0.13	25	3.76	4	84.00%
G912-3	Au	2.10	0.12	823	2.03	6	99.27%

CRM	Element	Expected	CRM SD	Samples	Samples Mean	2SD	
						Samples outside	Pass Rate
G312-5	Au	1.56	0.11	524	1.57	19	96.37%
G908-2	Au	0.21	0.02	103	0.21	0	100.00%
G912-4	Au	1.95	0.14	50	1.82	1	98.00%
G915-3	Au	9.22	0.55	78	8.66	0	100.00%
G916-3	Au	1.00	0.05	171	1.00	0	100.00%
G916-1	Au	1.70	0.06	73	1.62	14	80.82%
G918-2	Au	1.43	0.05	110	1.38	14	87.27%
G918-7	Au	5.87	0.25	423	5.74	6	98.58%
G314-7	Au	2.43	0.14	59	2.28	4	93.22%
G314-5	Au	5.30	0.32	206	5.07	0	100.00%

Figure 8-2: B Shoot CRM Samples Between 2023 and March 2024

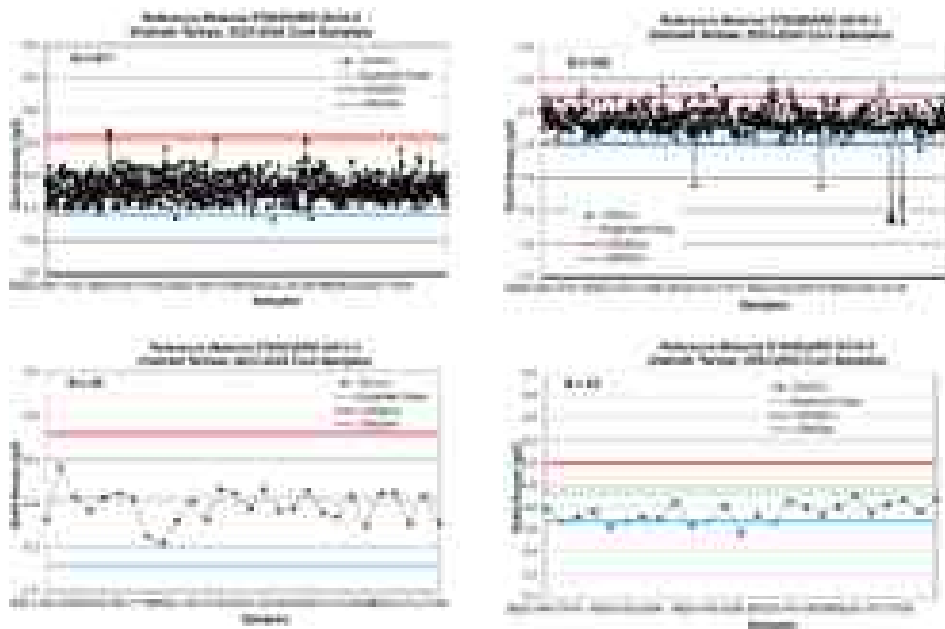


Figure 8-2: B Shoot CRM Samples Between 2023 and March 2024

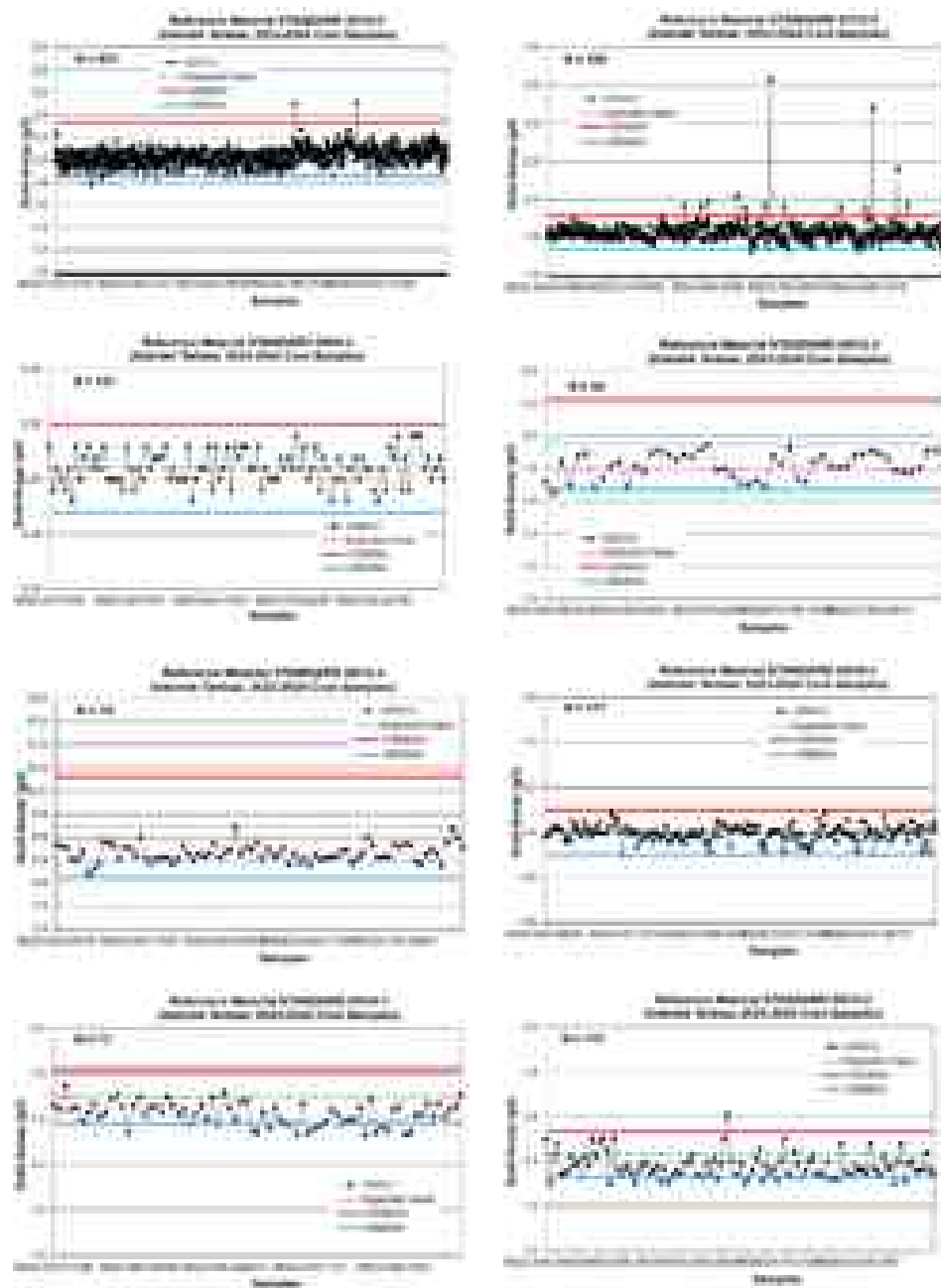
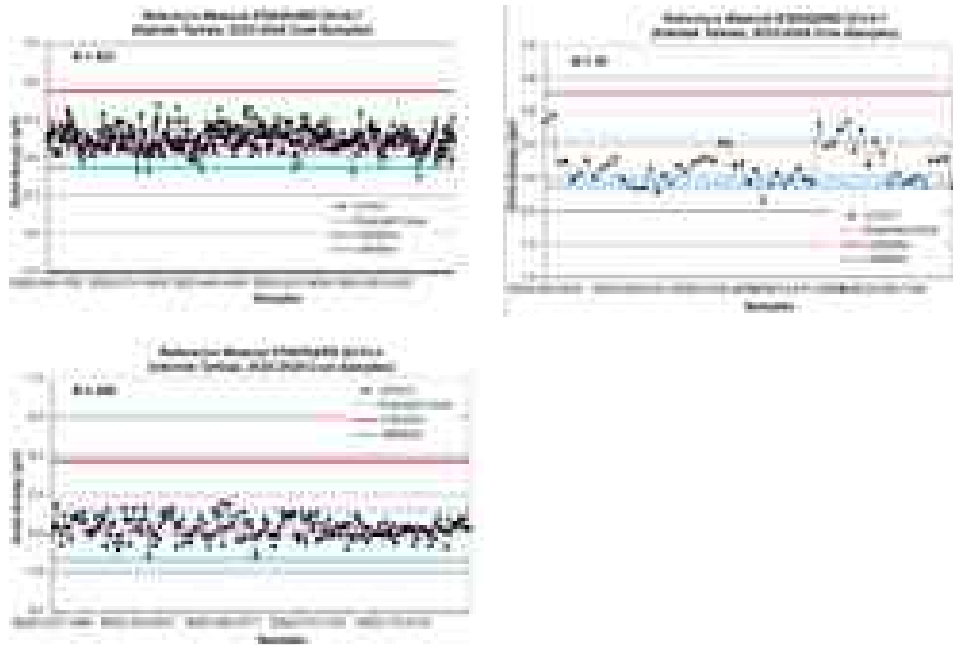
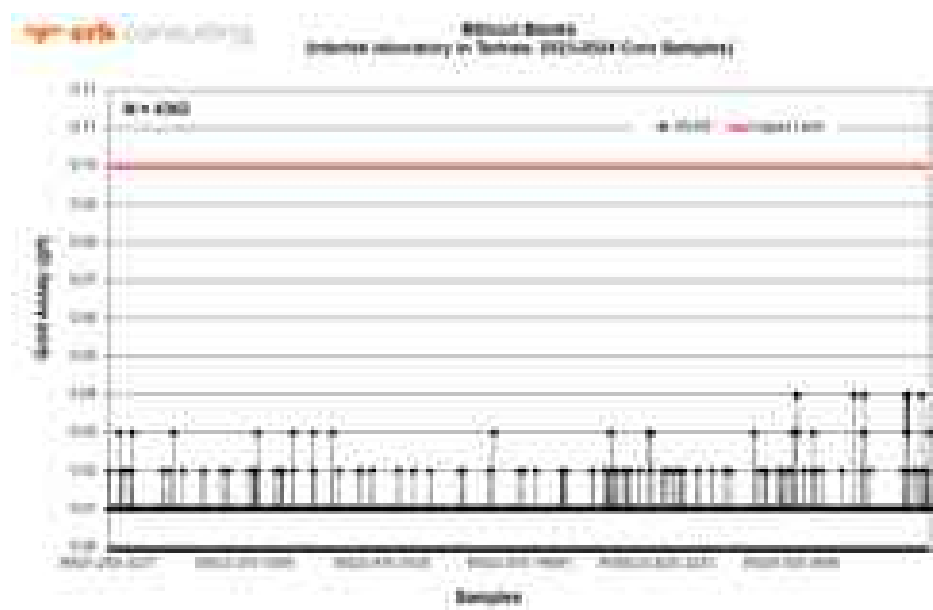


Figure 8-2: B Shoot CRM Samples Between 2023 and March 2024

**Blanks**

As shown in Figure 8-3, all samples result of gold are falling with 10X detection limit.

Figure 8-3: B Shoot Blank Samples Between 2023 and March 2024



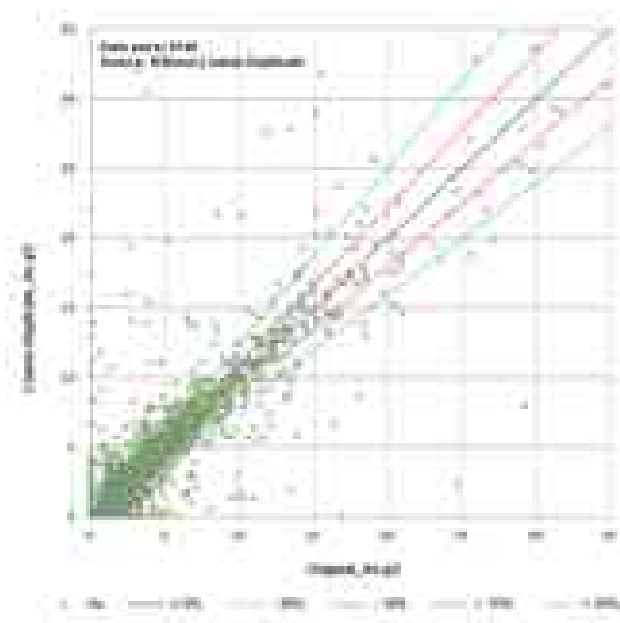
Field Duplicates

Detailed in Table 8-7 and Figure 8-4, about 62% duplicate pairs are within 20% limits, however this is not uncommon with precious metals due to the nugget effect for coarse duplicates.

Table 8-7: B Shoot Field Duplicates Summary Between 2023 and March 2024

Element	Data Pairs Count	Relative Difference			
		<10%	10% - 20%	> 20%	
Au	4,148	1,589	38%	984	24%
				1,575	38%

Figure 8-4: B Shoot Field Duplicates Between 2023 and March 2024



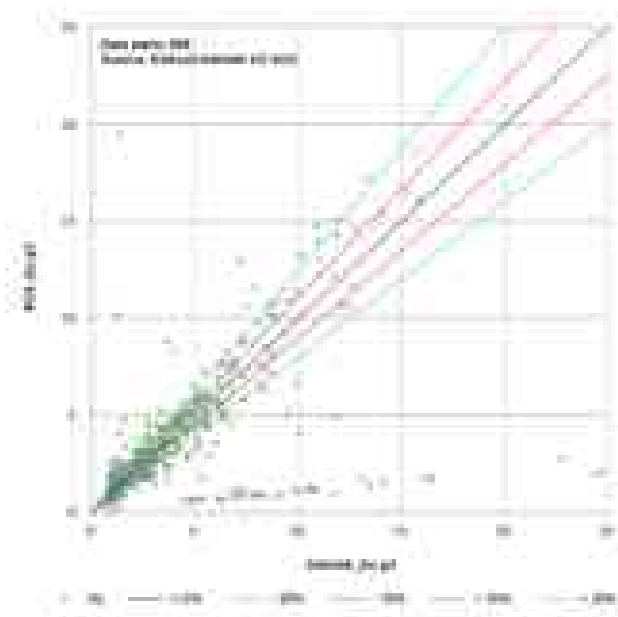
Lab Check Duplicates

GSR used SGS to check the gold grade. About 58% duplicate pairs are within 20% limits.

Table 8-8: B Shoot Lab Check Duplicates Summary Between 2023 and March 2024

Element	Data Pairs Count	Relative Difference					
		<10%		10% - 20%		> 20%	
Au	688	241	35%	159	23%	288	42%

Figure 8-5: B Shoot Lab Check Duplicates Between 2023 and March 2024



8.3.2 242

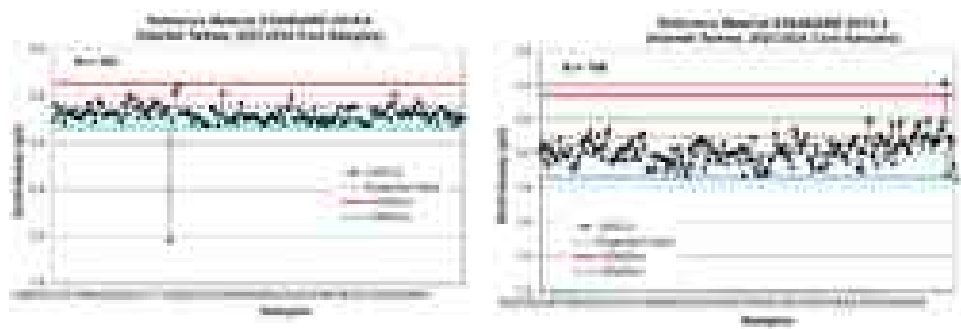
CRMs

As shown in Table 8-9 and Figure 8-6, the pass rates within 2 standard deviations are 99.39% for G918-6 and 98.98% for G912-3.

Table 8-9: 242 CRMs Summary Between 2023 and March 2024

CRM	Element	Expected	CRM SD	Samples	Samples_ Mean	2SD	
						Samples Outside	Pass Rate
G918-6	Au	3.40	0.12	163	3.30	1	99.39%
G912-3	Au	2.10	0.12	196	2.02	2	98.98%

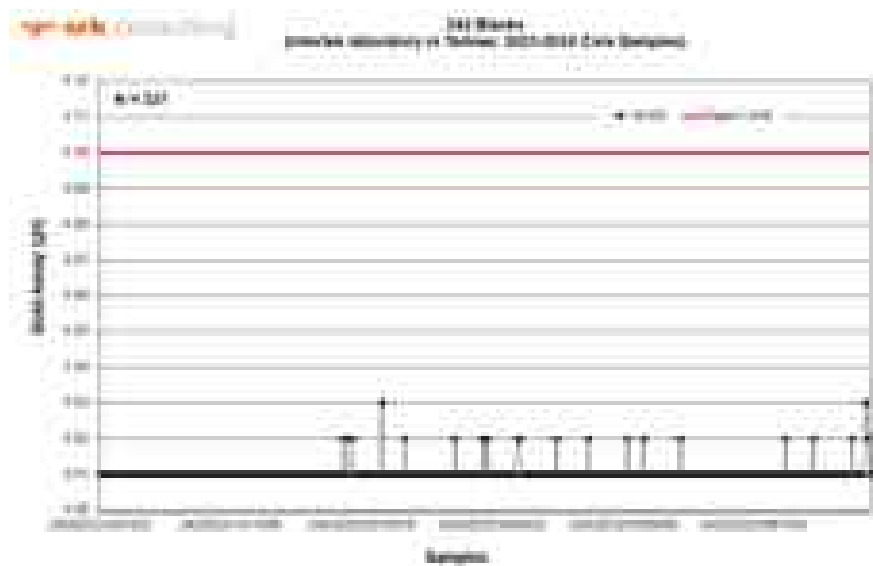
Figure 8-6: 242 CRM Sample Between 2023 and March 2024



Blanks

As shown in Figure 8-7, all samples result of gold are falling with 10X detection limit.

Figure 8-7: 242 Blank Samples Between 2023 and March 2024



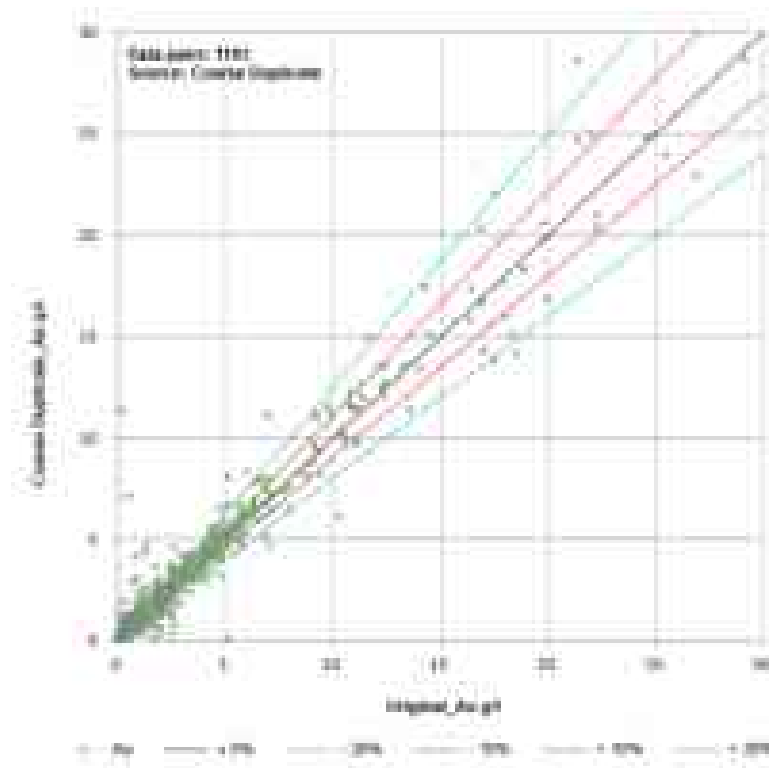
Field Duplicates

Detailed in Table 8-10 and Figure 8-8: , about 67% duplicate pairs are within 20% limits.

Table 8-10: 242 Field Duplicates Summary Between 2023 and March 2024

Element	Data Pairs Count	Relative Difference					
		<10%		10% - 20%		> 20%	
Au	1,193	522	44%	282	24%	389	33%

Figure 8-8: 242 Field Duplicates Between 2023 and March 2024



8.3.3 DMH

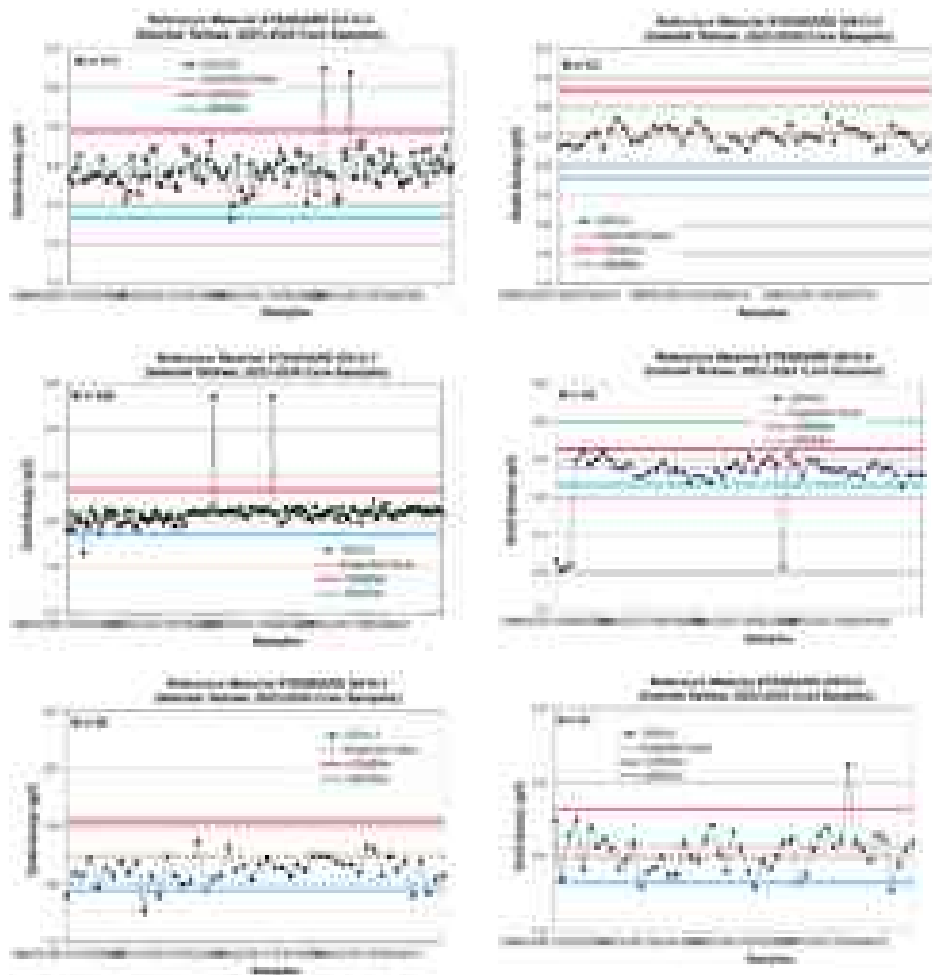
CRMs

Detailed in Table 8-11 and Figure 8-9, the pass rates within 2 standard deviations range from 90% to 100%, the average is 95%.

Table 8-11: DMH CRMs Summary Between 2023 and March 2024

CRM	Element	Expected	CRM SD	Samples	Samples_Mean	2SD	
						Samples Outside	Pass Rate
G312-5	Au	1.56	0.11	117	1.58	3	97.44%
G913-2	Au	2.42	0.15	53	2.40	0	100.00%
G912-3	Au	2.10	0.12	142	2.09	3	97.89%
G918-6	Au	3.40	0.12	56	3.29	5	91.07%
G916-1	Au	1.70	0.06	50	1.65	5	90.00%
G918-2	Au	1.43	0.05	51	1.41	4	92.16%

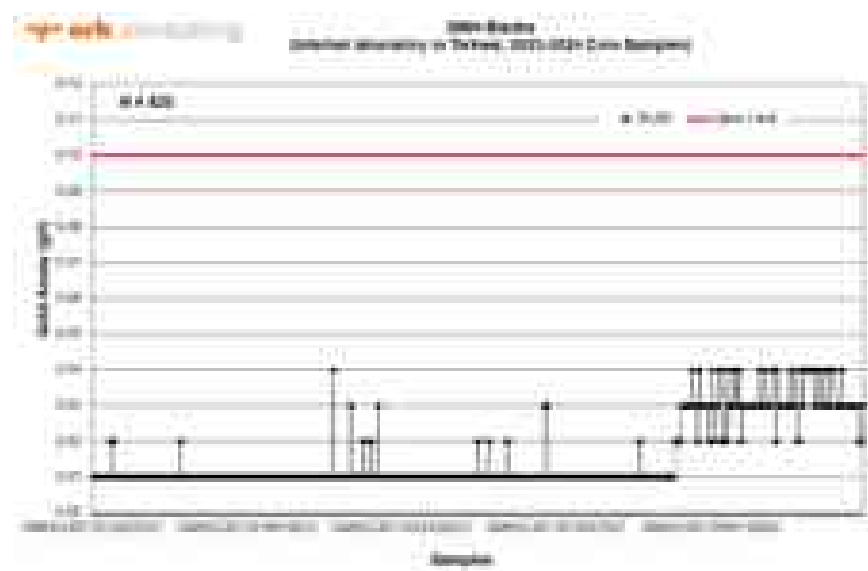
Figure 8-9: DMH CRM Samples Between 2023 and March 2024



Blanks

As shown in Figure 8-10, all samples result of gold are falling with 10X detection limit.

Figure 8-10: DMH Blank Samples Between 2023 and March 2024



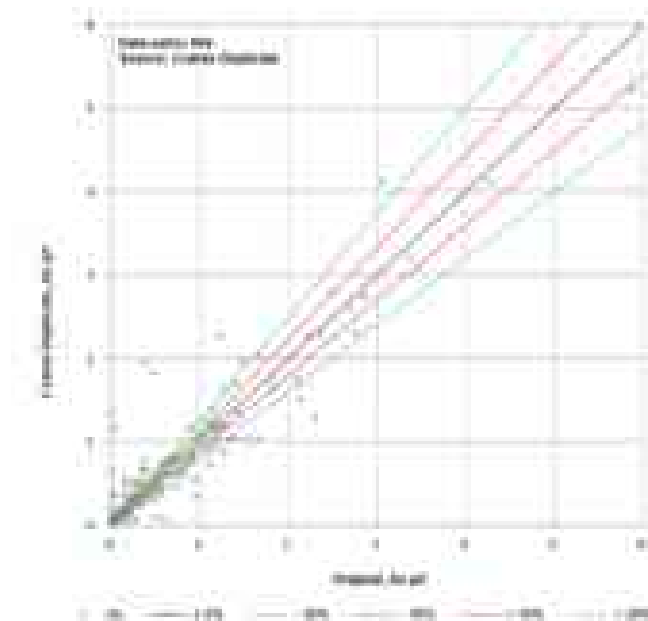
Field Duplicates

Detailed in Table 8-12 and Figure 8-11, about 68% duplicate pairs are within 20% limits.

Table 8-12: DMH Field Duplicates Summary Between 2023 and March 2024

Element	Data Pairs Count	Relative Difference					
		<10%		10% - 20%		> 20%	
Au	442	253	57%	49	11%	140	32%

Figure 8-11: Correlation Plot of Coarse Reject Replicates and Original Assays



8.3.4 Comments

Based on the verification of the data, SRK is of opinion that the QA/QC samples' performance are of industrial standard, which provides sufficient confidence for the mineral resource estimation.

9 Mineral Processing and Metallurgical Testing

9.1 Metallurgical Test works of 2003

Metallurgical Process Development Pty Ltd. (now known as MDM) carried out the Process Engineering aspect of the feasibility study ("FS") for a CIL commissioned by GSR when the latter took ownership of the Project in 2002. The FS was completed in 2003. The metallurgical test work was conducted on samples from the Wassa area. Samples were originally sent to SGS Lakefield in Johannesburg for both variability and bulk sample test work. Further variability test work was conducted at AMMTEC in Perth.

A total of 24 variability samples were tested: 10 of fresh mineralised material, six of oxide, and eight samples taken from the decommissioned and reclaimed Heap Leach operation ("HL"). Four bulk samples were also tested, representing fresh, oxide, HL phase 1 and HL phase 2. All these samples were taken from the Wassa Main area.

The test work also quantified the metallurgical grindability, gravity recovery and leachability that could be attained within the milling circuit. The Bond Ball Mill Work Index ("BWi") for the fresh bulk sample was 14.8 kWh/t. That sample achieved a leach recovery of 92% on a grind size of 75% passing 75 µm when leached over a 24-hour period. However, the reported values for the BWi and leach recovery are 8 kWh/t and 93% respectively under same conditions. The potential plant gravity circuit recoveries ranged between 30 to 40% and an indicative minor preg-robbing behaviour was also noted.

These were reported as per NI 43-101 Technical Report on A Feasibility Study of the Wassa Open Pit Mine and Underground Project in Ghana (SRK, 2014) and NI 43-101 Technical Report on the Wassa Gold Mine - Mineral Resource & Mineral Reserve Update and Preliminary Economic Assessment of the Southern Extension Zone (GSR, 2021).

9.2 Metallurgical Testwork of 2015

Further metallurgical test work was completed in 2015 as part of the Wassa Underground FS. This test work was undertaken by SGS (Cornwall, UK) and the samples were delivered and logged in the middle of December 2014 with this initial phase of test work completed and the draft report issued in early April 2015.

The scope of the test work covered evaluation of the performance of feed from underground with a series of half-core samples from definition drilling. The physical characteristics and metallurgical response of these samples were compared to those of a reference sample of the then plant feed (i.e., open pit material).

A representative of the underground feed material was obtained from the exploration decline and bulk sample from underground. The bulk sample treatment through the plant resulted in a reduced test work program that included a series of six variability and four crushability samples that were compared to a reference sample taken from the open pit ore feed.

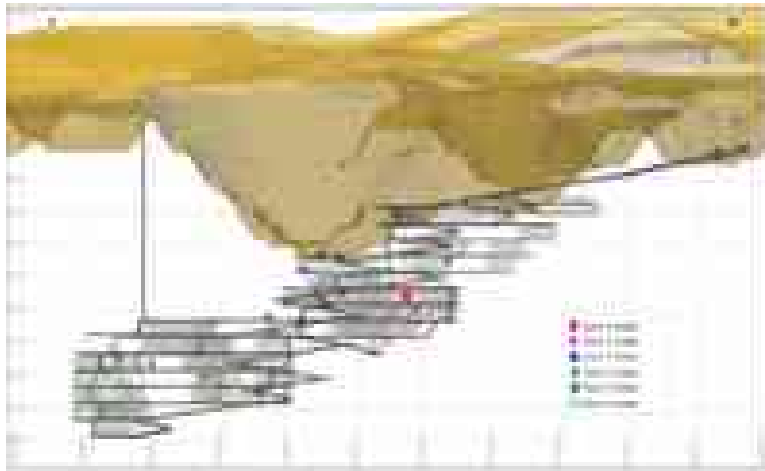
9.2.1 Variability, Crushability and Reference Sample

GSR differentiated spatially the material envisaged to be processed into six underground domains or zones for processing. Six variability samples were selected, one for each zone from available HQ and NQ half cores. These are depicted in Figure 9-1 with further details presented in Table 9-1.

Table 9-1: Ore Zones Represented by the Variability Samples

Zone	Milling		Reference Level		Tonnage (T000 t)	Grade (g/t Au)	Core Au (g/t)	Sample status %	Recovery %
	From core	To mill	From core	To mill					
Zone 1 upper	20.000	19937.5	95.7	982	199	4.74	91.2	10%	94%
Zone 1 lower	20.000	19937.5	982	927	797	4.79	154.3	10%	10%
Zone 2 upper	18.917.5	19600	762	812	728	6.08	146.1	10%	22%
Zone 2 lower	18.917.5	19600	812	907	888	4.82	74.7	14%	11%
Zone 3 upper	18.882	19600	817	927	722	6.62	104.8	20%	10%
Zone 3 lower	19600	19600	927	982	825	4.2	82.8	50%	12%
Total Processing Inventory					8.952	5.8	679.8	100%	100%

Figure 9-1: Locations of 2015 Metallurgical Samples (GSR, 2015)



These core sections were further cut in half, with one section used for the metallurgical test work and the remaining quarter core sections retained for reference. Each sample of quarter core, weighed between 50 and 60 kg.

Four full core samples were selected for the crushability tests since samples with a minimum of 35 mm in two dimensions are required. As a result, quarter core samples were not suitable for such investigations due to the limited physical size of each sample. Each crushability sample consisted of seven lengths of HQ drill core each approximately 200 mm in length. Three of these samples were prepared for the uniaxial compressive strength ("UCS") tests with the remaining core sections and material from UCS testing prepared for the Bond crushability index (low energy crushing) tests.

The reference sample used was obtained from the workings in the Starter open pit area at around the 910 m level by hand selection. Around 100 kg of material was taken, and this sample was used for both metallurgical and crushability test work. Some of the crushability samples selected were adjacent to rather than completely within the representative ore zone. The full description of each sample is given in Table 9-2.

Table 9-2: Summary of Location of 2015 Testwork Samples

Sample Type	Depth	Drilling		Drilling		Assessment Level			Depth (m)
		From	To	From	To	From	To	Top	
		met	met	met	met	met	met	met	
Reference		101.120	101.700	101.200	101.710	700	910	700	0
Variability	110	101.070	101.200	101.110	101.000	800	800	700	0
Variability	110	101.000	101.000	101.000	101.010	870	870	800	7
Variability	110	101.110	101.000	101.000	101.000	700	800	710	0
Variability	110	101.700	101.700	101.070	101.010	800	800	870	0
Variability	110	101.000	101.010	101.000	101.070	800	800	800	0
Variability	110	101.000	101.000	101.000	101.000	800	800	800	0
Variability	110	101.000	101.000	101.000	101.000	800	800	800	0
Crushability 1	101.000	101.000	101.000	101.000	101.000	800	800	800	0
Crushability 2	101.000	101.000	101.000	101.000	101.000	800	800	800	0
Crushability 3	101.000	101.000	101.000	101.000	101.000	800	800	800	0
Crushability 4	101.000	101.000	101.000	101.000	101.000	800	800	800	0

9.2.2 Programme of Metallurgical Test works

The following constituted the requisite metallurgical tests performed:

- Scope of work for reference and variability samples:
 - elemental scan: ICP multi-element analysis;
 - analysis of sulphide and total sulphur;
 - analysis of carbonate and graphitic carbon;
 - Bond Ball Mill Work Index; and
 - Bond Abrasion Index (Ai).
- diagnostic leach (gold deportment tests);
- Scope of work for crushability and reference samples:
 - UCS;
 - Bond Low Impact Crushing Work Index (CWi);
 - BWi; and
 - Ai.
- Standard flowsheet treatment tests – to confirm recoveries and reagent consumptions:
 - grind calibration tests;

- gravity concentration;
- cyanide leaching of the gravity tails with pre-aeration; and
- settling tests.

9.2.3 Findings of Metallurgical Test works

Head Grade and Analyses

Milled head samples were screened over an aperture of 106 µm. The gold and silver contents of the two fractions were determined using fire assay and the values are stated in Table 9-3.

Table 9-3: Head Grades of Screened Samples

Sample	Overall Grade		Size Fraction						Gold Distribution		Silver Distribution	
			+106 µm				-106 µm					
	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t	g/t
Reference	1.15	11.1	1.8%	11.14	11.2	1.14	11.1	11.8%	94.1%	1.7%	94.8%	
Zone 1 Upper	6.51	6.8	1.8%	18.28	18.3	7.88	6.8	10.8%	88.7%	8.3%	81.2%	
Zone 1 Lower	7.88	8.8	1.8%	42.39	42.3	7.12	8.8	11.8%	88.8%	11.8%	88.8%	
Zone 2 Upper	8.21	8.8	1.3%	17.38	17.3	8.38	8.3	8.2%	94.8%	1.3%	94.8%	
Zone 2 Lower	8.88	11.2	1.8%	6.34	6.3	8.72	11.2	9.8%	95.8%	9.8%	91.8%	
Zone 3 Upper	4.07	4.7	1.8%	3.45	3.4	4.42	4.7	1.8%	94.4%	1.1%	97.8%	
Zone 3 Lower	5.28	5.8	2.2%	25.8	25.8	5.28	5.7	10.8%	88.7%	10.8%	88.7%	

In all cases, the gold and silver content in the coarse fraction (+106 µm) is higher than those in the finer fraction (-106 µm).

Elemental analyses were carried out using an Inductively Coupled Plasma (ICP) spectroscopy. Total carbon, organic carbon, total sulphur and sulphide sulphur contents of the reference and variability samples were determined using the Lecco Furnace method. The results are indicated in Table 9-4.

Table 9-4: Elemental and Chemical Analyses

Sample	As	Ag	Al	Bi	Br	Cu	Fe
1	1.00	0.00	1.00	0.00	0.00	0.00	0.00
2	1.00	0.00	1.00	0.00	0.00	0.00	0.00
3	1.00	0.00	1.00	0.00	0.00	0.00	0.00
4	1.00	0.00	1.00	0.00	0.00	0.00	0.00
5	1.00	0.00	1.00	0.00	0.00	0.00	0.00
6	1.00	0.00	1.00	0.00	0.00	0.00	0.00
7	1.00	0.00	1.00	0.00	0.00	0.00	0.00
8	1.00	0.00	1.00	0.00	0.00	0.00	0.00
9	1.00	0.00	1.00	0.00	0.00	0.00	0.00
10	1.00	0.00	1.00	0.00	0.00	0.00	0.00
11	1.00	0.00	1.00	0.00	0.00	0.00	0.00
12	1.00	0.00	1.00	0.00	0.00	0.00	0.00
13	1.00	0.00	1.00	0.00	0.00	0.00	0.00
14	1.00	0.00	1.00	0.00	0.00	0.00	0.00
15	1.00	0.00	1.00	0.00	0.00	0.00	0.00
16	1.00	0.00	1.00	0.00	0.00	0.00	0.00
17	1.00	0.00	1.00	0.00	0.00	0.00	0.00
18	1.00	0.00	1.00	0.00	0.00	0.00	0.00
19	1.00	0.00	1.00	0.00	0.00	0.00	0.00
20	1.00	0.00	1.00	0.00	0.00	0.00	0.00
21	1.00	0.00	1.00	0.00	0.00	0.00	0.00
22	1.00	0.00	1.00	0.00	0.00	0.00	0.00
23	1.00	0.00	1.00	0.00	0.00	0.00	0.00
24	1.00	0.00	1.00	0.00	0.00	0.00	0.00
25	1.00	0.00	1.00	0.00	0.00	0.00	0.00
26	1.00	0.00	1.00	0.00	0.00	0.00	0.00
27	1.00	0.00	1.00	0.00	0.00	0.00	0.00
28	1.00	0.00	1.00	0.00	0.00	0.00	0.00
29	1.00	0.00	1.00	0.00	0.00	0.00	0.00
30	1.00	0.00	1.00	0.00	0.00	0.00	0.00
31	1.00	0.00	1.00	0.00	0.00	0.00	0.00
32	1.00	0.00	1.00	0.00	0.00	0.00	0.00
33	1.00	0.00	1.00	0.00	0.00	0.00	0.00
34	1.00	0.00	1.00	0.00	0.00	0.00	0.00
35	1.00	0.00	1.00	0.00	0.00	0.00	0.00
36	1.00	0.00	1.00	0.00	0.00	0.00	0.00
37	1.00	0.00	1.00	0.00	0.00	0.00	0.00
38	1.00	0.00	1.00	0.00	0.00	0.00	0.00
39	1.00	0.00	1.00	0.00	0.00	0.00	0.00
40	1.00	0.00	1.00	0.00	0.00	0.00	0.00
41	1.00	0.00	1.00	0.00	0.00	0.00	0.00
42	1.00	0.00	1.00	0.00	0.00	0.00	0.00
43	1.00	0.00	1.00	0.00	0.00	0.00	0.00
44	1.00	0.00	1.00	0.00	0.00	0.00	0.00
45	1.00	0.00	1.00	0.00	0.00	0.00	0.00
46	1.00	0.00	1.00	0.00	0.00	0.00	0.00
47	1.00	0.00	1.00	0.00	0.00	0.00	0.00
48	1.00	0.00	1.00	0.00	0.00	0.00	0.00
49	1.00	0.00	1.00	0.00	0.00	0.00	0.00
50	1.00	0.00	1.00	0.00	0.00	0.00	0.00
51	1.00	0.00	1.00	0.00	0.00	0.00	0.00
52	1.00	0.00	1.00	0.00	0.00	0.00	0.00
53	1.00	0.00	1.00	0.00	0.00	0.00	0.00
54	1.00	0.00	1.00	0.00	0.00	0.00	0.00
55	1.00	0.00	1.00	0.00	0.00	0.00	0.00
56	1.00	0.00	1.00	0.00	0.00	0.00	0.00
57	1.00	0.00	1.00	0.00	0.00	0.00	0.00
58	1.00	0.00	1.00	0.00	0.00	0.00	0.00
59	1.00	0.00	1.00	0.00	0.00	0.00	0.00
60	1.00	0.00	1.00	0.00	0.00	0.00	0.00
61	1.00	0.00	1.00	0.00	0.00	0.00	0.00
62	1.00	0.00	1.00	0.00	0.00	0.00	0.00
63	1.00	0.00	1.00	0.00	0.00	0.00	0.00
64	1.00	0.00	1.00	0.00	0.00	0.00	0.00
65	1.00	0.00	1.00	0.00	0.00	0.00	0.00
66	1.00	0.00	1.00	0.00	0.00	0.00	0.00
67	1.00	0.00	1.00	0.00	0.00	0.00	0.00
68	1.00	0.00	1.00	0.00	0.00	0.00	0.00
69	1.00	0.00	1.00	0.00	0.00	0.00	0.00
70	1.00	0.00	1.00	0.00	0.00	0.00	0.00
71	1.00	0.00	1.00	0.00	0.00	0.00	0.00
72	1.00	0.00	1.00	0.00	0.00	0.00	0.00
73	1.00	0.00	1.00	0.00	0.00	0.00	0.00
74	1.00	0.00	1.00	0.00	0.00	0.00	0.00
75	1.00	0.00	1.00	0.00	0.00	0.00	0.00
76	1.00	0.00	1.00	0.00	0.00	0.00	0.00
77	1.00	0.00	1.00	0.00	0.00	0.00	0.00
78	1.00	0.00	1.00	0.00	0.00	0.00	0.00
79	1.00	0.00	1.00	0.00	0.00	0.00	0.00
80	1.00	0.00	1.00	0.00	0.00	0.00	0.00
81	1.00	0.00	1.00	0.00	0.00	0.00	0.00
82	1.00	0.00	1.00	0.00	0.00	0.00	0.00
83	1.00	0.00	1.00	0.00	0.00	0.00	0.00
84	1.00	0.00	1.00	0.00	0.00	0.00	0.00
85	1.00	0.00	1.00	0.00	0.00	0.00	0.00
86	1.00	0.00	1.00	0.00	0.00	0.00	0.00
87	1.00	0.00	1.00	0.00	0.00	0.00	0.00
88	1.00	0.00	1.00	0.00	0.00	0.00	0.00
89	1.00	0.00	1.00	0.00	0.00	0.00	0.00
90	1.00	0.00	1.00	0.00	0.00	0.00	0.00
91	1.00	0.00	1.00	0.00	0.00	0.00	0.00
92	1.00	0.00	1.00	0.00	0.00	0.00	0.00
93	1.00	0.00	1.00	0.00	0.00	0.00	0.00
94	1.00	0.00	1.00	0.00	0.00	0.00	0.00
95	1.00	0.00	1.00	0.00	0.00	0.00	0.00
96	1.00	0.00	1.00	0.00	0.00	0.00	0.00
97	1.00	0.00	1.00	0.00	0.00	0.00	0.00
98	1.00	0.00	1.00	0.00	0.00	0.00	0.00
99	1.00	0.00	1.00	0.00	0.00	0.00	0.00
100	1.00	0.00	1.00	0.00	0.00	0.00	0.00

In all cases, a higher-grade variability sample registered higher contents of sulphide sulphur, iron and base metals compared to the reference sample, although the levels for the base metals were relatively lower values.

The low levels of graphitic carbon measured in all the samples is indicative of the minimal preg-robbing potential.

Diagnostic Leach

Diagnostic leaching is a method for determination and distribution of gold among the minerals. It is commonly utilised because of its simplicity, speed and relatively low cost. It consists of a series of cyanidation steps in between a series of progressively more aggressive acid-digestion steps. Thus, it apportions a gold assay into water-soluble, cyanidable-exposed gold, and gold enclosed in carbonates, in sulphides and in silicates.

However, diagnostic leaching is also carried out, ensuring that the various leach stages are carried out correctly and the results analysed properly.

The aim for this testwork was to determine whether the increased level of sulphide minerals was resulting in the samples being more refractory to treatment for the recovery of gold.

Each of the samples was prepared by grinding 75% passing 75 µm and was subjected to the following steps:

- Step 1. Cyanidation to determine the amount of free and exposed gold.
- Step 2. Leach with hydrochloric acid to define gold bound to carbonates, pyrrhotite, galena, goethite and other iron hydroxide minerals

- Step 3. Leach with sulphuric acid to determine amount of gold associated with uraninite, sphalerite, labile copper sulphates, labile base metal sulphides, and labile pyrite.
- Step 4. Leach with nitric acid to determine amount of gold associated with pyrite, arsenopyrite and marcasite.
- Step 5. Carbon combustion to burn off any organic carbon releasing gold previously adsorbed by the carbon and therefore not amenable to recovery by direct cyanidation.

Steps 2 to 5 constitute separate pre-treatment stages and residual gold and silver present after the above tests represent gold encapsulated in silica and other non-reactive gangue minerals inherently present in the sample.

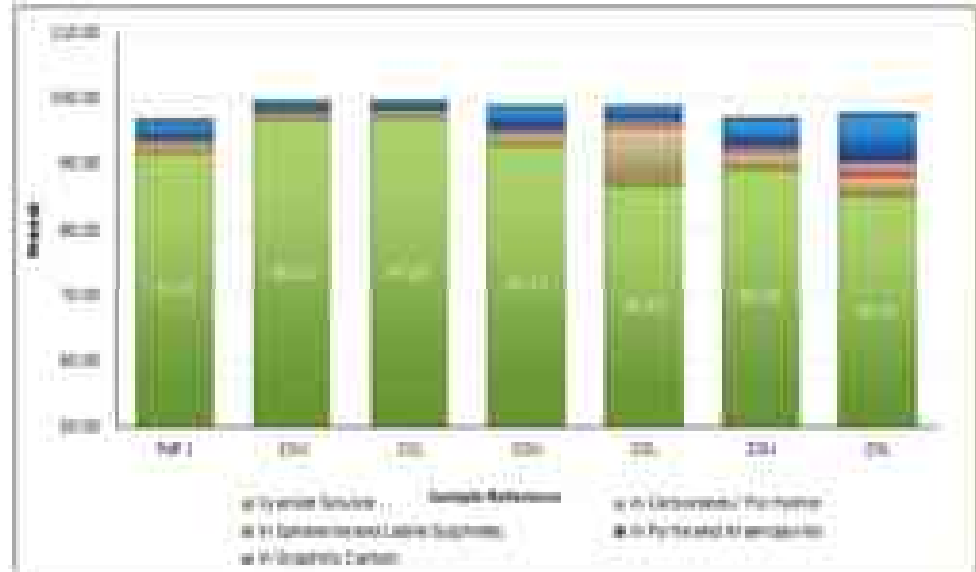
Table 9-5 shows a summary of results of the diagnostic leaching tests for gold and the deportment of gold in the samples.

Table 9-5: Summary of Gold Deportment Using Diagnostic Leaching

Gold Deportment	Sample Reference						
	Ref. 1	Z1U	Z2L	Z3U	Z3L	Z3H	Z3V
	g/t	g/t	g/t	g/t	g/t	g/t	g/t
Cyanide Soluble	90.7	95.31	97.29	85.13	88.92	100.5	85.34
In Carbonates / Pyrrhotite	1.08	0.89	1.1	1.7	0.89	1.37	1.99
In Sulphates and Labile Sulphides	0.84	0.89	0.23	0.79	0.23	0.87	0.18
In Pyrite and Arsenopyrite	1.34	0.22	1.34	0.1	1.81	0.34	7.02
In Graphitic Carbon	0.08	0.27	0.1	0.48	0.08	0.48	0.6
Residual Gold	1.84	0.23	0.25	0.79	0.74	0.71	1.08
Total	100	100	100	100	100	100	100

The mineralogy and metallurgy of the samples when compared to the reference sample, appear to have potentially more occluded gold or associated with different sulphide minerals and others less. Low levels of preg-robbing potential are indicated from the gold liberated in the burn off stage. Two samples (Z3U and Z3L) showed potentially higher levels of gold encapsulated in pyrite while sample Z2L showed higher levels of gold potentially associated with more reactive minerals such as pyrrhotite as seen in the graphical display of same data in Figure 9-2.

Figure 9-2: Gold Deportment in Samples Using Diagnostic Leaching



It should be noted that due to assay detection limits some of the lower deportments may be marginally inaccurate. Given a detection limit of 0.01 g/t Au, measurements below this level were assigned a nominal assay of 0.005 g/t Au; hence on the lower levels the deportment in these fractions could be possibly overstated.

It was reported that during the hydrochloric acid digestion, a reasonably vigorous reaction took place on the majority of the variability samples with the generation of green foam. This would tend to indicate a high level of carbonate and acid soluble iron, possibly pyrrhotite.

Crushability

Metallurgical operations in size reduction including both crushing and grinding are determined by the feed characteristics of the ore into the circuit. Key parameters needed are the “crushability or grindability”, also called Work Index (Wi) and the “Wear Profile” or Ai.

Crushability is the ease of crushing a sample under standard conditions. Various testing procedures may be used to measure crushability. The low energy crushing work index laboratory test is conducted on ore specimens larger than 50 mm, determining the CWi or impact work index (IW_i).

The uniaxial UCS and the Bond CW_i tests were undertaken to determine the material strength and crushability of a material. In the UCS test, a sample is prepared by cutting to pre-set dimensions (re-coring) and then subjected to a compressive load to measure the strength at which the sample fails. The Bond CW_i test involves two swinging weighted pendulums which are allowed to fall and impact simultaneously on the sample in order to measure from what height the pendulum needs to fall to crush the sample.

Both tests (UCS and CWi) were undertaken on multiple individual samples notably three prepared samples in the case of the UCS tests and about 20 sample pieces for the Bond CWi test. The results of the tests are presented in Table 9-6.

Table 9-6: Results of Crushability Tests using UCS and CWi

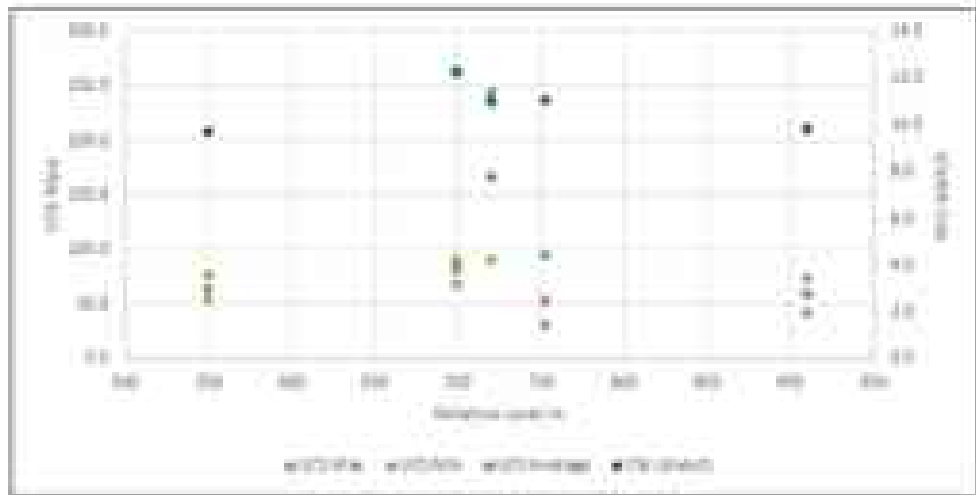
	Sample ID	Depth (m RL)	UCS Results (MPa)			Crushability		
			Average	Min	Max	Average	Min	Max
Reference	1-01	910	89.5	75.7	91.8	8.8	8.0	91.8
Crushability 1	1-04	750	64.7	55.8	74.5	8.7	8.0	75.0
Crushability 2	1-05	775	111.9	98.4	121.2	8.3	8.0	77.5
Crushability 3	1-11	770	187.4	188	188.7	11	8.0	77.0
Crushability 4	1-06	800	82.4	68	88.9	8.3	8.0	80.0

A relatively large variation between the maximum and minimum measurements on the different samples were recorded during the UCS tests. There is no correlation between the UCS results and the depth of the sample.

The values of work indices obtained are indications of the efficiencies of the machines. The general trend of samples UCS values to be within the 30 to 95 MPa range, indicating that the materials tested were medium strong to strong. One sample (Crushability 3) recorded a very strong measurement of around 240 MPa. The mineralogy of that sample appears to be consisting of quartzite (massive quartz vein), rather than schist which had been associated with the majority of the other samples tested.

The CWi test results show the samples to be in the easy to medium classification. Similar to the UCS results, the CWi test results are also relatively variable with the reference sample (910 m RL). No real correlation can be seen between the CWi results and relative level of the sample tested as shown in Figure 9-3.

Figure 9-3: Scatter Diagram of the UCS and CWi Results with Relative Levels of Samples



Thus, the ores having the highest indices are the largest energy consumers followed by intermediate and the smallest consumers. The smallest consumers of energy are those machines that apply a steady, continuous, compressive stress on the material to crush them.

Ball Mill Work Index and Abrasion Index

The most widely used parameter to measure ore hardness is the Bond BWi. The abrasion index is a measure of the anticipated wear on components and consumables in the comminution circuit and is applicable to wear in both crushers and mills (media and liners).

Calculations involving BWi are generally divided into steps with a different Wi determination for each size class.

The rate of production in a mill, shell liner and lifter design and simulation are dependent among other parameters on the grindability in the ball mills.

The BWi tests were undertaken at a closing screen size of 106 μm to give a mill product of around 75-80% < 75 μm . The BWi values for the primary and oxide ores were reported to be in the region of 14.6 and 8 kWh/t respectively in the FS of 2003.

The findings of the BWi and Ai investigations from the 2015 tests are presented in Table 9-7 and are shown as a function of the average sample depth in Figure 9-4 and Figure 9-5, respectively.

Table 9-7: Bond Work Indices and Abrasion Indices from the 2015 Testwork

Sample Description	Ball	W	Abr. (length)
	Index	Index	Index
Reference	15.7	8.000	100
2015 Zone 1 Sample	15.3	8.200	100
2015 Zone 2 Sample	14.7	8.200	100
2015 Zone 3 Sample	14.0	8.200	100
2015 Zone 4 Sample	14.0	8.100	100
2015 Zone 5 Sample	14.8	8.200	100
2015 Zone 6 Sample	14.9	8.200	100
2015 Zone 7 Sample	14.9	8.200	100
2015 Zone 8 Sample	14.8	8.200	100
2015 Zone 9 Sample	14.8	8.200	100
2015 Zone 10 Sample	14.8	8.200	100
2015 Zone 11 Sample	14.8	8.200	100
2015 Zone 12 Sample	14.8	8.200	100
2015 Zone 13 Sample	14.8	8.200	100
2015 Zone 14 Sample	14.8	8.200	100
2015 Zone 15 Sample	14.8	8.200	100
2015 Zone 16 Sample	14.8	8.200	100
2015 Zone 17 Sample	14.8	8.200	100
2015 Zone 18 Sample	14.8	8.200	100
2015 Zone 19 Sample	14.8	8.200	100
2015 Zone 20 Sample	14.8	8.200	100
2015 Zone 21 Sample	14.8	8.200	100
2015 Zone 22 Sample	14.8	8.200	100
2015 Zone 23 Sample	14.8	8.200	100
2015 Zone 24 Sample	14.8	8.200	100
2015 Zone 25 Sample	14.8	8.200	100
2015 Zone 26 Sample	14.8	8.200	100
2015 Zone 27 Sample	14.8	8.200	100
2015 Zone 28 Sample	14.8	8.200	100
2015 Zone 29 Sample	14.8	8.200	100
2015 Zone 30 Sample	14.8	8.200	100
2015 Zone 31 Sample	14.8	8.200	100
2015 Zone 32 Sample	14.8	8.200	100
2015 Zone 33 Sample	14.8	8.200	100
2015 Zone 34 Sample	14.8	8.200	100
2015 Zone 35 Sample	14.8	8.200	100
2015 Zone 36 Sample	14.8	8.200	100
2015 Zone 37 Sample	14.8	8.200	100
2015 Zone 38 Sample	14.8	8.200	100
2015 Zone 39 Sample	14.8	8.200	100
2015 Zone 40 Sample	14.8	8.200	100
2015 Zone 41 Sample	14.8	8.200	100
2015 Zone 42 Sample	14.8	8.200	100
2015 Zone 43 Sample	14.8	8.200	100
2015 Zone 44 Sample	14.8	8.200	100
2015 Zone 45 Sample	14.8	8.200	100
2015 Zone 46 Sample	14.8	8.200	100
2015 Zone 47 Sample	14.8	8.200	100
2015 Zone 48 Sample	14.8	8.200	100
2015 Zone 49 Sample	14.8	8.200	100
2015 Zone 50 Sample	14.8	8.200	100
2015 Zone 51 Sample	14.8	8.200	100
2015 Zone 52 Sample	14.8	8.200	100
2015 Zone 53 Sample	14.8	8.200	100
2015 Zone 54 Sample	14.8	8.200	100
2015 Zone 55 Sample	14.8	8.200	100
2015 Zone 56 Sample	14.8	8.200	100
2015 Zone 57 Sample	14.8	8.200	100
2015 Zone 58 Sample	14.8	8.200	100
2015 Zone 59 Sample	14.8	8.200	100
2015 Zone 60 Sample	14.8	8.200	100
2015 Zone 61 Sample	14.8	8.200	100
2015 Zone 62 Sample	14.8	8.200	100
2015 Zone 63 Sample	14.8	8.200	100
2015 Zone 64 Sample	14.8	8.200	100
2015 Zone 65 Sample	14.8	8.200	100
2015 Zone 66 Sample	14.8	8.200	100
2015 Zone 67 Sample	14.8	8.200	100
2015 Zone 68 Sample	14.8	8.200	100
2015 Zone 69 Sample	14.8	8.200	100
2015 Zone 70 Sample	14.8	8.200	100
2015 Zone 71 Sample	14.8	8.200	100
2015 Zone 72 Sample	14.8	8.200	100
2015 Zone 73 Sample	14.8	8.200	100
2015 Zone 74 Sample	14.8	8.200	100
2015 Zone 75 Sample	14.8	8.200	100
2015 Zone 76 Sample	14.8	8.200	100
2015 Zone 77 Sample	14.8	8.200	100
2015 Zone 78 Sample	14.8	8.200	100
2015 Zone 79 Sample	14.8	8.200	100
2015 Zone 80 Sample	14.8	8.200	100
2015 Zone 81 Sample	14.8	8.200	100
2015 Zone 82 Sample	14.8	8.200	100
2015 Zone 83 Sample	14.8	8.200	100
2015 Zone 84 Sample	14.8	8.200	100
2015 Zone 85 Sample	14.8	8.200	100
2015 Zone 86 Sample	14.8	8.200	100
2015 Zone 87 Sample	14.8	8.200	100
2015 Zone 88 Sample	14.8	8.200	100
2015 Zone 89 Sample	14.8	8.200	100
2015 Zone 90 Sample	14.8	8.200	100
2015 Zone 91 Sample	14.8	8.200	100
2015 Zone 92 Sample	14.8	8.200	100
2015 Zone 93 Sample	14.8	8.200	100
2015 Zone 94 Sample	14.8	8.200	100
2015 Zone 95 Sample	14.8	8.200	100
2015 Zone 96 Sample	14.8	8.200	100
2015 Zone 97 Sample	14.8	8.200	100
2015 Zone 98 Sample	14.8	8.200	100
2015 Zone 99 Sample	14.8	8.200	100
2015 Zone 100 Sample	14.8	8.200	100

From the 2015 testwork, fresh open pit ore feeding the two ball mills were expected to draw power between 14.5 and 16.5 kWh/t treated. This results in a calculated BWi of around 14 – 16 kWh/t, based on the reported mill feed and product sizes and power draw on the ball mills. An allowance was made in the calculations for mechanical and other losses between the drive motor and mill.

The experimental data of the samples does not support the suspected increasing BWi with further depth with the reference sample (910 m RL) showing the highest BWi reading.

Figure 9-4: Plot of 2015 Ball Mill Bond Work Index Against Sample Depth

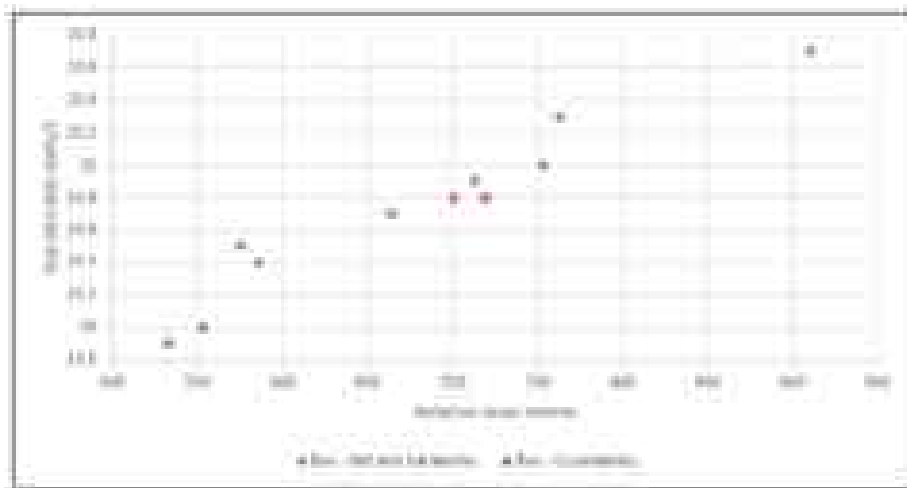
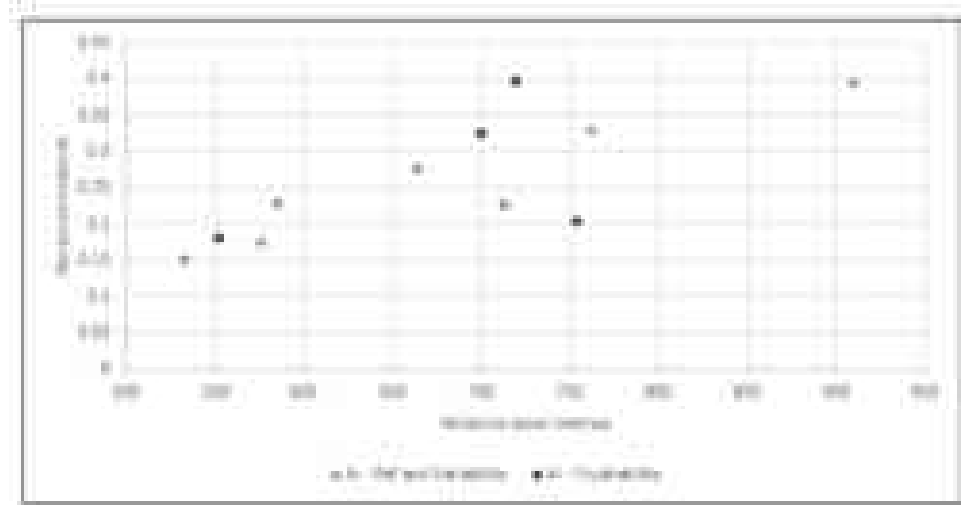


Figure 9-5: Plot of 2015 Abrasion Index Against Sample Depth



Ai has generally shown not to be increasing with depth and it appears Ai is slightly lower on deeper samples. With the exception of one sample (MET 5) of massive quartz vein, measured Ai for the reference sample is higher than all the other samples tested. This lower indicated abrasion index with depth may result in the reduced consumption of grinding media and mill crusher liners as mining proceeds deeper into the underground areas. All the samples fall into the slightly abrasive classification.

The Ai determined values are utilised in modelling and simulation of plants designed.

Gravity Gold and Leaching Tests

Each 1 kg representative sample from each zone or category with a grind of 75% passing 75 µm passes through a Falcon centrifugal concentrator for gravity separation of any free gold. Each batch of concentrate from the Falcon was further processed on a Mozley shaking table, with the final concentrate weighed and sent for assay. Tailings from the centrifugal concentrator and shaking table were subjected to cyanide leach testing.

Table 9-8 shows the results of the gravity tests.

Category Type	Monthly Performance		Quarterly Summary				Annual Summary by Quarter	
	Q1	Q2 %	Jan (USD)	Feb (USD)	Mar (USD)	Q1 % January	Q2 %	Q3 %
Electronics	1.2	15.5%	\$5,100	\$6,200	\$7,500	21.6%	18.2%	20.1%
Clothing	0.8	12.1%	\$3,200	\$4,100	\$5,000	16.8%	14.5%	17.3%
Home Goods	2.5	22.0%	\$8,900	\$10,500	\$12,300	28.7%	25.1%	29.4%
Books	0.3	8.0%	\$1,500	\$1,800	\$2,100	6.5%	7.2%	8.1%
Groceries	1.5	10.5%	\$4,500	\$5,200	\$6,000	14.2%	12.8%	15.0%
Services	0.7	9.8%	\$2,800	\$3,300	\$3,800	11.5%	10.9%	12.5%
Travel	0.2	6.5%	\$900	\$1,100	\$1,300	3.8%	4.2%	4.8%
Health	1.0	11.0%	\$3,500	\$4,200	\$5,000	13.0%	11.5%	13.2%

Item	Solution (24h/48h)		Solid Tails		Gold on Carbon		Overall Recovery		Back Calc. Head Grade	
	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au %	Ag %	Au g/t	Ag g/t
Leach Test	1.13	0.08	0.105	0.05	-	-	-	-	1.55	0.15
Distribution	93.2%	67.0%	6.8%	33.0%	-	-	93.2%	67.0%	-	-
CIL Test	0.14	0.01	0.1	0.05	93.4	12.7	-	-	1.21	0.19
Distribution	14.3%	6.5%	8.3%	26.4%	77.4%	67.1%	91.7%	73.6%	-	-

Gravity Gold and Leaching Tests

The combined gravity tails from the centrifugal concentrator and concentrate cleaning table were subjected to cyanide leaching using the BLEG protocol.

Based on the potential presence of pyrrhotite in the gravity tails samples, the pH had to be preconditioned to values between pH 10.5 - 11 using lime and aerated until the pH and dissolved oxygen levels stabilized generally in line with the plant practice of injecting oxygen into the transfer line from milling to CIL. Pyrrhotite is highly reactive and can result in high consumptions of oxygen and cyanide in leach if not preconditioned.

Leach tests were conducted for up to 48 hours with samples taken at 2, 4, 6, 24 and 48h and analysed for gold and silver in solution. An initial cyanide level of 1 g/l was used and cyanide levels in solution were maintained at >0.5 g/l by dosing additional cyanide as required. The tails solids were analysed for silver and gold. No lead nitrate was added in this leach tests.

A summary of the test results is shown in Table 9-10.

Table 9-10: Gold Recoveries from Samples, Cyanide and Lime Consumption Rates

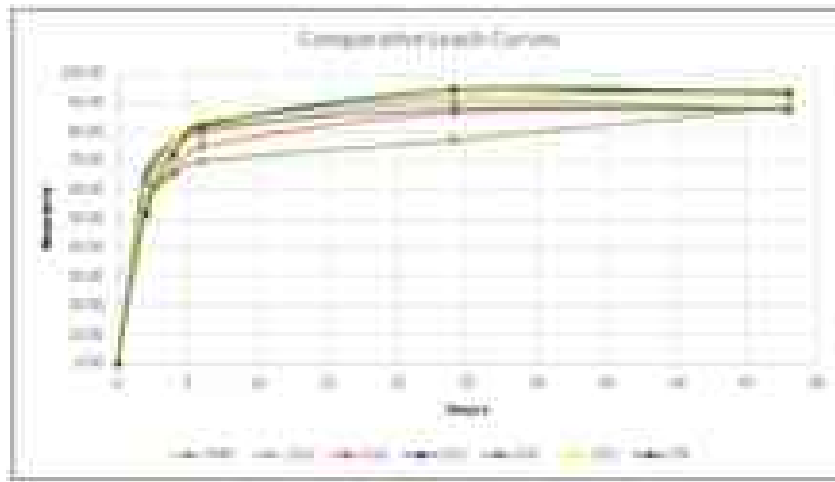
Sample Reference	Gold Recovery %		Recovery Tail	Consumption g/gT		
	24h	48h		NaCN, 24h	NaCN, 48h	Lime, 48h
Z1U	77.2%	88.8%	10.0%	10.8%	8.3%	10.0%
Z2U	78.8%	87.1%	10.4%	10.7%	8.0%	10.0%
Z1L	86.7%	87.8%	9.0%	10.8%	8.3%	10.7%
Z2L	78.8%	88.8%	10.0%	10.8%	8.3%	10.0%
Z3L	87.8%	88.8%	10.0%	10.8%	8.3%	10.0%
Z1U	78.8%	88.1%	10.7%	10.8%	8.0%	10.7%
Z1L	78.8%	88.1%	10.7%	10.8%	8.0%	10.7%

It could be observed that the extended leaching period had three samples (Z1U, Z3U and Z3L) showing slightly decreased recoveries. Nonetheless, for the other 4 samples, the extra 24 hours of leaching time did not result in any significant improvement in their recoveries. The lowered recoveries could be attributed to analytical error or discrepancy. It could also arise from a desorption activity or process. Should the latter arise on the field, the gold would be re-adsorbed by the activated carbon present in the CIL circuit.

However, the cyanide consumption rates were markedly higher for the extended leaching.

A plot of the data in Figure 13-5 reveals that the rates and kinetics of leaching each of the samples were consistent and close with the exception of the reference sample after 24 hours of leaching. Nevertheless, the final recovery after 48 hours was consistent for all the samples.

Figure 12-6: Leaching Curves



Overall Gravity / Leach Recoveries

Comments on the gravity/ CIL testwork results are as follows:

- Gravity recoverable gold content ranges from 15% to 26% with an average of 20%.
- Overall recovery ranged from 90% to the highest at 96% whilst the average 93%.

The corresponding recoveries as determined from the sample routes are shown in Table 9-11.

Table 9-11: Recoveries of Gold from Samples via Gravity-Leach Routes

Sample Reference	Gold Recoveries (%)		
	Gravity	Leach	Overall
Z1L	18.40	94.80	93.00
Z1A	18.40	94.80	93.00
Z1B	18.40	94.80	93.00
Z1C	18.40	94.80	93.00
Z1D	18.40	94.80	93.00
Z1E	18.40	94.80	93.00
Z1F	18.40	94.80	93.00
Z1G	18.40	94.80	93.00

It can be seen that Z1L recoveries were outliers compared to similar trends for all the other samples except for the reference sample. It rather compared very well with the reference sample. There was also a strong positive correlation between gravity and leach recoveries without Z1L sample. Similarly, positive strong correlations were seen between the leaching and overall recoveries. These observations could lead to the conclusion that the overall recoveries were extremely dependent on the recoveries obtained during leaching. The extended leach period to 48 hours alone did not appear

to have a significant impact on the overall recoveries and therefore such factors would have to be subjected to further assessment to make a direct implication to that effect.

It was observed that there appeared to be discrepancies in the head grade based on the fire assay methodology and the back-calculated approach as shown in Table 9-12.

A better correlation between the diagnostic and the gravity leach test grades however could be observed.

Table 9-12: Reconciliation of Assay and Back-Calculated Head Grades

Sample	Assay Fire Assay Grade		Assay Diagnostic Grade		Assay Gravity Leach Grade	
	g/t Au	g/t Ag	g/t Au	g/t Ag	g/t Au	g/t Ag
Reference	1.14	0.10	1.10	0.11	1.08	0.14
2111	4.04	0.40	4.34	0.39	4.14	0.40
211	7.99	0.60	8.15	1.08	7.10	0.40
2211	5.11	0.06	5.10	0.02	4.01	0.08
221	4.04	0.10	4.08	0.05	4.14	0.10
2311	4.07	0.05	4.11	0.11	3.90	0.05
231	5.14	0.05	4.38	0.17	4.04	0.09

Settling Tests

Anionic flocculants have very wide application in the mining industry. A single variability sample was chosen and tested along the reference sample to determine the settleability of these materials. Nasaco anion flocculants N2132 and N2326 were used for the tests following the earlier trials with five different flocculants. The test results are presented in Table 9-13.

Table 9-13: Comparative Settling Tests using Anionic Flocculants N2132 and N2326

Sample	Feed Solids %	pH	Flocculant	Feed Solids %	Settling Rate	Feed Solids Content	Feed Solids Content
	%			g/t	g/t/min	%	g/t/min
Reference Feed 1	10.0	10.0	N2132	10.0	1000.0	10.0	10.0
Reference Feed 2	10.0	10.0	N2326	10.0	1000.0	10.0	10.0
2111 Feed 1	10.0	10.0	N2132	10.0	1000.0	10.0	10.0
2111 Feed 2	10.0	10.0	N2326	10.0	1000.0	10.0	10.0

Normal dosage rates for these applications are in the range 2.5-50 g/t.

The results show very similar settling performance on the reference samples and the sample with the generation of a thickened slurry from about 10% solids in the feed compared to about 59% solids content which is in the region required for good cyanide leaching without the carbon settling to the bottom of the CIL tanks.

9.3 Metallurgical Testwork of 2018

In August 2018, GSR commissioned another metallurgical study to profile the mining zones so as to develop a plant operations strategy. University of Mines and Technology, Tarkwa in Ghana undertook the geometallurgical characterisation of each of seven samples submitted by GSR. The scope of the study covered:

- Head assays
- BWi
- Gravity recoverable gold
- Effects of particle size on cyanidation
- Consumption of reagents such as cyanide, lime and lead nitrate; and
- Diagnostic leaching.

The head assays of the samples ranged from 3.91 g/t to 5.25 g/t whilst Bond BWi's ranged from 13.6 kWh/t to 15.7 kWh/t. Five samples (constituting 71%) were classified as hard rocks because their BWi were above 14 kWh/t whilst two other samples were classified to be of medium hardness. The details are shown in Table 9-14.

Table 9-14: Summary of Bond Ball Work Indices

S/N	Sample Name	Bond Ballwork Index, kWh/t		Gravimetric recovery, g/t	Bond Index, kWh/t
		P ₈₀	P ₁₀₀		
1	WASSA 14% (14%MT-001)	740µm	31	3.47%	13.7
2	WASSA 14% (14%MT-002)	574µm	12	1.13%	21.4
3	WASSA 14% (14%MT-003)	576µm	53	1.74%	14.8
4	WASSA 14% (14%MT-004)	574µm	40	1.18%	21.8
5	WASSA 14% (14%MT-005)	1440µm	5	1.67%	15.7
6	WASSA 14% (14%MT-006)	571µm	42	1.13%	14.6
7	WASSA 14% (14%MT-007)	520µm	70	1.11%	14.7
Feeding particle size = 100µm					

Most often cyclone underflow material moving for gravity concentration may be of size -1 mm however this may not be the liberation size. The results of gravity studies done at 40% passing 106 µm is presented in Table 9-15.

Table 9-15: Gravity Gold Recovery at different P80s

Sample Name	Gravimetric Recovery %	Percent Recovery of Gravity Gold Recovery %	
		40% passing 106 µm	40% passing 75 µm
Sample 1 (P80=106 µm)	47.5	76%	89.2%
Sample 2 (P80=106 µm)	48.1	84.2%	96.2%
Sample 3 (P80=106 µm)	49.1	89.2%	96.2%
Sample 4 (P80=106 µm)	50.1	89.2%	96.2%
Sample 5 (P80=106 µm)	51.3	89.2%	96.2%
Sample 6 (P80=106 µm)	52.5	89.2%	96.2%
Sample 7 (P80=106 µm)	53.7	89.2%	96.2%

The concentrate grades were from 50 g/t to 120 g/t with gravity concentration at particle size 40% passing 106 µm generated gold recoveries in the range of 26% to 44% with an average recovery of 32%. The study clearly substantiated that CIL performance was superior to direct cyanidation. However, gold extraction by leaching was very sensitive to grind size. At 40%, 60% and 80% passing 106 µm the recoveries were 76%, 84.2% and 89.2% respectively.

All the samples had a basic paste pH within the range of 9.1 and 9.6. The calcium oxide consumption was 0.8 kg/t and cyanide consumption ranged between 0.13 and 0.19 kg/t. These consumption values were deemed moderate.

The overall recoveries based on gravity gold and cyanidation at 80% passing 106 µm, were between 90% and 96% as shown in Table 9-16.

Table 9-16: Metal Accounting

Sample Name	Gravity	Gold in (kg) of ore, sample		Overall	
		Residual	Leached	Gold	Recovery %
Sample 1 (P80=106 µm)	47.5	0.79	0.79	0.79	94.3%
Sample 2 (P80=106 µm)	48.1	0.79	0.79	0.79	94.3%
Sample 3 (P80=106 µm)	49.1	0.79	0.79	0.79	94.3%
Sample 4 (P80=106 µm)	50.1	0.79	0.79	0.79	94.3%
Sample 5 (P80=106 µm)	51.3	0.79	0.79	0.79	94.3%
Sample 6 (P80=106 µm)	52.5	0.79	0.79	0.79	94.3%
Sample 7 (P80=106 µm)	53.7	0.79	0.79	0.79	94.3%

Diagnostic leaching of these samples revealed that the residual gold was distributed in all the other minerals with sulphides generally having higher gold values of up to 6.3%. Gold extraction in the first stage ranged between 85% and 94%.

10 Mineral Resource Estimates

10.1 Introduction

The Mineral Resource Statement presented herein represents a Mineral Resource evaluation prepared for the Wassa Main (B Shoot UG and 242 UG) deposit and the satellite deposits Dead Man's Hill (DMH), Benso's I Zone, Hwini Butre and Chichiwelli. The Mineral Resource Statement is presented in accordance with the JORC Code guidelines. SRK has reviewed, but not re-modelled or re-estimated the Mineral Resources and the mineral resource models were prepared by GSR.

At Wassa B Shoot deposit, GSR provided SRK with borehole database, structural control lines, grade wireframes, variogram models, resource classification footprints and block models. Mineralised wireframes were created by the Indicator radius basis function (RBF) Interpolant in Leapfrog™ software and the estimation technique was Ordinary Kriging (OK).

At Wassa 242 deposit, GSR provided SRK with borehole database, grade wireframes, variogram models, resource classification footprints and block models. Mineralised wireframes were created by the semi-explicit method in Leapfrog™ software and the estimation technique was OK.

At DMH deposit, SRK was provided with topographic surface, database, mineralised wireframe, and block models. The mineralisation domains were modelled using the intrusive technique in Leapfrog™ software and the estimation technique was OK.

At Benso, four estimation domains, Subriso East (including C Zone), Subriso West, G Zone and I Zone, were modelled. OP mining finished for Subriso East (including C Zone), Subriso West, G Zone and I Zone Pit. For I Zone Pit, GSR provided topographic surface, database, composites, mineralised wireframe, and a grade control model. The wireframes were created using Leapfrog™ software vein modelling technique and the estimation technique was OK.

At Hwini Butre, two estimation models, Father Brown (FB) and Adoikrom (ADK), were modelled. A drilling program was initiated at FB/ADK during 2022-2023, and 10,287.4m of drilling has been completed. But the additional drilling information has not been included in this resource estimate. For Chichiwelli, there has been no exploration or mining activity since 2020. Therefore, the Mineral Resources for FB/ADK and Chichiwelli remain unchanged from the previous NI 43-101 Technical Report (March 2021). The descriptions for Hwini Butre and Chichiwelli are thus based on the NI 43-101 Technical Report (March 2021).

The effective date of the current Mineral Resource Statement is 30 September 2024.

This section describes the Mineral Resource estimation methodology and summarizes the key parameters and assumptions considered by GSR. In the opinion of SRK, the Mineral Resource evaluation reported herein is a reasonable representation of the global gold Mineral Resources found in the Wassa project at the current level of sampling. The Mineral Resources estimates are reported in accordance with the JORC Code. Mineral Resources are not Ore Reserves and there is no certainty that all or any part of the Mineral Resource will be converted into Ore Reserve. It should be noted that the Mineral Resources reported in this Report are inclusive of, not in addition to, the Ore Reserves.

The database used to estimate the Mineral Resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries for gold mineralisation and that the assay data are sufficiently reliable to support Mineral Resource estimation.

SRK has reviewed the databases, wireframes, grade estimation parameters, resource classification footprints and reported the Mineral Resource.

10.2 Resource Estimation Procedures

The Mineral Resources review and validation methodology involved the following procedures:

- Database verification
- Review of the definition of resource domains
- Data conditioning (compositing and capping) for data analysis
- Grade estimation review
- Mineral Resource classification review and model validation
- Assessment of “reasonable prospects for eventual economic extraction” (RPEEE) and selection of appropriate cut-off grades
- Preparation of the Mineral Resource Statement

10.3 Resource Database

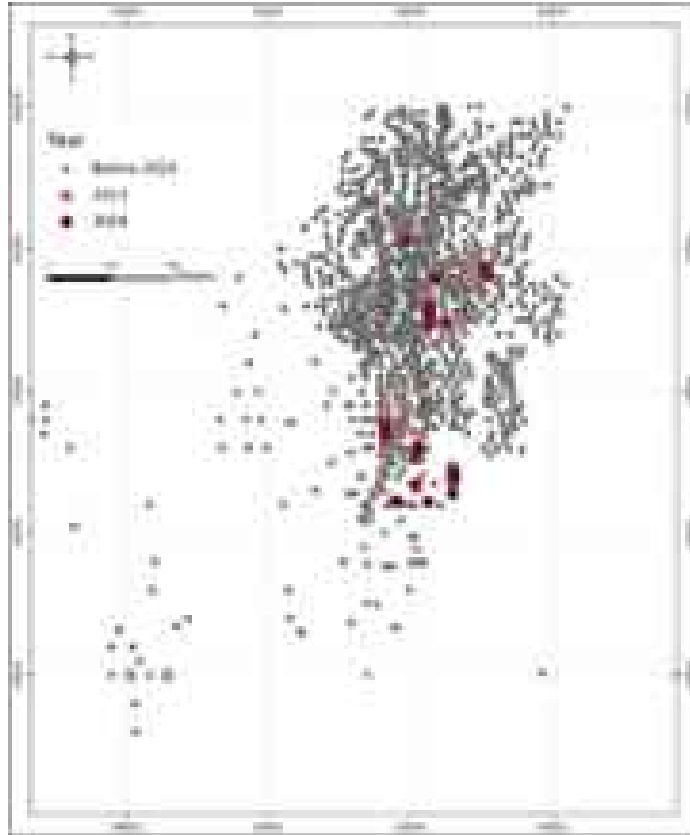
10.3.1 Zone B Shoot

The database SRK received consist of assay, collar, density, lithological and weathering logs, and downhole survey data. They were loaded into Surpac software for the following validations:

- Checks for holes without samples
- Checks for duplicate samples
- Checks and adjusts the missing or wrong intervals

Only DD and RC holes were included in the grade estimate.

Figure 10-1 shows the locations of the DD and RC holes and Table 10-1 summaries the database statistics.

Figure 10-1: DD and RC Holes Plane Projection Map of Zone B Shoot

Source: Arcgis Mapping by SRK

Table 10-1: Mineral Resource Database Statistics of B Shoot

Location	Type	Holes	Drill Meters (m)	Assay Samples
Zone B Shoot	DD	3,755	731,162.9	559,927
	RC	485	50,314.9	37,484
	Total	4,240	781,477.8	597,411

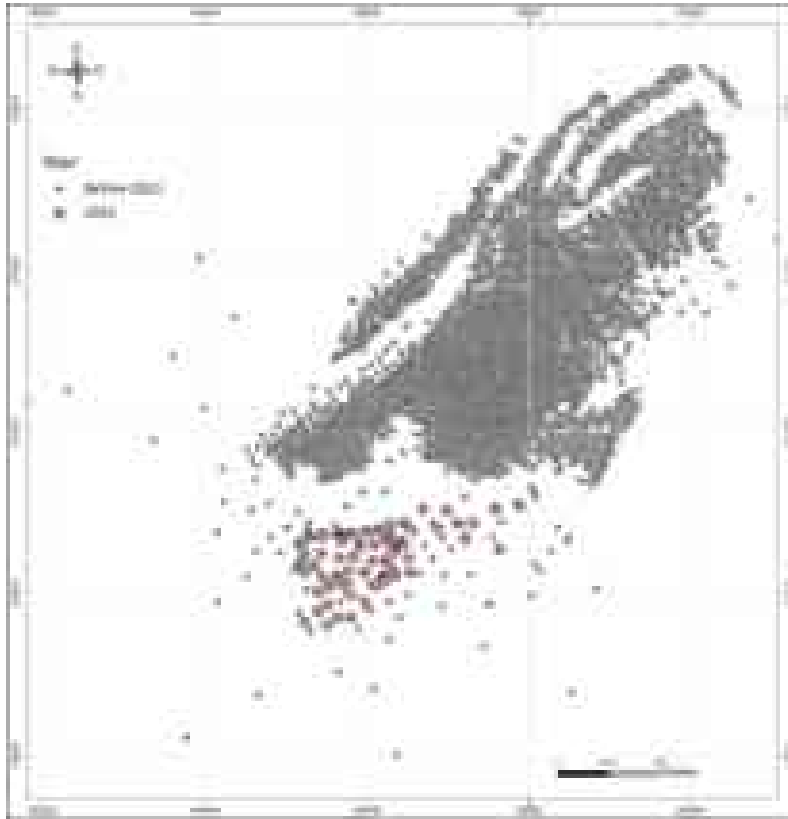
10.3.2 Zone 242

The database SRK received consist of assay, collar, density, lithological and weathering logs, and downhole survey data. They were loaded into Surpac for the following validations:

- Checks for holes without samples
- Checks for duplicate samples
- Checks and adjusts the missing or wrong intervals

DD, RC and grade control RC (GCRC) holes were included in the grade estimate. Figure 10-2 shows the locations of the DD, RC and GCRC holes and Table 10-2 summaries the database statistics.

Figure 10-2: DD, RC and GCRC Holes Plane Projection Map of Zone 242



Source: Arcgis Mapping by SRK

Table 10-2: Mineral Resource Database Statistics of Zone 242

Location	Type	Holes	Drill Meters (m)	Assay Samples
Zone 242	DD	190	42,023.4	18,794
	RC	79	8,773.0	8,020
	GCRC	4,332	92,859.0	83,430

Location	Type	Holes	Drill Meters (m)	Assay Samples
	Total	4,601	143,655.4	110,244

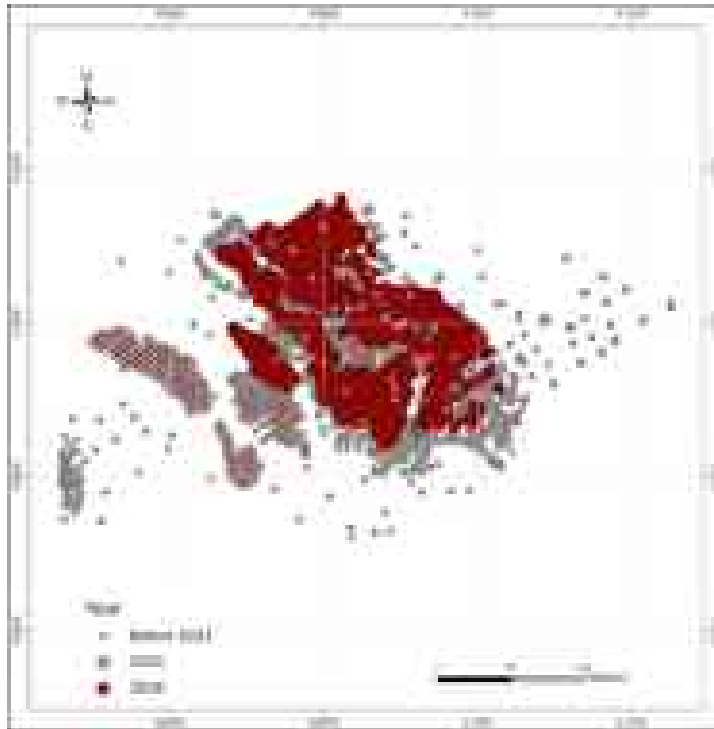
10.3.3 DMH

The database provided to SRK contain assay, collar, lithological logs, weathering, structure and downhole survey data. They were loaded into Surpac software for the following validations:

- Checks for holes without samples
- Checks for duplicate samples
- Checks and adjusts the missing or wrong intervals

DD, RC and grade control RC (GC-RC) holes were included in the grade estimate. Figure 10-3 shows the locations of the holes. Table 10-3 summaries the database.

Figure 10-3: DD, RC and GC-RC Holes Plane Projection Map of DMH



Source: Arcgis Mapping by SRK

Table 10-3: Mineral Resource Database Statistics of DMH

Location	Type	Holes	Drill Meters (m)	Assay Samples
DMH	DD	32	4453.8	2,678
	RC	205	15,618.4	7,195
	GC-RC	1,900	52,967.0	30,034
	Total	2,137	73,039.2	39,907

10.3.4 I Zone

The database (hbb_database.accdb) consists of assay, collar, lithological and weathering logs, and downhole survey data, covering the areas of Benso, Hwini Butre, and so on. SRK extracted the data used for I Zone and reconstructed the database. They were loaded into Surpac software for validation, which included:

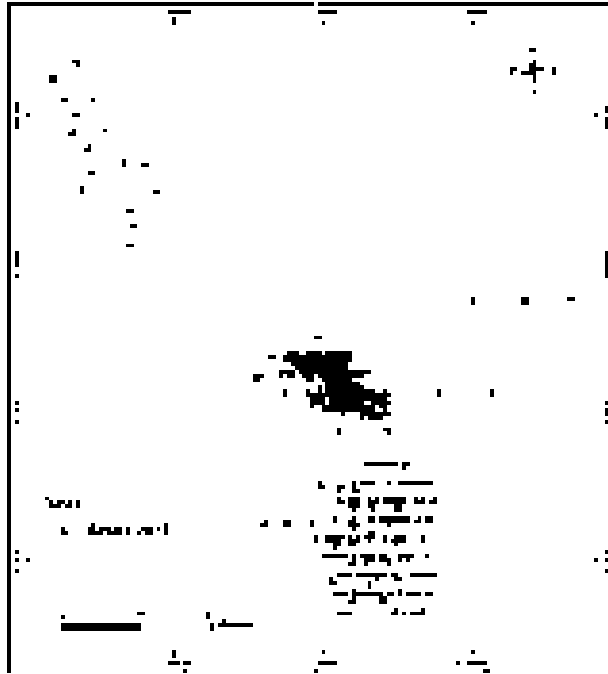
- Checks for holes without samples
- Checks for duplicate samples
- Checks and adjusts the missing or wrong intervals

DD, RC and GCRC holes were included in the grade estimate. Table 10-4 summaries the database statistics and Figure 10-4 shows the locations of the DD and (GC) RC holes.

Table 10-4: Mineral Resource Database Statistics of I Zone

Location	Type	Holes	Drill Meters(m)	Assay Samples
I Zone	DD	21	2,245.4	1,192
	RC	42	4,114.7	4,878
	GCRC	191	9,214.0	4,594
	Total	254	15,574.1	10,664

Figure 10-4: DD, RC and GCRC Holes Plan Projection Map of I Zone



Source: Arcgis Mapping by SRK

10.3.5 Hwini Butre

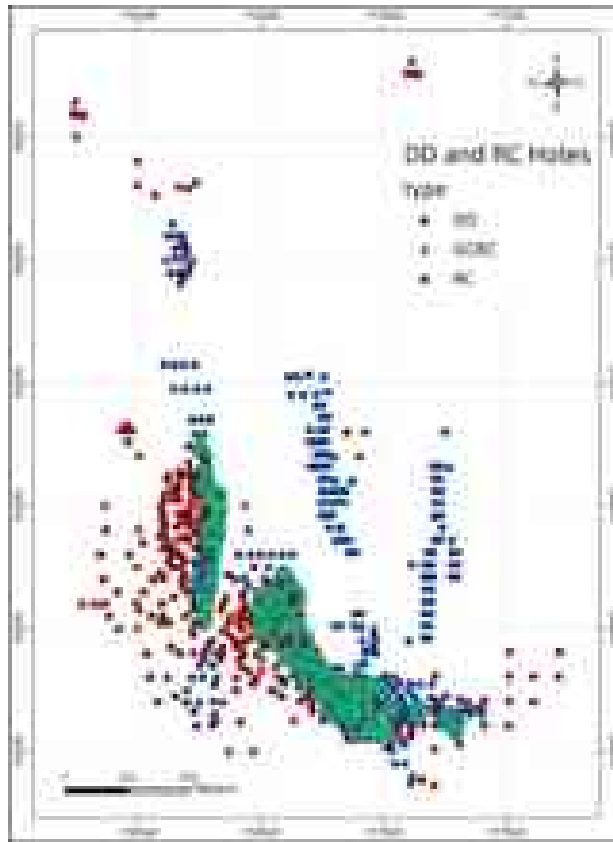
The database used in 2020-year-end Mineral Resource estimate is made up of DD, RC and GCRC holes, as summarized in Table 10-5 and Figure 10-5.

Table 10-5: Mineral Resource Database Statistics of Father Brown/Adoikrom

Location	Type	Holes	Drill Meters (m)
Father Brown/Adoikrom	DD	435	66,229
	RC	214	16,323
	GCRC	3,087	72,037
	Total	3,736	154,589

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

Figure 10-5: DD, RC and GCRC Holes Plan Projection Map of Father Brown/Adoikrom



Source: Arcgis Mapping by SRK

GSR has performed validation to the database and in SRK's opinion the database is appropriate for the Mineral Resource estimate.

10.3.6 Chichiwelli

The database used in 2020-year-end Mineral Resource estimate is made up of DD and RC holes, as summarised in Table 10-6. No exploration has taken place at Chichiwelli since 2012, the database has no changes.

Table 10-6: Mineral Resource Database Statistics of Chichiwelli

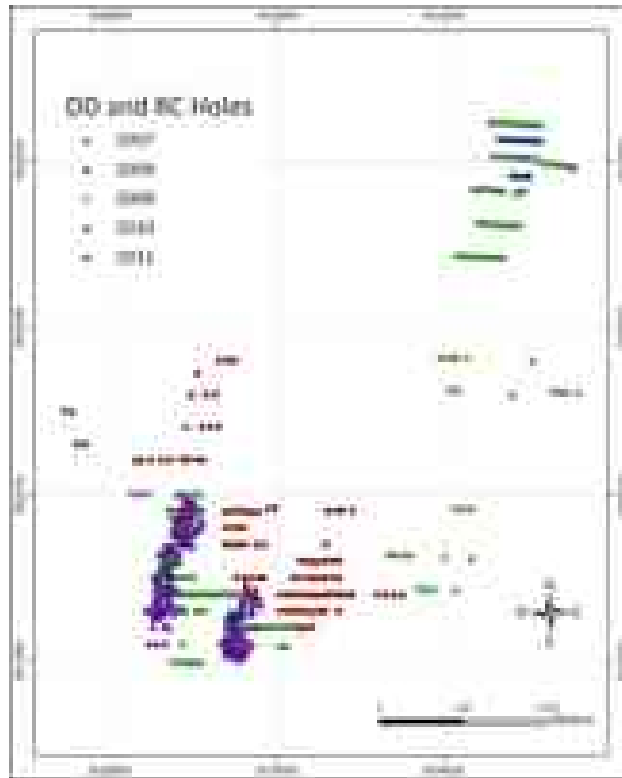
Location	Type	Holes	Drill Meters (m)
Chichiwelli	DD	23	3,692
	RC	483	29,802

Location	Type	Holes	Drill Meters (m)
	Total	506	33,494

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

GSR has performed validation to the database and in SRK's opinion the database is appropriate for the Mineral Resource estimate.

Figure 10-6: DD and RC Holes Plan Projection Map of Chichiwelli



Source: Arcgis Mapping by SRK

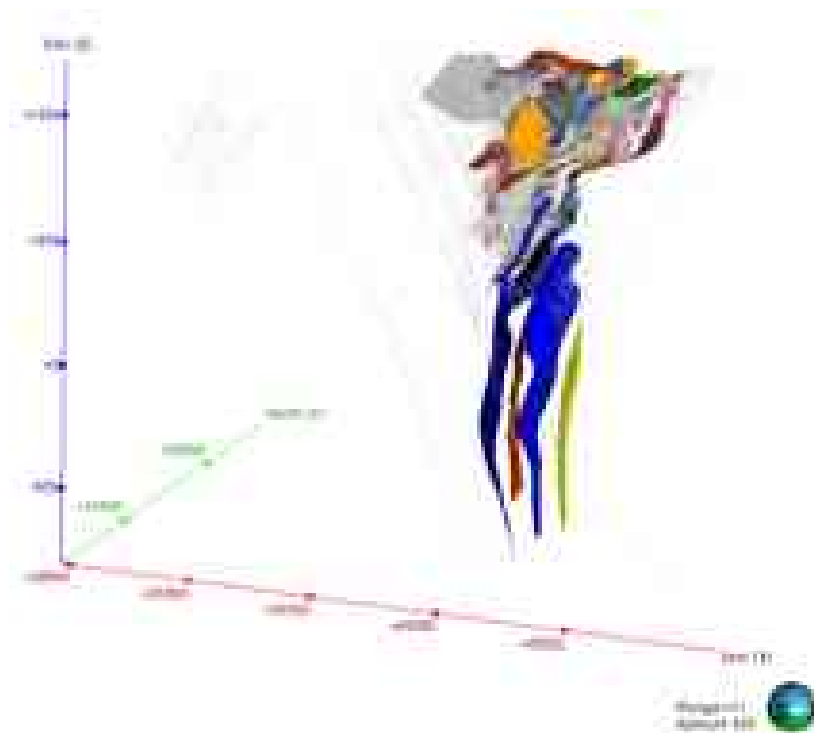
10.4 Solid Body Modelling

10.4.1 Zone B Shoot

For the model "wug_bm_eng_20240409.mdl", the wireframe modelling was carried out by GSR using Leapfrog™ software. The mineralisation wireframes are constrained within two mineralisation envelopes (Halo and Mineralised). A Halo zone at 0.4g/t cut-off at an ISO value of 0.35 have a hard boundary with each other modelled based on Leapfrog™ implicit modelling technique. The mineralisation zone was modelled at 1.20 g/t, with domains for (3101 & 4101) modelled with

Leapfrog™ Vein option whilst the other lodes were based on implicit modelling approach with same parameters as the Halo zone. The structural trend surfaces used for grade shell modelling are shown in Figure 10-7.

Figure 10-7: Structural Trend Surfaces Used for Wassa Grade Shell Modelling



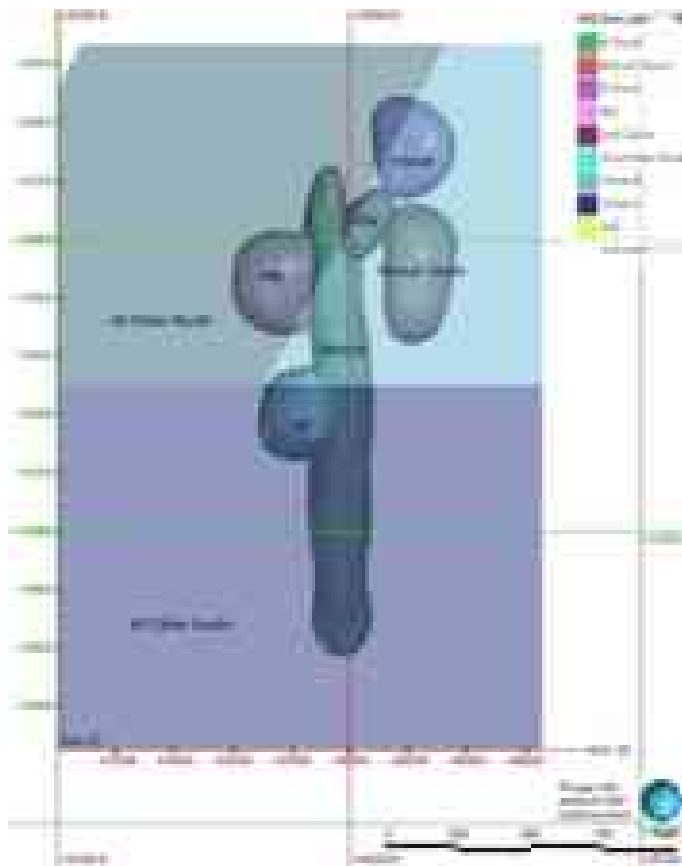
Source: SRK, Leapfrog Mapping Using the Surfaces Provided by GSR

Prior to generating the indicator RBF interpolant shells, the raw assay file was composited to 2 m, with a minimum end composite length of 1 m. Any composite less than the end composite length of 1 m was added to previous interval for HG domain but discarded for LG domain. Indicator interpolants were defined at 0.4 g/t Au and 1.2 g/t Au threshold.

Table 10-7: B Shoot Grade Shell Modelling Parameters

Domain	Interpolant Type	Range	Nugget	Iso Value	Resolution	Volumes Excluded
LG (Halo)	Spheroidal	200	0.5	0.35	3.5 m	/
HG (Mineralised)	Spheroidal	200	0.3	0.35	2.5 m	10,000 m ³

GSR used different zones to classify mineralised domains, detailed in Figure 10-8. All mineralised domains were shown in Figure 10-9 and detailed in Table 10-8.

Figure 10-8: Estimation Zones Used to Classify Mineralised Domains

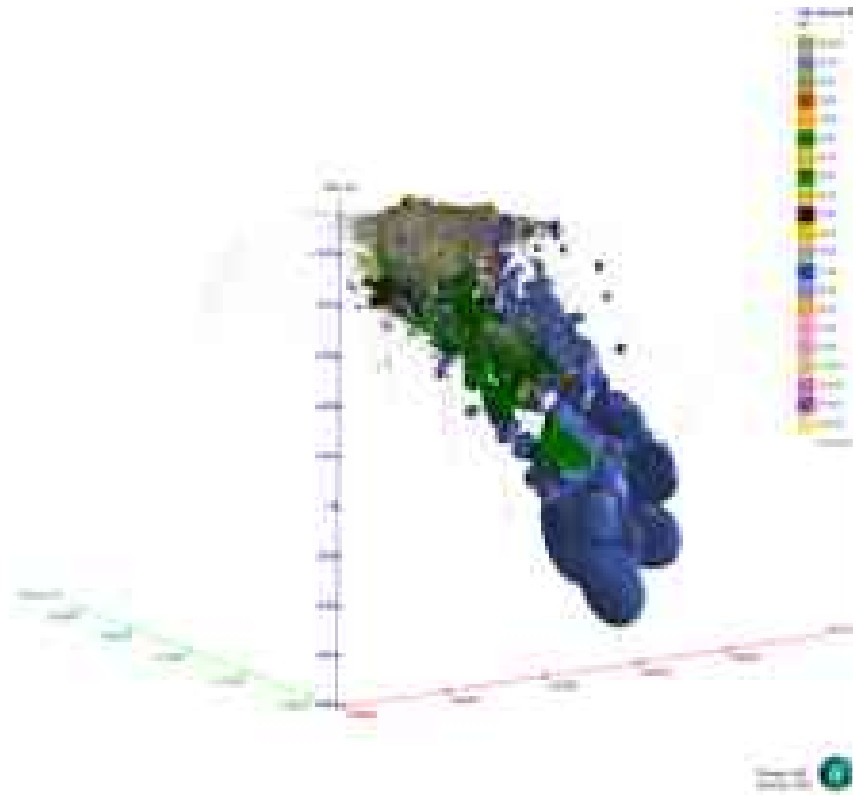
Source: GSR

Table 10-8: Descriptions for Zone B Shoot Mineralised Domains

Domain Code	Description
2001	F Shoot Halo Domain
2101	F Shoot Mineralised Domain
3001	B Shoot South Halo Domain
3101	B Shoot South Mineralised Domain
4001	Southwest Zone Halo Domain
4101	Southwest Zone Mineralised Domain
5001	B Shoot Halo Domain
5101	B Shoot Mineralised Domain

Domain Code	Description
6001	HW Zone Halo Domain
6101	HW Zone Mineralised Domain
7001	Link Zone Halo Domain
7101	Link Zone Mineralised Domain
8001	All Other South Zone Halo Domain
8101	All Other South Zone Mineralised Domain
10001	All Other North Zone Halo Domain
10101	All Other North Zone Mineralised Domain

Figure 10-9: All Mineralised Domains for Zone B Shoot



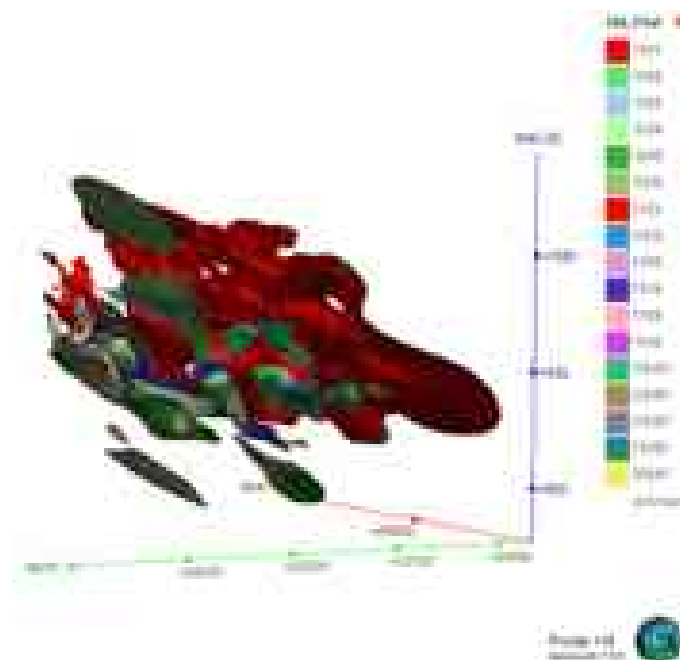
Source: SRK, Leapfrog Mapping Using the Solids Provided by GSR

SRK has reviewed the grade shells, displayed in Figure 10-9 and believes that they are reasonable and can be used for a Mineral Resource estimation.

10.4.2 Zone 242

For the model "242_bm_gc_231019.mdl", the wireframe modelling was carried out by GSR using Leapfrog™ software. The mineralised domains are constrained within two envelopes (Halo and Mineralised) using semi explicit method. The Halo zone was modelled at 0.4 g/t Au cut-off grade based on Leapfrog™ vein modelling technique. The mineralisation zone was modelled at 1.0 g/t Au cut-off grade, with the same method as the Halo zone.

Figure 10-10: Mineralised Domains for Zone 242



Source: SRK, Leapfrog Mapping Using the Solids Provided by GSR

The description of all mineralised domains is listed in Table 10-9 below.

Table 10-9: Descriptions for Zone 242 Mineralised Domains

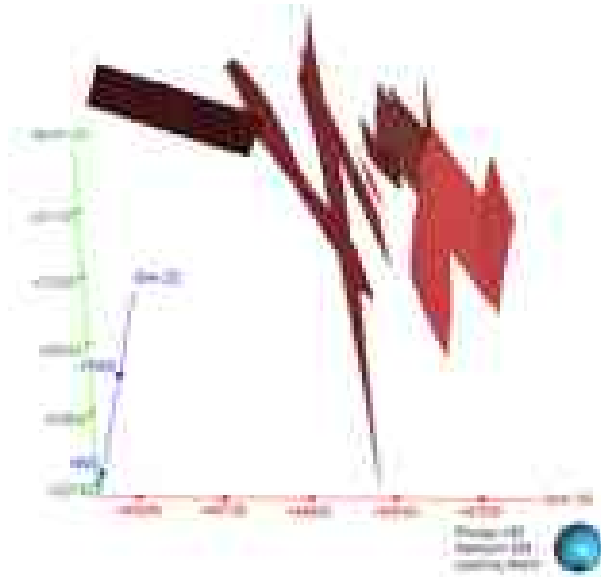
Domain Code	Description
1001, 1002, 1003, 1004, 1005, 1006	Halo Domain
1101, 1102, 1103, 1104, 1105, 1106	Mineralised Domain
10019, 10049	Internal Dilution Zone of Halo Domain
11019, 11039	Internal Dilution Zone of Mineralised Domain

SRK has reviewed the grade shells, displayed in Figure 10-10, and believes that they are reasonable and can be used for a Mineral Resource estimation.

10.4.3 DMH

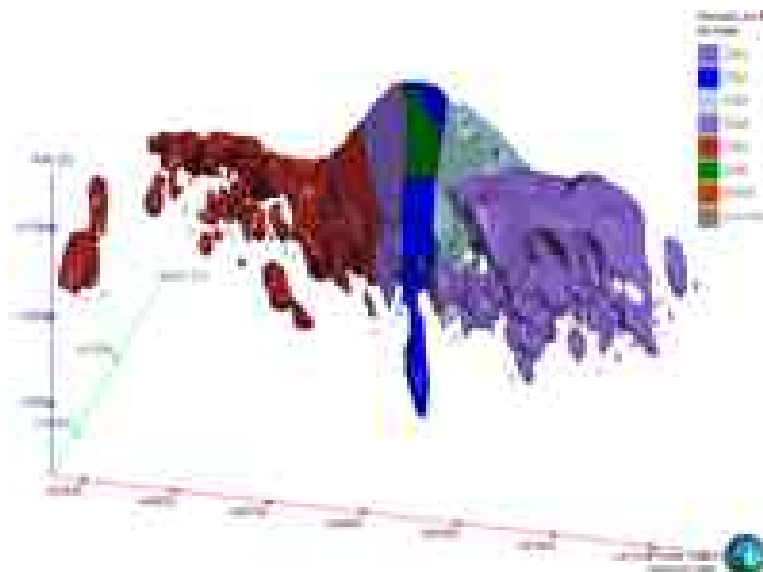
For the model "dmh_gc_model_20240518.mdl", the mineralisation domains were modelled using the intrusive technique in Leapfrog™ software by GSR. The Halo domains, 1001, 1002, 1003, 1004, and 1005, were modelled with an Au cut-off grade of 0.4 g/t. The mineralised domain 2102 was generated with a cut-off of 1.0 g/t. A total of 12 structural trends was developed to guide the intrusive implicit modelling, as shown in Figure 10-11.

Figure 10-11: Structural Surfaces Used in Mineralised Domain Modelling for DMH Pit



Source: SRK, Leapfrog Mapping Using the Surfaces Provided by GSR

Figure 10-12: Mineralised Domains for DMH Pit



Source: SRK, Leapfrog Mapping Using the Solids Provided by GSR

SRK has reviewed the solid models as shown in Figure 10-12 and believes that they are reasonable and can be used for the Mineral Resource estimation.

10.4.4 I Zone

For the model "izone_bm_res_20230901.mdl", mineralised domains were developed using Leapfrog™ vein modelling technique by GSR. The intervals used in the veins modelling were generated by Leapfrog™ implicit modelling technique, at 0.5 g/t gold cut-off at an ISO value of 0.35 have a hard boundary.

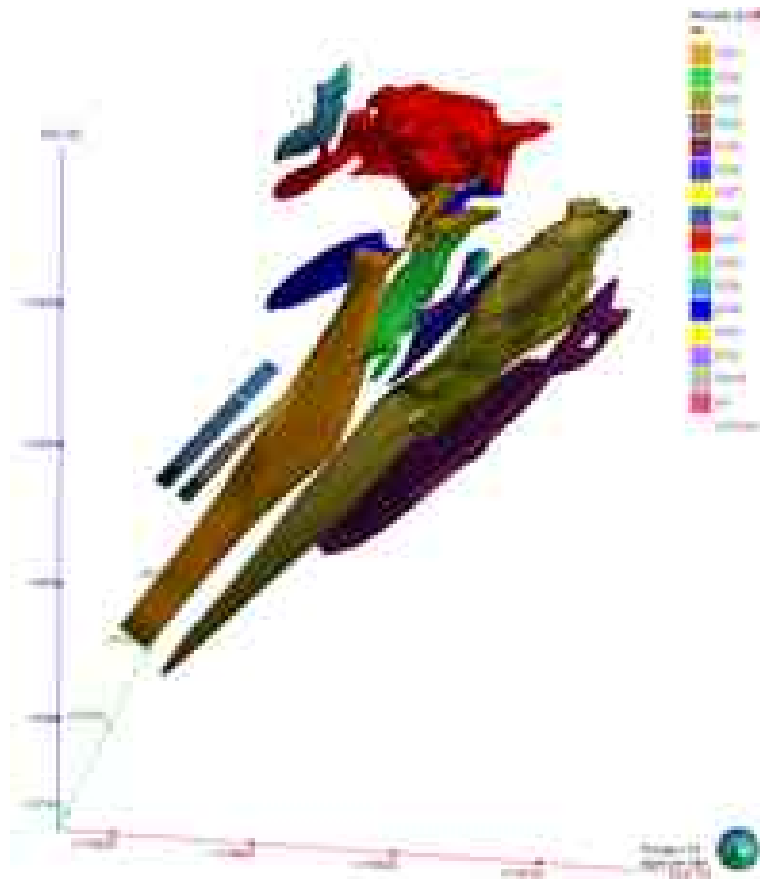
Prior to generating the indicator RBF interpolant shells, the raw assay file was composited to 2 m, with a minimum end composite length of 0.5 m. Any composite less than the end composite length of 0.5 m was discarded. Indicator interpolants were defined at 0.5 g/t gold threshold. The global trend dips to 270° with a dip angle of 50°.

Table 10-10: I Zone Pit Grade Shell Modelling Parameters

Domain	Interpolant Type	Range	Nugget	Iso Value	Resolution	Volumes Excluded
I Zone	Spheroidal	100	0.2	0.35	5 m	/

SRK reviewed the solid models (1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 2001, 2002, 2003 and 2004, Figure 10-13) and is of the opinion that they are reasonable and can be used for Mineral Resource estimation.

Figure 10-13: Solid Models for I Zone



Source: SRK, Leapfrog Mapping Using the Solids Provided by GSR

10.4.5 Hwini Butre

The solid models for Father Brown (FBZ) and Adoikrom (ADK) were created by GSR and Resource Modelling Solutions (RMS). They were modelled using a vein modelling technique, with estimating both vein thickness and grade.

GSR provided RMS with drill hole intercepts with hanging wall (HW), main mineralised zone (ADK or FBZ) (HG) and footwall (FW) 'from' and 'to' intervals.

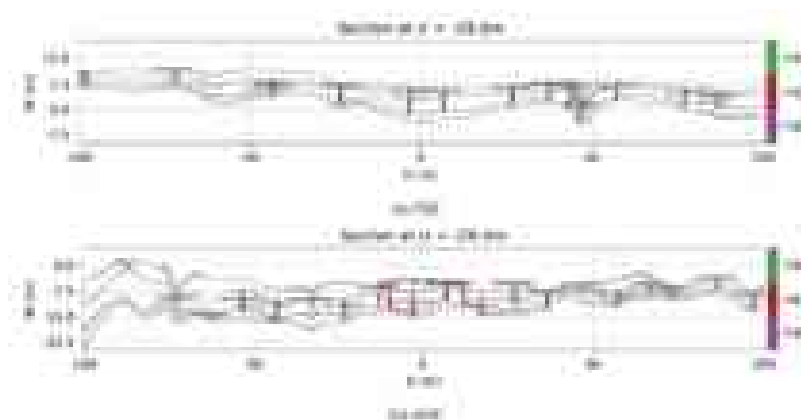
Each vein unit is created by estimating the position of the vein and each one of the thicknesses, HW, HG and FW. The position of the vein is defined by the intercept with the top of HW unit, the first thickness is the difference between the intercept of the contact between HW and HG with the top of

HW, the second thickness is defined by the difference between the contact HW and HG and the contact between HG and FW and the third thickness is defined by the base of the FW contact.

Intercepts within a horizontal distance tolerance of 2.0 m are used to calculate position and thicknesses to check any possible relationship between these variables and determine whether independent modelling is adequate for the modelling of each vein unit. The scatterplots between each variable showed no significant correlation between the variables, therefore, the independent modelling of each one of these variables in a stepwise manner is deemed appropriate.

The final vein model is defined by stacking the modelled thicknesses below the vein position model. A cross section at U = -28.0 m in transformed space is shown in Figure 10-14. Note that these sections are shown in transformed coordinates, after gold estimations models were rotated back to the original Easting-Northing-Elevation coordinates.

Figure 10-14: Model section at U=-28.0 in Transformed Space Generated with 2.0 Tolerance in V Direction



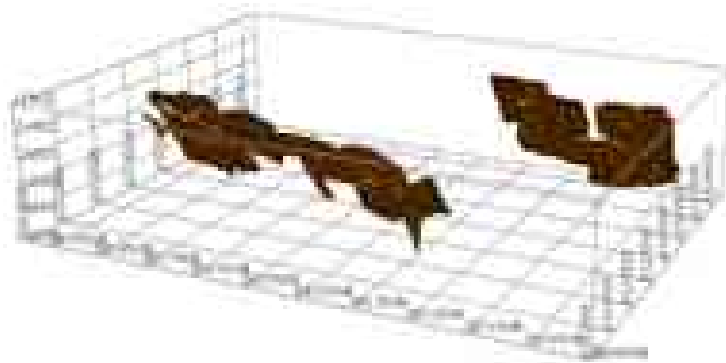
Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

10.4.6 Chichiwelli

Mineralisation solids were undertaken by GSR, and the mineralised zone modelling was conducted by GSR with the 2D polylines being snapped to drill hole grade intercepts using a cut-off grade of 0.5 g/t Au. The 2D polylines were then linked together to create a 3D mesh for grade estimation. The modelled wireframe solids are shown in Figure 10-15.

The mineralisation zones of Chichiwelli are structurally controlled with gold emplacement related to the density of quartz veining and sulphide content. The mineralisation hosting structures generally trend north-south and dip moderate-steeply to the east at 60°.

Figure 10-15: Solid Models for Chichiwelli



Source: Surpac Mapping, SRK

SRK has reviewed the solid models and is of the opinion that they are reasonable and can be used for a Mineral Resource estimation.

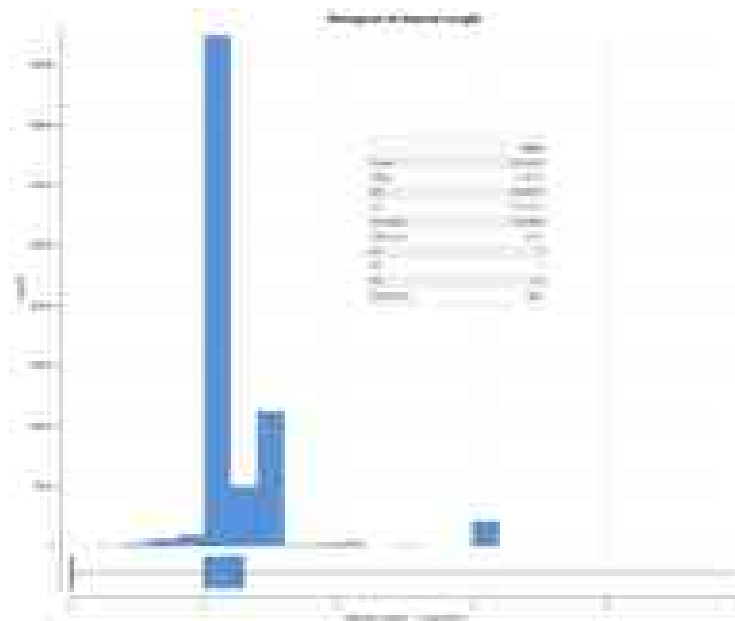
10.5 Compositing

Prior to the statistical analysis, the samples were generally combined so the length of each sample was basically equivalent.

10.5.1 Zone B Shoot

The average distribution was generally around 1 m and raw sample assay data was composited to 2 m intervals by GSR in Leapfrog™ (Figure 10-16). The 2 m interval composite was applied by GSR for subsequent statistic, geostatistical analysis, and grade interpolation.

SRK summarised statistics of composites against raw samples for each domain as listed in Table 10-11.

Figure 10-16: Histogram of Interval Length for Zone B Shoot

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-11: Summary Statistics of Composites against Raw Samples for Zone B Shoot

	Count	Min	Max	Mean	Variance	Std Dev	CoV
Raw	630,884	0.005	1,547.97	0.73	15.36	3.92	5.38
Composite	387,782	0.05	314.05	0.73	9.37	3.06	4.18

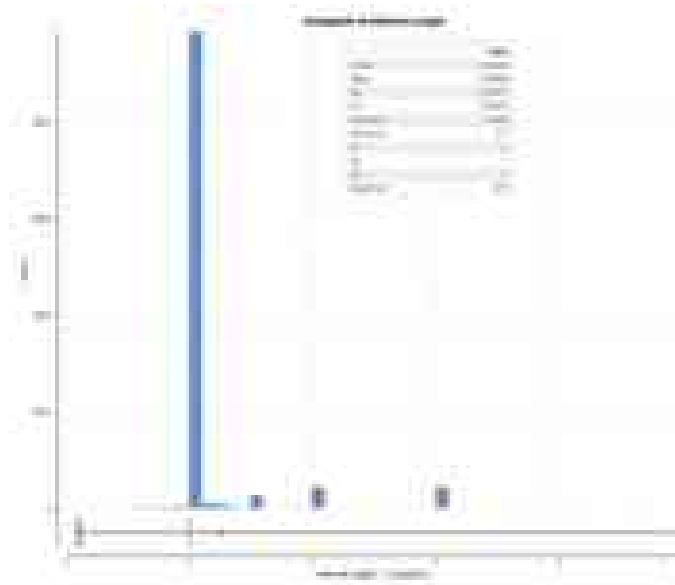
Based on the above results, SRK notes that there is a good correspondence in the basic statistics between the raw assay dataset and composites.

10.5.2 Zone 242

The average distribution was generally around 1 m and raw sample assay data was composited to 2 m intervals by GSR in Leapfrog™ software (Figure 10-17). The 2 m interval composite was applied by GSR for subsequent statistic, geostatistical analysis, and grade interpolation.

SRK summarised statistics of composites against raw samples for each domain as listed in Table 10-12.

Figure 10-17: Histogram of Interval Length for Zone 242



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-12: Summary Statistics of Composites against Raw Samples for Zone 242

Domain	Type	Count	Min	Max	Mean	Variance	Std Dev	CoV
1001	Raw	1,918	0.005	28.46	0.82	2.16	1.47	1.54
	Composite	1,143	0.005	28.46	0.82	1.59	1.26	1.54
1002	Raw	130	0.03	5.89	0.72	0.55	0.74	1.03
	Composite	79	0.04	3.46	0.72	0.26	0.51	0.70
1003	Raw	27	0.01	1.72	0.46	0.19	0.43	0.92
	Composite	16	0.035	1.16	0.46	0.14	0.37	0.82
1004	Raw	286	0.01	7.95	0.83	1.18	1.09	1.32
	Composite	167	0.04	5.78	0.82	0.67	0.82	1.00
1005	Raw	85	0.01	62.3	1.47	44.84	6.70	4.56
	Composite	49	0.01	3.15	0.76	0.45	0.67	0.89
1006	Raw	14	0.05	1.1	0.49	0.08	0.28	0.58
	Composite	9	0.29	0.82	0.49	0.02	0.15	0.31
1101	Raw	2,248	0.005	193.6	4.00	74.28	8.62	2.16
	Composite	1,362	0.015	98.34	4.01	45.65	6.76	1.69
1102	Raw	120	0.03	30.15	3.23	17.17	4.14	1.28
	Composite	68	0.32	14.18	3.23	8.17	2.86	0.88
1103	Raw	25	0.03	13.55	3.32	10.78	3.28	0.99
	Composite	17	0.71	7.54	3.32	5.08	2.25	0.68
1104	Raw	286	0.05	122	3.19	73.43	8.57	2.69
	Composite	151	0.15	68.14	3.23	42.69	6.53	2.02
1105	Raw	111	0.03	80.00	3.28	62.61	7.91	2.41
	Composite	60	0.615	42.52	3.28	33.79	5.81	1.77
1106	Raw	19	0.28	11.30	4.20	11.94	3.46	0.82
	Composite	14	0.56	8.54	4.20	7.48	2.74	0.65
10019	Raw	76	0.10	0.82	0.18	0.03	0.17	0.99
	Composite	43	0.025	0.525	0.15	0.01	0.11	0.73

Domain	Type	Count	Min	Max	Mean	Variance	Std Dev	CoV
10049	Raw	7	0.02	0.59	0.12	0.05	0.22	1.73
	Composite	4	0.023	0.37	0.12	0.03	0.16	1.32
11019	Raw	260	0.005	11.34	0.44	0.86	0.93	2.09
	Composite	149	0.02	5.69	0.44	0.36	0.60	1.37
11039	Raw	15	0.05	4.27	1.06	1.56	1.25	1.17
	Composite	9	0.16	2.73	1.02	1.18	1.08	1.07

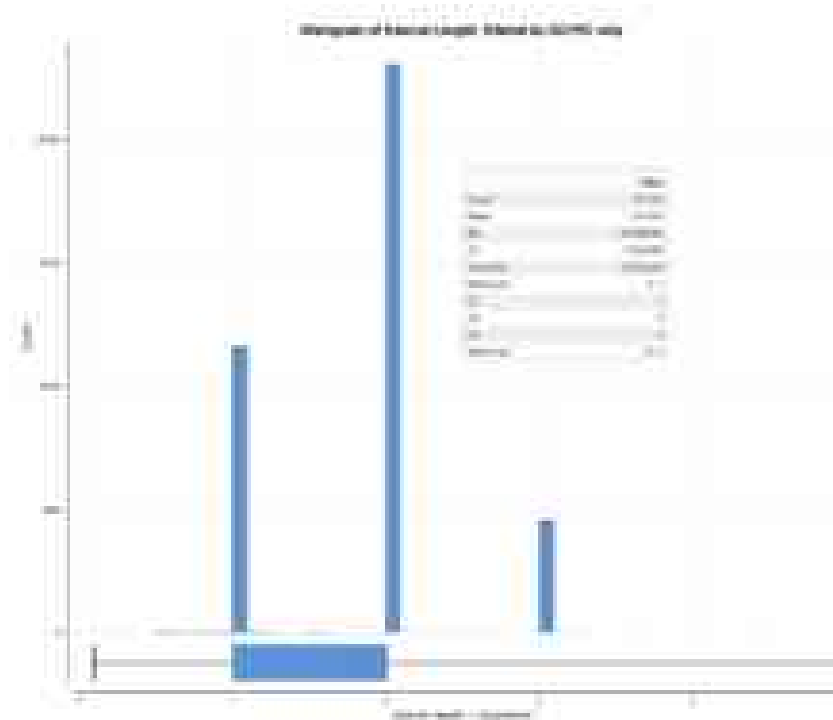
Based on the above results, SRK notes that there is a good correspondence in the basic statistics between the raw assay dataset and composites.

10.5.3 DMH

The average distribution for DMH was generally around 2 m and raw sample assay data was composited to 2 m intervals by GSR in Leapfrog™ software (Figure 10-18). The 2 m interval composite was applied by GSR for subsequent statistic, geostatistical analysis, and grade interpolation.

SRK summarised statistics of composites against raw samples for each domain as listed in Table 10-13.

Figure 10-18: Histogram of Interval Length for DMH



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-13: Summary Statistics of Composites against Raw Samples for DMH

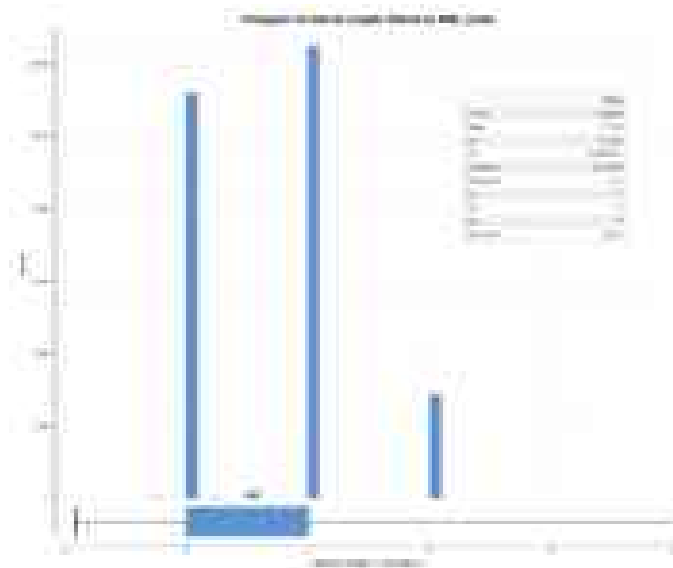
	Count	Min	Max	Mean	Variance	Std Dev	CoV
Raw	43,597	0.005	44.34	0.39	0.95	0.98	2.53
Composite	39,965	0.005	39.78	0.39	0.84	0.92	2.36

Based on the above results, SRK notes that there is a good correspondence in the basic statistics between the raw assay dataset and composites.

10.5.4 I Zone

The average distribution for I Zone was generally around 2 m and raw sample assay data was composited to 2 m intervals by GSR in Leapfrog™ software (Figure 10-19). The 2 m interval composite was applied by GSR for subsequent statistic, geostatistical analysis, and grade interpolation.

SRK summarised statistics of composites against raw samples for each domain as listed in Table 10-14.

Figure 10-19: Histogram of Interval Length for I Zone

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-14: Summary Statistics of Composites against Raw Samples for I Zone

	Count	Min	Max	Mean	Variance	Std Dev	CoV
Raw	44,135	0.005	357.12	0.62	19.98	4.47	7.18
Composite	25,958	0.005	166.00	0.53	4.26	2.06	3.91

Based on the above results, SRK notes that there is a good correspondence in the basic statistics between the raw assay dataset and composites.

10.5.5 Chichiwelli

Assay data was composited to 2 m by GSR. The 2 m composites were applied for grade estimation, statistic, and model validation.

10.6 Evaluation of Outliers

10.6.1 Zone B Shoot

SRK has reviewed the sample outliers used for the grade estimation by GSR. Outliers of pre mineralised domain were determined using Leapfrog statistical tool by GSR. The coefficient of variation (CV), histograms, probability plots and cumulative metal plots were analysed carefully to select the appropriate top cuts for all domains. The CV variations of different capping grade for each domain are listed in Figure 10-20.

Figure 10-20: CV Variations of Different Capping Grade for Each Domain (B Shoot)

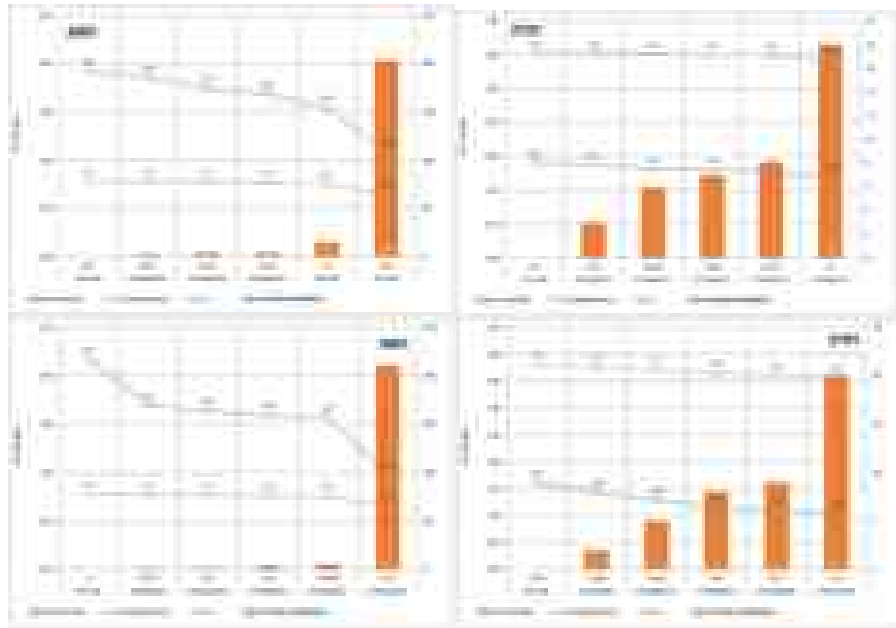
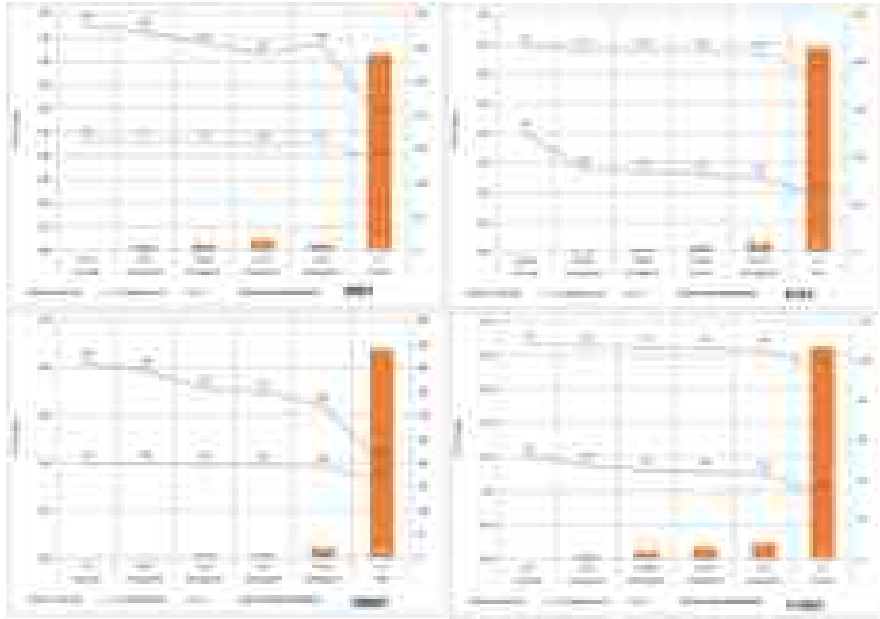


Figure 10-20: CV Variations of Different Capping Grade for Each Domain (B Shoot)



Figure 10-20: CV Variations of Different Capping Grade for Each Domain (B Shoot)

Source: GSR

Table 10-15: Zone B Shoot Au Grade Capping

Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
2001	10.0	0.78	0.75	-3
2101	31.6	3.04	2.99	-1
3001	14.6	0.78	0.76	-3
3101	29.3	3.82	3.62	-5
4001	9.4	0.76	0.72	-7
4101	30.4	3.74	3.50	-6
5001	20.5	0.83	0.79	-4
5101	50.2	4.40	4.22	-4
6001	9.5	0.84	0.79	-6
6101	30.01	3.40	3.35	-1
7001	8.7	0.80	0.76	-5
7101	25.5	3.80	3.70	-3
8001	18.4	0.92	0.91	-1
8101	33.7	3.47	3.35	-3
10001	15.1	0.99	0.96	-3
10101	27.6	3.16	3.09	-2

In SRK's opinion, the grade capping is appropriate.

10.6.2 Zone 242

SRK has reviewed the sample outliers used in grade estimation by GSR. Outliers of pre mineralised domain were determined using statistical method by GSR. The CV variations of different capping grade for each domain are listed in Figure 10-21.

Figure 10-21: CV Variations of Different Capping Grade for Each Domain (242)

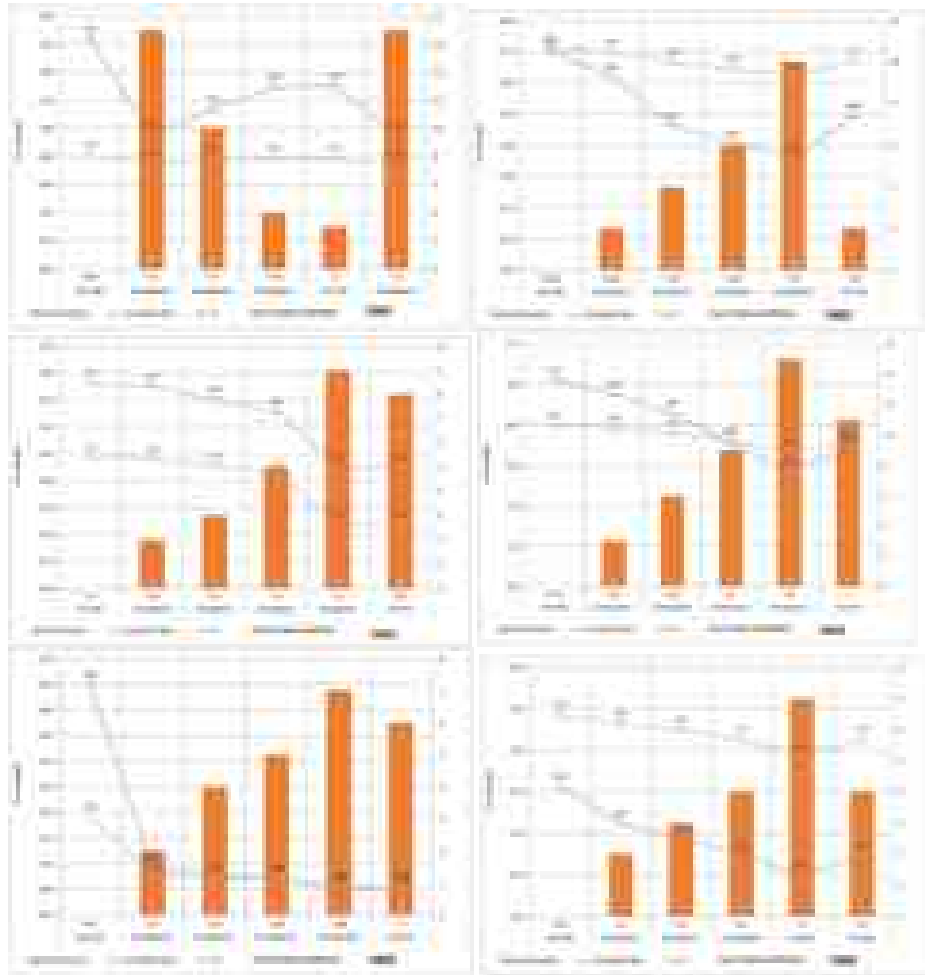


Figure 10-21: CV Variations of Different Capping Grade for Each Domain (242)

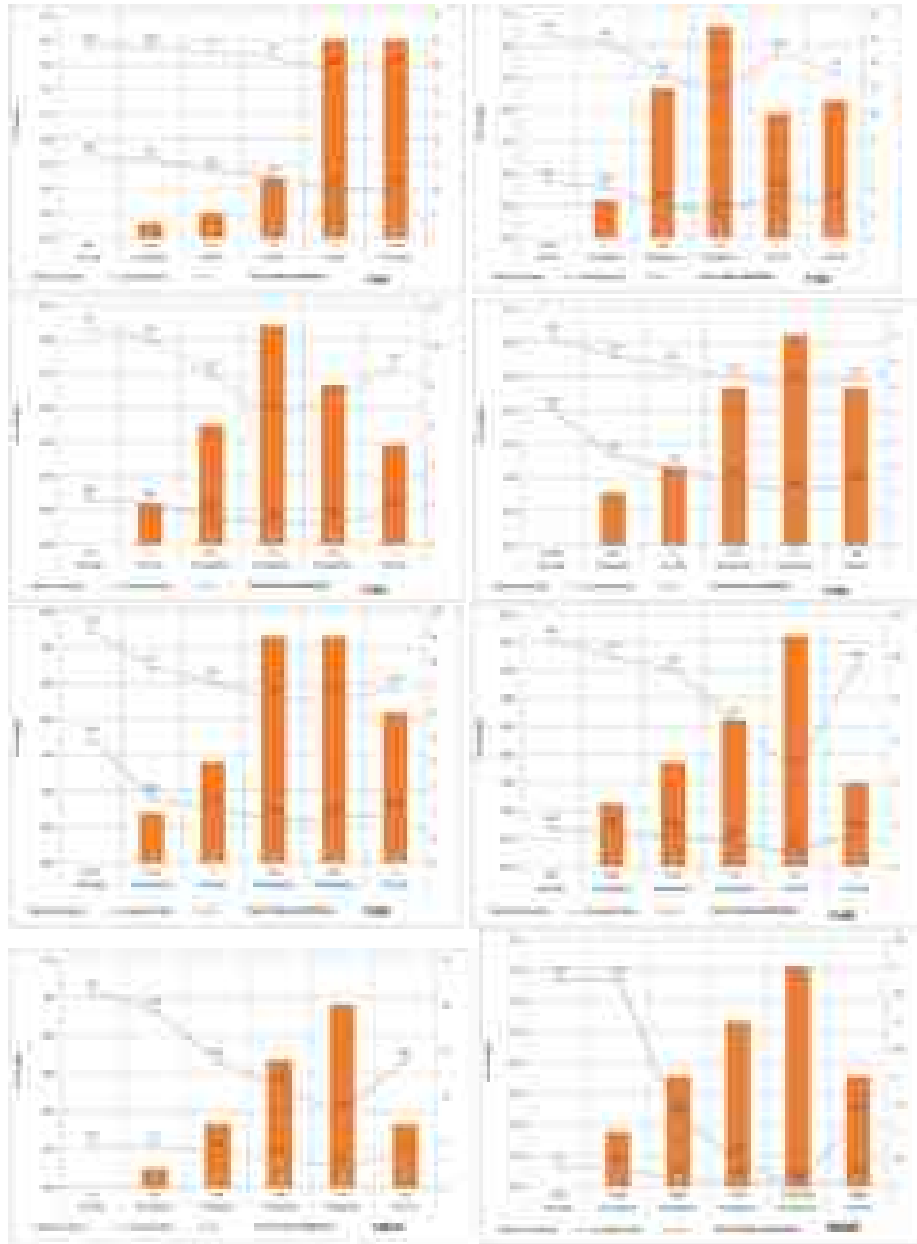
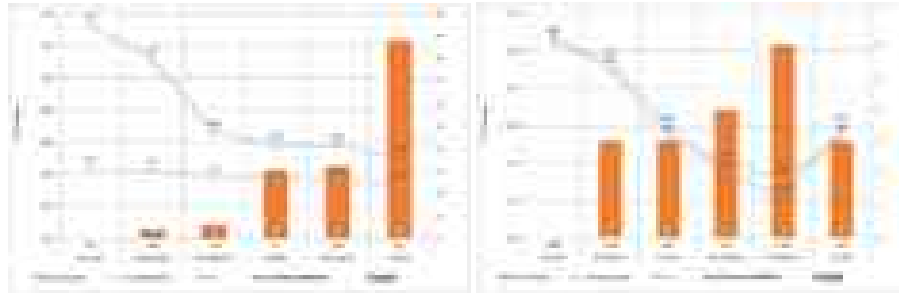


Figure 10-21: CV Variations of Different Capping Grade for Each Domain (242)

Source: GSR

Table 10-16: Zone 242 Grade Capping

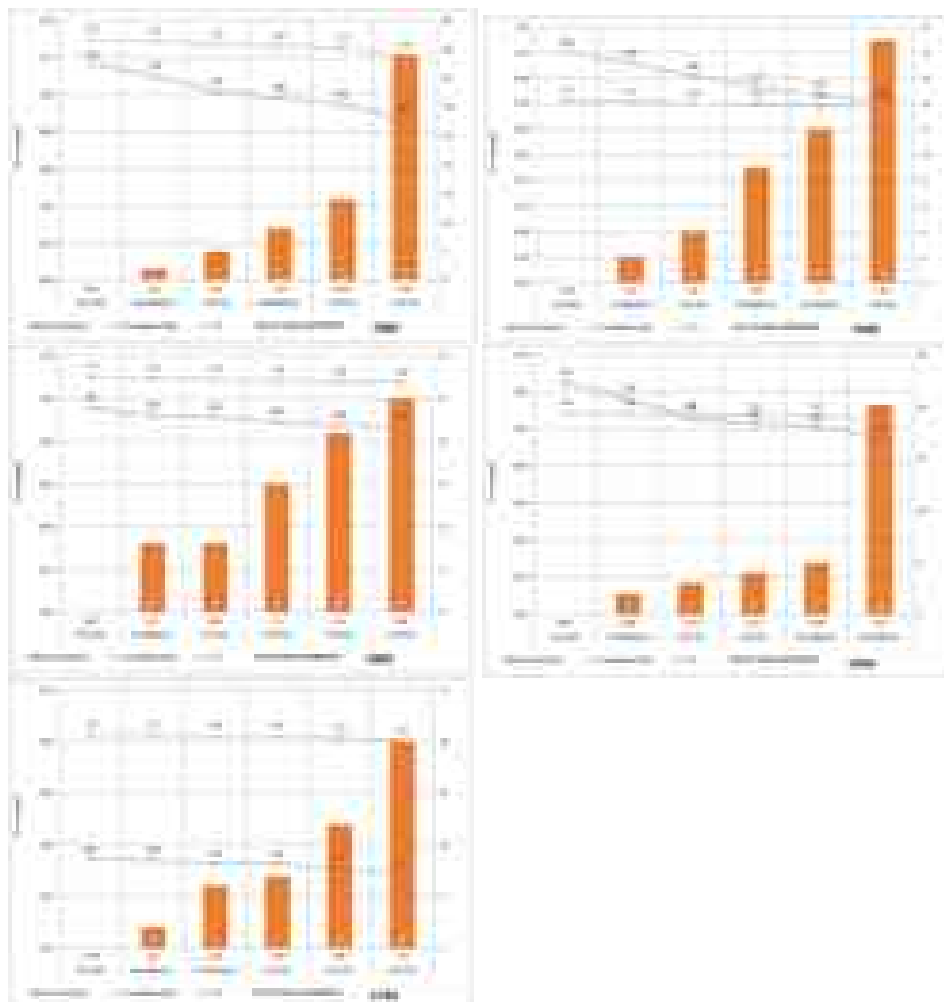
Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
1001	10	0.81	0.79	-3
1002	1.16	0.71	0.65	-8
1003	0.87	0.49	0.46	-7
1004	2	0.80	0.71	-11
1005	1.1	1.92	0.60	-69
1006	0.6	0.49	0.46	-5
1101	30	3.88	3.66	-6
1102	9	3.18	3.06	-4
1103	6	3.17	3.02	-5
1104	17	3.08	2.67	-13
1105	7	3.23	2.53	-22
1106	6	4.03	3.60	-11
10019	0.75	0.20	0.20	0
10049	0.065	0.12	0.05	-62
11019	0.7	0.44	0.36	-16
11039	0.94	1.07	0.54	-50

In SRK's opinion, the grade capping is appropriate.

10.6.3 DMH

SRK has reviewed the sample outliers used in grade estimation by GSR. Outliers of pre mineralised domain were determined using statistical method by GSR. The CV variations of different capping grade for each domain are listed in Figure 10-22.

Figure 10-22: CV Variations of Different Capping Grade for Each Domain (DMH)



Source: GSR

Table 10-17: DMH Grade Capping

Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
1001	8.91	1.30	1.27	-2
1002	4.4	0.71	0.70	-1
1003	6.05	1.10	1.09	-1
1004	10.44	1.08	1.07	-2
1005	10	1.08	1.06	-2

Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
2102	11.44	2.07	2.05	-1

In SRK's opinion, the grade capping is appropriate.

10.6.4 I Zone

SRK has reviewed the sample outliers used in grade estimation by GSR. Outliers of pre mineralised domain were determined using Excel statistics by GSR. The CV variations of different capping grade for each domain are listed in Figure 10-23.

Figure 10-23: CV Variations of Different Capping Grade for Each Domain (I Zone)

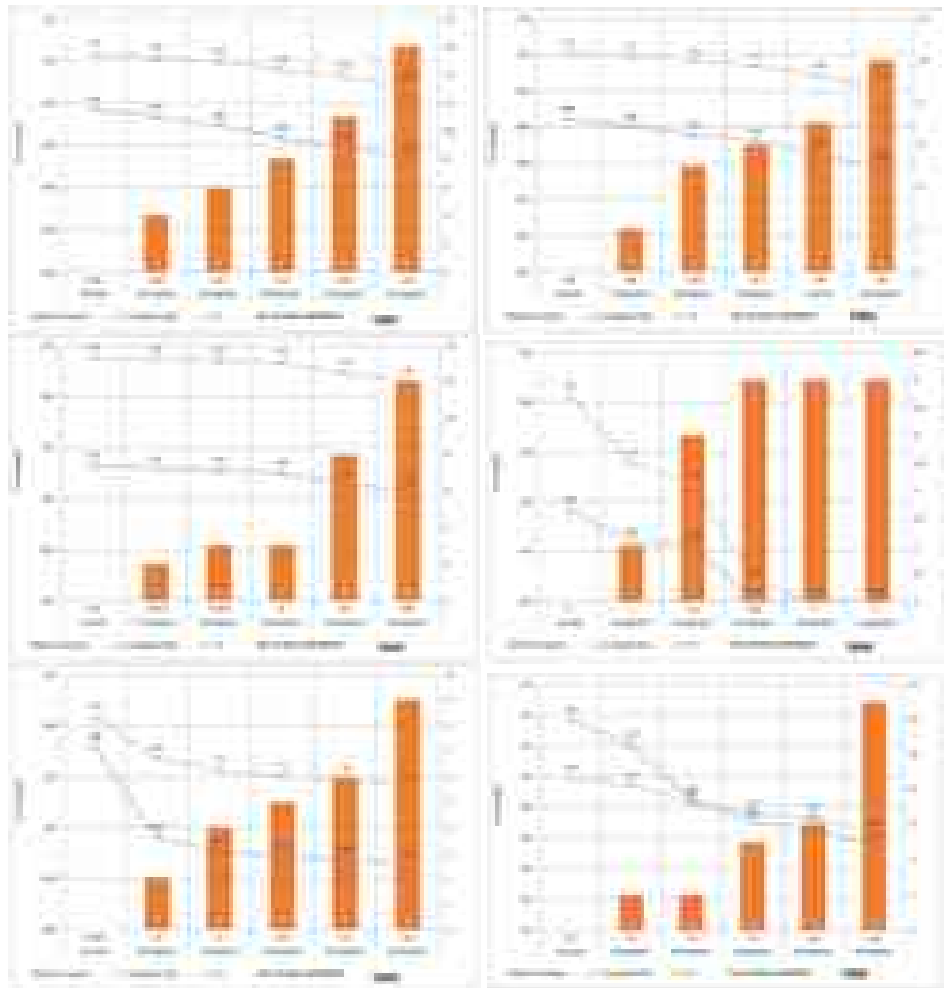
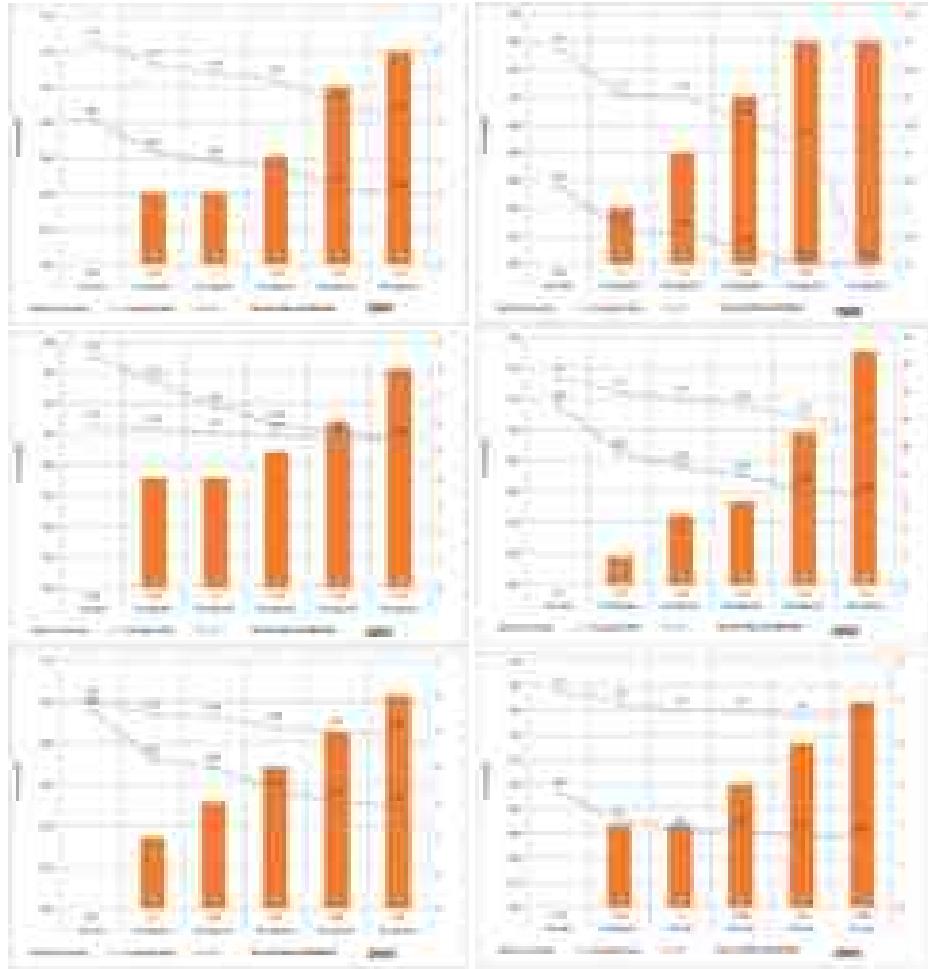


Figure 10-23: CV Variations of Different Capping Grade for Each Domain (I Zone)

Source: GSR

SRK noticed a big mean difference of Domain 1004, 1005, 1006, 1007 and 1008. The reason was that each domain has a small amount of samples but has a very high grade of gold.

Table 10-18: I Zone Grade Capping

Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
1001	2.64	1.04	1.00	-4
1002	3.01	1.21	1.16	-4
1003	15	2.38	2.35	-1
1004	2	2.07	1.39	-33

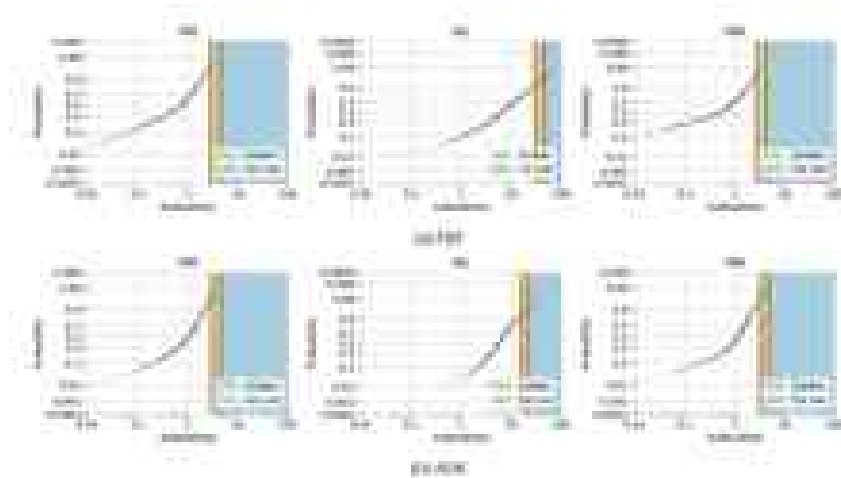
Domain Code	Capped	Mean before Capped	Mean after Capped	Difference (%)
1005	4.4	2.09	1.57	-25
1006	2.75	1.35	0.83	-16
1007	2	1.26	1.08	-14
1008	1.43	1.55	1.2	-22
2001	10	1.05	1.01	-4
2002	3.64	1.34	1.20	-10
2003	2.88	1.00	0.93	-7
2004	4	1.77	1.6	-10

In SRK's opinion, the grade capping is appropriate.

10.6.5 Hwini Butre

Probability plots for each vein unit for each domain are generated and shown in Figure 10-24. The capping values selected from the probability plots are summarized in Table 10-19.

Figure 10-24: Au Grade Probability Plot with Outliers and Far Out Thresholds Highlighted



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-19: Capping Values Selected from Analysis of the Probability Plot

Deposit	Vein Unit	Capped Values Used	Mean Grade before Cap	Mean Grade after Cap	Percentage Difference
FBZ	FW	5	1.02	0.74	-27.45
FBZ	HG	46	11.41	9.28	-18.67
FBZ	HW	5	0.81	0.60	-25.93
ADK	FW	5	1.19	0.95	-20.17

Deposit	Vein Unit	Capped Values Used	Mean Grade before Cap	Mean Grade after Cap	Percentage Difference
ADK	HG	23	7.58	5.90	-22.16
ADK	HW	5	1.31	1.03	-21.37

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

10.6.6 Chichiwelli

The caps were determined based on the shape of the tail of the log histogram and the log probability plots. Details are listed in Table 10-20. In SRK's opinion, the capping is appropriate.

Table 10-20: Chichiwelli Au Grade Capping

Domain	Cap Applied g/t	Mean Grade before Cap g/t	Mean Grade after Cap g/t	Percentage difference %
East	25	1.75	1.65	-6.06
West	15	1.69	1.59	-6.29

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

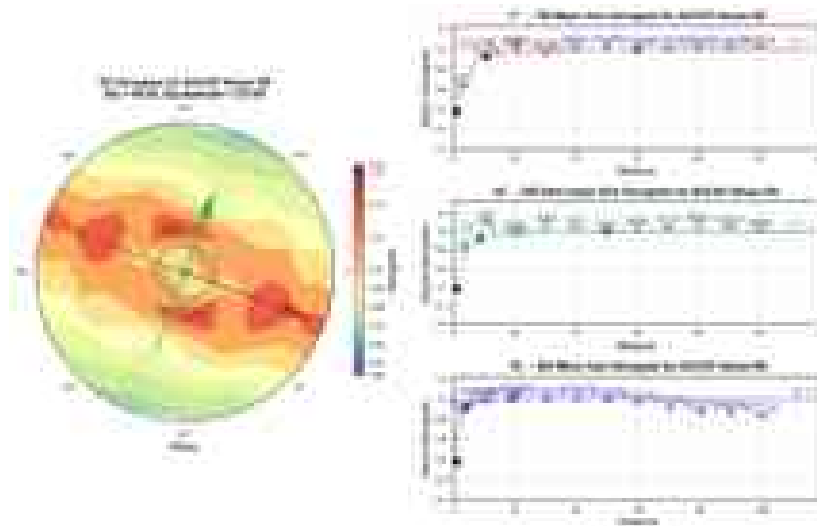
10.7 Statistical Analysis and Variography

10.7.1 Zone B Shoot

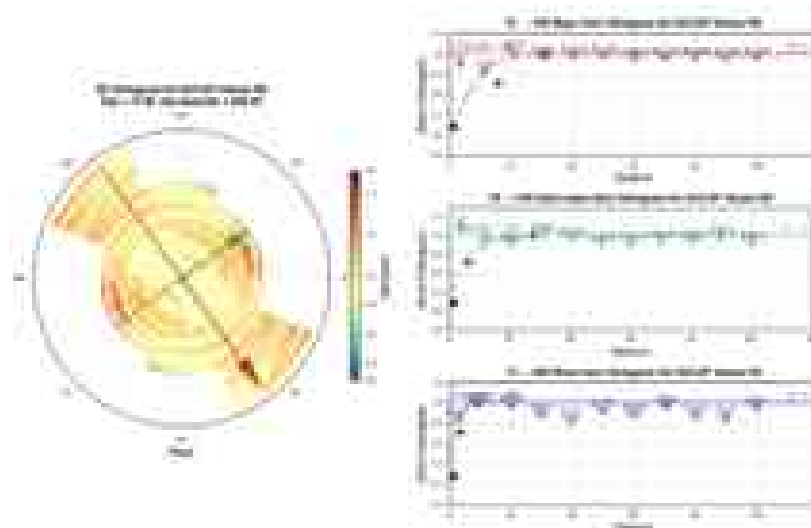
The variogram models for each mineralised domain were developed by GSR for grade estimation. Domain 5101 and 8101 variogram models are shown in Figure 10-25 and Figure 10-26. The variogram models are listed in Table 10-21.

Table 10-21: Variogram Structure of Au for B Shoot Domain 5101 and 8101

Domain		Nom.Sill	Type	Major	Semi-Major	Minor
5101	Nugget	0.38				
	Structure 1	0.55	Spherical	5.259	4.357	4.266
	Structure 2	0.07	Spherical	30.21	25.2	18.36
8101	Nugget	0.28				
	Structure 1	0.43	Spherical	15.9	6.39	3.49
	Structure 2	0.29	Spherical	31.09	27.36	8.45

Figure 10-25: Variogram Model of Au for Domain 5101

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-26: Variogram Model of Au for Domain 8101

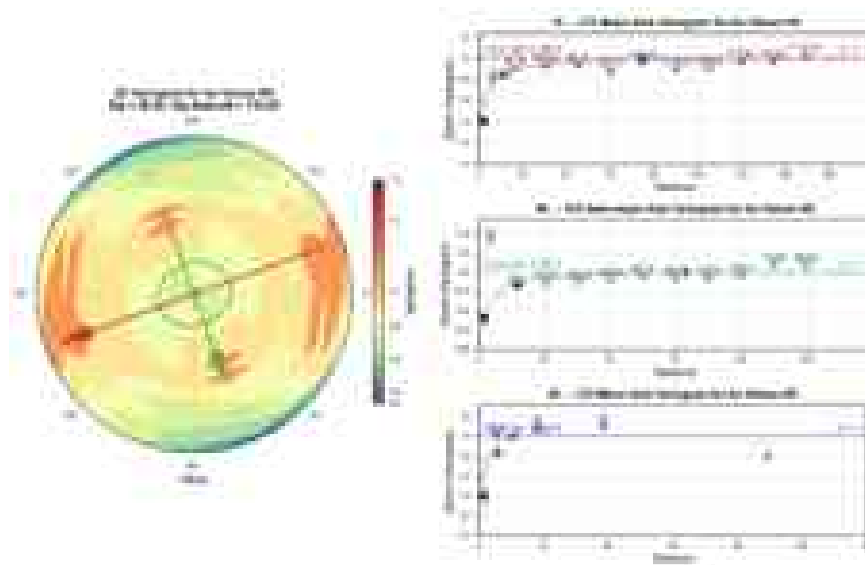
Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.7.2 Zone 242

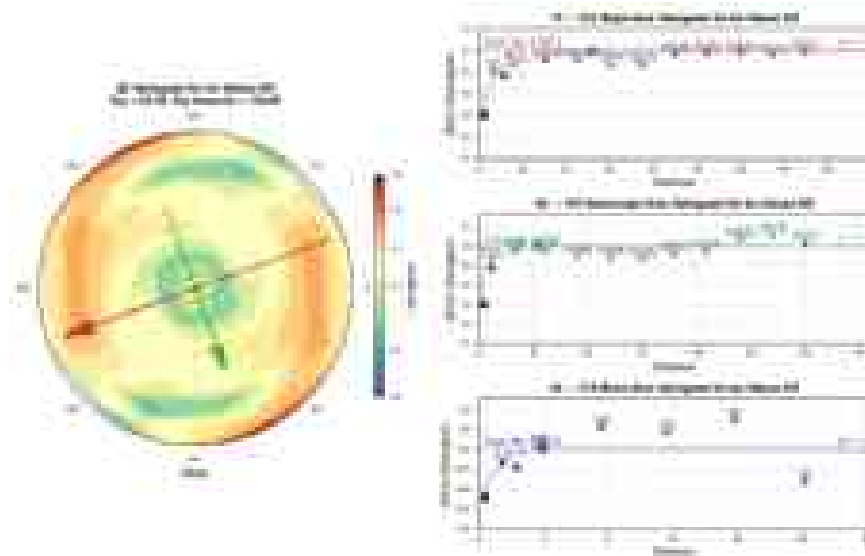
The variogram models for each mineralised domain were developed by GSR using Leapfrog™ software. Domain 1001 and 1101 variogram models are shown in Figure 10-27 and Figure 10-28. The variogram models are listed in Table 10-22.

Table 10-22: Variogram Structure of Au for 242 Domain 1001 and 1101

Domain		Nom.Sill	Type	Major	Semi-Major	Minor
1001	Nugget	0.40				
	Structure 1	0.44	Spherical	11.42	11.77	2.89
	Structure 2	0.16	Spherical	73.89	62.81	5.0
1101	Nugget	0.40				
	Structure 1	0.38	Spherical	11.32	5.62	2.89
	Structure 2	0.22	Spherical	51.84	26.01	5.0

Figure 10-27: Variogram Model of Au for Domain 1001

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-28: Variogram Model of Au for Domain 1101

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

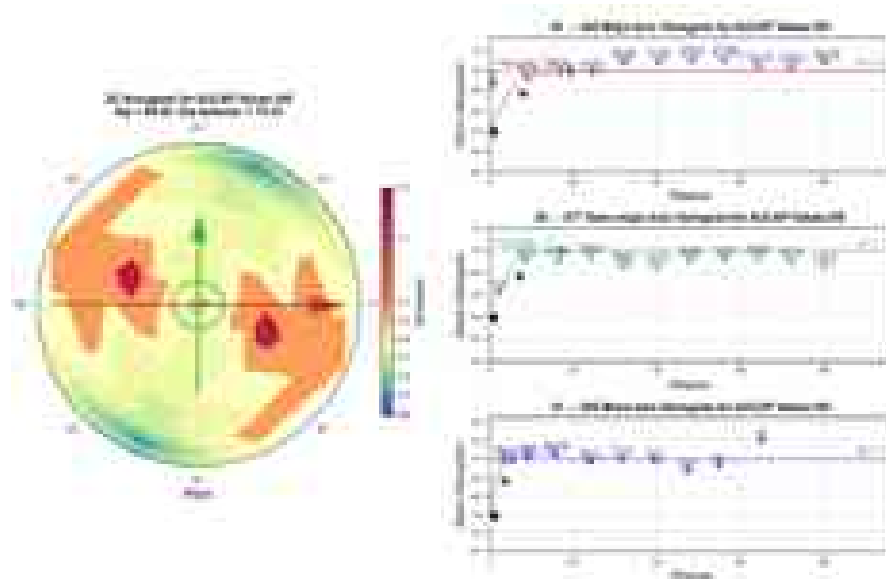
10.7.3 DMH

The variogram models for each mineralised domain were developed by GSR using Leapfrog™ software. Domain 1001 and 2102 variogram models are shown in Figure 10-29 and Figure 10-30. The variogram models are listed in Table 10-23.

Table 10-23: Variogram Structure of Au for DMH Domain 1001 and 2102

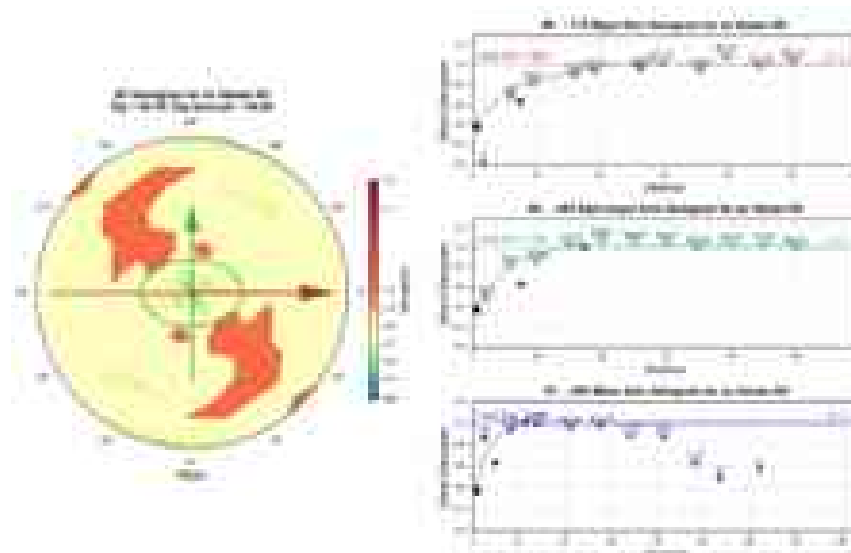
Domain		Nom.Sill	Type	Major	Semi-Major	Minor
1001	Nugget	0.39				
	Structure 1	0.38	Spherical	7.96	7.27	3.57
	Structure 2	0.23	Spherical	19.32	17.22	5.39
2102	Nugget	0.37				
	Structure 1	0.26	Spherical	7.47	7.43	4.86
	Structure 2	0.37	Spherical	26.1	17.12	11.37

Figure 10-29: Variogram Model of Au for Domain 1001



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-30: Variogram Model of Au for Domain 2102



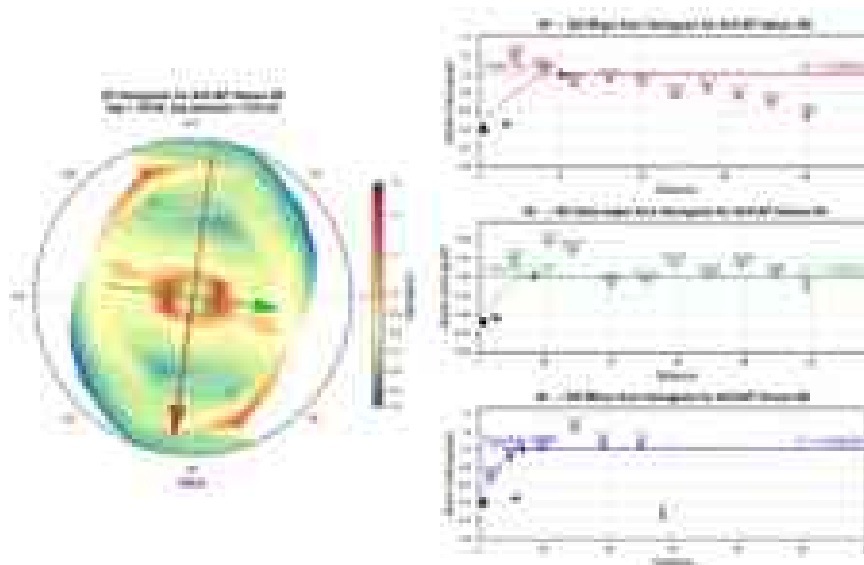
Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.7.4 I Zone

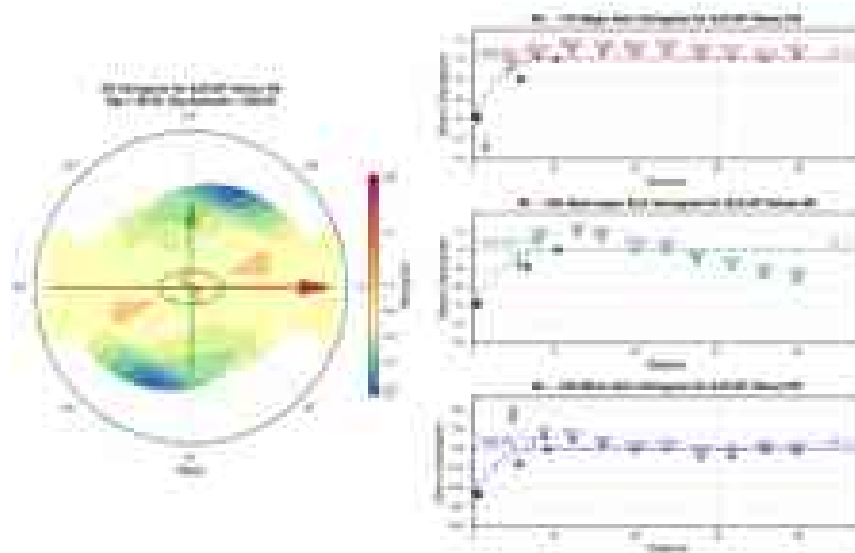
The variogram models were developed by GSR using Leapfrog™ software. Domain 1003 and 2001 variogram models are shown in Figure 10-31 and Figure 10-32. The variogram models are listed in Table 10-24.

Table 10-24: Variogram Structure of Au for I Zone Domain 1003 and 2001

Domain		Nom.Sill	Type	Major	Semi-Major	Minor
1003	Nugget	0.40				
	Structure 1	0.06	Spherical	6.70	5.25	5.66
	Structure 2	0.54	Spherical	20.26	16.55	6.72
2001	Nugget	0.42				
	Structure 1	0.39	Spherical	11.69	6.72	5.66
	Structure 2	0.19	Spherical	20.48	10.48	9.22

Figure 10-31: Variogram Model of Au for Domain 1003

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-32: Variogram Model of Au for Domain 2001

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.7.5 Hwini Butre

The variography was performed for each deposit and for each vein unit (FBZ and ADK) with capped values. Experimental semi variograms were calculated for full range of possible azimuths with steps of 15 degrees totalling 24 directions. The direction with most continuous experimental points from visual inspection of the 24 directions were utilised for nugget inference. These directions may not coincide with the final major continuity direction when considering all experimental points for final model fit. The nugget was inferred by fitting a single structure spherical variogram to the first few (up to three) experimental semi variogram points.

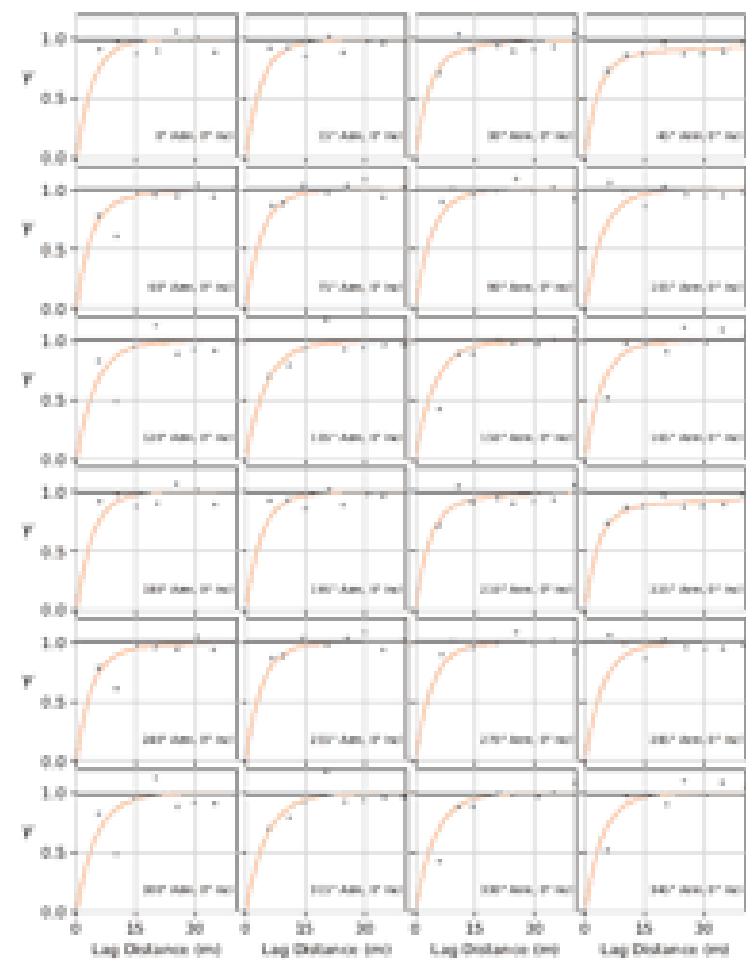
The variogram nugget inference for all veins in FBZ are shown in Figure 10-33. The directions used for nugget inference are detailed in each plot in Figure 10-33.

Figure 10-33: Inferred Nugget Effect for Au in Each Vein for FBZ

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

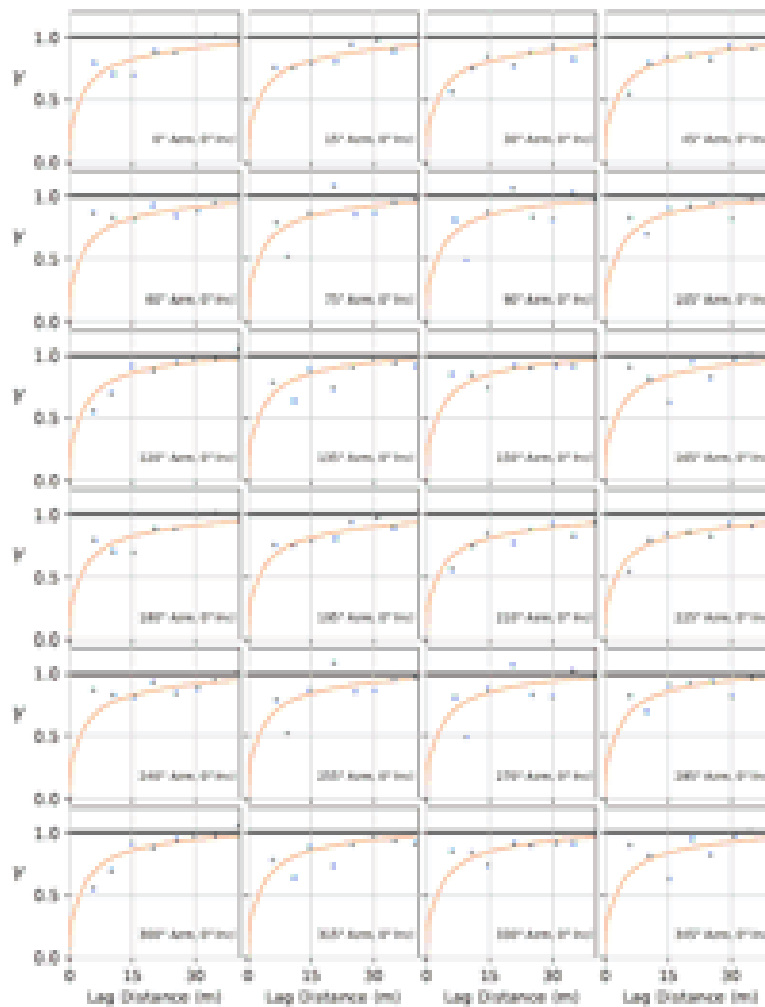
The experimental semi variogram and fitted model for FW unit in FBZ is shown in Figure 10-34. The parameters of the fitted model are summarised in Table 10-25. The experimental semi variogram and fitted model for HG unit in FBZ is shown in Figure 10-35. The parameters of the fitted model are summarised in Table 10-26. The experimental semi variogram and fitted model for HW unit in FBZ is shown in Figure 10-36. The parameters of the fitted model are summarised in Table 10-27.

Figure 10-34: Fitted Experimental semi variogram Points for Au in FW for FBZ



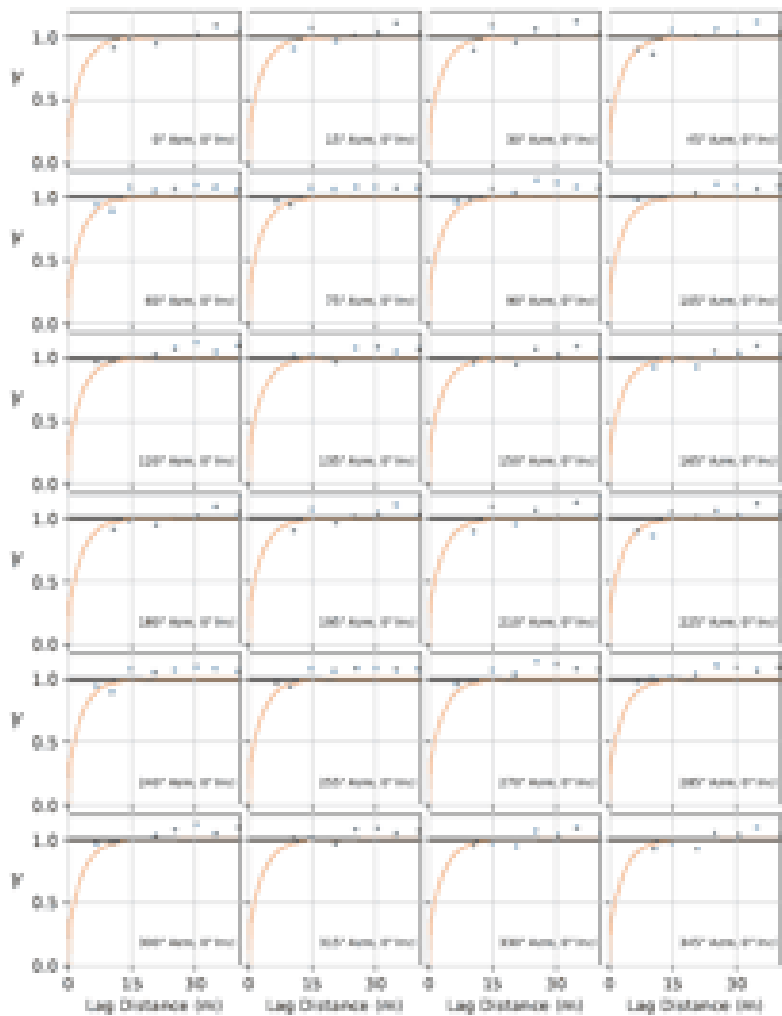
Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Figure 10-35: Fitted Experimental semi variogram Points for Au in HG for FBZ



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Figure 10-36: Fitted Experimental semi variogram Points for Au in HW for FBZ



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-25: Fitted Variogram Parameters for Au in FW for FBZ

Item	Nugget	Structure1	Structure2
Contribution	0.000	0.851	0.149
Model Shape		Exponential	Exponential
Angle1		43.3	43.3
Angle2		0.0	0.0

Item	Nugget	Structure1	Structure2
Angle3		0.0	0.0
Range1		10.0	155.9
Range2		16.3	10.0
Range3		1.0	1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-26: Fitted Variogram Parameters for Au in HG for FBZ

	Nugget	Structure1	Structure2
Contribution	0.250	0.416	0.334
Model Shape		Exponential	Exponential
Angle1		29.1	29.1
Angle2		0.0	0.0
Angle3		0.0	0.0
Range1		10.0	77.3
Range2		10.0	50.0
Range3		1.0	1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

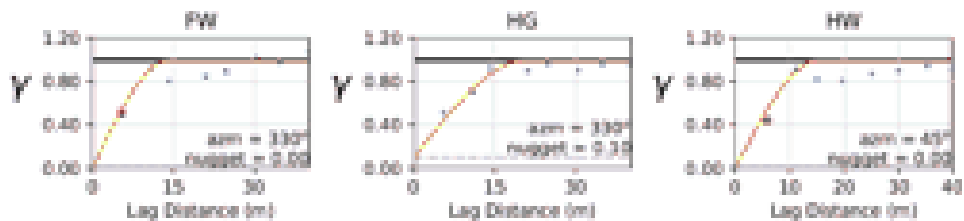
Table 10-27: Fitted Variogram Parameters for Au in HW for FBZ

	Nugget	Structure1
Contribution	0.283	0.717
Model Shape		Exponential
Angle1		72.6
Angle2		0.0
Angle3		0.0
Range1		10.0
Range2		10.0
Range3		1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

The variogram nugget inference for all veins in ADK are shown in Figure 10-37. The directions used for nugget inference are detailed in each plot in Figure 10-37.

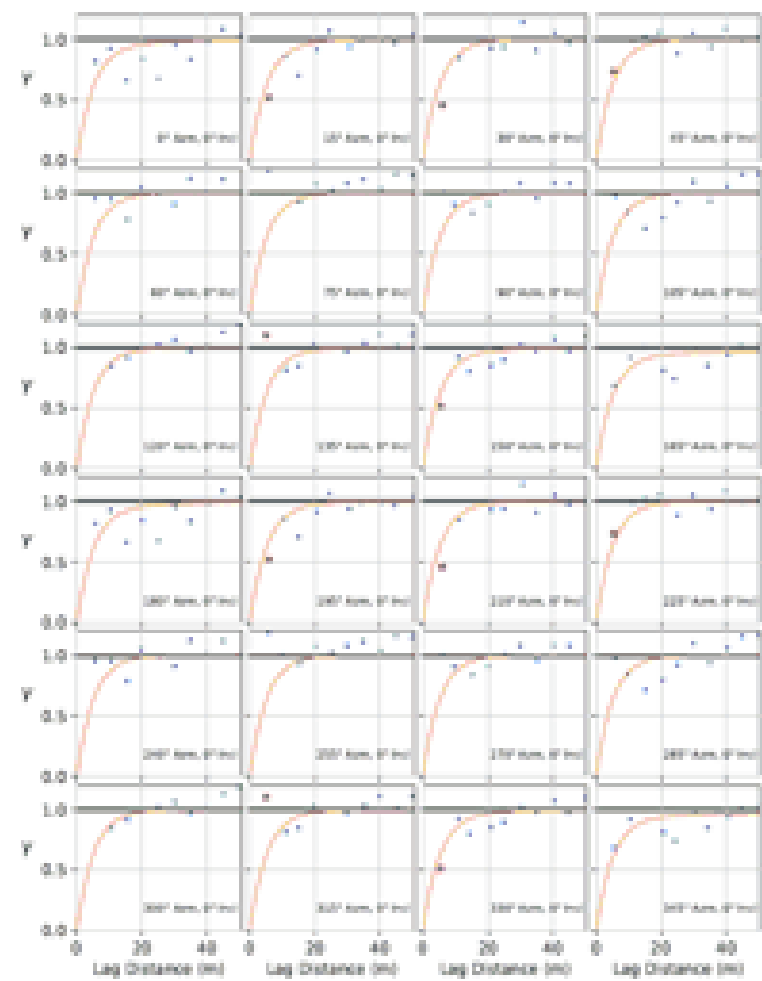
Figure 10-37: Inferred Nugget Effect for Au in Each Vein for ADK



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

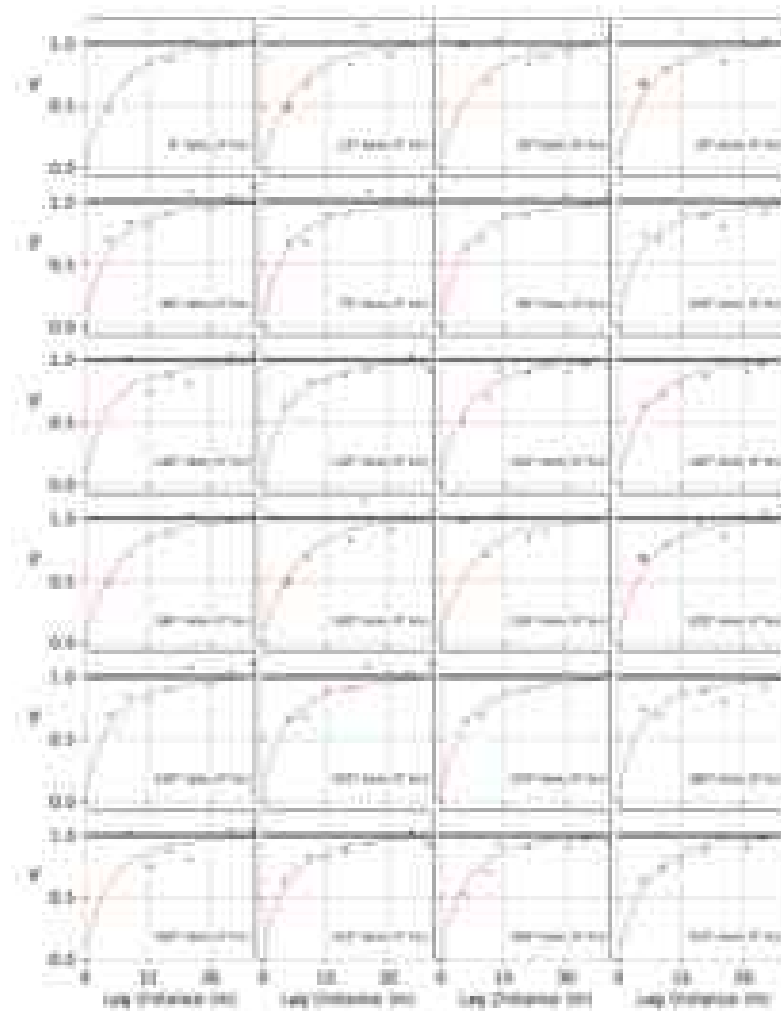
The experimental semi variogram and fitted model for FW unit in ADK is shown in Figure 10-38. The parameters of the fitted model are summarised in Table 10-28. The experimental semi variogram and fitted model for HG unit in ADK is shown in Figure 10-39. The parameters of the fitted model are summarised in Table 10-29. The experimental semi variogram and fitted model for HW unit in ADK is shown in Figure 10-40. The parameters of the fitted model are summarised in Table 10-30.

Figure 10-38: Fitted Experimental Semi Variogram Points for Au in FW for ADK



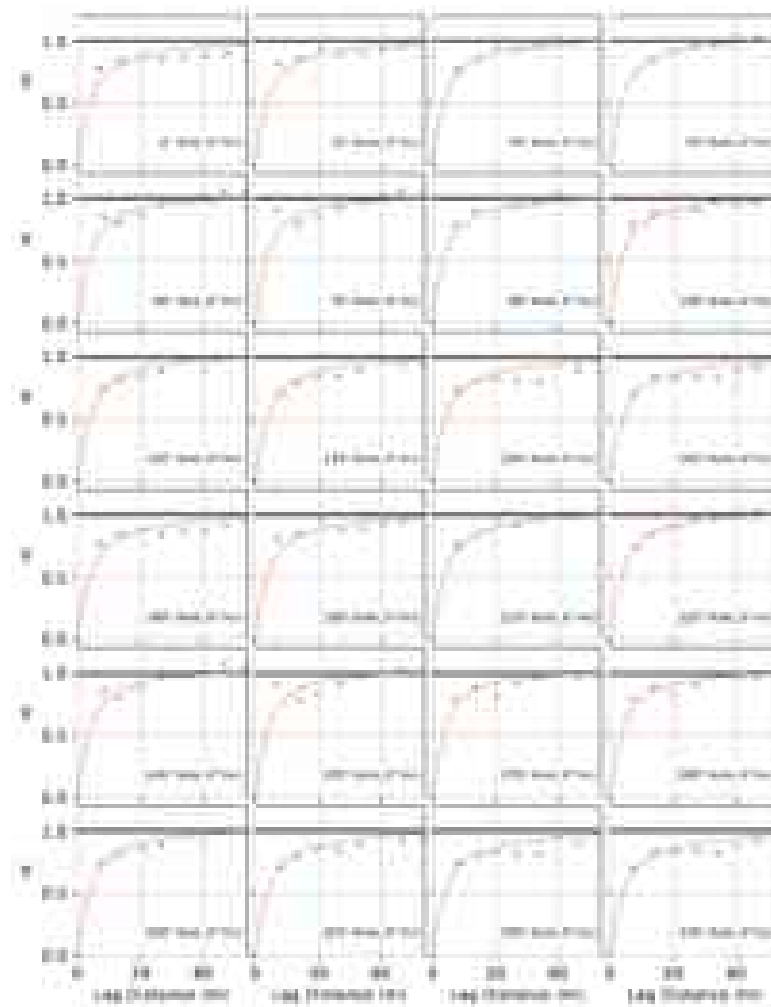
Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Figure 10-39: Fitted Experimental Semi Variogram Points for Au in HG for ADK



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Figure 10-40: Fitted Experimental Semi Variogram Points for Au in HW for ADK



Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-28: Fitted Variogram Parameters for Au in FW for ADK

	Nugget	Structure1	Structure2
Contribution	0.000	0.062	0.938
Model Shape		Exponential	Exponential
Angle1		77.8	77.8
Angle2		0.0	0.0
Angle3		0.0	0.0

	Nugget	Structure1	Structure2
Range1		15.0	15.0
Range2		929.5	15.0
Range3		1.0	1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-29: Fitted Variogram Parameters for Au in HG for ADK

	Nugget	Structure1	Structure2
Contribution	0.097	0.460	0.443
Model Shape		Exponential	Exponential
Angle1		13.1	13.1
Angle2		0.0	0.0
Angle3		0.0	0.0
Range1		32.8	21.9
Range2		38.9	10.0
Range3		1.0	1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-30: Fitted Variogram Parameters for Au in HW for ADK

	Nugget	Structure1	Structure2
Contribution	0.000	0.650	0.350
Model Shape		Exponential	Exponential
Angle1		73.1	73.1
Angle2		0.0	0.0
Angle3		0.0	0.0
Range1		15.0	58.4
Range2		15.0	99.9
Range3		1.0	1.0

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

The major direction of continuity for each variogram model for each deposit is inferred from the weighted ranges of each variogram structure utilising their contribution as weights. The major direction is rotated back to original space and the results are summarised in Table 10-31.

Table 10-31: Fitted Major Variogram Directions in Original Space

Deposit	Vein	Azimuth	Dip	Weighted Anisotropy
FBZ	FW	118.9	26.5	2.1
FBZ	HG	131.6	18.5	1.4
FBZ	HW	86.9	38.5	1.0
ADK	FW	172.9	10.9	4.8
ADK	HG	4.1	11.7	1.1
ADK	HW	170.7	15.1	1.5

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

10.7.6 Chichiwelli

Variograms were modelled for the East and West domains separately. The experimental semi variogram in real space is poorly structured, and so a Gaussian transformation was applied to the data. The first stage was to define the nugget effect from a short-lag omnidirectional variogram, which was calculated along the drillhole, and then modelled the variogram ranges from directional variograms from along strike, down-dip and across dip directions. The directional variograms were then back transformed into "real" space and used for subsequent estimation. The back transformed variograms and resultant variogram parameters are as shown in Table 10-32.

Table 10-32: Variogram Parameters for Chichiwelli

Parameter	East	West
C0	7.94	3.06
C1	3.60	1.59
Nugget Effect (%)	68.8	65.81
Range (m)		
a1 (strike)	25	4
a1 (dip)	25	35
a1 (normal to strike)	5	4.7

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

10.8 Block Model and Grade Estimation**10.8.1 Zone B Shoot**

For the model "wug_bm_eng_20240409.mdl", the block size of 5 m easting (X) by 10 m northing (Y) by 5 m elevation (Z) was used. A summary of the block model specifications is listed in Table 10-33. The attribute and description of the block model are presented in Table 10-34.

Table 10-33: Specifications of Zone B Shoot Block Model

	Min	Max	Block Size	Sub Block Size	Rotation
N	18,200	21,050	10	2.5	0
E	39,275	40,575	5	1.25	0
Z	-975	1,100	5	2.5	0
Total Blocks			9,735,066		

Table 10-34: Attribute and Description of Zone B Shoot Block Model

Attribute	Description
au_ok	Au grade.
density	Density.
domain	All Mineralised Domains.
resclass	1=Measured, 2=Indicated, 3=Inferred.

For Zone B Shoot UG, the bulk density in the model was set to 2.8 g/cm³ (fresh rock) as before.

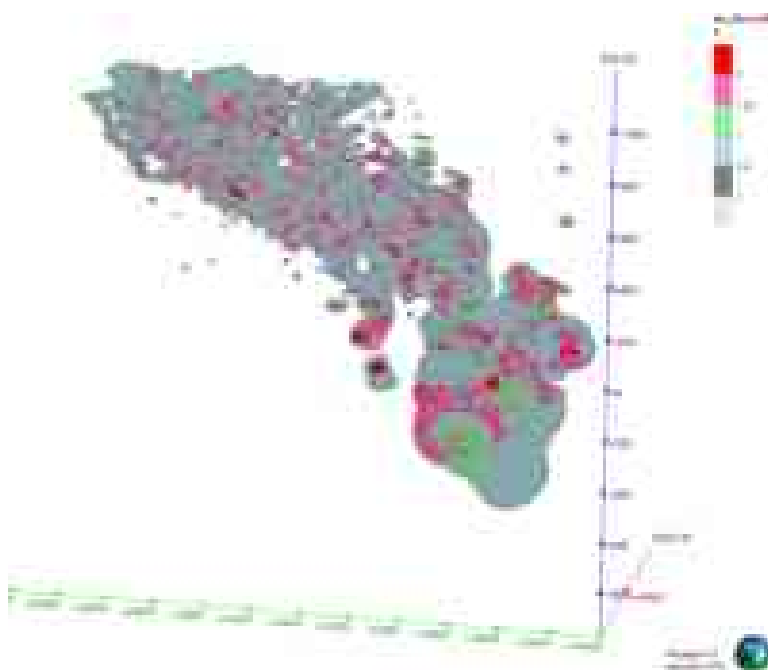
The OK method was used for grade estimation by GSR. As shown in Figure 10-7, variable search orientations were developed for each mineralised domain. The parameters are summarised in Table 10-35.

Table 10-35: Grade Estimation Parameters Used in Zone B Shoot

Pass	Major	Semi-Major	Minor	Min Samples	Max Samples	Max Samples Per Hole
1	25	25	10	3	8	2
2	50	50	20	2	12	4
3	150	150	50	1	15	

A classed post plot of the gold estimate is as shown in Figure 10-41.

Figure 10-41: Au Grade for Zone B Shoot



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.8.2 Zone 242

For the model "242_bm_gc_231019.mdl", the block size of 5 m easting (X) by 10 m northing (Y) by 5 m elevation (Z) was used. A summary of the block model specifications is listed in Table 10-36. The attribute and description of the block model are presented in Table 10-37.

Table 10-36: Specifications of Zone 242 Block Model

	Min	Max	Block Size	Sub Block Size	Rotation
N	20,179	20,709	10	2.5	50

	Min	Max	Block Size	Sub Block Size	Rotation
E	39,198	39,768	5	1.25	50
Z	740	1,090	5	2.5	0
Total Blocks			240,654		

Table 10-37: Attribute and Description of Zone 242 Block Model

Attribute	Description
au_ok	Au grade.
density	Density.
domain	All Mineralised Domains.
res_class	1=Measured, 2=Indicated, 3=Inferred.

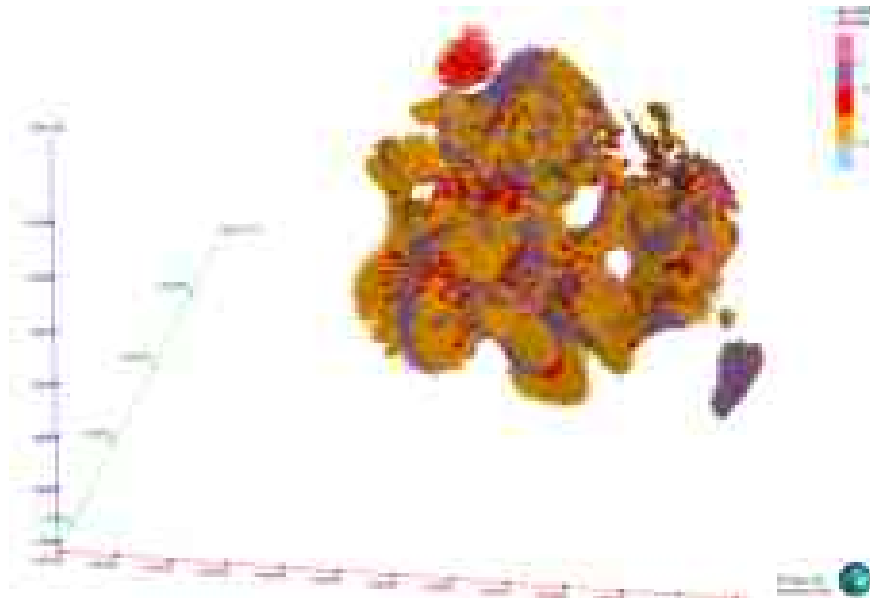
For 242 UG, the bulk density in the model was set to 2.8 (fresh rock).

The OK method was used for grade estimation by GSR. Variable search orientations were developed for each mineralised domain. The parameters are summarised in Table 10-38.

Table 10-38: Grade Estimation Parameters Used in Zone 242

Pass	Major	Semi-Major	Minor	Min Samples	Max Samples	Max Samples Per Hole
1	40	30	2.5	3	12	2
2	70	60	5	2	12	4
3	150	100	50	1	15	

A classed post plot of the gold estimate is as shown in Figure 10-42.

Figure 10-42: Au Grade for Zone 242

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.8.3 DMH

For the model "dmh_gc_model_20240518.mdl", the block size of 5 m easting (X) by 5 m northing (Y) by 3 m elevation (Z) was used. A summary of the block model specifications is listed in Table 10-39. The attribute and description of the block model are presented in Table 10-40.

Table 10-39: Specifications of DMH Block Model

	Min	Max	Block Size	Sub Block Size	Rotation
N	20,705	21,210	5	1.25	0
E	40,500	41,110	5	1.25	0
Z	724	1,132	3	1.5	0
Total Blocks				1,175,800	

Table 10-40: Attribute and Description of DMH Model

Attribute	Description
Au_ok	Gold grade.
density	Density.
est_domains	All Mineralised Domains.
weathering	1=Fresh, 2=Trans, 3=Oxide.
res_class	1=Measured, 2=Indicated, 3=Inferred, 4=Bluesky

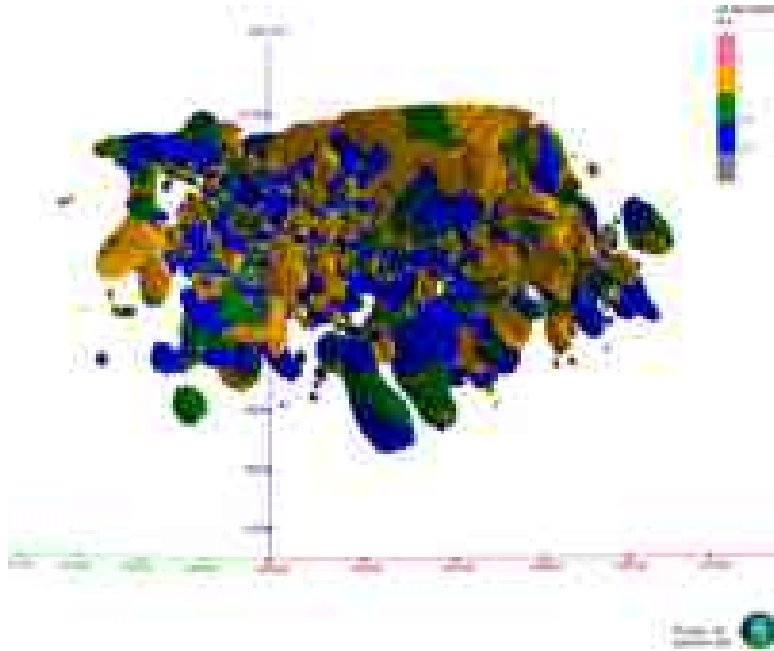
The density values for the tonnage estimation were coded to 1.8 g/cm³ for oxide, 2.25 g/cm³ for transition and 2.7 g/cm³ for fresh by GSR. The OK method was used for grade estimation by GSR. Variable search orientations were developed for each mineralised domain. Parameters are listed in Table 10-41.

Table 10-41: Grade Estimation Parameters Used in DMH

Pass	Major	Semi-Major	Minor	Min Samples	Max Samples	Max Samples Per Hole
1	10	5	5	9	15	3
2	15	9	9	9	15	3
3	22.5	13.5	13.5	6	12	3
4	45	27	27	6	10	
5	90	54	54	4	8	

A classed post plot of the Au estimate is as shown in Figure 10-43.

Figure 10-43: Au Grade for DMH



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.8.4 I Zone

For the model "zone_bm_res_20230901.mdl", the block size of 10 m easting (X) by 20 m northing (Y) by 6 m elevation (Z) was used. A summary of the block model specifications is listed in Table 10-42. The attribute and description of the block model are presented in Table 10-43.

Table 10-42: Specifications of I Zone Block Model

	Min	Max	Block Size	Bub Block Size	Rotation
N	57,180	57,740	20	2.5	0
E	174,470	174,880	10	1.25	0
Z	764	1,100	6	1.5	0
Total Blocks			199,693		

Table 10-43: Attribute and Description of I Zone Model

Attribute	Description
au_ok	Gold grade.
density	Density.
domain	All mineralised domains.

Attribute	Description
oxidation	1=Fresh, 2=Trans, 3=Oxide.
res_class	1=Measured, 2=Indicated, 3=Inferred.

The density values for the tonnage estimation were coded to 1.8 g/cm³ for oxide, 2.25 g/cm³ for transition and 2.7 g/cm³ for fresh by GSR. The OK method was used for grade estimation by GSR. Variable search orientations were developed for each mineralised domain. Parameters are listed in Table 10-44.

Table 10-44: Estimation and Search Parameters for I Zone

Pass	Major	Semi-Major	Minor	Min Samples	Max Samples	Max Samples Per Hole
1	25	15	10	4	16	2
2	50	30	20	3	12	
3	100	60	40	2	10	
4	200	120	80	1	8	

A classed post plot of the gold estimate is as shown in Figure 10-44.

Figure 10-44: Au Grade for I Zone



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

10.8.5 Hwini Butre

Two block models were created; one for FBZ and the other for ADK. No rotation was applied to the models. Block sizes were chosen to reflect the geometry of the deposits. Grade data for each of the modelled units was interpolated into the individual structures only. Block model parameters for FBZ and ADK are shown in Table 10-45 and Table 10-46.

Table 10-45: FBZ Block Model Parameters

Coordinate	Origin	Boundary Size	Block Size (m)
X	175,681.47	1,443	1
Y	32,345.73	683	2
Z	1,176.72	482	2

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

Table 10-46: ADK Block Model Parameters

Coordinate	Origin	Boundary Size	Block Size (m)
X	175,731.38	718	1
Y	32,394.43	804	2
Z	1271.61	721	2

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

The density used for estimation was provided by GSR with the value of 2.7 g/cm³.

The estimation was performed using OK with uncapped and capped gold grades. The number of composites and maximum search radius utilized for each vein unit in each deposit are shown in Table 10-47.

Table 10-47: Kriging Search Parameters for Each Vein in Each Deposit

Deposit	Vein	Max Search (m)	Max Composites
FBZ	FW	250	8
FBZ	HG	500	4
FBZ	HW	500	4
ADK	FW	250	4
ADK	HG	1,000	24
ADK	HW	1,000	2

Source: A Report to Golden Star Father Brown Resource Model, RMS, 2020

10.8.6 Chichiwelli

A block model was created by GSR for the whole Chichiwelli area. Block sizes were chosen to reflect the average spacing of drill lines along the strike. Grade data for each of the modelled units was interpolated into the individual structures only, with soft boundaries between oxidation states, and subsequently reported as oxide or fresh. Block model parameters for Chichiwelli are summarized in Table 10-48.

Table 10-48: Chichiwelli Block Model Parameters

Coordinate	Origin	Block Size (m)	No. of Blocks
X	631,093.64	12.5	100
Y	580,787.20	25	60
Z	1216(Max)	8	65

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

GSR modelled the oxidation surface to determine the boundary between oxide and fresh material. No transition zone was modelled. The density values used for the estimation were provided by GSR with the values of 1.8 g/cm³ for oxide and 2.68 g/cm³ for fresh.

Block grades for each of the mineralised zones were estimated using OK. OK was carried out in four passes for each mineralised zone, and the search parameters for the individual domains shown below in Table 10-49. Octants were used on the 1st and 2nd pass searches with three consecutive empty sectors; however, they were not applied on the 3rd search pass, hence the same number of minimum and maximum samples for the 2nd and 3rd searches.

Table 10-49: Chichiwelli Estimation Parameters

Domain		Pass1	Pass2	Pass3	Rotation
East	X	60	120	120	Azimuth 20
	Y	60	120	120	Dip 60
	Z	20	40	4	
	Min Samples	3	3	3	
	Max Samples	80	80	80	
West	X	80	160	120	Azimuth 20
	Y	80	160	120	Dip 60
	Z	10	20	20	
	Min Samples	3	3	3	
	Max Samples	80	80	80	

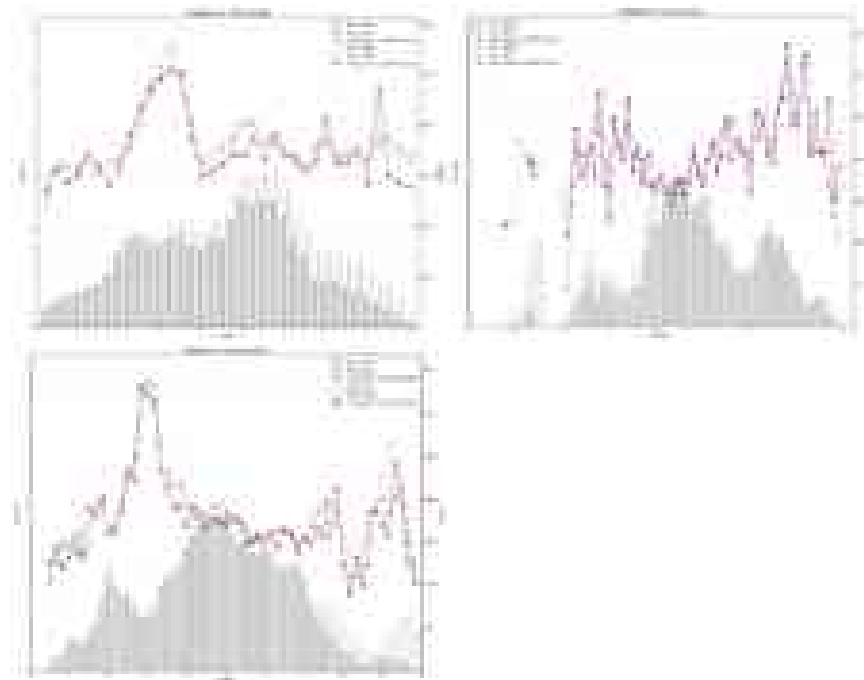
Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

10.9 Model Validation and Sensitivity

Model validation is a common approach for determining whether grade estimation has performed as expected. An acceptable or preferred validation result does not necessarily imply that the model is correct or derived from the right estimation approach. It suggests only that the model is a reasonable representation of the Mineral Resource data used and of the estimation method applied. Other issues such as the relationship between the model-selective assumptions and mining practices are equally important when determining the appropriateness of the Mineral Resource estimate.

SRK adopted the swath plot validation approaches to validate the model for B Shoot, 242, DMH and I Zone.

Swath plots of gold were created in three orthogonal directions (easting, northing, and vertical, as X, Y, and Z) in particular slice thicknesses in each direction to validate the resultant block models.

Figure 10-45: Au Swath Plot for Domain 5101 of B Shoot

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-46: Au Swath Plot for Domain 8101 of B Shoot

Figure 10-46: Au Swath Plot for Domain 8101 of B Shoot

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-50: Comparison of Composites and Block Model (B Shoot)

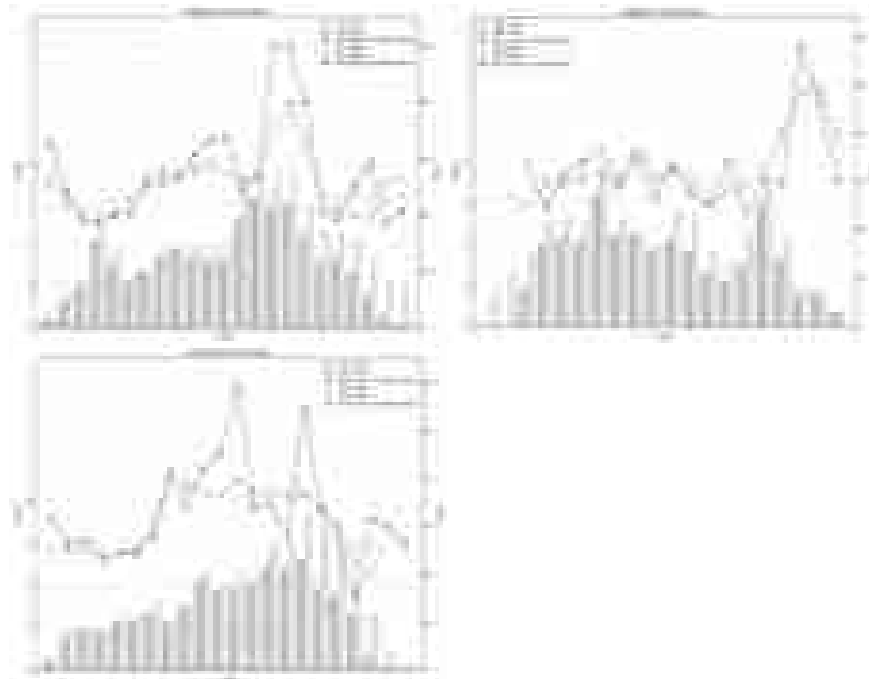
Domain Code	Mean Grade (Composites)	Mean Grade (Block Model)	Difference
2001	0.73	0.72	-1.13%
2101	3.14	2.65	-15.79%
3001	0.94	0.88	-6.18%
3101	3.68	3.84	4.39%
4001	0.77	0.77	0.64%
4101	3.68	3.65	-0.85%
5001	0.82	0.81	-1.27%
5101	4.35	3.78	-13.14%
6001	0.80	0.72	-9.50%
6101	3.39	3.04	-10.34%
7001	0.84	0.73	-12.69%
7101	3.91	3.37	-13.75%
8001	0.96	0.84	-12.92%
8101	3.52	3.37	-4.36%
10001	1.03	0.90	-12.84%
10101	3.14	2.83	-9.87%

For the model "wug_bm_eng_20240409.mdl", as shown in Figure 10-45 and Figure 10-46, the block models and composites match reasonably well in all orthogonal directions. This comparison shows close agreement between the block model and composites in terms of overall distribution as a function of X, Y, and Z location. The gold grade comparison of composites and global mean are listed in Table 10-50. The estimation method and parameters are appropriate. The data indicates that the block models constructed by GSR are reliable.

For the model "242_bm_gc_231019.mdl", as shown in Figure 10-47 and Figure 10-48, the block models and composites match reasonably well in all orthogonal directions. This comparison shows

close agreement between the block model and composites in terms of overall distribution as a function of X, Y, and Z location. The comparison of the composites and global gold grade of the block model are listed in Table 10-51. The estimation method and parameters are appropriate. The data indicates that the block models constructed by GSR are reliable.

Figure 10-47: Au Swath Plot for Domain 1001 of 242

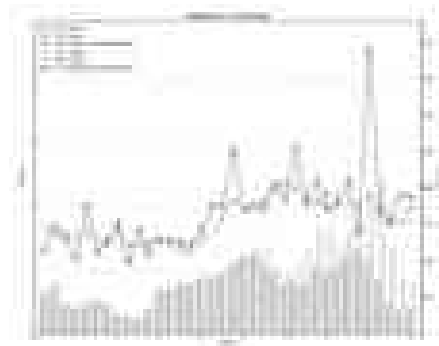


Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-48: Au Swath Plot for Domain 1101 of 242



Figure 10-48: Au Swath Plot for Domain 1101 of 242



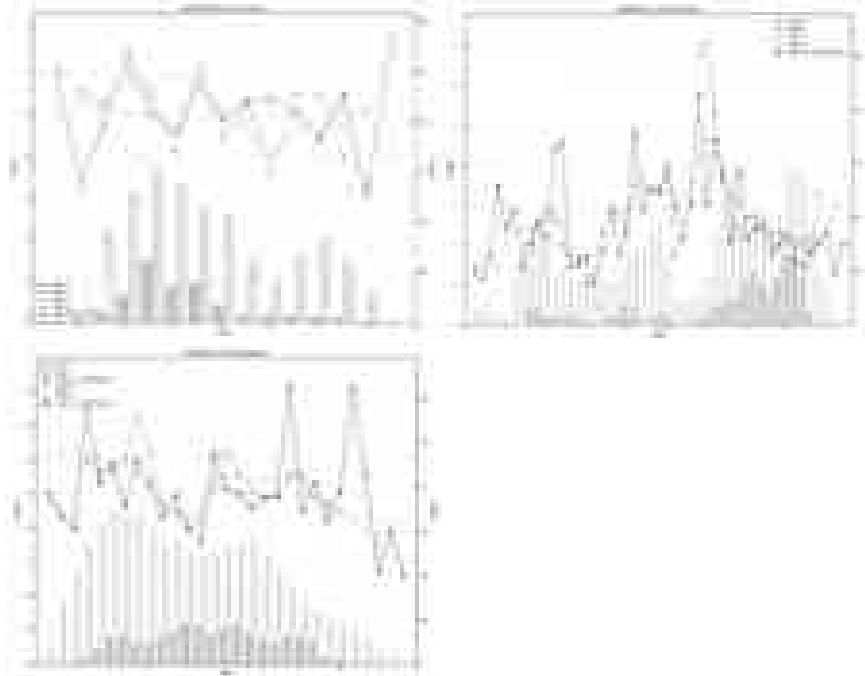
Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-51: Comparison of Composites and Block Model (242)

Domain Code	Mean Grade (Composites)	Mean Grade (Block Model)	Difference
1001	0.80	0.75	-5.71%
1002	0.65	0.64	-1.09%
1003	0.44	0.39	-11.43%
1004	0.72	0.67	-7.75%
1005	0.60	0.49	-18.41%
1006	0.46	0.45	-2.40%
1101	3.75	3.75	0.01%
1102	3.10	2.97	-4.30%
1103	3.11	2.88	-7.62%
1104	2.74	2.63	-4.18%
1105	2.51	2.34	-6.79%
1106	3.79	3.93	3.64%
10019	0.18	0.17	-3.82%
10049	0.05	0.05	-0.37%
11019	0.36	0.35	-2.68%
11039	0.54	0.58	6.93%

For the model "dmh_gc_model_20240518.mdl", as shown in Figure 10-49 and Figure 10-50, the block models and composites match reasonably well in all orthogonal directions. This comparison shows close agreement between the block model and composites in terms of overall distribution as a function of X, Y, and Z location. The comparison of the composites and global gold grade of the block model are listed in Table 10-52. The estimation method and parameters are appropriate. The data indicates that the block models constructed by GSR are reliable.

Figure 10-49: Au Swath Plot for Domain 1001 of DMH



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-50: Au Swath Plot for Domain 2101 of DMH



Figure 10-50: Au Swath Plot for Domain 2101 of DMH

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-52: Comparison of Composites and Block Model (DMH)

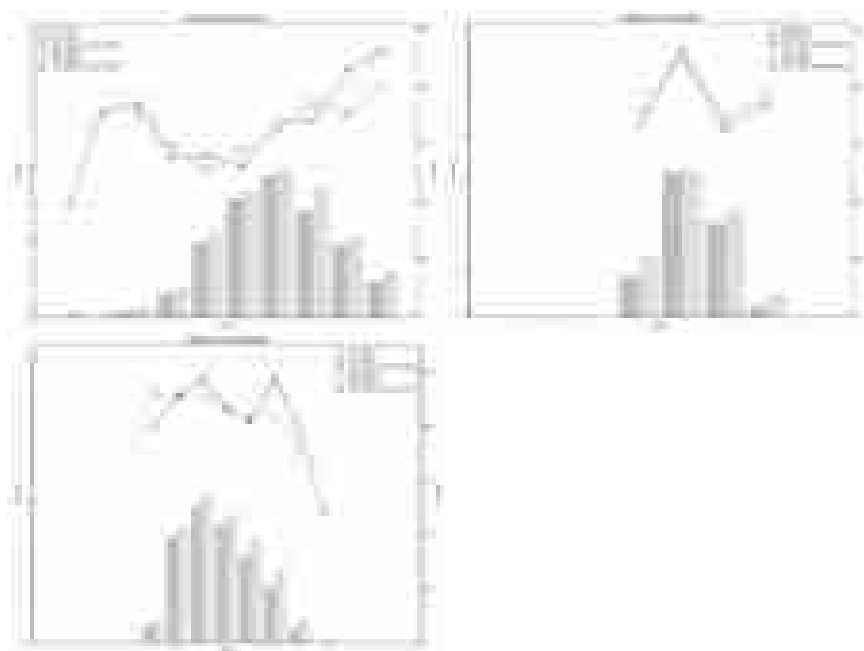
Domain Code	Mean Grade (Composites)	Mean Grade (Block Model)	Difference
1001	1.20	1.24	4.05%
1002	0.71	0.66	-6.86%
1003	1.06	1.00	-6.17%
1004	1.05	1.07	1.91%
1005	1.06	1.01	-4.91%
2102	1.93	1.82	-5.60%

For the I Zone model, as shown in Figure 10-51 and Figure 10-52, the block models and composites match reasonably well in all orthogonal directions. This comparison shows close agreement between the block model and composites in terms of overall distribution as a function of X, Y, and Z location. The comparison of the composites and global gold grade of the block model are listed in Table 10-53. The estimation method and parameters are appropriate. The data indicates that the block models constructed by GSR are reliable.

Figure 10-51: Au Swath Plot for Domain 1003 of I Zone

Figure 10-51: Au Swath Plot for Domain 1003 of I Zone

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Figure 10-52: Au Swath Plot for Domain 2001 of I Zone

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

Table 10-53: Comparison of Composites and Block Model (I Zone)

Domain Code	Mean Grade (Composites)	Mean Grade (Block Model)	Difference
1001	1.01	1.01	-0.01%
1002	1.16	1.12	-3.16%

Domain Code	Mean Grade (Composites)	Mean Grade (Block Model)	Difference
1003	2.35	2.28	-2.72%
1005	1.58	1.57	-0.73%
1006	1.07	0.87	-18.41%
1007	1.04	1.07	2.88%
2001	1.03	1.00	-2.34%
2002	1.19	1.23	3.48%
2003	0.92	0.92	-0.52%
2004	1.62	1.70	5.09%

For the FBA/ADK model, thickness and gold grade were both checked. For the thickness, the difference ranges from -6.34% to 7.67% for FBZ and ranges from 0.93% to 12.41% for ADK. The scatterplot of measured and estimated gold grades at data locations for FBZ and ADK. The scatter plots for both FBZ and ADK indicate good data reproduction.

For the Chichiwelli model, block model was validated by comparing the block model mean grades with the declustered composite mean grades and through validation slices through the block models. The block model was also compared to the composite grades within defined sectional criteria in a series of validation slices, the results of which are displayed on graphs to check for visual discrepancies between grades along the defined coordinate line. The expected outcome of the estimation process is to observe a relative smoothing of block model grades around the composite values. Overall, the estimation of the Chichiwelli domains is robust and the results have been verified to a reasonable degree of confidence. Globally, the block model average grade is relatively like that of the declustered input data, indicating that no biases have been found.

10.10 Mineral Resource Classification

Block model quantities and grade estimates for the Wassa project were classified according to the JORC Code guidelines.

Mineral Resource classification is typically a subjective concept. Industry best practices suggest that Mineral Resource classification should consider the confidence in the geological continuity of the mineralised structures, the quality and quantity of exploration data supporting the estimates, and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas at similar Mineral Resource classification.

GSR has considered the following general criteria:

- Confidence in the geological interpretation.
- Knowledge of the grade continuities gained from observations and geostatistical analyses.
- Number, spacing, and orientation of drillhole intercepts through mineralised domains.
- Quality and reliability of the raw drillhole data (i.e., sampling, assaying and surveying).

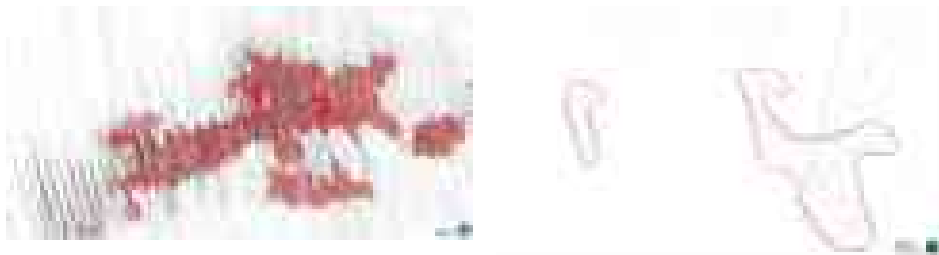
SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data primarily by DD and (GC)RC are sufficiently reliable to support the Mineral Resource evaluation.

Using the above criteria, 3D surfaces and solids were created by GSR to delineate the respective Mineral Resource categories.

For the B Shoot model, Mineral Resource classification was performed by wireframing the Measured and Indicated Mineral Resources by GSR, based on drill spacing displayed on sections, which were spaced every 15 m along northing.

For Measured Mineral Resources: as detailed in Figure 10-53, defined in areas where the drill intercepts were consistently no greater than 15 m apart, up dip or down dip.

Figure 10-53: B Shoot Measured Areas in both Plane and Section Map



Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

For Indicated Mineral Resources: as detailed in Figure 10-54, defined in areas where the drill intercepts were consistently no greater than 50 m apart.

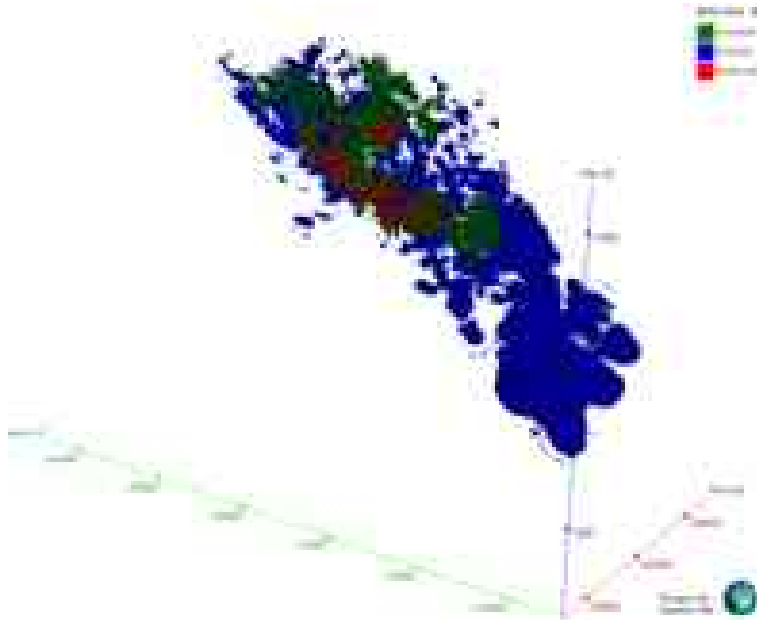
The rest within each domain with little known information is classified as Inferred Mineral Resources, as their reliability is not sufficient to apply meaningful economic and technical parameters or to evaluate economic feasibility.

Figure 10-54: B Shoot Indicated Areas in both Plane and Section Map



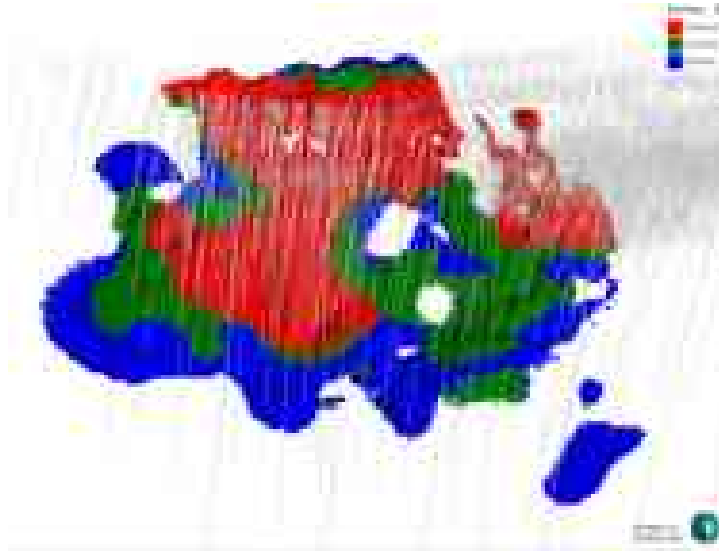
Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

The Mineral Resource classification is as shown in Figure 10-55.

Figure 10-55: B Shoot Mineral Resource Classification Distribution

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

For the 242 model, blocks in the areas with drill hole spacing not more than 15 m were classified as Measured Mineral Resources, those with drill hole spacing not greater than 30 m were classified as Indicated Mineral Resources and those with drill hole spacing not greater than 45 m were classified as Inferred Mineral Resources, detail in Figure 10-56.

Figure 10-56: 242 Mineral Resource Classification Distribution

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

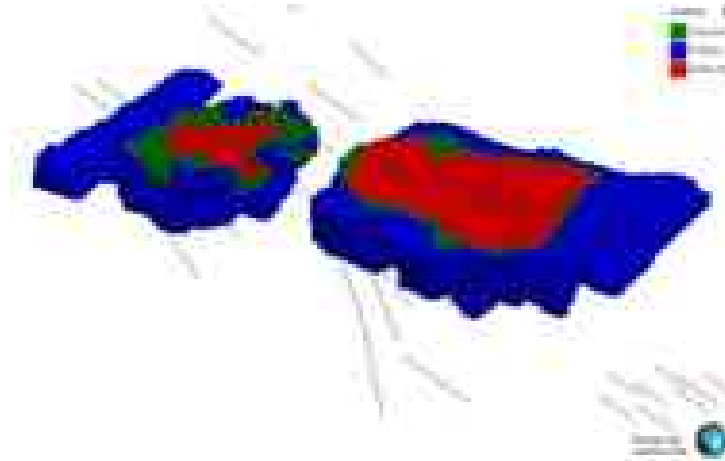
For the DMH model, blocks in the areas with drill hole spacing not more than 15 m were classified as Measured Mineral Resources, those with drill hole spacing not greater than 30 m were classified as Indicated Mineral Resources and the rest within mineralised domains were classified as Inferred Mineral Resources, detail in Figure 10-57.

Figure 10-57: DMH Mineral Resource Classification Distribution

Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

For I Zone model, as shown in Figure 10-58, Measured Mineral Resource was defined by the area with an average sample distance of 15 m. Indicated Mineral Resource was defined by the area with a sample distance of 30 m. And the rest within the mineralised domain was defined as Inferred Mineral Resources.

Figure 10-58: I Zone Mineral Resource Classification Distribution

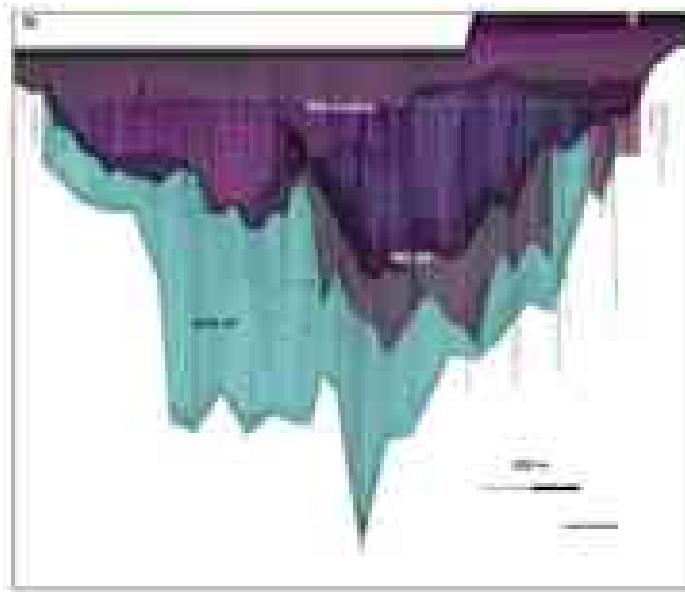


Source: SRK, Leapfrog Mapping Using the Data Provided by GSR

For the FAB/ADK models, delineation of the Mineral Resource categories was based on a combination of criteria involving drillhole spacing, geological and confidence in mineralisation interpretation, as well as slope of regression values from the estimation process. The classification was modelled visually by digitizing a wireframe to define contiguous zones of confidence.

Indicated Mineral Resources were classified in the areas of Father Brown and Adoikrom where drilling is sufficient to demonstrate geological and grade continuity to a reasonable level.

Inferred Mineral Resources were classified by two 3D solids that included the wider spaced drilling at depth (100 to 200m spacing), shown in Figure 10-59. All other material outside of the 3D mesh/ surface constraints remained unclassified.

Figure 10-59: Mineral Resource Classification Distribution For FBZ/ADK

Source: NI 43-101 Technical Report on the Wassa Gold Mine, GSR, 2021

For Chichiwelli, delineation of the Mineral Resource categories was based on a combination criteria drillhole spacing, geological and wireframe confidence, and was modelled visually by digitizing a wireframe.

Wireframes were digitized for East Domain and West Domain, with the areas inside the modelled solids considered to be Indicated Mineral Resources, and outside, Inferred Mineral Resources.

10.11 Mineral Resource Statement

The JORC Code defines a Mineral Resource as:

“a concentration or occurrence of material of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.”

Mineral Resources are reported inclusive of Ore Reserves.

The RPEEE requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the Mineral Resources are reported at an appropriate cut-off grade that takes into account extraction scenarios and processing recoveries.

For DMH and I Zone, in order to determine the quantities of material offering RPEEE by an open pit, GSR used an open pit optimiser, based on a US\$2,050/ ounce (oz) gold price, and reasonable mining assumptions to evaluate the proportions of the block model that could be "reasonably expected" to be mined from an open pit. The optimisation parameters were selected based on actual costs from the operations. The reader is cautioned that the results from the open pit optimisation are used solely for the purpose of testing RPEEE by an open pit and do not represent an attempt to estimate Ore Reserves. SRK considers that the blocks located within the conceptual open pit shells and above the cut-offs (based on a US\$2,050/ ounce (oz) gold price) show "reasonable prospects for economic extraction" and can be reported as a Mineral Resource.

For Wassa B Shoot and 242 underground operations, the underground Mineral Resources were reported within Mineable Stope Optimiser ("MSO"), generated by GSR based on a US\$2,050/ oz gold price and mining, processing and general administrative costs that were adjusted from actual costs.

Other factors and assumptions in relation to environment, permitting, legal, taxations, socio-economic, marketing, and political facts have been considered for Mineral Resource and Ore Reserve statements in this Report.

There is no exploration and mining activities for Chichiwelli since 2020. Whilst a drilling program was initiated at FB/ADK during 2022-2023, and 10,287.4m of drilling has been completed. Despite this, the additional drilling information has not been included in the resource estimate. Therefore, the Chichiwelli and FB/ADK Mineral Resources are reported the same as the previous 2021 Mineral Resource Estimate. The Chichiwelli Mineral Resources were reported at a cut-off grade of 0.55 g/t gold, within the open pit shell calculated at a US\$1,500/ oz gold price. The FB/ADK Mineral Resources were reported above a gold cut-off grade of 1.4 g/t based on a US\$1,500/ oz gold price.

Table 10-54 shows the Mineral Resource statement for the Wassa Operation/Project.

Table 10-54: Mineral Resource Statement, Wassa Project, as of 30 September 2024

Deposit/Category		Tonnage	Grade	Contained Au	Contained Au
		kt	Au g/t	koz	t
DMH OP					
	Measured	393	1.24	16	0.49
	Indicated	155	1.20	6	0.19
	Measured and Indicated	548	1.23	22	0.67
	Inferred	19	1.25	1	0.02
I Zone OP					
	Measured	37	1.28	2	0.05
	Indicated	21	1.65	1	0.03
	Measured and Indicated	58	1.41	3	0.08
	Inferred	1	1.22	0.03	0.00
Chichiwelli OP					
	Measured				
	Indicated	1,110	1.75	62	1.94

Deposit/Category		Tonnage	Grade	Contained Au	Contained Au
		kt	Au g/t	koz	t
	Measured and Indicated	1,110	1.75	62	1.94
	Inferred	50	2.22	4	0.11
FB/ADK UG					
	Measured				
	Indicated	1,310	7.96	335	10.42
	Measured and Indicated	1,310	7.96	335	10.42
	Inferred	2,660	5.30	454	14.12
242 UG					
	Measured	44	4.10	6	0.18
	Indicated	177	2.68	15	0.47
	Measured and Indicated	221	2.97	21	0.66
	Inferred	42	2.38	3	0.10
B Shoot UG					
	Measured	6,251	3.09	621	19.32
	Indicated	7,210	2.52	585	18.18
	Measured and Indicated	13,461	2.79	1,206	37.51
	Inferred	58,122	3.29	6,147	191.18
Stockpile (Measured)	DMH Stockpile	26	1.19	1	0.03
	UG Stockpile	4	2.31	0	0.01
Total					
	Measured	6,754	2.97	646	20.08
	Indicated	9,984	3.13	1,004	31.24
	Measured and Indicated	16,738	3.07	1,650	51.32
	Inferred	60,893	3.38	6,609	205.53
	Total	77,631	3.31	8,258	256.85

Notes:

¹ The Mineral Resource is reported in accordance with the JORC Code guidelines.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr Huaixiang Li and Mr Pengfei Xiao who are full time employees of SRK Consulting. Mr Huaixiang Li is a Member of the Australian Institute of Geoscientists (the "AIG") and Mr Pengfei Xiao is a Member of the Australasian Institute of Mining and Metallurgy (the "AusIMM") and a Member of the AIG. Both Mr Li and Mr Xiao have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the "Competent Persons" as defined in JORC (2012). Mr Li and Mr Xiao consent to the reporting of this information in the form and context in which it appears.

³ Mt – million tonnes (metric tons), oz- ounce; koz – thousand ounces.

⁴ Mineral Resources for B Shoot and 242 underground deposits are reported within mineable stope optimiser (the "MSO").

⁵ Open Pit Mineral Resources are reported at a cut-off grade of 0.43 g/t for DMH, 0.73 g/t for I Zone and 0.55 g/t for Chichiwelli.

⁶ Underground Mineral Resources are reported at a cut-off grade of 1.34 g/t for B Shoot and 242; and 1.40 g/t for FB/ADK.

⁷ FB/ADK and Chichiwelli Mineral Resources were sourced from the Wassa NI 43-101 Technical Report (March 2021), based on a US\$1,500/ ounce (oz) gold price. No material change has been aware since then.

⁸ All composites have been capped where appropriate.

⁹ All figures are rounded to reflect the relative accuracy of the estimate.

¹⁰ It should be noted that the Mineral Resource Statement is made for GSWL on the basis of 100% ownership of the properties.

¹¹ The conversion between ounce and gram used herein is 1 oz = 31.1035 g.

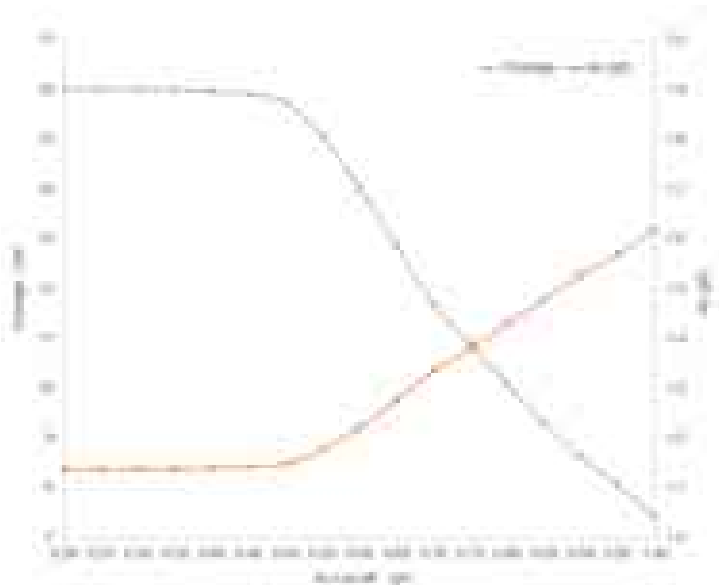
¹² Mineral Resources are inclusive of Ore Reserves that have been converted from Measured and Indicated Mineral Resources.

¹³ The Mineral Resources Statement as of 30 September 2024 is based on the mineral resource models as of 31 March 2024 and the depletion for the Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024.

10.12 Grade Sensitivity Analysis

The Mineral Resources are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Figure 10-60 to Figure 10-63 at different gold cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of gold cut-off grades.

Figure 10-60: DMH Grade Tonnage Curve

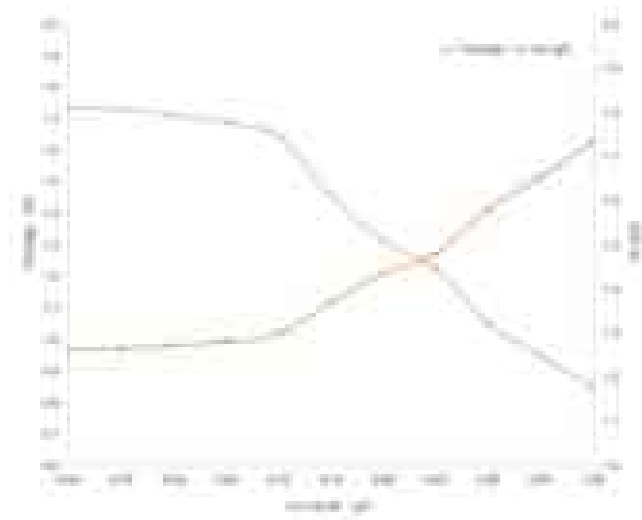


Source: SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of gold cut-off grades.

Figure 10-61: I Zone Grade Tonnage Curve

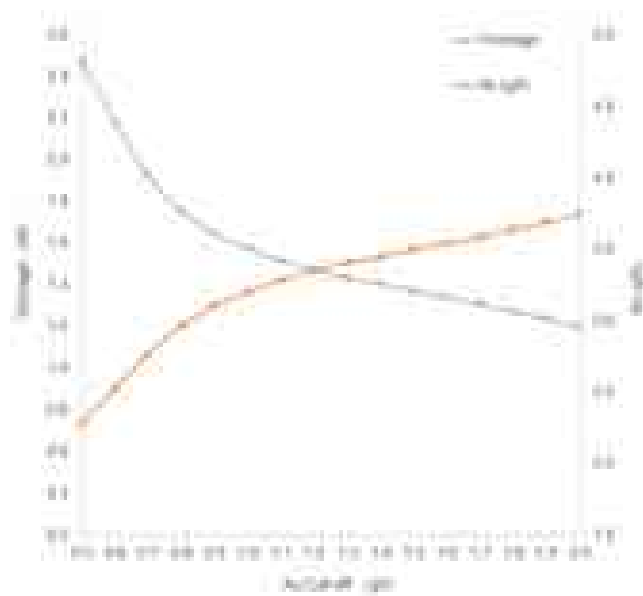


Source: SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of gold cut-off grades.

Figure 10-62: 242 Grade Tonnage Curve

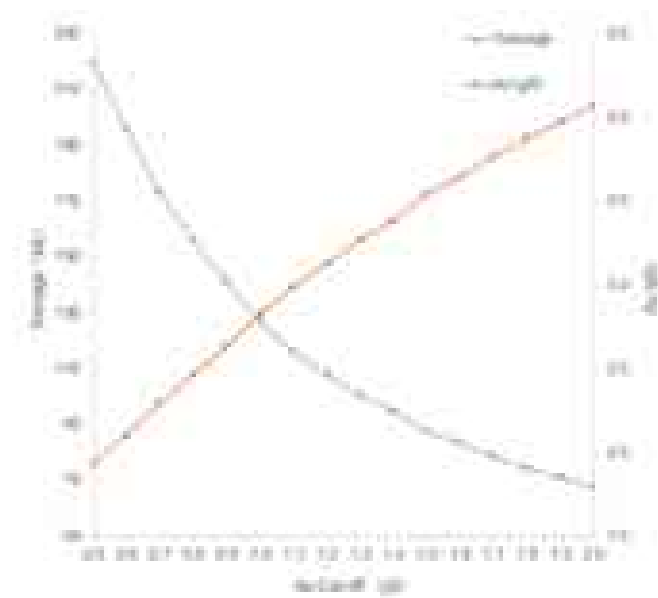


Source: SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of gold cut-off grades.

Figure 10-63: B Shoot Grade Tonnage Curve



Source: SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of gold cut-off grades.

10.13 Previous Mineral Resource Estimates

GSR carried out the Mineral Resource Estimate in March 2021 and the statement is shown in Table 10-55.

Table 10-55: Wassa Mineral Resource Statement, as of December 31 2020

Deposit/Category	Tonnage Mt	Grade Au g/t	Contained Au koz
Wassa Main UG			
Measured	5.90	4.45	843
Indicated	18.96	3.55	2,162
Measured and Indicated	24.85	3.76	3,005
Inferred	70.50	3.39	7,689
HBB Other OP			
Measured	/	/	/
Indicated	0.62	1.21	24
Measured and Indicated	0.62	1.21	24
Inferred	0.77	1.31	32

Deposit/Category	Tonnage Mt	Grade Au g/t	Contained Au koz
FB/ADK UG			
Measured	/	/	/
Indicated	1.31	7.96	335
Measured and Indicated	1.31	7.96	335
Inferred	2.66	5.30	454
Benso OP			
Measured	/	/	/
Indicated	1.38	2.50	111
Measured and Indicated	1.38	2.50	111
Inferred	0.05	3.37	5
Chichiwelli OP			
Measured	/	/	/
Indicated	1.11	1.75	62
Measured and Indicated	1.11	1.75	62
Inferred	0.05	2.22	4
Total			
Measured	5.90	4.45	843
Indicated	23.37	3.59	2,694
Measured and Indicated	29.26	3.76	3,537
Inferred	74.02	3.44	8,183

Sources: Matthew Varvari, S. Mitchel Wasel and Philippa Varris. NI 43-101 Technical Report on the Wassa Gold Mine, Golden Star Resources, Wassa Gold Mine, Ghana.

Notes:

- ¹ The Mineral Resource estimate complies with the requirements of National Instrument 43-101 and has been prepared and classified in accordance with the 2014 CIM Definition Standards and 2019 Best Practice Guideline.
- ² Underground deposits within the Mineral Resource are reported at a gold cut-off grade of 1.4 g/t.
- ³ Open pit deposits within the Mineral Resource are reported at a gold cut-off grade of 0.55 g/t, within optimised open pit shells calculated at a US\$1,500 /oz gold selling price.
- ⁴ Mineral Resources are reported in-situ without modifying factors.
- ⁵ All figures are rounded to reflect the relative accuracy of the estimate.

SRK Canada updated the Year End 2021 resource estimate in February 2022 as detailed in Table 10-56.

Table 10-56: Mineral Resource Statement of Wassa Main (UG), as of December 31 2021

Category	Tonnage Mt	Grade Au g/t	Contained Au koz
Measured	8.76	3.38	951
Indicated	22.52	2.99	2,166
Measured and Indicated	31.28	3.10	3,117
Inferred	61.73	3.47	6,893

Source: Golden Star Wassa Resource Model Update, SRK Consulting (Canada) Inc.

Notes:

- ¹ Mineral Resources are not Ore Reserves and have not demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at underground resource cut-off grades of 1.4 g/t gold considering a gold price of US\$1,500 per troy ounce and assuming metallurgical recoveries of 95% for fresh rock.

SRK reviewed and report the 2022 year-end Mineral Resources, as detailed in Table 10-57.

Table 10-57: Mineral Resource Statement of Wassa Project, as of 31 December 2022

Category	Tonnage Mt	Grade Au g/t	Contained Au koz
Total			
Measured	9.56	3.02	929
Indicated	21.30	3.18	2,175
Measured and Indicated	30.86	3.13	3,104
Inferred	66.11	3.52	7,484

Notes:

¹ The Mineral Resource estimate complies with the requirements of National Instrument 43-101 and has been prepared and classified in accordance with the 2014 CIM Definition Standards and 2019 Best Practice Guideline.

² Underground deposits within the Mineral Resource are reported at a cut-off grade of 1.4 g/t gold.

³ Open pit deposits within the Mineral Resource are reported at a cut-off grade of 0.55 g/t gold.

⁴ All composites have been capped where appropriate.

⁵ All figures are rounded to reflect the relative accuracy of the estimate.

⁶ It should be noted that the Mineral Resource Statement is made for GSWL on the basis of 100% ownership of the properties.

⁷ The conversion between ounce and gram used herein is 1 oz = 31.1035 g.

10.14 Mineral Resource Risks and Opportunities

Risks:

- At Wassa, the gold mineralised bodies are complex and will require additional drilling to ensure robustness of the grade profile.

Opportunities:

- Exploration works are ongoing to estimate Benso's UG resource potential.
- At ADK south, Abada and C3PR, Mineral Resource was report in the 2021 NI 43-101 report. Additional exploration may result in larger resource footprint.

11 Ore Reserve Estimates

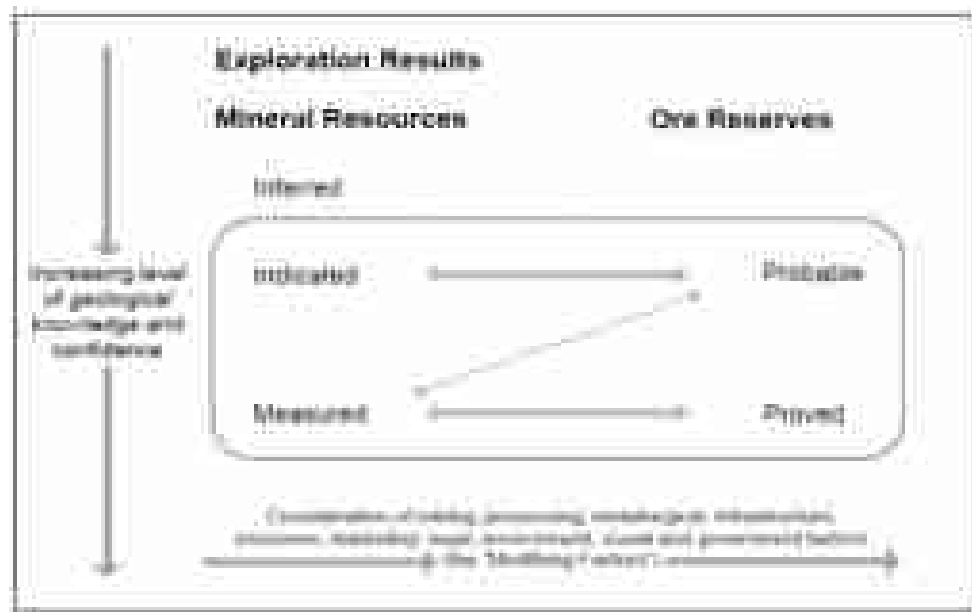
According to the JORC Code:

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

The Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, Social and governmental factors.

Figure 11-1 provide for a direct relationship between Indicated Mineral Resources and Probable Ore Reserve and between Measured Mineral Resources and Proved Ore Reserve.

Figure 11-1: Relationship Between Mineral Resources and Ore Reserve



Sources: JORC Code, page 9

According to the JORC Code, a Probable Ore Reserve is the economically mineable part of an Indicated, and in some cases, a Measured Mineral Resource. The confidence in the modifying factors for a Probable Ore Reserve is lower compared to a Proved Ore Reserve. A Proved Ore Reserve, on the other hand, is the economically mineable part of a Measured Mineral Resource and implies a high degree of confidence in the "Modifying Factors" as the term is defined in the JORC Code.

The Ore Reserve estimates for the Wassa Mine have been prepared in accordance with the JORC Code guidelines. These estimates were derived by applying modifying factors to the Mineral

Resource Estimate, with only Measured and Indicated Mineral Resources being converted to Ore Reserve. Inferred Mineral Resources were treated as waste with zero grade. Wassa Mine is an operational mine, the designs and operating practices were reviewed to at least a pre-feasibility study ("PFS") level.

11.1 Open Pit Mining

11.1.1 Source of Information

The major files and information provided by Wassa Open Pit Mine are listed below:

- DMH Reserve block model: "dmh_bm_eng_20230901.mdl"
- DMH surface topo: "eom-sept24-with-dump-updates.dtm"
- DMH mine practical pit design: "dmh_pit_design2023_opt9b_clipped.str"
- DMH cut-off grade and optimisation parameters: "Cut_off Grade Calculation – DMH.xls"
- DMH Pit shell: "dmh-export-25-shell-final.dtm"
- Open Pit 2023 production records: "Wassa_Public Stats_2023.xls"
- Open Pit 2024 Q1 production records: "Mining Data_Jan-Mar 2024.xlsx"
- Open Pit 2024 Q2-Q3 production records: "Wassa Operations Statistics_Apr. 24 - Sept. 24.xlsx"
- Open Pit 2024 Q2-Q3 depletion: "SRK_Apr-Sep2024_recon_rescat.xlsx"
- Open Pit Production plan: "GSR_2024 LOM PLAN_DMH.xls"
- Open Pit Production plan: "OP_Pit_Budget_2024.minesched"

11.1.2 Cut-off Grade

The economic parameters, along with a gold price of USD2,050/oz provide a cut-off grade of 0.5 g/t gold for the DMH open pit as shown in Table 11-1.

Table 11-1: Cut-off Grades and Parameters

Parameter	Unit	DMH
Revenue		
Au price	USD/oz	2,050
Government and stream royalty	% of revenue	13.5
Mining Parameters		
Dilution	%	10
Processing Parameters and Costs		
Haul to Plant	USD/t	0.3
Process plant recovery	%	95.5
Process Cost	USD/t	15.09
G&A Cost	USD/t	7.35
Au Cut-off Grade	g/t	0.5

Source: GSR and SRK

11.1.3 Ore Reserve Statement

Modifying factors such as mining, metallurgical, economic, and marketing factors are considered and applied when converting a Mineral Resource (only Measured and Indicated Mineral Resource categories) to an Ore Reserve.

When applying the modifying factors, SRK estimated the Ore Reserves of Wassa Open Pit Mine in compliance with the JORC Code guidelines. Ore Reserve Estimates as of 30 September 2024 is summarised in Table 11-2.

Table 11-2: Ore Reserve Statement, Wassa Open Pit Mine, as of 30 September 2024

Deposit/Category	Tonnage kt	Grade Au g/t	Contained Au koz	Contained Au t
Open Pit				
Proved	183	0.97	6	0.18
Probable	355	0.90	10	0.32
Total	538	0.92	16	0.50

Source: GSR, and re-run by SRK based on the following data

Notes:

¹ The Ore Reserves Statement is based on the depletion data provided by Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Wassa Mine data may differ from that reported by SRK, due the updated Block model now used by Wassa Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Wassa Mine provided data as the basis for this statement.

² DMH Resource block model: "dmh_bm_eng_20230901.mdl"

³ DMH surface topo: "eom-oct23-with-dump.dtm" (note: no mining activity in November and December 2023)

⁴ DMH practical pit design: "dmh_pit_design2023_opt9b_clipped.str"

⁵ No mining recovery and dilution applied.

⁶ Only Measured and Indicated Mineral Resource considered.

⁷ Cut-off grades of 0.5 g/t Au for DMH.

⁸ The accuracy of the Ore Reserve depends on the accuracy of Mineral Resource estimation and data provided.

11.2 Underground Mining

11.2.1 Source of Information

SRK has received the following information from Wassa Mine as below:

1. Geological models
 - 242_bm_eng_230913.gmdl
 - 242bm_240806_dep_ML.gmdl
 - wug_bm_eng1_20230928_dep.gmdl
 - WUDBM_240806_dep_ML.gmdl
2. As-builts/Production records

- Mining Data_Jan-Mar 2024.xlsx
- Wassa_Public Stats_Q2_2024.xlsx
- Resource_depleted_Apr2024-Sep2024.xlsx
- Wassa Operations Statistics_Apr. 24 - Sept. 24.xlsx
- mar24-sep24-stopess.dxf
- Dev_Asbuilt.zip
- 3. Stopes
 - 240724_Wassa_SO_MI_ProdSch2024.duf
 - 242_gc_231019_stopess.dcf
- 4. Design and Schedules
 - Wassa_ProdSch2024.duf, hereinafter referred to as "Wassa Design"
 - Wassa_ProdSch2024.dsf, hereinafter referred to as "Wassa Sched"
- 5. Assumptions and COG calculations
 - Client_feedback_Wassa_LOM_Project_Parameters_2024.xlsx
- 6. Others
 - Ventsim™ model (LOM B SHOOT & MAIN COMBINED_2024.vsm)
 - Wassa Geotechnical studies
 - 0424026 Golden Star Wassa - Simple Financial Model v3arev1.xlsx

11.2.2 Cut-off Grade

The cut-off grade for Wassa Underground Mine is based on historical cost data and processing recovery rates, as summarised in Table 11-3. It is reviewed and updated on an annual basis. As of the latest update, the current mining cut-off grade is 1.34 g/t Au.

- Gold price of USD 2,050 / oz;
- Mining royalty of 5% and gold royalty of 8.3%;
- Gold processing recovery of 95.5%; and
- Total cash cost USD 72.71 / t.

Table 11-3: Gold Cut-off Grade Calculation

Description	Units	Value
Revenue Parameters		
Gold Price	USD/oz	2,050
Process Plant Gold Recovery	%	95.5%
Mining Royalty	USD/oz	102.5
Gold Royalty	USD/oz	170.15

Description	Units	Value
Cost Parameters		
Mine Production	USD/t	42.47
Sustaining Capital	USD/t	8.08
Processing	USD/t	14.93
Site G&A	USD/t	7.23
Total unit Cash costs	USD/t	72.71
Mining Cut Off Grade	g/t Au	1.34

Sources: GSR

Stope Optimisation

Stope optimisations were run with a 1.34 g/t Au cut-off grade in Deswik's Stope Optimiser™ software. Both 242 area and B Shoot area were optimised with the same parameters. Stope orientation of 242 area is run with a 45- degree rotation along the Z-axis.

A summary of the MSO parameters is presented in Table 11-4.

Table 11-4: Stope Optimisation Parameters

MSO Parameters	Value
Vertical Method	YZ plane
Minimum Mining Width	5m
Maximum Mining Width	60m
Stope Pillar	10m
Cut-off grade	1.34 g/t Au
Wall Minimum Dip	80°
Wall Maximum Dip	100°
Variable Overbreak or Slough (VOS)	
Bottom	0.2
Midpoint	0.4
Top	0.8
Section (length) Intervals	20m
Level (Height) Intervals	25m
Sections (U)	Variable based on mining method and mining lode

Sources: GSR

The stope optimisation result is shown in Figure 11-2.

Figure 11-2: Stope Optimisation Results (View from West)

Source: GSR, organized by SRK

11.2.3 Modifying Factors

The mining dilution and recovery rate for stopes and development varies depending on the production performance. In this report, the dilution rate and recovery rate are shown in Table 11-5. It should be noted that any diluted material is considered waste and is assumed to contain no gold (zero grade).

Table 11-5: Dilution and Loss

Development	Dilution	Recovery
Development (Au $\geq$ Development CoG)	0%	100%
Development (Au< Development CoG)	14%	100%
Stope	10%	95%

Source: GSR

11.2.4 Ore Reserve Statement

Modifying factors such as mining, metallurgical, economic, and marketing factors are considered and applied when converting a Mineral Resource (only Measured and Indicated Mineral Resource categories) to an Ore Reserve.

When applying the modifying factors, SRK estimated the Ore Reserves of Wassa Underground Mine in compliance with the JORC Code guidelines. Ore Reserve Estimates as of 30 September 2024 is in Table 11-6.

Table 11-6: Ore Reserve Statement, Wassa Underground Mine, as of 30 September 2024

Deposit/Category	Tonnage	Grade	Contained Au	Contained Au
	kt	Au g/t	koz	t
Underground				
Proved	3,339	2.20	237	7.36
Probable	4,935	2.20	349	10.87
Total	8,274	2.20	586	18.23

Source: GSR, and re-run by SRK

Notes:

¹ The Ore Reserves Statement is based on the depletion data provided by Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024. The reported Wassa Mine data may differ from that reported by SRK, due the updated Block model now used by Wassa Mine for reporting. SRK considers this updated block model to be more representative of actual production conditions and has therefore adopted the Wassa Mine provided data as the basis for this statement.

² The Ore Reserve estimate complies and has been prepared and classified in accordance with the JORC code guidelines.

³ Ore Reserves within the underground mine are reported at a cut-off grade of 1.34 g/t Au.

⁴ Ore Reserves are reported with modifying factors.

⁵ All figures are rounded to reflect the relative accuracy of the estimate.

11.3 Combined Ore Reserves Statement

SRK has estimated the Ore Reserves of Wassa Mine for open pit, underground, and stockpiles in compliance with the JORC Code guidelines. The Ore Reserve Estimates as of 30 September 2024 is in Table 11-7. The total Ore Reserve for the Wassa Mine is estimated at about 8,842 thousand tonnes ("kt") at an average grade of 2.12 g/t Au, containing approximately 603 thousand ounces ("koz") of gold. This includes Proved Ore Reserve estimated at 3,521 kt with an average grade of 2.14 g/t gold, containing 242 koz of gold; and Probable Ore Reserve estimated at 5,291 kt at an average grade of 2.12 g/t gold, containing 360 koz of gold. The stockpile are the ore that have spilled from conveyor belts and accumulated over time and are subsequently returned to the ROM Pad.

Table 11-7: Combined Ore Reserve Statement of Wassa Mine as of 30 September 2024 by SRK Consulting China Ltd

Deposit/Category	Category	Tonnage kt	Au Grade Au g/t	Contained Au koz	Contained Au t
Open Pit	Proved	183	0.97	6	0.18
	Probable	355	0.90	10	0.32
	Total	538	0.92	16	0.50
Underground	Proved	3,339	2.20	237	7.36
	Probable	4,935	2.20	349	10.87
	Total	8,274	2.20	586	18.23
Stockpile (Measured)	DMH Stockpile	25.98	1.19	1.00	0.03
	UG Stockpile	3.68	2.31	0.27	0.01
Total	Proved	3,521	2.14	242	7.53

Deposit/Category	Category	Tonnage kt	Au Grade Au g/t	Contained Au koz	Contained Au t
	Probable	5,291	2.12	360	11.19
	Stockpile	30	1.33	1.27	0.04
	Total	8,842	2.12	603	19

Notes:

¹ The Ore Reserve Statement as of 30 September 2024 is based on the ore reserve models as of 31 March 2024 and the depletion for the Wassa Mine for the six-month period, 1 April 2024 to 30 September 2024.

² The Ore Reserve is reported in accordance with the JORC Code guidelines.

³ The information in this report which relates to Ore Reserve is based on information compiled by Mr. Alex Thin and Ms. TzuHsuan Chuang who are full time employees of SRK Consulting. Mr. Thin is a Fellow of the Australasian Institute of Mining and Metallurgy (the "AusIMM") and Ms. Chuang is a Member of the AusIMM. Both Mr. Thin and Ms. Chuang have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the "Competent Persons" as defined in JORC Code (2012). Mr. Thin and Ms. Chuang consent to the reporting of this information in the form and context in which it appears.

⁴ Ore Reserves in the table above and in this Report are estimated/ converted from Measured and Indicated Mineral Resources, therefore double accounting of tonnage should be avoided.

Open pit

⁵ - Ore Reserves are reported at a cut-off grade of 0.5 g/t Au.

⁶ - Ore Reserves are reported with modifying factors.

Underground

¹ - Ore Reserves are reported at a cut-off grade of 1.34 g/t Au.

² - Ore Reserves are reported with modifying factors.

12 Mining Methods

12.1 Open Pit Mining

There is one operational open pit (DMH) with a LoM until mid-2025. The open pit planning process is a conventional (drill, blast load & haul) best practise industry standard. The open pit mining plan employed an optimisation technique that utilised the key practical and economic elements and with a practical open pit design to estimate the Ore Reserves.

12.1.1 Open Pit Optimisation

An open pit optimisation was undertaken by Wassa Mine utilizing Whittle™ software (Whittle). For the DMH open pit, the updated Mineral Resource model was imported, along with input assumptions, including:

- Gold price of USD 2,050/ oz;
- Selling cost of 13.3% of the revenue including a government gross revenue royalty of 5%;
- A process plant recovery for oxide and fresh material of 95.5%;
- Mining Factors of 10% dilution and 5% ore loss;
- General and administration (G&A) cost of USD 7.23/ t, hauling cost of USD 0.3/ t, and treatment costs of USD 15.09/t;
- Mining cost of USD 3.1/ t for weathered material and USD 4.2/ t fresh rock; and
- Open pit slope angle: 52° in fresh rock and 39° in the weathered zone.

SRK found the parameters used in optimisation are based on the historical mining database and therefore are reasonable. SRK was unable to access the Whittle source files but assumed that the parameters were allocated appropriately.

Table 12-1 summarises the DMH open pit optimisation parameters.

The open pit shell from this practice as shown in Figure 12-1 and is a guide for practical open pit design.

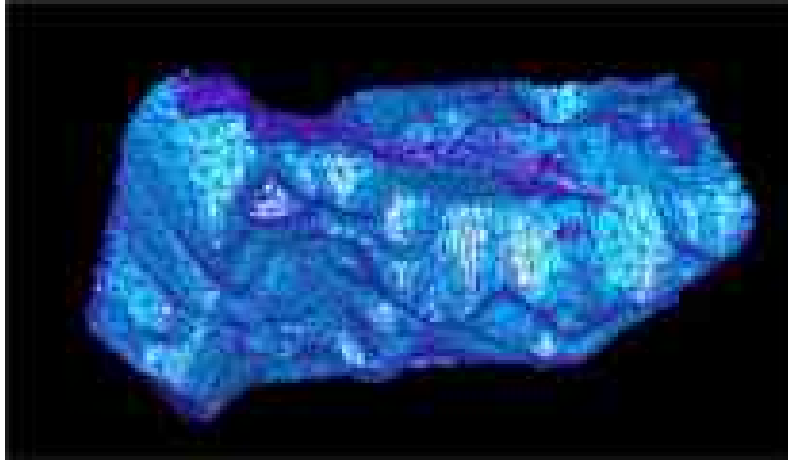
Table 12-1: DMH open pit Optimisation Parameters

Parameter	Unit	DMH
Revenue		
Au price	USD/oz	2,050
Government and stream royalty	% Revenue	13.5
Mining Parameters and Costs		
Mining recovery	%	95.5
Dilution	%	10
Overall slope angle (Ox/ Fr)	deg.	39/ 52
Base mining cost (Ox/ Fr)	USD/t	3.1/ 4.2
Processing Parameters and Costs		

Parameter	Unit	DMH
Haul to plant	USD/t	0.3
Process plant recovery	%	95.5
Process cost	USD/t	15.09
Other Costs		
G&A cost	USD/t	7.3
Rehab cost	USD/t treat	0.12

Source: GSR and SRK

Figure 12-1: An Isometric View of the DMH Open Pit Shell from the Optimisation Practice



Source: GSR and SRK

12.1.2 Practical Open Pit Design

The DMH deposit is to the north-east of the Wassa old open pits, and Wassa are carrying out preparation by removing the topsoil (pre-stripping) from the outcrop quartz veins. The mining method is currently quarrying that starts on the hill and will convert to an open pit in time.

Figure 12-2 provides a plan view of the DMH final open pit design. SRK evaluated the design and did not identify any critical flaws; however, it does recommend some modifications to improve the mining capabilities:

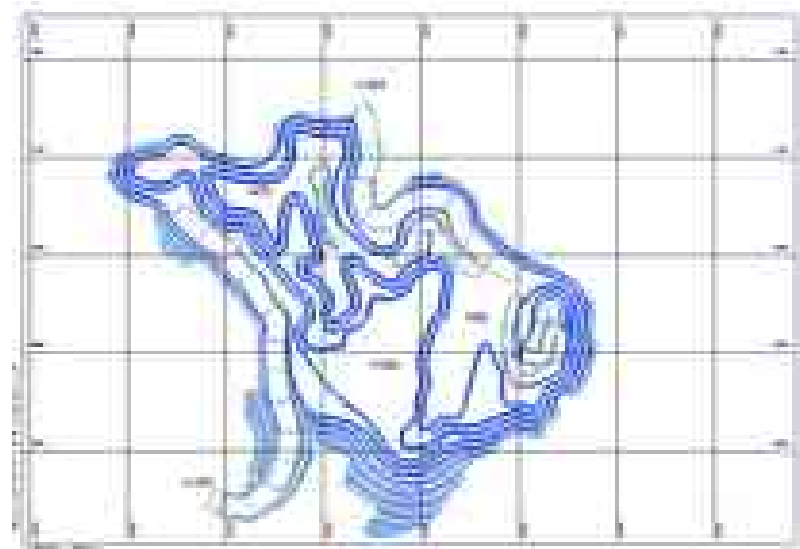
- When designing the open pit, the minimum mining width should be incorporated. Certain areas have extremely restricted access, which poses a significant challenge for mining equipment; and
- The removal of a permanent ramp situated in the western section of the open pit could result in a reduction of mining waste.

The 20 m ramp width with a gradient of 10% was utilised to access the open pit levels; this is wide enough for two-way hauling with 60 t capacity off-highway haul trucks. A conventional open pit mining method is used by employing excavators and trucks (load and haul) which are considered typical for

this type and style of gold mineralisation. Mining will be conducted by a contract mining company who will supply equipment, workforce and supervision services.

SRK did not review the open pit slope angle designs (supporting design analysis); however, the open pit design slopes and benches are based on the historical geotechnical parameters for the open pits in the area, with an overall angle of 40° in the weathered zone and 52° in fresh rock. The 12 m bench height, with a 72° bench face angle designed, while drilling and blasting will be conducted over bench heights of 6 m. Oxide or weathered material is generally only required to be lightly blasted or in some areas can be excavated as ‘free dig’. Hydraulic excavators are used in conjunction with conventional blasting practice, to mine a 3.0 m flitch height. Broken rock is loaded into the haul trucks to a central stockpile or to the waste dump.

Figure 12-2: DMH Practical Open Pit Design General View



Source: GSR and SRK

12.1.3 Production Schedule

Geovia MineSched software was employed by Wassa Mine to schedule the open pit production. The ore within the open pit plus 10% dilution and 4.5% ore loss (mining recovery 95.5 %) were applied to the gold grade and ore tonnage.

Wassa Mine intends to deplete the open pit by June 2025, with an average total mining rate of circa 275 kt per month. The ore mined from the open pit will initially be stockpiled and blended with the ore recovered from the underground mines to feed the processing plant. The other material will be sent to the nominated waste dump area or stockpiled separately if required.

Table 12-2: Wassa OP Mining Production Schedule

Mine Production & Development	Unit	Total	2024 Q4	2025

OPEN PIT

OPEN PIT - Ore Tonnes	t	538,041	79,981	458,061
OPEN PIT - Au Grade	g/t	0.92	1.08	0.90
OPEN PIT - Au Metal	oz	15,965	2,767	13,198
OPEN PIT - Waste Tonnes	t	1,681,405	635,265	1,046,140
OPEN PIT - Total Material Movement	t	2,219,446	715,246	1,504,200

Source: GSR

12.1.4 Conclusion and Recommendation

This report has been prepared using block models and data supplied by Wassa Mine. It was assumed that the economic parameters utilised in the optimisation and cut-off grade calculation are from historical data from the mining database. As such, the report was deemed reasonable. Nevertheless, the accuracy of the outputs is reliant upon the economic parameters and the accurate estimation of the Mineral Resource. Any changes in the Mineral Resource estimations, also in the economic parameters such as gold price may cause the changes in open pit limits and therefore in the estimated Ore Reserves.

12.2 Underground Mining**12.2.1 Introduction**

Development of the Wassa Underground Mine began in 2015, and it started commercial production in January 2017.

Wassa has provided SRK the Wassa Design and Wassa Sched, utilising Deswik™ software. The mine consists of two primary mining areas: Zone 242 and Zone B Shoot, with Zone B Shoot comprising the main, south, and south deep sections (refer to Figure 12-3). The majority of the Measured and Indicated Mineral Resources are within the Zone 242 and the main/ south areas of Zone B Shoot.

Figure 12-3: Wassa Underground Mining Areas (Zone 242 and Zone B Shoot)

Source: GSR and SRK

12.2.2 Geotechnics

The geotechnical analysis presented in section 12.2.2, is based on the studies and analyses undertaken by SRK Consulting South Africa ("SRK ZA"), and reported in March 2021 ("SRK ZA, March 2021").

Geotechnical Domain and Characterisation

Previous SRK reports classified the Wassa deposit into three main geotechnical domains as:

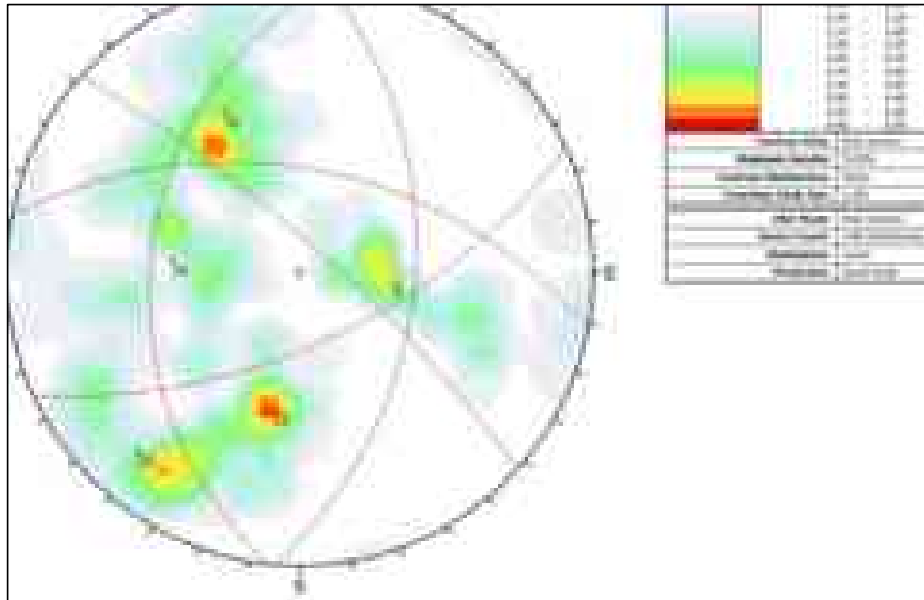
- Footwall Domain;
- Orebody Domain; and
- Hanging wall Domain.

The geotechnical characterisation has been based on the following data sources:

- Geotechnical data available in the GSWL surface exploration and underground drilling geological logs;
- Logs of the underground boreholes that had been subject to detailed geotechnical logging;
- A limited set of laboratory strength and deformation test results; and
- Review of underground mapping data.

The joint sets presented in the stereonet plot shown in Figure 12-4 and summarized in Table 12-3 form the basis for the slope stability assessment. The structural information at the mine site has not been updated since last reported.

Figure 12-4: Stereonet Plot of Wassa Joint Set Database



Source: SRK ZA, March 2021

Table 12-3: Joint Sets Used for Slope Design

Discontinuity Set	Dip (°)	Dip Direction (°)	Comments
Foliation	52	275	Tightly healed foliation planes
J1	45	11	Set of tightly healed North-east trending joints
J2	62	155	Set of tightly healed South-east trending joints
J3	15	276	Set of sub-Horizontal North-west trending joints
J4	79	42	Set of steeply dipping North trending joint

Source: SRK ZA, March 2021

In-Situ Stress

In September 2019, Wassa mine conducted an Over-Coring stress measurements to measure in-situ stress levels in the mine. The measurement was carried out from the footwall of the 570 decline and the hanging-wall at 645-DD7. The 645-DDT was discarded due to its closeness to and the potential influence from the open pit mining with regards to stress redistribution.

The results from the 570 decline are shown in Table 12-4 and the interpreted depth gradient is shown in Figure 12-5.

Table 12-4: 570 Decline Stress Measurement

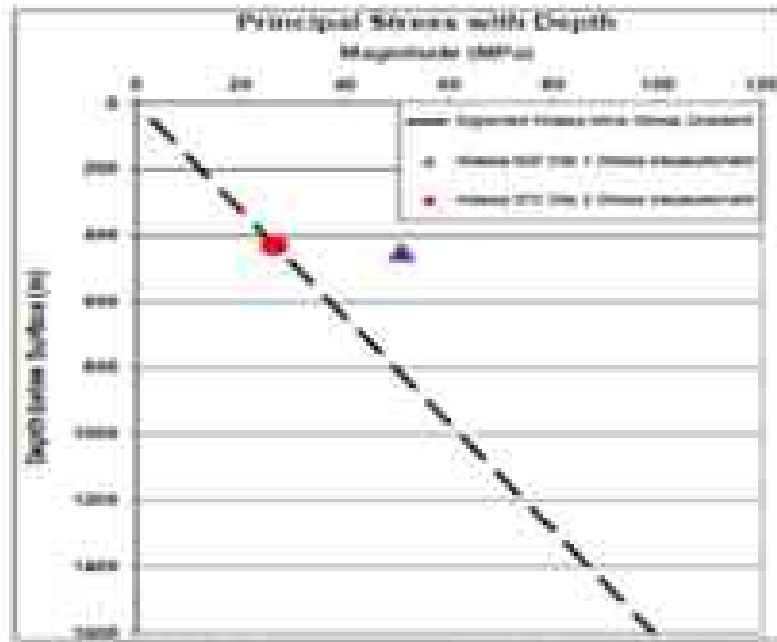
Principal Stress	Magnitude (Mpa)	Depth (m)	Ratio	Gradient (MPa/m)	Dip	Direction
Major	26.5	430	2.23	0.062	4°	339°

Principal Stress	Magnitude (Mpa)	Depth (m)	Ratio	Gradient (MPa/m)	Dip	Direction
Intermediate	18.9	430	1.59	0.044	6°	69°
Minor	11.9	430	1.00	0.028	83°	219°

Source: SRK ZA, March 2021

The In Situ stress measurement indicates that the major principal stress is horizontal and parallel to the main orebody. The intermediate principal stress is perpendicular to the strike of the orebody, and the minor Principal stress corresponds to the overburden stress. These orientations have been applied in principle to the design of the Huni Butre and Benso underground projects – particularly the Adoikrom and Father Brown underground project. These projects lay with the proximity of the Wassa main.

Figure 12-5: Principal Stress Measurement Magnitude vs Depth



Source: SRK ZA, March 2021

Rock Mass Characteristics

The geotechnical cores and underground exposures were mapped as per CSIR Rock Mass Rating. The data was then processed to produce the modified NGI (Norwegian Geotechnical Institute) Rock Mass Quality Q-system and the Geological Strength Index. These rock mass parameters were then employed in the development and stope support designs. The representative rock mass parameters are based on laboratory testing. The rock mass condition data of the Wassa geotechnical domains used for geotechnical analyses or numerical modelling are shown in Table 12-5.

The rock mass quality is classified Very Good, using Barton's (Barton et al, 1974) classification and Geological Strength Index (GSI) rating systems.

Table 12-5: Wassa Rock Mass Characterization Parameters (Barton et al, 1974)

Parameter		Footwall / Orebody / Hanging Wall			Source
		MIN	MAX	Average	
Rock Quality Desc.	RQD%	85	90	85	Geotechnical and mapping Borehole structural data and mapping
Joint Number	Jn	6	9	6	
Joint Roughness	Jr	3	4	3	
Joint Alteration	Ja	1	0.75	1	Detailed geotechnical logs & mapping Detailed geotechnical logs & mapping
Q'		43	53	48	
Rock Mass Quality		Very Good	Very Good	Very Good	
Geol. Strength Index	GSI	78	80	78	Underground mapping & inspections
Unconfined Compressive Strength	UCS Mpa	110	160	135	Rocklab laboratory test result
Unconfined Tensile Strength	UTS MPa	16	18	17	
Young's Modulus	GPa	70	80.5	75.3	Rocklab laboratory test result
Poisson's Ratio		0.28	0.32	0.3	
Density	t/m³	2.79	2.81	2.8	Rocklab laboratory test result

Source: SRK ZA, March 2021

Development Support

The ground support design for Wassa underground operations is based on Barton's Q-Index support chart. The designed width of major long-term excavations is 5.5 m. As long term mine excavations (main access ramp/ decline, footwall drive and level access drive) an Equivalent Support Ratio ("ESR"), of 1.6 is assumed, Barton and Grimstad (1993). The estimated Equivalent dimension is plotted on the Q-Index support chart and the support requirement read from it. Based on the rock mass characterisation the excavations within the Wassa mine, will not require systematic ground support.

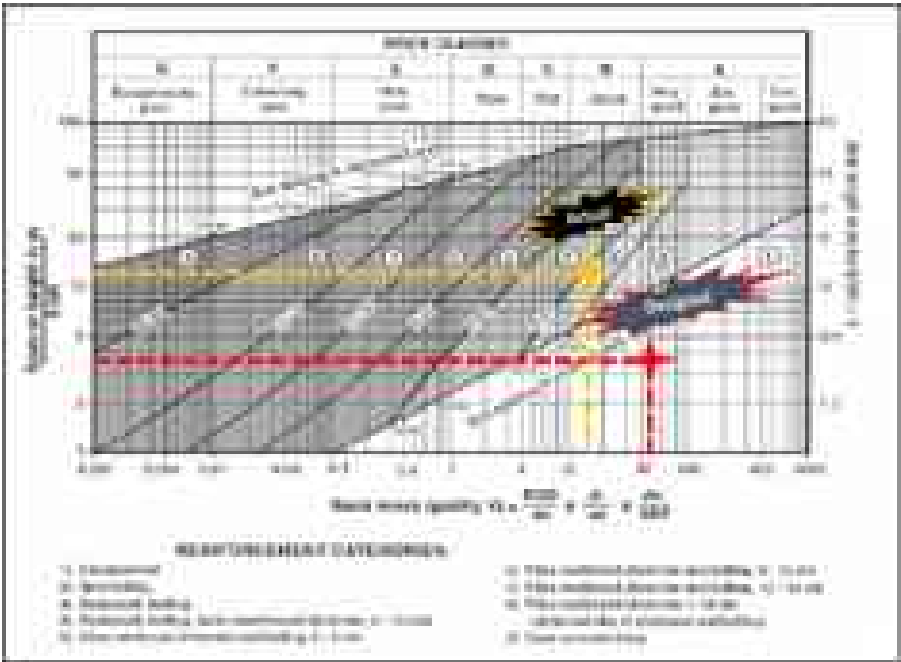
As part of management's risk aversion all excavations are supported. The actual support plots in category 3 whilst the designed plots in category 1 as shown in Figure 12-6.

Wassa has two systematic support patterns for good and poor ground conditions. The support for poor ground conditions is actioned by the geotechnical engineer, otherwise the good ground condition support pattern applies to all excavations.

The standard support pattern consists of galvanized 2.4 m long, 46 mm diameter Split Sets (a form of friction stabilizer) and 4.2 x 2.4 m sheets of wire meshing. Wire mesh is installed on the roof, from corner to corner, for good ground conditions with an additional two split sets installed below the top corners on either side. The wire mesh extends from grade line to grade line for poorer ground conditions. Any change in the support standards may have to be based on fall-out measurements and minimum bond length required to hold such fall-outs.

The empirical support design is supported with numerical analysis with software such as UNWEDGE™, (analysis of structurally controlled instability), and PHASES 2D™, (analysis of stress induced failure).

Figure 12-6: Support, Barton’s Q-Index Chart (Barton and Grimstad, 1993)



Source: Geotechnics, GSR

Modified Stability Number

The Q' value derived from the geotechnical characterisation has been used in conjunction with the stability graph parameters A, B and C to determine the Modified Stability Number (N) for slope roof, end walls and hanging walls. Stress parameter A has been estimated by calculating the gravitational stress generated from the weight of the overburden rock above the mining.

The structural parameters B and C were derived from an assessment of the interaction of the dominant joint sets with the stope boundaries. The Table 12-6 and Table 12-7 show the Modified stability number (N) for the transverse and longitudinal stopes as applied to the Wassa main orebody.

Table 12-6: Modified Stability Number (N') for Panels 1-3, Transverse Stopes (Potvin, 1988)

Parameters		Stope Wall, Transverse			Comments
		Back	Side	End	
Q'		47.9	47.9	47.9	
UCS, Sigma C	Mpa	130	130	130	Average intact rock strength
Depth	m	500	500	500	Average depth below Panel 2
Max. Principal Stress, Sigma 1	Mpa	13.5	13.5	13.5	Estimated overburden stress
Stress: Strength Ratio		0.9	0.9	0.9	
Factor A		1.9	1.0	1.0	
Angle between Stope Face & Daylighting Joint		15°	15°	15°	Critical Joint for all back and side-walls is J3, end-wall is J4.
Factor B		0.2	0.2	0.5	

Parameters	Stope Wall, Transverse			Comments
	Back	Side	End	
Potential Failure Mode	Gravity	Slabbing	Gravity	Gravity or Slabbing
Dip of face	0°	90°	64°	
Factor C	2	8	5	
$N=Q' \times A \times B \times C$	19.2	76.7	119.8	N-value for all stopes $\geq 64^\circ$ slope

Source: SRK ZA, March 2021

Table 12-7: Modified Stability Number (N') for Panels 1-3, Longitudinal Stopes (Potvin, 1988)

Parameter		Stope Wall, Longitudinal			Comments
		Back	Side	End	
Q'		47.9	47.9	47.9	Average Intact rock strength
UCS, Sigma C	Mpa	130	130	130	Average intact rock strength
Depth	m	500	500	500	Average depth below surface, Panel 2
Max. Principal Stress, Sigma 1	Mpa	14.6	14.6	14.6	Estimated overburden stress
Strength- Stress Ratio	1:	8.1	8.1	8.1	
Factor A		0.9	0.9	0.9	
Angle between Stope face & Daylighting Joint		15°	45°	15°	Critical Joint for all back and side-walls is J3, end-wall is J4
Factor B		0.2	0.2	0.5	
Potential Failure Mode		Gravity	Slabbing	Slabbing	Gravity / Slabbing
Dip of Stope Face		0°	64°	90°	
Factor C		2	4.9	8	
$N=Q' \times A \times B \times C$		17.3	106.3	69	N-value for all stopes $\geq 64^\circ$ slope

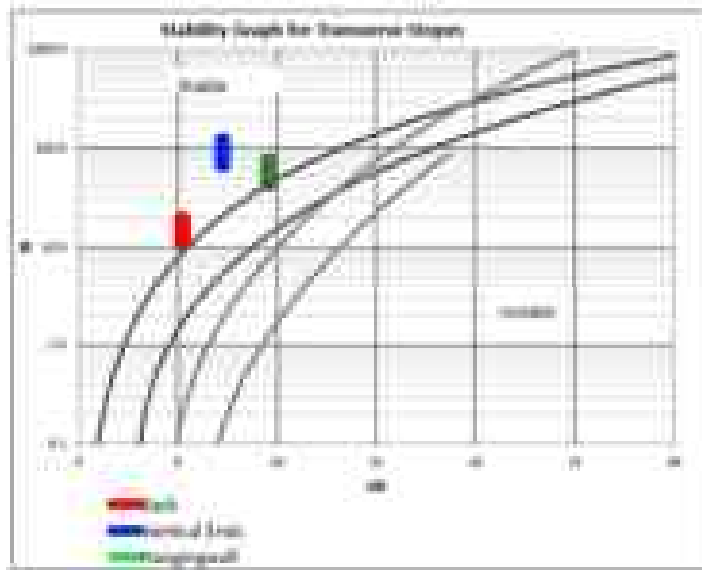
Source: SRK ZA, March 2021

Modified Stability Graph

The calculated stability number, 'N', for each stope surface is plotted on 'N' vs Hydraulic Radius, (HR), chart to determine its stability. The stope back, hanging wall, footwall and end wall all plotted in stable without support envelop. Figure 12-7 and Figure 12-8 show the stability graph of the transverse and longitudinal stopes.

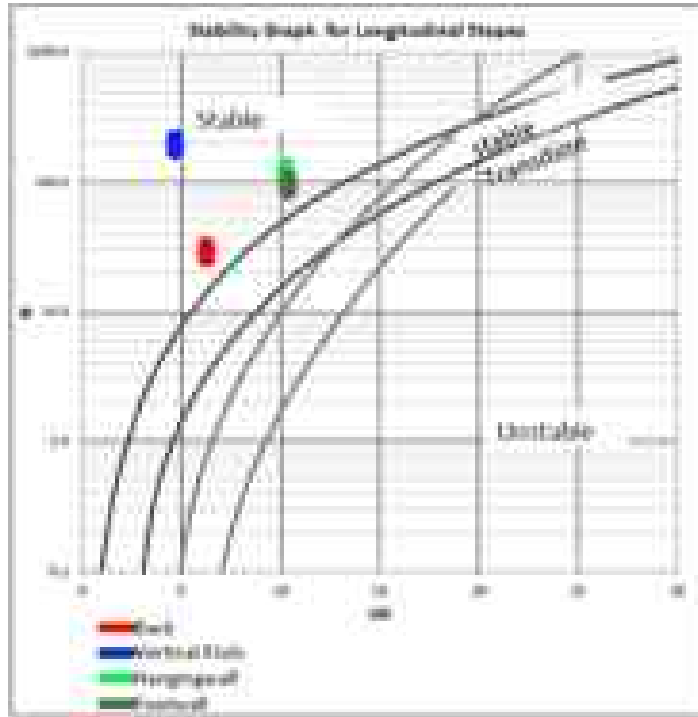
The hanging wall stability number ranges from 40 to 76.7. Plotting the stability graph in a different style using $N=40$, as shown in Figure 12-9, gives different combinations of stope strike lengths and hanging wall vertical heights for any given HR value. This indicates that a stope of 20 m strike length can be mined to an infinite depth with a stable hanging wall exposure. This supports the field observations in S12 which has a height of 125 m after damaging the 10 m sill pillar at Level 520. It is reported that many of the 100 m high stopes remain stable with minimum wall failures from Cavity Monitoring System (CMS) surveys. (Wassa Site Engineer).

Figure 12-7: Matthews Stability Graph, Transverse Stopes (Mathews et al, 1981)



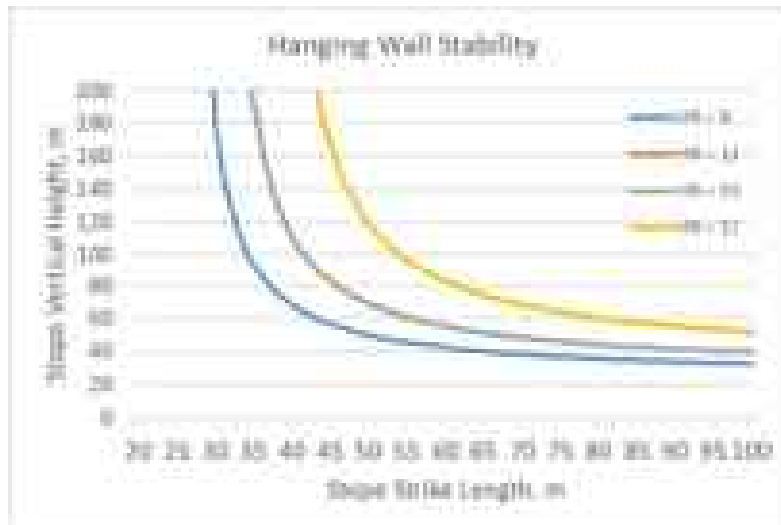
Source: SRK ZA, March 2021

Figure 12-8: Matthews Stability Graph, Longitudinal Stopes (Mathews et al, 1981)



Source: SRK ZA, March 2021

Figure 12-9: Matthews Stability Graph, Longitudinal Stopes (Mathews et al, 1981)



Source: SRK ZA, March 2021

Stable Slope Design Geometry

The Wassa mine operates within a certain range of stable slope dimension as detailed in Table 12-8. These parameters were computed from the stability graph and cover both transverse and longitudinal mining for Wassa main. Panel 2 is currently active and employs both mining methods. Panels 4 to 8 will employ mainly longitudinal mining method.

Table 12-8: Stable Slope Dimensions, Panels 1-8

Stope Dimension		Transverse Stope			Longitudinal Stope		
		MIN	MAX	DESIGNED [M]	MIN	MAX	DESIGNED [M]
Height	m	25	100	100	<15	25	25
Strike Length	m	25	25	25	<60	70	70
Width across Strike	m	15	30	25	<15	15	15
Dip, end/sidewall		65°	65°	65°	65°	65°	65°

Source: Geotechnics, GSR

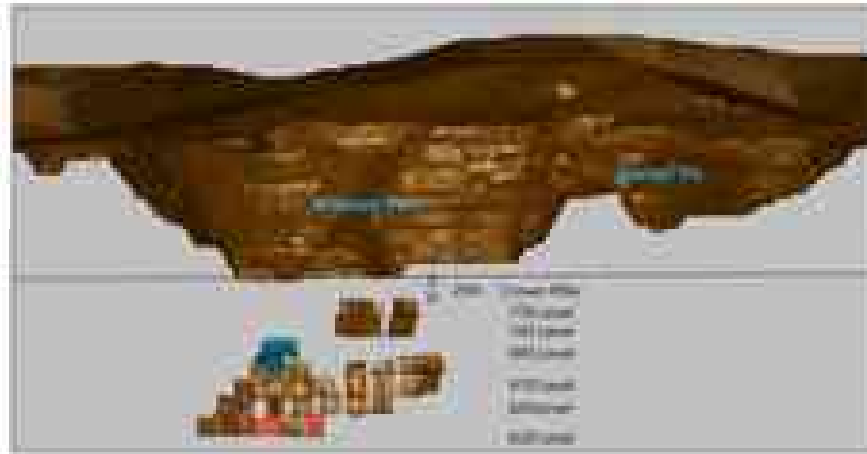
Major Pillars

■ B Shoot Crown Pillar

A 25 m crown pillar separates the main orebody, B Shoot, and the bottom of the open pit. See Figure 12-10. The stability of the Crown Pillar between the B Shoot Main open pit and 720-N1 stope was assessed during the FS by SRK using Phases 2D software. A factor of Safety of 1.58 was assigned.

There are also several 10 m sill pillars separating mined out stopes in Panels 1 & 2 which are filled with either waste rock fill or pastefill. Similarly, the sill Pillar between 720-N1 and 745-S1 was assigned a Safety factor of 1.58. See Figure 12-11.

Figure 12-10: Longitudinal View Showing the Main Crown Pillar



Source: Geotechnics, GSR

Geotechnical Assessment for Wassa Design

- If GSR reduced the crown pillar thickness from the previously recommended 30 m to 20 m. This involved evaluating the stability of the proposed 20 m thick crown pillar for the planned openings immediately below and adjacent to the existing open pit.
- Reviewing the stability of the proposed permanent footwall drives near the planned open stopes.

– IIC-220 –

- For the Q rock mass rating, with a crown pillar thickness of 20 m, a stope span of 20 m, and a stope length of 30 m, the crown pillars immediately below the open pit bottom and adjacent to open pit walls remain stable ($FoS > 1.6$) with a low probability of failure.
- Increasing the stope span to 25 m reduces the FoS to below 1.5 and increases the probability of failure, though it remains low.
- Increasing the stope length to 50 m also reduces the FoS and increases the probability of failure, but the impact is less pronounced than increasing the stope span.
- Increasing the crown pillar thickness enhances stability ($FoS > 1.9$) and reduces the probability of failure to approximately 4%, but this comes at the cost of sterilizing ore within the crown pillar.

BGC provides the following considerations for rib pillar design between the footwall drives and the open stopes:

- Stopes with at least a 10 m offset from footwall drives can be mined, but ground conditions and support performance should be monitored and evaluated, with proper remediation carried out as needed before commencing open stope mining near footwall drives.
- Although GSR has not experienced instability issues in footwall drives from nearby stope blasting, future damage may occur due to rock mass variability and stope blasting.
- If there are concerns about the stability of the footwall drive, GSR should consider delaying the mining of nearby open stopes. A potential option is to mine these stopes on retreat or at the end of the mine life.

12.2.3 Mining Method

The Wassa Mine operations started as an open pit and transitioned into an underground mine in 2015. It will continue to be mined by underground methods using a top-down sublevel open stoping (SLOS) method.

Stoping Methodology

The stopes are mined using transverse stoping, with longitudinal stoping. Stope dimensions are 20 m along strike, various width depending to the stope shapes and 25 m height (level spacing).

- Transverse stoping: Stopes are defined as primary and secondary. The primary stopes would be mined and then paste backfilled. Once mined, the secondary stopes would be backfilled with either paste or waste rock. Generic sections for a primary transverse stope are shown in Figure 12-12. The Wassa Mine assumes that no sill pillar would be left behind.
- Longitudinal stoping: Stopes are be mined in a backward direction from the end. Once the first stope has been mined, the paste wall would be built away from the open stope in two cuts (6m). This is followed by a "plug pour" and then a "main pour." There will be a 7-day curing delay from the "plug pour" to allow the plug strength to develop. To mine the subsequent stope, the paste wall would be broken, and two cuts (6m) would be made back into the previously paste-filled stope to allow a production drill to come in and set up on the first ring. After this slot drive development, cable bolting of the stope and production drilling of the slot and rings begin.

In Figure 12-13, the main decline portals (including 242 Portal, B Shoot Portal and Portal 3) are from the open pit and are designed with a cross-section of 5.8 m (H) by 5.5 m (W) to allow 45 t and 55t capacity haul trucks to haul ore and waste.

Figure 12-13: Wassa Underground Development Design (Looking East)

Source: GSR and SRK

12.2.5 Production

The current ore production target from the stopes and developments is between 7,000 and 8,000 tonnes per day. The ore is transported by 45 t and 55t articulated dump trucks ("ADT") to the stockpile designated at Portal 3. Waste material is primarily used for backfilling voids or is transported to waste rock dumps on surface.

Blasting operations occur twice daily, at 6AM and 6PM. These times also mark the shift changes, with workers transitioning from the day shift to the night shift and vice versa.

Mining operations at the Wassa Main are conducted by the owner, while the 242 and Wassa South areas are managed by contractors.

12.2.6 Equipment

The Wassa underground equipment is listed in Table 12-9. The model of production drill rig is DL 411, DL421 and DL 431. The model of jumbo is DD421-60. There are several LHD (load-haul-dump) models: R2900; LH517; LH 621. The model of the ADT is A45G. The availability of the equipment is above 80%. The contractor's equipment is listed in Table 12-10.

Table 12-9: Wassa Underground Equipment List

Equipment	Model	Quantity	Availability
Truck	Volvo A45G ADT	9	85%
Loader	CAT R2900G	3	80%
Loader	Sandvik LH517	1	80%
Loader	Sandvik LH621	2	80%
Loader	Sandvik LH621i	1	80%
Jumbo	Sandvik DD421	7	85%
Solo	Sandvik DL411	1	85%
Solo	Sandvik DL421	1	85%
Solo	Sandvik DL431	1	85%
Solo	Sandvik DL431	1	85%
Normet	Normet 1610B Charmec	1	
Normet	UCT	2	
Manitou	MT-X1840	1	
Integrated Telehandler		4	85%
Grader	CAT 12H	1	
Grader	CAT 12M	1	

Source: Wassa Mine

Table 12-10: Contractor Equipment List

Equipment	Model	Quantity	Contractor
Trucks	Volvo A45G ADT	3	Edgate
Jumbo (Boomer)	BOOMER282	3	Setters
Production Drill Rig	SIMBA 1354	1	Setters
Loaders	ST18	2	Setters
Loaders	ST18	2	Setters
Trucks	MT54	6	Setters

Source: GSR

12.2.7 Production Schedule

There are two main components in the production schedule: development and stopes. For development, the main activity types, their respective scheduled rates, and section sizes are presented in Table 12-11 below.

Table 12-11: Development Tasks in Schedule

Development Tasks	Task Rate	Section
Decline	50m/mo & 90m/mo	5.5mW x 5.8mH
Level Access	50m/mo & 60m/mo	5.0mW x 5.0mH

Development Tasks	Task Rate	Section
Escapeway Access	50m/mo	5.0mW x 5.0mH
Electrical Cuddy	50m/mo	5.0mW x 5.0mH
Exploration Drive	50m/mo	5.0mW x 5.0mH
Ore Drive	50m/mo	5.0mW x 5.0mH
Stockpile	50m/mo	5.5mW x 5.8mH
Sump	50m/mo	5.0mW x 5.0mH
Vent Access	50m/mo	5.5mW x 5.8mH

Source: GSR

The Table 12-12 below indicates the primary activities during stoping and the designed rates.

Table 12-12: Stope Task in Schedule

Stope Tasks	Task Rate
Backfill Development	1.5 days
Slot Drive	60m/mo
Cable Bolt Support	230m/d
Boxhole Rise	4m/d
Stope Rise	1.3d
Production Drilling	250m/d
Bogging	1,700t/d
Backfill Preparation	13.9d
Backfill Paste	1,200m³/d
Backfill Waste Rock	600m³/d
Backfill Cure Delay	7d

Source: GSR

Ore Reserves Plan

Ore Reserves Plan (Only Measured and Indicated Mineral Resources, as per the JORC Code guidelines for the reporting of Ore Reserves) is based on the Wassa Design and Wassa Sched, with a LoM of five years, as shown in Table 12-13. Ore Reserve schedule will be used in the technical economic analysis.

Table 12-13: Ore Reserves Plan

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
OPEN PIT							
Ore Tonnes	t	538,041	79,981	458,061			
Au Grade	g/t	0.92	1.08	0.90			
Au Metal	oz	15,965	2,767	13,198	-	-	-
Waste Tonnes	t	1,681,405	635,265	1,046,140			
Total Material Movement	t	2,219,446	715,246	1,504,200			

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
UNDERGROUND							
Ore Tonnes	t	8,274,022	899,306	2,750,799	2,516,877	1,614,222	492,818
Au Grade	g/t	2.20	2.20	2.13	2.29	2.24	2.05
Au Metal	oz	585,981	63,647	187,961	185,510	116,452	32,411
Waste Tonnes	t	2,236,924	395,939	1,123,668	574,812	132,779	9,726
Total Material Movement	t	10,510,946	1,295,246	3,874,466	3,091,689	1,747,002	502,543
Total (OP + UG)							
Ore Tonnes	t	8,812,064	979,287	3,208,859	2,516,877	1,614,222	492,818
Au Grade	g/t	2.12	2.11	1.95	2.29	2.24	2.05
Au Metal	oz	601,946	66,414	201,159	185,510	116,452	32,411
Waste Tonnes	t	3,918,329	1,031,205	2,169,807	574,812	132,779	9,726
Total Material Movement	t	12,730,392	2,010,492	5,378,667	3,091,689	1,747,002	502,543
Development Meters							
Lateral Operating Development	m	15,480	4,333	5,372	3,945	1,635	194
Lateral Capital Development	m	20,140	3,121	11,067	5,123	828	-
Vertical Capital Development	m	1,448	220	733	414	82	-
Backfill							
Pastefill	m ³	2,128,352	187,178	678,193	731,515	449,982	81,484
Rockfill	t	1,653,541	72,271	592,791	358,842	341,201	288,436

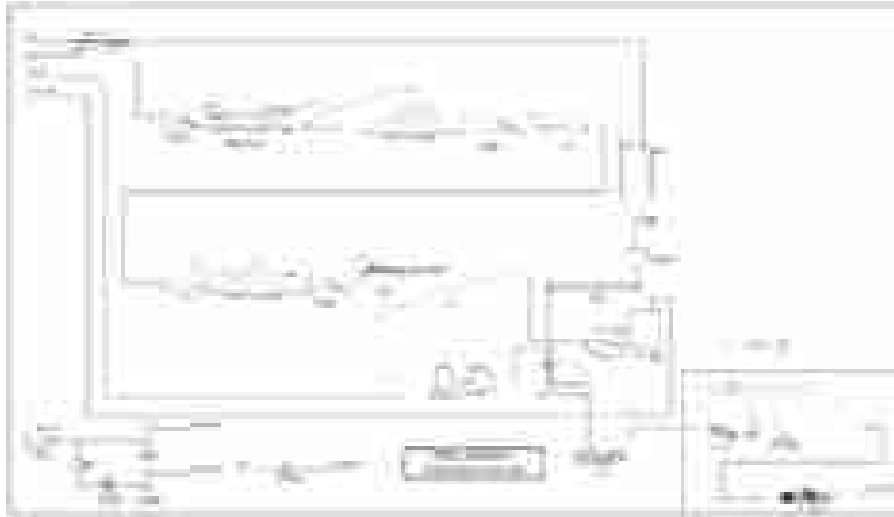
Source: GSR

Notes: Scheduling start date: 1 October 2024

12.2.8 Mine Service

Paste Backfill

In 2015, Kovit Engineering ("Kovit"), based in Sudbury, Canada, undertook the design and cost estimates that formed the basis of the paste backfill system. The overall system is depicted in Figure 12-14.

Figure 12-14: Backfill system proposed by Kovit

Source: Kovit, 2015

According to the FS 2015, cement rock fill (CRF) and waste rock fill (RF) were nominated for transverse primary and secondary stopes, respectively. Later on, paste backfill studies were carried out by Outotec (Canada) Ltd. and completed in 2019. In 2020, the Wassa Mine completed the construction of the paste backfill plant.

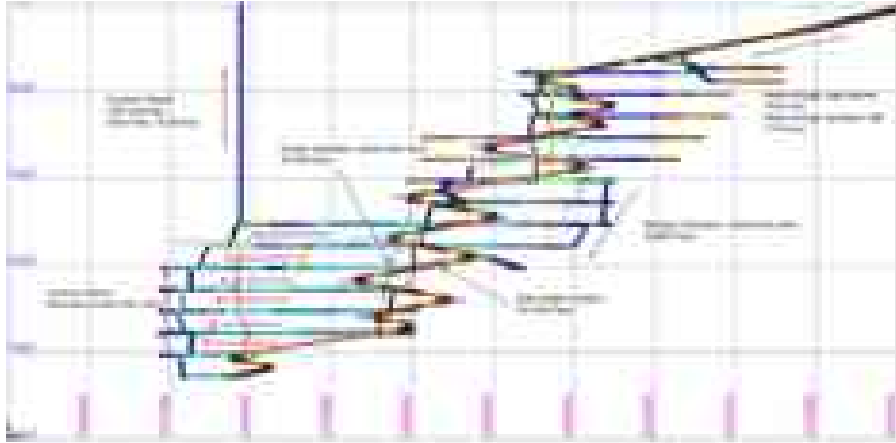
In Wassa Design and Updated Wassa Design, paste backfill will be required to maintain support for mining the secondary transverse stopes and longitudinal stopes, thereby increasing the overall level of extraction. Secondary stopes for transverse stopes will be filled with RF as required.

Ventilation

Ghanaian mining regulations stipulate the following:

- A maximum velocity of 6 m/ s in travelling roadways.
- For diesel engine equipment, a minimum airflow of 0.06 m³/ kW/ s.
- A minimum velocity of 0.2 m/ s in headings and 0.1 m/ s in large openings.
- A maximum wet bulb temperature of 32.5°C for working conditions.
- Continuous monitoring of CO levels in return airways with information transmitted to the surface.

According to FS 2015, SRK conducted an analysis of ventilation requirements at Wassa using VENTSIM VISUAL™ software. The aim of this analysis was to determine the primary and secondary fan requirements, as well as duct and airway sizes. The analysis was carried out in two phases, depending on the mining panels and levels. The Figure 12-15 below indicates the Phase 2 ventilation system.

Figure 12-15: Phase 2 Ventilation System

Source: FS, 2015

Upon completion of the FS 2015, several changes occurred in the underground mine:

- The mine development in FS 2015 reached 412 m RL, while the lowest development levels for Wassa Design/ Sched and Updated Wassa Design have reached 370 m RL and 270 m RL, respectively.
- The production capacity has increased from 0.8 Mtpa to 2.8 Mtpa.
- The number of main production fleet units has correspondingly increased.
- For B Shoot, the main ventilation intake has changed from solely B Shoot Portal to both B Shoot Portal and Portal 3.

The mine continuously updates the ventilation systems as mining expands laterally and with depth.

During the site visit, SRK observed that the ventilation is adequate and effective, and mined-out areas have been properly barricaded. However, SRK recommends that Wassa Mine conduct a comprehensive ventilation assessment to support the ventilation design as the mine plans depth extension in the future.

Communication

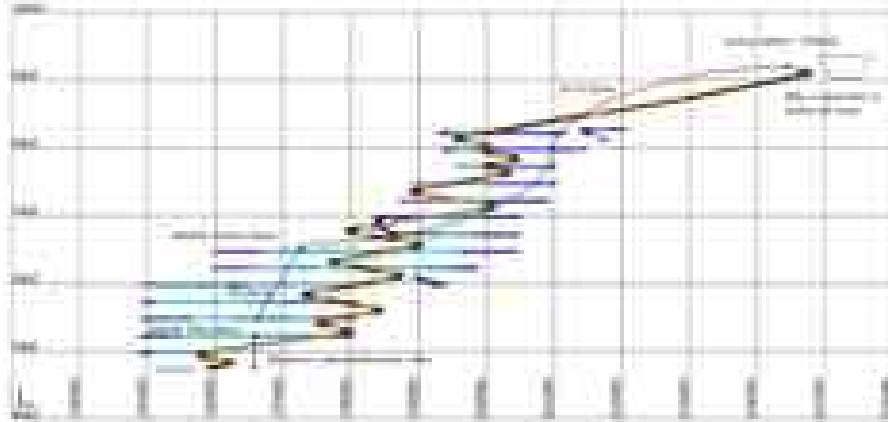
Frontline mine communication is facilitated via a leaky feeder VHF communications system and a two-way radio network. An antenna on the surface, along with cabling in the decline and all waste development headings, provides reliable communication to the working areas at Wassa.

All mobile equipment is equipped with radios in the operators' cabins, and portable handsets are available for mechanics, supervisors, and other personnel as required.

Dewatering

The mine dewatering system is designed to remove both groundwater and service water. The system is designed to handle a flow rate of 35 l/s. The Figure 12-16 indicates the final dewatering design as per the FS 2015.

Figure 12-16: Final Dewatering



Source: FS, 2015

The mine continuously updates the dewatering systems as mining expands laterally and with depth.

During the site visit, SRK observed that the tunnel and stoping areas were dry and clean, and that housekeeping has been well maintained.

SRK recommends that Wassa Mine conduct a comprehensive dewatering assessment to support the dewatering design as the mine plans depth extension in the future.

Water Supply

Water tanks are installed above the portal area to supply the underground mine with service water for drilling, dust suppression, and general use. Service water is sourced from either the starter open pit sump or the Dead Man Hill open pit sump. It is reticulated throughout the mine via 110 mm high-density polyethylene ("HDPE") lines installed in the primary headings, reducing to 63 mm HDPE lines for supply to end-use locations. Pressure reducers are installed as required to always maintain the pressure within the range of 4-12 bar. There are number of surface catchment areas situated in close proximity of the underground portals, that form part of the closed-loop water supply system.

Compressed Air

It is planned that compressed air will only be needed for minor service work. To this end, a 110 mm poly pipes are reticulated underground down the main decline. A compressor house situated at the B-Shoot portal equipped with 90 kW compressors, provide pressure of 6.5 bar and a flow rate of 17.5 m³/ min to the mining areas, making use of a ring main system.

Underground Magazines

Detonators, explosives and blasting agents are stored at the existing Wassa magazine on surface, delivered from existing suppliers in Ghana, currently African Explosives Limited ("AEL"). Utility vehicles transport the explosives underground for storage in approved underground magazines that are constructed to hold 3-4 days' worth of explosives.

Emergency Egress

A series of manways between levels, each approximately 15 to 20 m in length and inclined at 65-75° to the horizontal with a cross-sectional area of 1.2 m by 1.2 m, have been constructed. Each manway is fitted with ladderways and rest platforms in compliance with Ghanaian mining regulations.

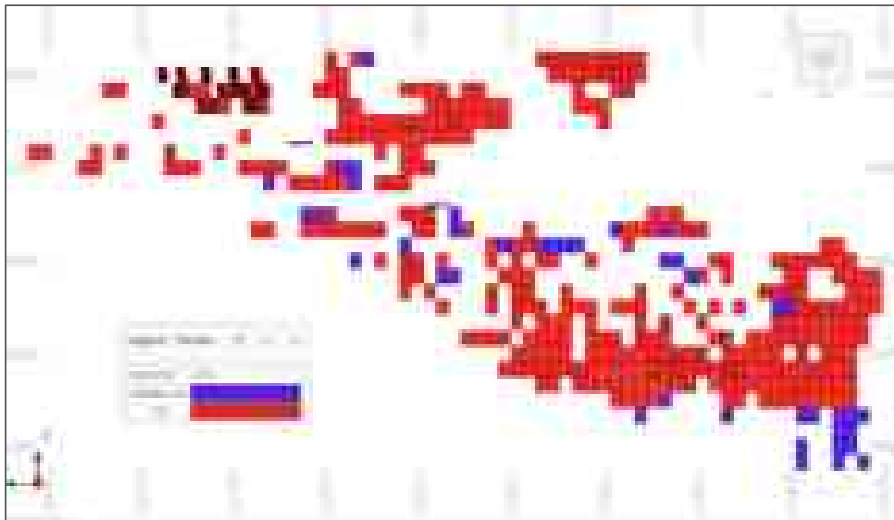
The escapeway system provides a secondary means of access from every sub-level and is separate from the main decline.

Several Sixteen-person Refuge/ emergency chambers have been installed in the mine as development progresses.

12.2.9 Wassa Ore Reserves and Upside Plan

The Wassa Mine has provided SRK the Ore Reserves plan (Wassa Design/ Schedule) and an upside/ opportunities plan, based on the Wassa Design/ Schedule, but including immediately identifiable upside/ opportunities (though not classified as Ore Reserve in this evaluation). The comparison of the two is highlighted in Figure 12-17.

Figure 12-17: Stope comparison between Wassa Design and Updated Wassa Design



Source: GSR and SRK

Notes:

The purple blocks are the additional 'non Ore Reserve stopes'/ addition material included in Update Wassa Design

During discussions with the Wassa Mine, SRK understands that Updated Wassa Design includes Residual material in the upper area and Material in the lower area. Due to time limitation of preparing Updated Wassa Design, SRK would consider this as an opportunity for eventual economic material but does not regard it as classified as Ore Reserves.

To classify the additional Mineral Resources as Ore Reserves, comprehensive technical studies across various disciplines (geotechnical, hydrogeology, ventilation, infrastructure, etc.) must be conducted to determine the feasibility of their exploitation. These studies should be at least at a PFS level, including an assessment of the methods of exploitation.

Although SRK cannot currently classify the Residual Material in upper area ("Residual Material (upper area)") and Material in lower area ("Material (lower area)") from Updated Wassa as Ore Reserves, SRK considers this material under a scoping study level and has reasonable grounds for disclosing a production target that includes this amount of Indicated Mineral Resource as an upside opportunity case.

The schedule is shown in Table 12-14.

Table 12-14: Wassa Ore Reserves and Upside Plan

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
Open Pit							
Ore Tonnes	t	538,041	79,981	458,061	-	-	-
Au Grade	g/t	0.92	1.08	0.90	-	-	-
Au Metal	oz	15,965	2,767	13,198	-	-	-
Waste Tonnes	t	1,681,405	635,265	1,046,140	-	-	-
Total Material Movement	t	2,219,446	715,246	1,504,200	-	-	-
Underground							
Ore Tonnes	t	8,274,022	899,306	2,750,799	2,516,877	1,614,222	1,666,590
Au Grade	g/t	2.20	2.20	2.13	2.29	2.24	1.82
Au Metal	oz	585,981	63,647	187,961	185,510	116,452	97,506
Waste Tonnes	t	2,236,924	395,939	1,123,668	574,812	329,310	170,965
Total Material Movement	t	10,510,946	1,295,246	3,874,466	3,091,689	1,943,532	1,837,555
Upside Plan							
Residual ROM Material (Upper Area)	t	436,138					436,138
Au Grade	g/t	1.75					1.75
Au Metal	oz	24,491					24,491
ROM Material (Lower Area)	t	737,635					737,635
Au Grade	g/t	1.71					1.71
Au Metal	oz	40,604					40,604
Waste Tonnes	t	357,770				196,531	161,239

Mine Production & Development	Unit	Total	2024 Q4	2025	2026	2027	2028
Total Material Movement	t	1,531,542				196,531	1,335,011
Total							
ROM Tonnes	t	9,985,836	979,287	3,208,859	2,516,877	1,614,222	1,666,590
Au Grade	g/t	2.08	2.11	1.95	2.29	2.24	1.82
Au Metal	oz	667,041	66,414	201,159	185,510	116,452	97,506
Waste Tonnes	t	4,276,099	1,031,205	2,169,807	574,812	329,310	170,965
Total Material Movement	t	14,261,934	2,010,492	5,378,667	3,091,689	1,943,532	1,837,555
Development Meters							
Lateral Operating Development	m	16,336	4,333	5,372	3,945	1,635	1,050
Lateral Capital Development	m	23,179	3,121	11,067	5,123	3,077	790
Vertical Capital Development	m	1,448	220	733	414	82	-
Backfill							
Pastefill	m ³	2,563,083	187,178	678,193	731,515	449,982	516,215
Rockfill	t	1,653,541	72,271	592,791	358,842	341,201	288,436

Source: GSR and SRK

12.2.10 Life of Mine Schedule

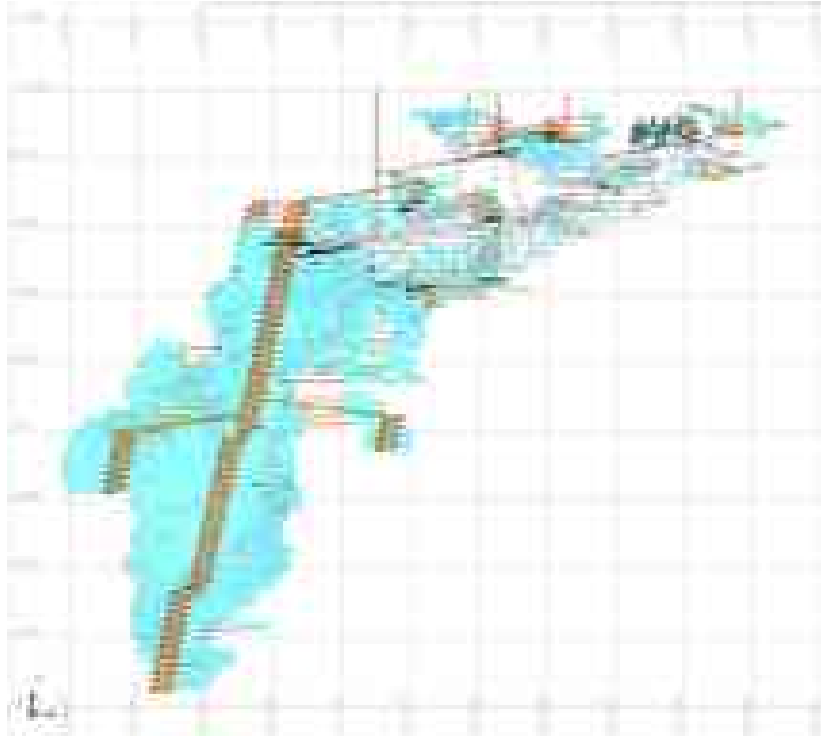
During the SRK site visit, GSR presented their in-fill drilling plan and budget aimed at upgrading the Inferred Mineral Resource to Indicated/ Measured Mineral Resource in the near future.

The Wassa Mine has developed a life of mine plan that includes Inferred Mineral Resource and outlines two designs/ studies for future expansion. SRK note that this cannot be considered as an Ore Reserve as it is based on Inferred Mineral Resource. In order to classify as Proved or Probable Ore Reserve category, technical studies need to be completed to at least a PFS level with an appraisal of how access would be achieved, mining methodology (including extraction and dilution factors), the geotechnical understanding as well as ventilation. Along with the technical understanding and extraction achievability, the economics of each area needs to be proved, i.e. with the application of Capex and Opex, is it economic to mine, cash flow positive.

The first design, with a Preliminary Economic Assessment ("PEA") for the Wassa's Southern Extension conducted by GSR in 2021, divides the Wassa Underground mine into 8 panels with the same stope optimization parameters but different other stope modifying factors such as dilutions and stope recoveries. The PEA has considered a long-term LoM scheduling, which is conceptual and outlines a mining inventory based on Inferred Mineral Resources. The term "run of mine ('ROM') material" is used in the PEA to describe potentially economic Mineral Resource included in the mining and processing plans. According to the PEA, a total of approximately 29.6 Mt of ROM material averaging about 3.9 g/t Au is scheduled for an additional 17-year LoM based on the Inferred Mineral Resources at Wassa underground (the Southern Extension), including 2 years for definition drilling and 2 years for underground development.

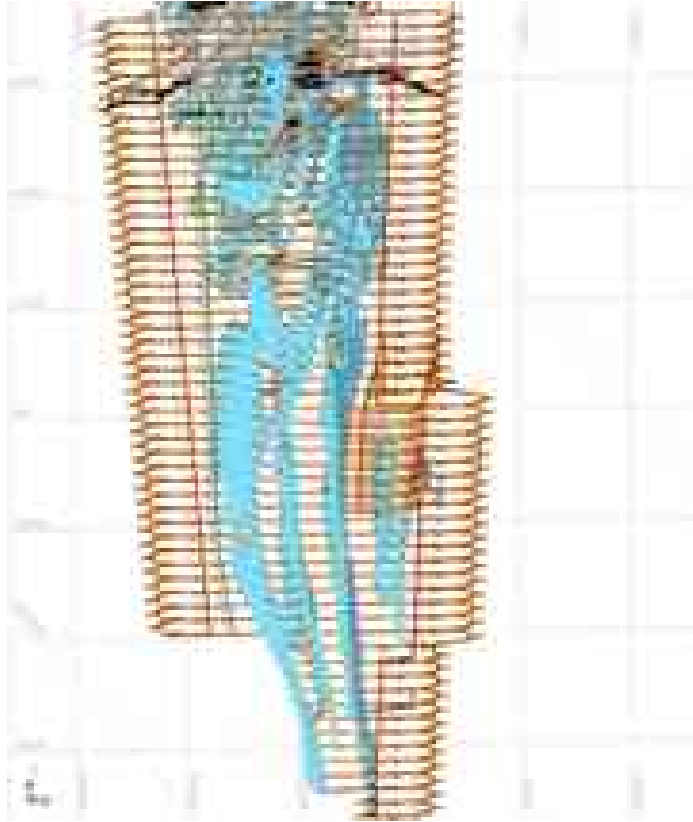
The second design, developed using Deswik software and shown in Figure 12-18, estimates a 26-year mine life extending to 2049 with an annual mining capacity of approximately 3 Mt of ore, detailed in Appendix B. This design includes the V13 Design, which is the Ore Reserve plan and schedule, employing a top-down LHOS method with either transverse or longitudinal stoping, depending on the orebody, and using pastefill for backfill for deeper stopes. The stope optimization parameters align with the Ore Reserve plan, except the gold grade for Inferred Mineral Resource is not set to zero.

Figure 12-18: Wassa Underground Life of Mine Design (Looking East)



Source: GSR

The main decline is a spiral ramp on both sides of the ore body, extending to -800 m RL, as shown in Figure 12-19. However, during the discussions with GSR, it is suggested that a vertical shaft may be developed for deeper ore extraction due to the extensive travel distance for material transport via the decline.

Figure 12-19: Wassa Underground Life of Mine Decline Design (Looking East)

Source: GSR

12.2.11 Conclusions and Recommendations

SRK has reviewed the parameters for calculating cut-off grade, underground design, and schedules provided by the Wassa Mine and concludes that there are no significant inaccuracies in the data or procedures used.

It is important to highlight, however, that the Wassa Mine's overall design strategy is based on an operational perspective, and therefore Inferred Mineral Resources have been considered in the development design. This could lead to unnecessary capital expenditure if only Measured and Indicated Mineral Resources were considered.

The Updated Wassa Design has included additional Indicated Mineral Resource. Due to the time limitations in preparing the design by the Wassa Mine, this inventory is considered to be at a scoping study level. SRK would consider this inventory as an upper case for eventual economic extraction results.

Ore Reserves estimation has been conducted based on the mine design (Wassa Design), previous studies, and historical operating conditions. SRK suggests that the Wassa Mine conduct an independent study to compile such data to guide further production.

It is recommended to upgrade the Mineral Resource category in the B Shoot south deeps to extend mine life through in-fill drilling exploration and/or underground exploration.

13 Recovery Methods

13.1 Processing History

Wassa started exploiting gold from ores in 1998 utilising a heap leach ("HL") technology which is a well-established extractive metallurgical technology enabling the economic processing of various kinds of low-grade ores, which could not otherwise be exploited. However, the process remains limited by low recoveries and long extraction times. The process involved crushing, screening and agglomeration of the mined material before being stacked on leach pads which were irrigated with a weak cyanide solution to recover the gold. The solution was processed through carbon columns, stripped from the loaded carbon and smelted through to gold Doré bars. In 2001, the HL operation was suspended since the actual plant recoveries of 55-60% were far below the design and expected recovery of 85%, making the process non-economical.

A FS commenced to evaluate construction of a CIL plant in 2003. The positive outcome led to the construction of the existing plant in 2004 which was commissioned in 2005. The plant circuit has crushing, milling and CIL sections with new facilities for the mills and CIL circuit in that upgrade. A feed blend comprising 45% fresh material, 25% oxidized material and 30% reclaimed spent HL material was feed to the plant which had processing design capacity 3.5 Mtpa. Until 2014, the spent HL material reclaimed from the pads was added to the mill feed via a scrubber when it was exhausted. The plant was fed with only fresh material from the open pit until 2016 when underground material was added to the feed. Open pit mining was suspended in 2018 and since then, the predominant feed has been underground ore with supplementary addition of open pit stockpiles fresh, low-grade ore since 2021.

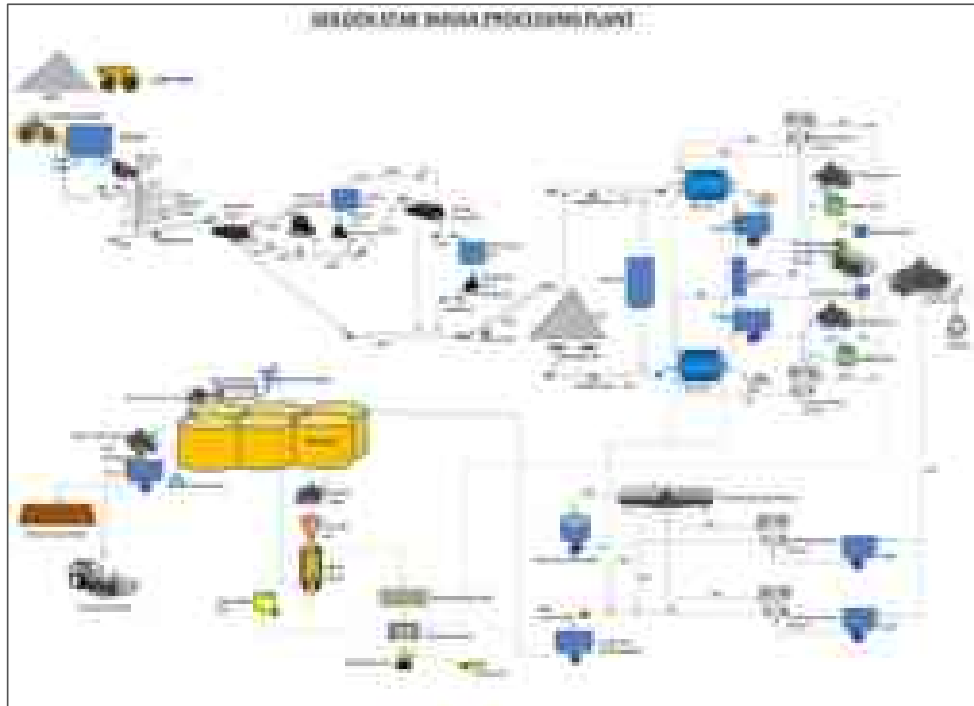
13.2 Process Description

The current plant circuit for GSWL is capable of processing up to 3.5 Mtpa of total mill feed but processed 2.55 Mtpa against a target of 2.7 Mtpa in 2023. As at the end of March 2024, processing stood at 0.72 Mtpa. The underground ore (fresh or competent ore) is the major source of feed into the plant whilst a blend of surface material may be added depending on availability in a ratio that averaged at 87% and 13% for 2022 and 83% and 17% for 2023 respectively. The surface ore may contain transition ore in addition to the oxides. Despite these average blend ratios, there are also periods that underground ore may be the sole feed into the plant. The blending ratio is maximised by the grade control to maintain recoveries at optimal levels throughout each year. The historical production records indicated that the ratio of oxide to primary has no obvious effect on the gold recovery.

The process flow diagram is shown in Figure 13-1. The operational circuit is made of the following sections:

- Crushing and Milling Circuit
- Gravity Gold Circuit
- Leaching Circuit
- Smelting

Figure 13-1: Current Process Flowsheet for GSWL



13.2.1 Crushing and Grinding

The Run-Of-Mine ("ROM") Pad receives ore from underground and surface via dump trucks such as CAT 777 and Volvo trucks (ADT).

A Front-end Wheel Loader transfers the dumped ore into the ROM bin under the guidance of a grade controller. An apron feeder underneath the ROM bin discharges the boulders into a Grizzly feeder that feeds a 150 mm Single toggle Jaw Crusher which is in an open circuit with series of Secondary and Tertiary Cone crushers which are fed through a network of screens with specified apertures and conveyors. Overall, eight (8) crushers are used in size reduction in the plant.

The tertiary screen is in closed circuit with the tertiary bin. Two weightometers are connected to the set of conveyors (CV2 and CV10) to be able to quantify the crushed ore.

The particles with size -12 mm ($P_{80}=8\text{mm}$) are heaped at the crushed ore stockpile ("COS") which has a space to store 18,900 tonnes of crushed ore but has a live stockpile of 4,400 t. Each of a pair of conveyors (CV12 and CV13) carries 165 tonnes per hour ("tph") of crushed ore to feed a 5.03 m diameter x 6.71 m long Ball mill each. Each of the Polymet lined mills is driven by a 3 MW motor and uses a combination of 60 mm and 80 mm steel balls in a ratio of 2:1 as grinding media. The mill product is about 70% passing 75 μm discharges into a hopper and is pumped into two sets of primary

cyclone cluster. Each cluster of cyclones has seven individual cyclones, each with their individual inlet valves for each of control and maintenance.

Pressure swing absorption ("PSA") oxygen plant located in the milling area.

13.2.2 Gravity Gold Extraction

One-seventh (1/7) portion of the cluster of cyclone feed is directed unto a scalping screen. The undersize feeds two 48" Knelson Concentrators ("KC"). The combined concentrates are fed into Concep Acacia CS 3000 Intensive Leach Reactor ("ILR") and Electrowinning Cell for gold recovery. This section accounts for between 28% and 30% of the total plant gold output.

The KC overflow discharges into the mill discharge hopper through a splitter box.

The Acacia Barren Solids ("ACBS") and the ILR residue are pumped back into the mills splitter box.

13.2.3 Leaching

Both overflow streams of the combined primary cyclone overflows are directed to another trash screen to remove further traces of debris. The screen undersize discharges into two sumps each of which feeds two secondary clusters of cyclones each with a 15% solids. The combined cyclone overflow feeds a 25 m Pre-Leach High Rate Thickener into which are added flocculants for dewatering purposes. The overflow is reused as the Ball mills water addition.

The thickener underflow is pumped by a 260 kW pump into a transfer vessel together with the secondary cyclone underflow where cyanide is added before the slurry is transferred to the CIL circuit. The year-to-date cyanide consumption rate is 0.48 kg/t against a budget of 0.44 kg/t. Oxygen which is generated from the PSA is injected into the transfer line after the transfer pumps. The transfer pipeline acts as an ILR, where most leaching occurs.

Six CIL tanks, each with a designed capacity of 2,500m³ but a live volume of 2,250m³ each constitutes a train for counter-current leaching of gold and adsorption unto activated carbon.

The slurry residence time in the CIL tanks is 36 hours whereas the carbon has a residence time of 24 hours. The gold loaded carbon is pumped from the third tank to a vibrating screen to separate the carbon from the slurry with water spraying washing. The washed loaded carbon is then transferred to the storage silo above the top of the elution column.

13.2.4 Elution, Electrowinning, Smelting and Regeneration

The gold is desorbed during elution and the loaded carbon is acid washed and then stripped of gold using caustic soda in an 11.5 t pressure Zadra elution system. Eluted carbon is thermally regenerated and returned to the last stage of the CIL circuit. The carbon is regenerated in a kiln with an operating temperature of 128°C to 130°C and a pressure of 220 kPa with a 12 tonnes quench tank.

The solution gold then precipitated during electrowinning in the gold house ahead of smelting. The CIL circuit accounts for the remaining 71% of the total gold output from the mine. The gravity gold concentrate and electrowon gold are smelted separately to produce gold doré bars.

13.3 Production Performance

The historical production performance of the plant for the past three years is shown in Table 13-1. The actual ore throughput is 2.12 to 2.55 Mtpa against the target of 2.7 Mtpa. The overall gold recovery including gravity and CIL is 95.3% to 97.1% with gold production of 4.84 to 5.31 tonnes per year.

Table 13-1: Wassa Gold Plant Historical Production Performance

Parameter	Unit	2020	2021	2022	2023	Q1-Q3 2024
Total Milled	t	2,010,784	2,256,725	2,117,237	2,550,842	2,300,198
Mill Feed Grade	g/t	2.63	2.22	2.58	2.06	2.00
Mill Feed Gold	kg	5,281	5,001	5,469	5,248	4,606
CIL Feed Tonnage	t	2,010,784	2,256,725	2,117,237	2,550,842	2,300,198
CIL Feed Grade	g/t	1.92	1.58	1.84	1.47	1.46
CIL Feed Gold	kg	3,856	3,566	3,900	3,760	3,368
Tails Grade (Measured)	g/t	0.14	0.10	0.11	0.09	0.09
Gravity Gold Produced	kg	1,411	1,386	1,589	1,474	1,236
CIL Gold Produced	kg	3,803	3,448	3,721	3,548	3,061
Total Gold Produced	kg	5,214	4,835	5,310	5,022	4,296
Gravity Recovery	%	26.72	27.72	29.06	28.09	26.83
CIL Operational Recovery	%	0.00	68.95	68.05	67.60	66.45
Total Recovery	%	98.74	96.67	97.10	95.69	93.27
Crusher Availability	%	84.65	89.84	93.61	93.30	92.82
Mill Availability	%	94.12	94.15	94.47	97.26	96.26
Mill Utilisation	%	91.76	81.31	76.11	89.08	99.17

13.4 Processing Facility

Wassa processing plant is a conventional CIL plant. Processing facilities include a ROM pad for ore blending and grade control, a complex crushing system, a crushed ore stockpile pad, two parallel grinding circuits with Knelson Concentrators, a standalone Accia intensive leach and electrowinning room for gravity concentrate, a standard CIL circuit and loaded carbon process circuit.

The main equipment is detailed in the description of the plant flowsheet. Figure 13-2 shows same facilities and equipment of the Wassa processing plant.

The crushing circuit is complex with four crushing stages, although performing normal function. If a semi-autogenous ("SAG") mill is used, the three-stage crushing after primary crushing can be replaced. The crushing circuit will be simplified.

There are six agitation leach tanks for CIL currently. An additional two CIL tanks are planned to be added to the existing tanks chain to extend the CIL time for enhancing gold recovery.

Figure 13-2: Photo of Wassa Processing Plant



13.5 Proposed Changes to the Treatment Circuit

- An additional two CIL tanks are expected to be added to increase recoveries and total gold output following several successful test work studies that confirms this again in extended leaching. The expansion requires additional installation of a 2 tonne Oxygen plant to meet the demand.
- The expected Mill Expansion project will incorporate the isolation and modernisation of the gold room by increasing the working space therein.
- Future metallurgical test works are to accompany the drilling programme scheduled for 2024 in expectation to meet the envisaged target of 3.5 Mtpa. However, the critical element is the availability of ores yielding additional 2,000 tph to the current 7,000 tph.
- The metallurgical test works are envisioned to cost around US\$ 0.2 Million.
- The technical studies have commenced and are in progress. These findings have led to the acceptance and approved extension of the leaching time in the plant circuit by building two new CIL tanks.
- Considerations of the enhancement of the sustainability indicators for the mine through possible:

- replacement of the secondary, tertiary and quaternary crushing units with SAG mill in order to improve upon performance and also reduce cost
- haulage options for carriage of ore to the processing plant by using conveyor systems versus usage of electric trucks to improve the carbon footprint
- The mine has an *International Cyanide Management Code* ("ICMC") certificate since 2010.

13.6 Laboratories Tests

13.6.1 Wet Chemistry and Assay

Routine samples from the exploration (muck samples), grade control, processing unit points including solid tailings samples are obtained for analyses.

Solid samples are crushed to obtain 74% passing 106 µm and then pulverised to 90% passing 75 µm.

Loaded and eluted carbon gold contents are also assessed.

The routine analyses carried out cover the determination of gold, silver, copper and some base metals using fire assay and BLEG protocols.

Periodically, comparative round robin assessments are carried out on blind samples with SGS (Tarkwa) and Intertek (Tarkwa). Preliminary data appear to compare very well.

QA/QC methods are followed which have also been certified by South African National Accreditation Service ("SANAS"), South Africa.

13.6.2 Metallurgical Laboratory

Routine metallurgical plant simulation test works (crush test, grinding/ milling and bottle roll tests) are carried out to determine head grade, reagents consumption and recoveries. The outputs compare well with the plant performance, within acceptable limits.

The simulated outcomes are claimed to match well with similar outcomes in a 2018 reference work by the University of Mines and Technology, Tarkwa ("UMaT").

An extended leach test works has proven and led to the approval for additional two CIL tanks to be added to the existing train.

The comprehensive metallurgical test works leading to an FS are carried out by the company with reference laboratories alongside drilling programmes.

14 Project Infrastructure

14.1 Tailings Storage Facility

There were two TSFs, TSF 1 and TSF 2, designed to accommodate the anticipated tailings produced. TSF 1 was stage-constructed with the most recent raise, Stage VI, in 2014, and it was raised to 1,039 m RL. The starter embankment was constructed in 2004. The raising of TSF 1 was to provide sufficient storage capacity until 2017 when TSF 2 was scheduled to be operational.

TSF 1 is located northwest of the processing plant at the head of a southerly draining valley and immediately adjacent to the historical leach pad area. The ground levels range from 1,000 m RL on the valley floor to above 1,060 m RL on the surrounding hills. It is a cross-valley impoundment created by the construction of a main embankment in the south with confining saddle embankments at the north of the facility. Containment to the east and west is provided by natural ridges. Access is via unsealed road west of the plant site area. The catchment area of TSF 1 is estimated to be approximately 140 Ha, of which 124 ha is covered with tailings as the facility proceeds through closure revegetation trials. Deposition into TSF 1 ceased in 2019 with paddock deposition completed to achieve the approximate closure surface topography requirements of the closure landform. Revegetation trials commenced in 2017 towards the next land use, and by the end of 2020, the revegetation planting was almost complete. TSF 1 has been replanted with palm oil trees under a scheme operated by Golden Star Oil Palm Plantation ("GSOPP"). The palm trees are growing well, and farm workers are harvesting the fruits as in Figure 14-1.

Figure 14-1: Reclaimed TSF 1



TSF 2 is close to TSF 1 in the valley that extends eastward from the north embankment of TSF 1. It is approximately 2.5 km from the processing plant and 1.3 km downstream of TSF 1 Saddle Dam 5. TSF 2 has a footprint of 260 ha, of which 72 ha has been developed to date, and lies within a total project area of 340 ha including the buffer zones. The remaining capacity of TSF 2 significantly exceeds the needs for processing of ore defined by the Ore Reserves, even after allowing for use of tails solids for paste backfill.

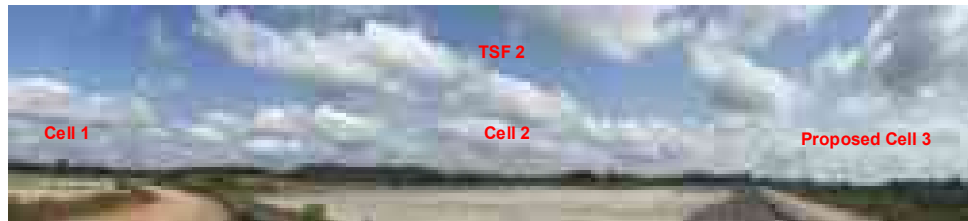
The TSF 2 has two cells currently with the first cell (TSF 2 Cell 1) under care and maintenance, and the secondary cell (TSF 2 Cell 2) in use and being filled. A safety audit report for 2022 issued by Geosystems Consulting Limited stated that the section is generally in compliance with the regulatory and design requirements. A third cell (TSF 2 Cell 3) is under geotechnical investigation by Knight

Piesold Consulting Limited ("KP"). The configuration of the three cells is as Figure 14-2. It is planned that the three cells will merge together in the future to enlarge the volume and for reclamation purposes.

The TSF 2 basin was to be entirely lined with high-density polyethylene ("HDPE") sheets and was to provide a storage capacity of 41 Mt by staged construction up to Stage 6, although only 19.5 Mt was required for the LOM at the time. It is designed as a downstream embankment, and future raises are planned to be downstream as well. All embankments are designed with 1V:2H upstream and 1V:3H downstream slopes, with 8 m wide crest. It is envisaged that the facility will be developed as follows:

- Cell 2 – Stages 1 to 3 through years 1, 2 and 3;
- Cell 3 – Stage 4 at year 4;
- Cell 1 – Stages 5 and 6 at years 5 and 6; and
- Cells 1 and 3 – Stages 7 to 11 through years 7 to 11.

Figure 14-2: TSF 2 Cells



GSWL has an on-site tailings management team that takes care of the day-to-day activities at the TSFs. The Environmental Department oversees the water quality testing at the TSFs. KP conducts quarterly TSF inspections and a consultancy named Glocal Engineering in Ghana conducts quarterly independent reviews. Geotech Systems conducts an annual safety audit.

There is currently no detoxification plant at GSWL. However, mine personnel report that this does not hamper the TSF operation as the general water balance on the mine is negative. Occasionally when excess supernatant water must be pumped off the TSF, a lined holding pond with 200,000m³ capacity is used for storage. The holding pond was part of the former Heap Leach facilities. The stored supernatant water is ultimately used by the treatment plant. The use of this holding pond has enabled GSWL to continue to operate the TSFs without discharging contaminated water into the environment.

The new Global Industry Standard on Tailings Management (GISTM) is yet to be implemented at GSWL.

14.2 Water Supply

The processing plant has a negative water balance and therefore does not discharge process water into the environment. However, it reuses the dam return water (current TSF 2) for processing whilst part of the underground dewatering section is pumped to the plant as supplementary raw water. The

rest of the underground water is used to suppress dust in the mine environment, and also utilised in the Backfill Paste plant.

There are two surface ponds in the mine area to collect and store the surface water and groundwater for processing plant supplement, mining and dust depression. The ground water comes from the mining section. Figure 14-3 shows the two catchment ponds. The 2nd pond is adjacent to the Genser Generator, and the water is also used as cooling water of the Generator.

Figure 14-3: Catchment Ponds in Wassa Mine Site



14.3 Power Supply

There are two sources of electricity, the National Grid of Ghana ("GRIDCO") and Genser Energy. The Genser generator is in the vicinity of Wassa mine. GSWL has the objective of providing a continuous, stable and cheaper supply of power. Genser Energy meets GSWL's monthly average need of 14.2 MW power. Genser Energy produces its power from natural gas and sells the power to GSWL at US\$0.11/ kWh. It has an installed capacity of 23-24 MW with additional space to add another system. GSWL currently uses GRIDCO power as an alternative source of power for its operations.

It is planned to set up a 1 MW solar power plant to supply cheaper energy to offices and living areas, but SRK didn't get the details. Figure 14-4 is a photo of the main transformer station between the mine offices.

Figure 14-4: Main Transformer Station



15 Market Studies and Contracts

15.1 Market Studies

All gold product from the Wassa Project is shipped to a South Africa based gold refinery under a long-term sales contract. Shipping is in the form of gold doré bars, which average approximately 90% gold by weight with the remaining portion being silver and other metals. The sale price is generally set with reference to the London p.m. fix on the day of the shipment to the refinery.

SRK has used a fixed gold price of US\$2,050/ oz for cut-off grade calculation and the technical economic analysis for the Wassa Mine. Table 15-1 shows the prices trend and long-term price for Gold from Deutsche Bank, which issued in April 2024. The commodity price forecast is considered to reflect a reasonable outlook for the future.

Table 15-1: Gold Price Forecasts

Year	2021	2022	2023	2024	2025	2026	Long-term Price
Gold Price	1,800	1,798	1,940	2,025	2,100	2,141	2,050

Source: Deutsche Bank

15.2 Contracts

SRK has not reviewed any contracts relating to the product market, and SRK is aware of gold is a freely traded commodity on the world market and whilst the selling price is subject to fluctuation, and the volume of gold produced at Wassa will not be material to the supply/ demand balance and will not influence the selling price.

16 Environmental Studies, Permitting, and Social or Community Impact

16.1 Environmental and Social Review Objective

The objective of this due diligence review is to identify and/or verify the existing and potential environmental, social and occupational safety liabilities and risks, and assess any associated proposed remediation measures for the Wassa Project.

16.2 Review Process, Scope and Standards

The process for the verification of the environmental compliance and conformance for the Project comprises a review and inspection of the project's environmental management performance against:

- Ghanaian national environmental regulatory requirements; and
- Equator Principles (World Bank/ International Finance Corporation ("IFC") environmental standards and guidelines) and internationally recognised environmental management practices.

The methodology applied for this environmental review of the Project consists of a combination of desktop review and interviews with GSWL technical representatives.

16.3 Relevant Legislation and Required Approvals

The mineral and mining sector between 1986 and 2005 was governed by the *Minerals and Mining Law, 1986 (P.N.D.C.L. 153)* and this was the basic mining legislation in Ghana. While it was regarded as the trendsetter in terms of mining legislation in Sub-Saharan Africa, major changes in the international mining sector led to its revision. After a protracted review in the early 2000s, the current *Minerals and Mining Act, Act 703 of 2006* became the governing legislation for the country's minerals and mining sector.

The Minerals and Mining Act, 2006 (Act 703), and its related mining regulations and other relevant regulations such as the *Environmental Assessment Regulations, 1999, L.I 1652* and mining-related guidelines and standards constituted the legal framework and regulations for the mining sector.

16.3.1 Permitting Requirements in Ghana

Environmental Assessment Requirements

The Environmental Protection Agency ("EPA") Act, 1994 (Act 490) established the authority, responsibility, structure and funding of the EPA. Part 2 of the Act mandates the EPA, with the formulation of environmental policies, issuing of environmental permits and pollution abatement notices and prescribing standards and guidelines. The Act defines the requirement and responsibilities of the environmental protection inspectors and empowers the EPA, to request that the EIA process be undertaken. The EIA process is legislated through the *Environmental Assessment Regulations, 1999 (L.I. 1652)*, which is the main legal framework used by EPA, for regulating and monitoring mineral operations which cover requirements for:

- Environmental Impact Assessment (EIA);
- Preparation of Environmental Impact Statements (EIS);
- Environmental permitting;
- Environmental Management Plan (EMP); and
- Reclamation bonding.

The EPA grants environmental approval to all undertakings through an Environmental Permit, which is issued subject to the submission of a well-documented Environmental Impact Statement. For a mine, an EIS must include a reclamation plan and a provisional EMP. Prior to formal review by the EPA, the EIS may be subject to public exhibition and hearing, with responses from regulators and community to be incorporated into the EIS before an Environmental Permit is granted.

Two years from receipt of an Environmental Permit, an Environmental Certificate is required from the EPA to confirm:

- Acquisition of all permits and approvals;
- Compliance with mitigation commitments in the EIS and/or EMP; and
- Submission of annual Environmental reports.

Within 18 months of commencement of work an EMP is to be submitted to and approved by the EPA. The provisional EMP in the EIS is updated and incorporated into the mine's active EMP which is subjected to update every three years renewal cycle. Reclamation plans are a necessary document for all mines in Ghana (*Regulation 14 of L.I. 1652*) and mining operations submit annual environmental reports (*Regulation 25 of L.I. 1652*) and monthly environmental quality monitoring results to EPA, with notes where values exceed thresholds and response plans as required.

Minerals and Mining Requirements

Act 703 establishes laws on the process for obtaining mineral rights, the administration and management of these rights and protection of the environment. Supporting *Act 703* are the *Minerals and Mining Regulations, 2012* which cover:

- General aspects (L.I. 2173);
- Compensation and resettlement (L.I. 2175);
- Explosives (L.I. 2177);
- Support services (L.I. 2174); and
- Health, safety and technical requirements (L.I. 2182).

Water Resource Legislation Requirements

The Water Resources Commission Act, 1996 (Act 552) establishes the Water Resources Commission as a body corporate, responsible for the regulation, management, and coordination of policies related to water resources. Key functions include developing water use and conservation plans, granting water rights, coordinating water resource development and utilisation, and advising

on water pollution control. Additionally, the *Water Use Regulations, 2001 (L.I. 1692)*, and *Drilling Licence and Groundwater Development Regulations, 2006 (L.I. 1827)*, complement the Act by specifying the requirements for obtaining permits for water use, water rights, and priorities for water use; and water drilling licences, and well construction requirements; respectively.

16.3.2 Status of Environmental Approvals and Permits

In accordance with the Environmental Assessment Regulations, 1999 (LI 1652), Regulation 25, as well as Articles 28 to 30 of the Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (LI 2182) and the conditions of the GSWL Environmental Certificate and various Environmental Permits, GSWL is required to submit an Annual Environmental Report initially twelve months after the start of operations and thereafter, every calendar year.

In addition to the Annual Environmental Report, GSWL is required to submit an EMP after 18 months from the commencement of operations, and thereafter every 3 years. Based on the EMP 2022-2025 and Annual Environmental Report 2023, the key environmental approvals held by GSWL are summarized in Table 16-1.

Table 16-1: Key Environmental Approvals Obtained for Wassa Mine

Approval	Permit No.	Date of Issue	Expiry Date	Comments
Environmental Permit to pursue operations	EPA/EIA/112	18-Mar-2004	None	Based on Wexford Goldfields Limited Wassa project EIS (2004)
Gold Mining Project at Mpohor	EPA/EIA/175	24-Feb-2006	None	Issued to St Jude Resources (Ghana) Limited based on Hwini Butre EIS and Subriso EIS
South Akyempim Environmental Permit	EPA/EIA/190	2-Jun-2006	None	Based on EIS on South Akyempim Project (2005)
Hwini Butre / Benso Project Environmental Permit	EPA/EIA/247	2-Oct-2007	None	Based on the Hwini Butre and Benso EIS (2005)
Wassa Pits Expansion Project Environmental Permit	EPA/EIA/322	20-Dec-2010	N/A	Based on Wassa Pits Expansion EIS (2010)
TSF 2 Environmental Permit	EPA/EIA/383	5-Apr-2013	N/A	Based on corresponding EIS (2013); Transitioned to EPA/EIA/442
TSF 2 (re-design) Environmental Permit	EPA/EIA/442	25-Nov-2015	N/A	Based on TSF 2 EIS (2015)
Wassa Expansion Project Environmental Permit	EPA/EIA/508	30-Oct-2017	N/A	Based on Wassa Expansion EIS (2016)
Environmental Certificate	EPA/EMP/278	Dec-2022	Dec-2025	2022-2025 EMP

GSWL operates under Environmental Certificate EPA/EMP/278 issued on 22nd December 2022. The Environmental Certificate for the EMP 2022-2025 expires in December 2025.

SRK also reviewed eight copies of water use permits for the Wassa mine, covering domestic purposes, pit dewatering, processing, mining, and dust suppression. All permits are currently within their valid periods.

In this environmental review, SRK viewed the following documents on the environmental and social impact assessment of the Project:

- Draft Environmental Impact Statement on Wassa Expansion Project ("Expansion Project EIS") dated March 2016 and its approval;
- Environmental Impact Statement on Updated TSF 2 Project ("TSF 2 EIS") dated September 2015 and its approval;
- Environmental Management Plans for Surface and Underground Operations (2022-2024) and its approval;
- Annual Environmental Reports (2021, 2022, and 2023);
- NI 43-101 Report for the Golden Star Wassa Mine Project Akyempim Ghana dated April 2023 (2023 NI 43-101 Report); and
- Other related documents.

SRK viewed the above EIS reports, and concluded that the Wassa Mine prepared the EIS reports in accordance with the relevant laws, regulations and decrees of Ghana. In the following sections, SRK provides comments in respect to the study and management measures from the EIS reports and other related documents.

16.4 Environmental and Social Aspects

16.4.1 Ecological Impact

Based on the EIS reports, comprehensive baseline studies were carried out in Wassa during 1996, 2010, and 2012. Wassa is situated in a region transitioning between moist, semi-deciduous forests and wet rainforest zones. Initial observations highlighted vegetation degradation due to impacts from logging and farming. The studies recorded 73, 214, and 70 floral species in the years 1996, 2010, and 2012, respectively. A 2016 review by the International Union for Conservation of Nature (IUCN) identified *Tieghemella heckelii* as endangered and listed several species as vulnerable, including *Mitragyna stipulosa*, *Turraeanthus africanus*, and *Guarea cedrata*, among others. Additionally, three species identified at the Genus level in the baseline studies — *Terminalia*, *Entandrophragma*, and *Pterocarpus* sp — may have updated conservation statuses due to their overexploitation for timber and other uses. The Wassa project also includes a haulage route (12 km of the Hwini Butre Benso access road) that traverses the Subri River Forest Reserve, however, the Globally Significant Biodiversity Area within the Subri River Forest Reserve is not impacted by the road based on the Project Expansion EIA.

Baseline studies in the project area have documented a diverse array of fauna, including small and large mammals, bats, birds, butterflies, herpetofauna, amphibians, and aquatic species. Indiscriminate hunting and clearing of forest for agricultural purposes have both played major roles in causing the decline and extinction of wildlife species in the area. The 2016 IUCN classifications highlight several notable species and their conservation statuses: the Hooded Vulture (*Necrosyrtes monachus*) is critically endangered, facing threats from indiscriminate poisoning, traditional medicine, hunting, and persecution. The Hinge-back Tortoise (*Kinixys homeana*) and the African White-bellied Pangolin (*Phataginus tricuspis*) are classified as vulnerable. The Grey Parrot (*Psittacus erithacus*),

also vulnerable, is primarily threatened by the international pet trade. Additionally, the Pohle's Fruit Bat (*Scotonycteris ophiodon*) is listed as near threatened, and the Pel's Flying Squirrel (*Anomalurus pelii*) was considered near threatened in 1996 but has since been updated to data deficient, indicating a need for more current data to assess its status accurately.

SRK reviewed the EIS reports and EMPs of the project, and the EIS pointed out the main impacts of the project construction, operational, and decommissioning/ closure phases on terrestrial and aquatic organisms, and measures to reduce these impacts. SRK believes that the ecological protection measures, such as establishment of seed banks, progressive revegetation, vehicle speed controls, etc. mentioned in the EIS reports and EMPs are reasonable and feasible, but SRK also recommends that the ecological baseline study of the project in the EIS should include on-site surveys of multiple seasons to assess the local ecological environment status more comprehensively. Furthermore, in addition to the protection measures mentioned in the EIS and EMPs, methods, such as the establishment of biological corridors, restoration of habitats, and implementation of biodiversity compensation, can be adopted to reduce the impact of project on ecological environment.

16.4.2 Water Management

The GSWL mining concessions are located within the Pra River Basin, one of three major river basins in southwestern Ghana. The Wassa concession area is drained by the Toe, Kubekro, and Petetwum, which are tributaries of Pra. The Benso concession is near the Ben River and a stream informally called the "Subri River". The Hwini Butre concession lies in the Butre River catchment area and is drained by streams such as the Pamaa, Besama, and Whanawhana.

The project's drinking water comes from boreholes. In 2023, 18 out of 31 monitoring boreholes at Wassa served as sources of drinking water for Tara Camp, Camp II, the mine site, and surrounding communities. The remaining boreholes were for monitoring at the TSFs. At HBB, 3 out of 8 monitoring boreholes served as sources of drinking water for the Benso residential site and the HBB mine site, while the others were for monitoring at the G-Zone open pit. Drinking water boreholes at Wassa and HBB are monitored monthly for *Escherichia coli*, total coliform, and fecal coliform bacteria. A quarterly disinfection program was carried out for all community drinking water boreholes as part of the GSWL community outreach programs.

Service water for mining and supplementary raw water for the processing plant comes from open pit dewatering. Water is pumped from the Starter Open Pit sump to the processing plant via a settling sump to augment supply during the dry season, combined with return water from the TSF to minimize groundwater extraction. In the first three quarters of 2024, 141,048 m³ of open pit water was reused at the processing plant. Water for dust suppression typically comes from raw water along the haul road and open pit dewatering, totalling 76,175 m³. All open pit water usage, dewatering discharge, and water used for dust suppression were well below the permitted volumes specified in the water use permit.

SRK recommends that the project should implement a sustainable water supply management plan to minimize its impact on natural systems through the management of water use, avoid the depletion of aquifers, and reduce the impact on water users. Meanwhile, GSWL shall consult with major stakeholders (i.e., government, civil society, and potentially-affected communities) to learn about any conflicts that may arise from water use requirements, community dependence on water resource, and/ or existing local protection requirements.

Routine analyses of cyanide and nitrates in surface waters were undertaken at selected sites. Free cyanide is analysed bi-weekly, whilst Weak Acid Dissociable ("WAD") and total cyanide analyses were completed monthly. All GSWL surface water monitoring locations are within the EPA guidelines for free, WAD and total cyanide. All cyanide concentrations were less than their method reporting limits of 0.005 mg/L.

The water quality monitoring programme at Wassa includes monitoring of water in boreholes, surface water, TSF supernatant pond, and seepage wells. The water quality results obtained showed no notable variations from the baseline conditions, although elevated total suspended solids (TSS) were detected on a few occasions at some sites, due to illegal mining. Piezometers located in the vicinity of the Father Brown open pit at Hwini Butre are monitored monthly.

Based on the EIS reports, the groundwater and hydrogeological impact assessment showed that the project has limited potential for impact on groundwaters; the host rock is highly impermeable and leachate qualities are good. As a result, impacts of dewatering are highly localised to the mining areas and are not expected to have any effect on existing community groundwater supply sources, and groundwater levels will substantially recover at closure, and without impact to the receiving environment.

The main wastewater pollution of the Wassa Project may be derived from open pit dewatering water, processing wastewater, TSF return water, waste dump/ ore stockpile leaching water, machine repair wastewater, industrial site rainwater, and domestic sewage. Sewage from the mine site and residential areas is removed by a third-party contractor for disposal at a designated area close to the TSF at Wassa, and to Subriso West at Benso and treated. A stream diversion around the processing plant and administration area, TSF drainage diversions, and a French drain are set up to prevent water inflow to the southern end of the Main open pit area. Additionally, secondary drainage works are in place around the site to direct water runoff from dumps and roads away from active mining areas or toward dewatering infrastructure. Supernatant water from the TSF is pumped back to the processing plant for use as process water. Regular monitoring of surface waters in the vicinity of the TSF embankments is carried out to check for any potential discharge.

16.4.3 Waste and Tailings Management

The waste rocks from the Underground and Surface operations of Wassa are transported to the 419 dump. Sections of the dump are currently on 1,040 m RL and 1,030 m RL on the west while the eastern stretch is on 1,020 m RL and 1,010 m RL. As part of waste management for economic value, part of waste rock was recycled as aggregates for construction and road works. The waste dump is continuously monitored according to relevant environmental requirements. For specific information on waste rock output and the waste dump, please refer to the mining chapter.

One potential risk to the environment from waste rock and TSF is acid rock drainage ("ARD"), that is created when reducing sulphide minerals are exposed to air, precipitation and bacteria and, through an oxidation reaction, produce sulphuric acid, during mining, transportation, processing, waste rock discharge, and tailings storage, etc. ARD has the potential to introduce acidity and dissolved metals into water, which can be harmful to surface and groundwater. A comprehensive ARD experiment can help the Company predict problems and avoid long-term environmental risks.

According to the EIS, the geochemical characterization was undertaken to determine the acid rock drainage/metal leaching potential of ore and waste rock lithologies. Classification of acid rock drainage potential showed that all previous rock samples from the different open pits and waste rock dumps were not acid generating (NAG). Additionally, acid base accounting of rocks to be mined in the future mine development, demonstrated that the geochemical characteristics continue at depth, with limited to no potential for ARD. Synthetic precipitation leaching procedure (SPLP) and NAG leach tests, a worse case indication of drainage quality, indicate that underground mine drainage is likely to be neutral to alkaline with no constituents expected to exceed the EPA guidelines. Furthermore, on the studies conducted for the EIS, GSWL continues to assess the geochemical characteristics of the ore, waste and tailings materials annually. These assessments consistently demonstrate a low potential for acid generation.

The Wassa project includes two TSFs. TSF 1 is currently under maintenance, while TSF 2 is actively used for tailings discharge. During operation, tailings are distributed via a HDPE pipeline, and the TSF 2 basin is lined with HDPE sheets to meet the regulatory requirement. For detailed information on tailings emissions and the TSFs, refer to processing (Section 13) and TSF (Section 14.1). A series of environmental protection measures are in place, including a spillway, decant barge, secondary confinement, and groundwater drains for containment. As part of GSWL's environmental monitoring plan, regular monitoring of water quality within the catchment of the mine's TSFs is carried out to ensure early detection of impacts on water resources due to the operations of the TSFs and its ancillary facilities.

16.4.4 Air and Noise Pollution

The dust emission sources of the Project mainly come from open pit mining, blasting, loading and unloading, ore stockpile, crusher, waste dump, topsoil dump, TSF, and movement of vehicles and mobile equipment. The project carried out monthly monitoring of air quality for inhalable particulate matter ("PM₁₀") and total suspended particulate ("TSP"). In 2023, all the communities monitored were within the EPA guidelines of 70 µg/m³ and 150µg/m³ for PM₁₀ and TSP respectively. However, the expansion project EIS reported based on the history monitoring data that periodic seasonal peaks exceed the guideline, as the seasonal Harmattan brings dry and dusty winds from the Sahara across West Africa. Consequently, the operations have employed an array of dust suppression mitigations throughout dry season conditions. Besides, SRK suggests adding the monitoring of PM_{2.5}, which is in line with current international industry practice. Moreover, SRK notes that the EIS did not address the management of greenhouse gas (GHG) emissions, which is required by some international standards. In the 2023 Environmental Monitoring Report, GSWL provided data on electricity consumption and total direct CO₂ emissions, calculated from the total amount of diesel used each month. However, this approach does not provide a comprehensive calculation of GHG emissions, as it excludes indirect emissions from electricity use and other potential sources of GHGs, such as fugitive emissions from mining activities and emissions from the transportation of materials and personnel. SRK proposes conducting research on the energy consumption coefficient per unit output, GHG emission levels, and intensity.

The main noise emissions of the Project are from mining equipment, blasting, crushing and screening equipment, various types of pumps, fans, vehicles and mobile machinery equipment. During the noise status monitoring conducted for the EIS, the ambient noise of the project site was rarely exceeded the EPA guidelines, which was caused by the church worship activities, animals, vehicular

movements, and the operation of machines in the community. The noise levels peaked in the evening, as a result of increased noise from wildlife towards sunset. Mining-related noise, such as truck movements and waste rock dumping, was periodically audible at this time. In 2023, all blast events at Wassa were monitored in the Akyempim and Kubekro communities. Out of 1,263 blast events and 2,723 monitoring readings, 52 blasts (0.59%) recorded air blast values above the 117 decibel ("dB") limit, and 9 blasts (0.003%) resulted in ground vibration levels greater than 2 mm/s. Measures have been put in place by the Technical Service Department to mitigate this by considering the amount of explosive used, number of holes, hole depths, and pattern size. GSWL has developed and implemented an atmospheric and noise monitoring plan. SRK believes that the air and noise pollution management measures proposed in the project EIS and EMPs are reasonable and feasible. It is recommended that the project shall implement the above measures during operation.

16.4.5 Hazardous Materials Management

Hazardous materials have the characteristics of corrosive, reactive, explosive, toxic, flammable and potentially biologically infectious, which pose a potential risk to human and/or environmental health. The hazardous materials will be generated mainly by the project's construction, mining, processing and include of hydrocarbons (i.e. fuels, waste oils, and lubricants), processing reagent, chemical and oil containers, batteries, medical waste, and paint.

The Wassa explosives magazine, managed by AEL, is located in the backfilled Mid-East 1 open pit. Blasting for both underground and open pit operations is conducted by AEL under contract and overseen by GSWL to ensure compliance with Explosives Regulation LI 2177. In addition, hazardous materials such as diesel and mineral processing chemicals will be stored on the project site. The handling, storage and transportation of hazardous materials shall prevent leakage, overflow or other accidental discharge into soil, surface water and groundwater. Solid waste generated is predominantly managed onsite using a 10 m³ semi-automated incinerator, a landfill site, a land farm and a scrapyard. Empty cyanide boxes/ plastics are dismantled and treated offsite. All waste oil generated by the operations is removed from site for recycling and disposal by a sub-contractor. During the site visit, SRK observed that the processing reagents are stored on a cement surface and secured with locked fences. SRK suggests taking measures to mitigate the risk of pollution caused by leakage, such as second containment facility, double-layer or thickened pipelines at key locations, shut-off valves to reduce spillage and avoid flowing into key areas. GSWL is a member of ICMC. Eagle Environmental Inc. conducted the most recent certification audit in April 2023.

16.4.6 Occupational Health and Safety ("OHS")

A well-developed and comprehensive safety management system comprises site inductions, site policies, safe work procedures, training, risk/hazard management (including signage), use of personal protective equipment ("PPE"), emergency response process, incident/accident reporting, an onsite first aid/ medical centre, designated safety responsibilities for site personnel and regular safety meetings, and a work permit/ tagging system, etc. SRK reviewed the occupational health and safety plan in EMPs, Policy on Health, Safety and Wellbeing, Emergency Response Plan, and Health and Safety Management System, and concluded that the development of these plans complies with relevant Ghanaian requirements.

During SRK's site visit, it was observed that safety signs were in place and safety provisions and rules were also displayed within the work areas, moving machinery parts were appropriately protected and covered, guard railings were installed on all gantries, and proper PPE was provided and being used by the workers, such as hardhats, reflective safety vest, dust masks, earplugs, and steel-toed shoes. The company has provided SRK with a historical OHS records for the project. No fatal accidents have occurred in the past three years.

16.4.7 Environmental Protection and Management Plan ("EPMP")

The purpose of an operational Environmental Protection and Management Plan ("EPMP") is to direct and coordinate the management of the project's environmental risks. The EPMP documents the establishment, resourcing, and implementation of the project's environmental management programs. The site environmental performance should be monitored and feedback from this monitoring could then be utilized to revise and streamline the implementation of the EPMP.

SRK notes that EMPs for surface and underground operations at Wassa Mine were developed for 2022-2024, and an Environmental Certificate was issued based on these EMPs. The EMPs include the policy, environmental impact and management, occupational health and safety plan, program for meeting environmental requirements, reclamation and decommissioning plan, and environmental action plan with a monitoring program. In the first three quarters of 2024, the monitoring of groundwater quality, surface water quality, air quality, noise and vibration, soil quality, and ARD testing, among other parameters, was carried out for the Wassa project.

16.4.8 Mine Closure Plan and Rehabilitation

Closure management is a key component of the overall business activities of GSWL. Closure management is integrated in all phases of mine life, from concept, exploration, and project development through to operations, closure, and post-closure activities. Closure aspects are integrated into project-level EIS and environmental permitting processes. Reclamation security agreements (RSAs) are negotiated with the EPA to establish mine closure completion requirements and to establish long-term closure costs. Closure costs are estimated using conventional reclamation sequences, expected agreed-upon post-mining land uses, and prevailing operating and contractor rates that incorporate in-country inflation costs. Based on the cost estimates, the company posts security with the EPA to help ensure that all closure costs are accounted for. The security is returned to the company once the site has been reclaimed to agreed-upon levels and there are no ongoing monitoring and maintenance requirements.

SRK reviewed a Decommissioning Plan and Associated Asset Retirement Obligations by Golder Associates, dated June 2015. The total rehabilitation and closure cost was estimated at approximately USD 27 million, covering the infrastructure, mining areas, general surface reclamation, water management, post closure activities for Wassa, Benso and Hwini-Butre concessions. However, this estimate did not include TSF 2 and the expansion project. Over the years, GSWL has rehabilitated an area of 419.67 hectares, while the total disturbed area on the mining lease was 990.43 hectares as of September 30 2024. The Environmental Permit and EIS require a reclamation bond to be posted within one year of commencing operations. The initial reclamation bond for Wassa was posted in November 2004 and has been updated periodically as new projects or changes are approved. SRK viewed a copy of the bank guarantee of USD 144,441,629 for the Wassa

rehabilitation and reclamation dated 14 June 2023. Rehabilitation and closure of the existing operations, including the processing plant, TSFs, open pit excavations, waste dumps, and transport routes, are covered under the EMP, Reclamation Security Agreement, and the associated bank guarantee (bond). Two years before mine closure, the final rehabilitation and closure plan should be prepared and submitted to the EPA.

16.4.9 Social Aspects

The Wassa Mine is in the Wassa East District of the Western Region of Ghana, and is 62 km north of the district capital Dabobase, 35 km northeast of Tarkwa and 40 km east of Bogoso. The District was separated from Wassa Fiase Mpohor District in 1988 and occupies an area of 1,880 km² (464,553 ha) of which 344 km² and 85,000 ha are used as cultivable land. The population of the District according to the 2021 population and housing census stands at 99,641 with 51,200 males and 48,441 females (GSS 2021). The project vicinity is predominantly rural and there are no large urban settlements within a 50 km radius by road. The villages of Akyempim, Akyempim New Site, and Kubekro are the closest communities to the Wassa mine. Historic gold workings are also known to occur in the lease area but are on a relatively small scale.

Based on the 2023 NI 43-101 Report, GSWL applies the requirements of the International Finance Corporation, Performance Standard 5 for land acquisition and involuntary resettlement. Where physical, social and/ or economic displacement is anticipated, if compensation is required for future operations this is done in accordance with applicable laws, and GSWL Farm Compensation and Land Acquisition procedures. Previous application of these processes has shown that resettlement can be achieved with positive outcomes, evidenced most recently with the resettlement of the Togbekrom community to Ateiku in 2013. Stakeholder meetings and consultations are periodically held with leadership of Awunakrom, Pretea Ridge and Togbekrom resettlement communities. The agenda basically focuses on post resettlement issues, socio-economic programmes and general concerns.

The EIS included a stakeholder consultation programme, which identified 10 key stakeholders, including government regulatory agencies, government agencies, traditional leadership and communities. GSWL cultivates strong relationships, foster peaceful coexistence, and highlight the value-adding potential of key stakeholders. This is achieved through a well-organized three-tier stakeholder engagement plan, allowing active participation in decision-making on community concerns and needs.

Most predominant socio-economic concern of stakeholders who live within local communities around the mine site is employment, where working at the mine is viewed as a preferred occupation. GSWL over the years have provided employment through direct employment and through Corporate Social Responsibility (CSR) projects such as GSOPP and Golden Star Skills Training and Employability Program (GSSTEP). GSWL implemented a variety of targeted initiatives to support community skills training, development, and employability.

In the first three quarters of 2024, the company successfully implemented its CSR as planned and the strategies adopted included but not limited to the following:

- Teachers' quarters at Kubekro, Accra town, and Odumasi communities
- Community center at Juabeng community

- 12-seater WC facility at Kubekro community
- Expansion of GSOPP plantations by 34 hectares

In the first three quarters of 2024, the direct GSWL related corporate social responsibility funding amounted to an investment of approximately US\$ 278,214 in their host communities.

GSWL maintains a grievance mechanism enabling catchment communities to document concerns and grievances for investigation and/ or action. The mechanism is well publicized by GSWL and used actively by the community and other stakeholders. Details of registered grievances and resolutions are recorded and reported internally and to the regulators. SRK viewed a complaint register for the first three quarters of 2024, and a total of 8 community complaints were recorded. Complaints range from false allegations of cable theft tarnishing reputations, reduced salaries for employees, trainee grievances, mistreatment of youth apprentices, galamsey activity threatening a gas pipeline, flooding of the villager's house caused by mining operations and etc. Seven complaints have been resolved, with some follow-up actions, and the rest were still under investigation.

In Ghana, small-scale artisanal mining is termed "galamsey". It is mostly unauthorized or illegal and is often associated with environmental degradation, safety hazards and general community and social concerns. The mine also encounters a challenge with galamsey, particularly in the Benso administration office area. The area was attacked by galamsey miners from Subriso community on 16 March 2023, and this led to the destruction of company assets such as Tipper trucks, light vehicles, office buildings, and office equipment which led to a temporary suspension of operations. GSWL intensified its security monitoring activities to drive away galamsey miners that operated close to its mining areas. Several stakeholder meetings were conducted with opinion leaders and youths from both Wassa and HBB communities, especially those involved in galamsey, emphasizing the importance of refraining from such actions to preserve rehabilitated sites and the environment. Upon discussion with on-site personnel during the site visit, GSWL is of the opinion that galamsey around Wassa Mine has little potential to impact the current or future operations. Generally, the removal of unauthorized persons from the project area has posed no difficulty, and local law enforcement is engaged when necessary. Since the Benso, located about 40-50 km from the main Wassa site (the primary mining operation) and Hwini-Butre, located about 80km from the Wassa Main, have had most of its economically viable surface resources extracted rendering it largely irrelevant to the Company's ongoing mining operations.

17 Capital and Operating Costs

This section summarises the Capex and Opex.

The Wassa mine has been in operation since 2017, consisting of one open pit and one underground mine. The associated Capex for deeper development and sustainability are estimated by the mine. The Wassa mine has relative stable operation, allowing the forecasting of Opex based on historical records. All the Capex and Opex are provided in USD by the mine management.

17.1 Capital Expenditure

17.1.1 Summary

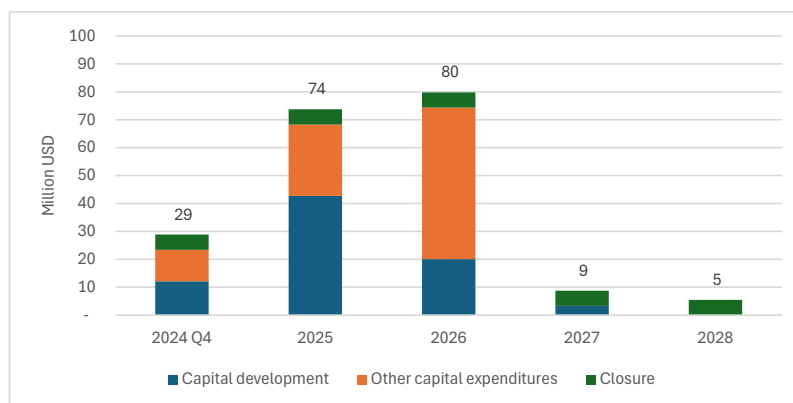
The Capex for Wassa over the LoM includes capitalised mine development, sustaining capex, and mine closure and reclamation. A summary of the Capex is presented in Table 17-1, with the Capex investment plan over the LoM detailed in Figure 17-1. The sunk and forecast capital expenditure over the LoM is shown in Table 17-2.

Table 17-1: Summary of Capex for Wassa Mine

Capex	Unit	LOM Total
Capital development	Million USD	78
Other Sustaining Capex	Million USD	91
Closure	Million USD	27
Total Capex	Million USD	197

Sources: GSR, summarized by SRK

Figure 17-1: Capex Investment Plan over LOM



Sources: SRK

Table 17-2: Consolidated Capital Expenditure (Sunk and Forecast) over LOM

Capex	Unit	LoM	2021	2022	2023	2024	2025	2026	2027	2028
Capital development	USD Million	102.5				36.5	42.7	20.0	3.3	-

Capex	Unit	LoM	2021	2022	2023	2024	2025	2026	2027	2028
Other capital expenses	USD Million	102.1				22.2	25.6	54.3	-	-
Closure	USD Million	27.2				5.4	5.4	5.4	5.4	5.4
Sunk Capex	USD Million	222.7	83.7	69.0	70.1					
Total Capex	USD Million	454.5	83.7	69.0	70.1	64.1	73.7	79.8	8.7	5.4

17.1.2 Capitalisation

Capitalisation involves treating expenditures on equipment and mine development for servicing the mine, for more than one year, as long-term assets, which is then depreciated or amortized over time rather than expensed immediately. Table 17-3 shows the capitalisation for the last three years.

Table 17-3: Capitalisation over the LoM

Item	Unit	2022	2023	2024 Q1-Q3
Capitalisation	'000 USD	18,844	25,715	39,836

Sources: GSR, summarized by SRK

17.1.3 Sustaining Capex

The sustaining Capex for Wassa is categorized into two main areas: development and other sustaining capital expenditures, which include essential investments in mining, metallurgy, maintenance, and various support departments.

Development

For mine development that services the mine for more than one year, the assumed unit cost of development is US\$3,620.03/ m. The development meter over the LoM is shown in Table 17-4.

Table 17-4: Capital Development Meters over the LoM

Development Meters	Unit	Total	2024	2025	2026	2027
Lateral capital development	m	20,140	3,121	11,067	5,123	828
Vertical capital development	m	1,448	220	733	414	82

Sources: GSR, summarized by SRK

Other Sustaining Capex

Other sustaining capex is summarised in Table 17-5. The sustaining Capex for Wassa Mine, excluding development, totals US\$94 million. Key expenditures include US\$ 74 million for mining, US\$4 million for the Metallurgy Department, and US\$3.9 million for Mine Maintenance. Additional costs are allocated to Human Resources, Environment & CSR, Health & Safety, Finance & IT, carryover projects, and exploration activities.

Table 17-5: Other Sustaining Capex over the LoM

Item	Unit	Total	2024 Q4	2025	2026
Mining (excl. dev)	'000 USD	74,736	9,411	16,967	48,358

Item	Unit	Total	2024 Q4	2025	2026
Metallurgy Department Total	'000 USD	4,086	79	1,199	2,808
Mine Maintenance Department	'000 USD	3,922	1,290	595	2,037
Human Resources & Admin	'000 USD	1,273	111	1,162	-
Environment & CSR	'000 USD	202	-	202	-
Health & Safety	'000 USD	446	66	70	310
Finance, IT Supply & Projects	'000 USD	1,348	242	310	796
2023 Carry Over Projects	'000 USD	887	39	848	-
Exploration	'000 USD	7,176	2,958	4,218	-
Supply & Contracts	'000 USD	79	79		
Other Capex Total	'000 USD	94,076	14,197	25,571	54,308

Sources: GSR, summarized by SRK

17.1.4 Closure

Closure costs refer to the expenses incurred for safely shutting down and rehabilitating a mine site at the end of LOM. SRK reviewed a Decommissioning Plan by Golder Associates, dated June 2015. The total rehabilitation and closure cost was estimated at approximately USD 27 million, covering infrastructure, mining areas, general surface reclamation, water management, and post-closure activities for the Wassa, Benso, and Hwini Butre area.

Although this is not the final figure and is not recommended for use, it is the only available estimate currently. SRK will allocate the USD 27 million evenly over the LOM in the technical economic analysis.

17.2 Operating Cost

SRK has received two sets of costing data: one from Chifeng Group for the annual report and the other from Wassa Mine. The first set is organized by cost elements, while the second is grouped by activities. SRK has summarized both sets of data and used the first set, grouped by cost elements, as the input for the Technical Economic Model (TEM).

17.2.1 Cost by Elements

Historical Operating Cost

The total operating cash costs from 2022 to 2024 Q3, which exclude depreciation, amortization, and financial costs, are presented in Table 17-6. Table 17-7 presents the unit costs for the same period, along with the average unit cost and the unit cost for TEM (technical economic model) input.

Table 17-6: Operating Costs from 2022 to 2024 Q3

Item	Unit	2022	2023	2024 Q3
Labor	USD M	31.75	35.80	29.96
Material	USD M	58.50	51.72	65.47
Electricity	USD M	8.03	18.72	9.02
Contractors	USD M	1.78	10.71	3.43

Item	Unit	2022	2023	2024 Q3
Engineering	USD M	4.25	9.29	4.02
Service	USD M	1.46	1.74	2.56
Safety	USD M	-	-	-
Repairment	USD M	-	-	-
Others	USD M	6.99	-	0.33
Taxes and surcharges	USD M	13.23	17.96	19.22
Selling costs	USD M	-	-	-
G&A costs	USD M	20.41	16.97	12.76
R&D costs	USD M	-	-	-

Sources: GSR, summarized by SRK

Table 17-7: Operating Unit Costs from 2022 to 2024 Q3

Item	Unit	2022	2023	2024 Q3	Unit Cost	TEM Input
Labor	USD/t	15.00	14.03	13.02	13.99	20.99
Material	USD/t	27.63	20.27	28.46	25.21	37.82
Electricity	USD/t	3.79	7.34	3.92	5.13	7.70
Contractors	USD/t	0.84	4.20	1.49	2.29	3.43
Engineering	USD/t	2.01	3.64	1.75	2.52	3.78
Service	USD/t	0.69	0.68	1.11	0.83	1.24
Safety	USD/t	-	-	-	-	-
Repairment	USD/t	-	-	-	-	-
Others	USD/t	3.30	-	0.14	1.05	1.58
Taxes and surcharges	USD/t	6.25	7.04	8.36	7.23	7.23
Selling costs	USD/t	-	-	-	-	-
G&A costs	USD/t	9.64	6.65	5.55	7.20	9.35
R&D costs	USD/t	-	-	-	-	-

Sources: GSR, summarized by SRK

Notes: SRK has adjusted the unit cost upward to a more reasonable level, resulting in the TEM input being higher than the average unit cost.

Forecasted Operating Cost

The operating cost over the LOM is shown in Table 17-8.

Table 17-8: Operating Cost Forecast (Million USD)

Item	2024 Q4	2025	2026	2027	2028
Labor	21	67	53	34	10
Material	37	121	95	61	19
Electricity	8	25	19	12	4
Contractors	3	11	9	6	2
Engineering	4	12	10	6	2
Service	1	4	3	2	1
Safety	-	-	-	-	-
Repairment	-	-	-	-	-
Others	2	5	4	3	1
Taxes and surcharges	7	23	18	12	4
Selling costs	-	-	-	-	-
G&A costs	9	30	24	15	5
R&D costs	-	-	-	-	-

Sources: GSR, summarized by SRK

17.2.2 Cost by Activities**Summary**

The operating costs are categorized into open pit mining, underground mining, processing, G&A. Table 17-9 shows the total cost and unit cost of each category.

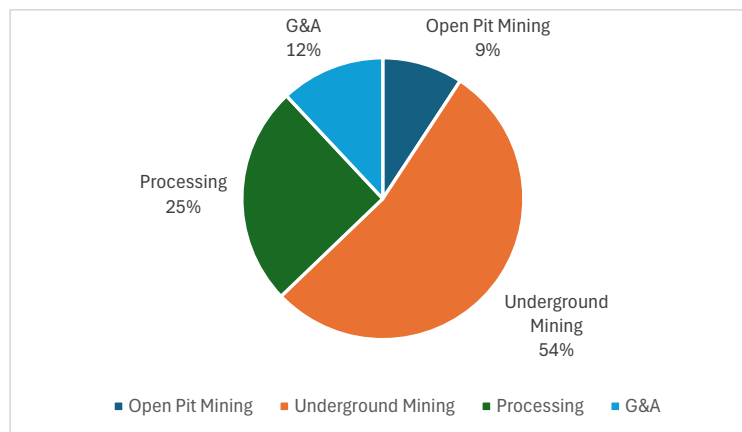
The overall cost trends from 2022 to the 2024 Q3 indicate a dynamic shift in unit costs across various mining operations. The Total Cash Unit Cost has decreased from US\$75.19 per tonne in 2022 to US\$65.56 per tonne in the 2024 Q3, reflecting a gradual reduction in overall expenses.

Table 17-9: Summary of Historical Opex for Wassa Mine

Item	Unit	2022	2023	2024 Q3
Open Pit Mining	USD/t TMM	4.69	6.47	6.78
Underground Mining	USD/t ROM	41.76	45.38	40.04
Processing	USD/t Feed	19.09	13.63	13.19
G&A	USD/t Feed	9.64	6.65	5.55
Total Cash Unit Cost	USD/t Feed	75.19	72.13	65.56
OP Mine TMM	kt	1,392	3,024	1,765
UG Mine ROM	kt	1,816	1,701	1,785
Plant Feed	kt	2,117	2,551	2,300

Sources: GSR, summarized by SRK

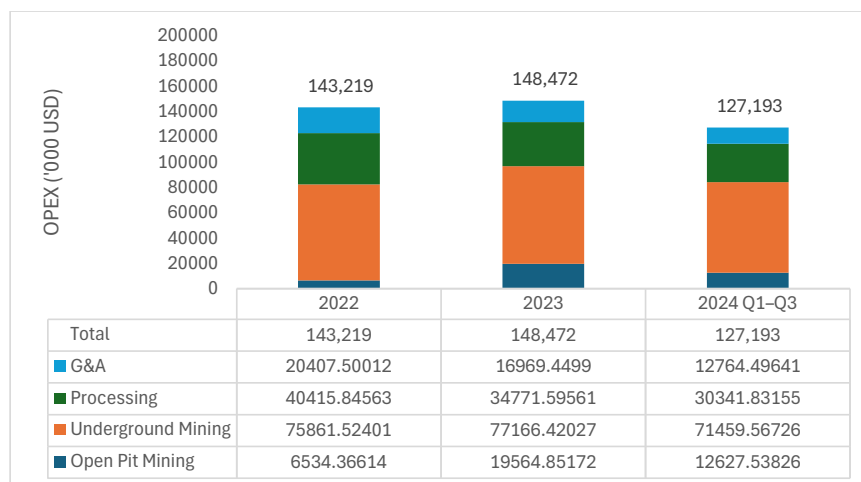
Figure 17-2 shows that Underground Mining accounts for the largest share of total costs at 54%, followed by Processing at 25%. G&A expenses and Open Pit Mining make up 12% and 9% of the costs, respectively.

Figure 17-2: Pie Chat of Percentage for Wassa Mine Opex

Sources: GSR, summarized by SRK

Figure 17-3 illustrates the breakdown of Total Cash Costs by category for the years 2022, 2023, and the 2024 Q4. Total Cash Costs increased from US\$143.2 million in 2022 to US\$148.5 million in 2023, before decreasing to US\$127.1 million in 2024 Q3, reflecting shifts in operational expenditures across these categories. The main reason for the declining OPEX is the increased allocation of capitalized OPEX and the rise in diamond drilling, which is logical due to the deeper development and in-fill drilling plan.

Figure 17-3: Operating Costs for historical three-year (in '000USD)



Sources: GSR, summarized by SRK

Open Pit Mining

The open-pit mining costs from 2022 to the first half of 2024, as illustrated in Table 17-10. The unit cost per total material movement (TMM) was US\$4.69 in 2022, US\$6.47 in 2023, and US\$7.16 in the 2024 Q3.

Table 17-10: Breakdown of Open Pit Mining Cost

Item	Unit	2022	2023	2024 Q3
Ancillary Equipment (Maint.)	'000 USD	83	-21	514
Drilling (Maint.)	'000 USD	-	-	-
Drilling (Ops.)	'000 USD	2,335	1,267	915
Geology (Ops.)	'000 USD	135	305	167
Hauling (Maint.)	'000 USD	77	-171	-57
Hauling (Ops.)	'000 USD	1,059	3,801	6
Loading (Maint.)	'000 USD	120	-253	-87
Loading (Ops)	'000 USD	810	11,317	8,084
Overheads (Maint.)	'000 USD	79	34	302
Overheads (Ops.)	'000 USD	1,688	2,946	2,551

Item	Unit	2022	2023	2024 Q3
Technical Services (Ops.)	'000 USD	147	313	232
Water Management (Ops.)	'000 USD	-	27	-
Open Pit Mining Cost	'000 USD	6,534	19,565	12,628
Ore Tonnes Mined	kt	350	693	496
Waste Tonnes Mined	kt	1,042	2,331	1,269
Total Material Movement	kt	1,392	3,024	1,765
Unit Cost	US\$/TMM	4.69	6.47	7.16

Sources: GSR, summarized by SRK

Underground Mining

The underground mining costs from 2022 to the 2024 Q3, as shown in Table 17-11, show a steady level of expenditures with total costs of US\$75.9 million in 2022, US\$77.2 million in 2023, and US\$71.5 million in the 2024 Q3.

The unit cost per tonne was US\$41.76 in 2022, US\$45.38 in 2023, and US\$40.0 in the 2024 Q3. The main reason for the declining opex is the increased allocation of capitalized opex and the rise in diamond drilling, which is logical due to the deeper development and in-fill drilling plan.

For future cost estimation (Opex); the development cost will be calculated based on the meters of mined development, while the backfill cost will be calculated based on cubic meters (m³) or tons, depending on the scheduling.

Table 17-11: Breakdown of Underground Mining Cost

Item	Unit	2022	2023	2024 Q3
Ancillary Equipment (Maint.)	'000 USD	4,291	3,244	3,503
Backfill (Maint.)	'000 USD	516	417	306
Backfill (Ops.)	'000 USD	7,031	9,211	1,421
Blasting (Ops.)	'000 USD	6,023	7,337	5,459
Capitalised Opex Allocation	'000 USD	-18,844	-25,715	- 39,836
Contract Development	'000 USD	-	-	12,787
Contract Production	'000 USD	-	-	17,113
Development Blasting (Maint.)	'000 USD	64	49	64
Development Drilling (Maint.)	'000 USD	5,057	5,099	5,351
Development Drilling (Ops.)	'000 USD	4,719	4,239	2,516
Development Overhead (Maint.)	'000 USD	461	366	243
Development Overhead (Ops.)	'000 USD	3,921	3,636	2,647
Diamond Drilling	'000 USD	3,495	9,790	8,269
Geology (Ops.)	'000 USD	2,470	3,040	3,026
Ground Support (Ops.)	'000 USD	5,507	5,011	2,913
Hauling (Maint.)	'000 USD	3,924	4,800	4,316
Hauling (Ops.)	'000 USD	7,196	5,384	4,959
Light Vehicles (Maint.)	'000 USD	963	987	737

Item	Unit	2022	2023	2024 Q3
Loading (Maint.)	'000 USD	6,700	6,555	6,379
Loading (Ops.)	'000 USD	1,391	1,035	1,449
Mine Overheads (Ops.)	'000 USD	10,636	11,169	8,922
Overheads (Maint.)	'000 USD	6,380	6,468	4,995
Overheads (Ops.)	'000 USD	1,682	2,044	1,754
Power	'000 USD	3,350	3,998	3,702
Production Blasting (Maint.)	'000 USD	-	-	-
Production Drilling (Maint.)	'000 USD	1,863	2,143	2,476
Production Drilling (Ops.)	'000 USD	1,343	1,964	1,160
Production Overhead (Ops.)	'000 USD	1,965	1,283	1,087
Technical Services (Ops.)	'000 USD	2,603	2,733	2,834
Ventilation	'000 USD	588	670	561
Water Management (Ops.)	'000 USD	566	206	346
Grand Total	'000 USD	75,862	77,166	71,460
Ore Tonnes Mined	kt	1,816	1,701	1,785
Waste Tonnes Mined	kt	548	850	975
Total Material Movement	kt	2,365	2,551	2,760
Unit Cost	US\$/ore ton	41.76	45.38	40.04

Sources: GSR, summarized by SRK

Development

The assumed unit cost of development is US\$3,620.03/ m. The development meter over the LoM is shown in Table 17-12.

Table 17-12: Operating Development Meters over the LoM

Development Meters	Unit	LoM	2024	2025	2026	2027	2028
Lateral operating development	m	18,541	4,333	5,372	3,945	1,635	194

Sources: GSR, summarized by SRK

Backfill

There is no detailed breakdown of backfill costs available, so SRK has used historical backfill costs to estimate future expenses. There are two types of backfill: rockfill and pastefill. For the 2024 Q3, the estimated backfill cost is approximately US\$1/t, with SRK aware that only rockfill was used, making the cost for rockfill US\$1/t. In 2023, the backfill cost was US\$5.66/t. Since there is no specified ratio between rockfill and pastefill, SRK assumes this to be the pastefill cost, which is considered reasonable based on industry benchmarks.

Processing

The processing costs from 2022 to 2024 Q3, as illustrated in Table 17-13. The total processing cost was US\$40.4 million in 2022, US\$34.8 million in 2023, and US\$30.3 million in the 2024 Q3.

The unit cost per ton milled was US\$19.09 in 2022, US\$13.63 in 2023, and US\$13.19 in the 2024 Q3.

Table 17-13: Breakdown of Processing Cost

Item	Unit	2022	2023	2024 Q3
Carbon In Leach (Maint.)	'000 USD	798	155	332
Carbon In Leach (Ops.)	'000 USD	6,070	5,352	5,051
Crushing (Maint.)	'000 USD	2,827	1,726	2,272
Crushing (Ops.)	'000 USD	3,463	3,309	2,169
Gold Recovery (Maint.)	'000 USD	28	16	11
Gold Recovery (Ops.)	'000 USD	2,465	2,158	1,854
Gravity and Acacia (Maint.)	'000 USD	116	55	124
Gravity and Acacia (Ops.)	'000 USD	209	156	125
Laboratory	'000 USD	1,359	1,321	920
Milling and Classification (Maint.)	'000 USD	1,213	889	1,060
Milling and Classification (Ops.)	'000 USD	8,397	8,356	7,003
Overheads (Maint.)	'000 USD	5,765	4,981	4,074
Overheads (Ops.)	'000 USD	6,118	5,481	4,483
Self Gen Power (Maint.)	'000 USD	146	77	142
Tailings Storage Facility (Maint.)	'000 USD	112	92	87
Tailings Storage Facility (Ops.)	'000 USD	894	396	251
Thickeners (Maint.)	'000 USD	107	17	174
Thickeners (Ops.)	'000 USD	157	196	140
Water treatment Facility (Maint.)	'000 USD	173	38	71
Processing cost	'000 USD	40,416	34,772	30,342
Ore tonnes milled	kt	2,117	2,551	2,300
Unit Cost	US\$/milled ton	19.09	13.63	13.19

Sources: GSR, summarized by SRK

G&A

The G&A costs from 2022 to 2024 Q3, as illustrated in Table 17-14, show the allocation of expenses across various administrative functions. The total G&A cost was US\$20.4 million in 2022, US\$17 million in 2023, and US\$12.8 million in the 2024 Q3.

The unit cost per tonne milled decreased from US\$9.64 in 2022 to US\$6.65 in 2023, and further to US\$5.55 in the 2024 Q3.

Table 17-14: Breakdown of G&A Cost

Item	Unit	2022	2023	2024 Q3
Business Improvement	'000 USD	258	74	-
Camp and Housing	'000 USD	1,223	949	670
Capital projects	'000 USD	697	636	9
Civil Work	'000 USD	666	523	363

Item	Unit	2022	2023	2024 Q3
Community relations - General	'000 USD	856	800	494
Environmental - Compliance	'000 USD	711	637	336
Environmental - General	'000 USD	1,645	957	860
Finance - General	'000 USD	3,467	2,891	2,665
GM Office	'000 USD	916	594	546
Health & Safety - Clinic	'000 USD	492	406	276
Health & Safety - ERT	'000 USD	0	-	-
Health & Safety - General	'000 USD	1,344	1,202	1,088
HR - General	'000 USD	1,533	1,234	1,032
Industrial Relations	'000 USD	335	227	195
Information technology - General	'000 USD	2,189	1,984	1,399
Land management	'000 USD	10	6	7
Light Vehicles	'000 USD	892	751	537
Maintenance - G&A	'000 USD	134	73	74
Procurement & Contract Management	'000 USD	771	767	595
Rehabilitation	'000 USD	-3	-	0
Rotational/Shift Transportation	'000 USD	445	513	352
Security - General	'000 USD	1,164	1,215	825
Supply Chain - Warehouse management	'000 USD	628	515	422
Water Supply	'000 USD	35	16	20
G&A Cost	'000 USD	20,408	16,969	12,764
Ore tonnes milled	kt	2,117	2,551	2,300
Unit Cost	US\$/milled ton	9.64	6.65	5.5

Sources: GSR, summarized by SRK

18 Economic Analysis

The economic analysis presented in this section is based purely on the results of the technical review provided above and some key assumptions and is provided for technical evaluation and Ore Reserve estimation purposes only.

The economic analysis was conducted using conventional Discounted Cash Flow ("DCF") techniques. The Net Present Value ("NPV") was determined from the project's cash flow using a 10% discount rate. It should be noted that SRK's DCF modelling and NPV calculation are carried out with the purpose of testing the "economic viability" of the Project which is required to a reasonable Ore Reserve reporting. Additionally, a sensitivity analysis was performed to examine the effects of changes in Capex, Opex, and gold price (revenue).

18.1 Principal Assumptions

18.1.1 General

The cash flow estimate includes only the revenue, costs, taxes, and other factors directly associated with the Project. The assumptions are as follows:

- The currency used for the Project is US dollars.
- Annual gross revenue is calculated by applying the estimated gold price and payables to the annual recovered metal for each operating year.
- The "nominal" values are applied. SRK does not consider future inflation of currency or cost fluctuations; the cost remains constant over the LoM without any adjustments are factored in.
- Financing is assumed to be on a 100% equity basis; no debt or related financing costs have been included in the technical economic analysis.
- Neither corporate obligations, financing costs, or corporate-level taxes are not considered.
- Sustaining capital for future exploration, which is aimed at discovering more Mineral Resources that is outside the Ore Reserves estimates, is not considered during this analysis, as the current project economic analysis has not employed any additional potential tonnage or grade.
- No salvage value has been included in the technical economic analysis.
- The reference date or effective date is 30 September 2024.

18.1.2 LOM Physical

The mine production and key technical inputs parameters are described in the previous section.

The summary of the key physical assumptions is presented in Table 18-1.

Table 18-1: LOM Physical Inputs for Economic Analysis

Item	Unit	LOM Total or Average
Open Pit		
Open Pit Ore Reserves	t	538,041
Open Pit Au Grade	g/t	0.92
Underground		
Underground Ore Reserves	t	8,274,022
Underground Au Grade	g/t	2.20
Ore Reserves	t	8,812,064
Gold Grade	g/t	2.12
Life of Mine	yr	5
Recovery Rate	%	96

Source: GSR, organized by SRK

18.1.3 Pricing Assumptions

Table 18-2 shows the price trend and long-term price for Gold, which is dynamic and is derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually.

Table 18-2: Gold Price Forecasts

Year	2024	2025	2026	2027	2028	2029	Long-term Price
Gold	2,410	2,400	2,200	2,090	2,000	1,700	1,700

Source: CMF, end of August

18.1.4 Tax and Royalties

The income tax rate in Ghana is 35%.

18.1.5 Depreciation and Amortization

The capital and sustaining expenditures, including development costs, have been depreciated on a unit production basis over the LOM. The assumed depreciation follows the straight-line method over a period of 5 years.

18.1.6 Working Capital

Working capital is the capital needed to fund operations before revenue is received from the finished product. It was calculated as 30% of the operating cost for the initial year. Over the project's life, the working capital nets to zero.

18.2 DCF Projection

The key economic results from the technical economic model is shown in Table 18-3.

Table 18-3: LOM Profit, Loss & Cash Flow Forecasting

Item	Unit	LOM Total	Annually Average over LOM
Revenue (incl. VAT)	Million USD	1,358	272
Opex	Million USD	(821)	(164)
Closure	Million USD	(27)	(5)
EBITDA	Million USD	510	102
Depreciation	Million USD	(124)	(25)
EBIT	Million USD	386	77
Income Tax	Million USD	(142)	(28)
Net Profit	Million USD	244	49
Add back Depreciation	Million USD	124	25
Less Sustaining Capex	Million USD	(169)	(34)
Free Cash Flow	Million USD	199	40

Source: SRK

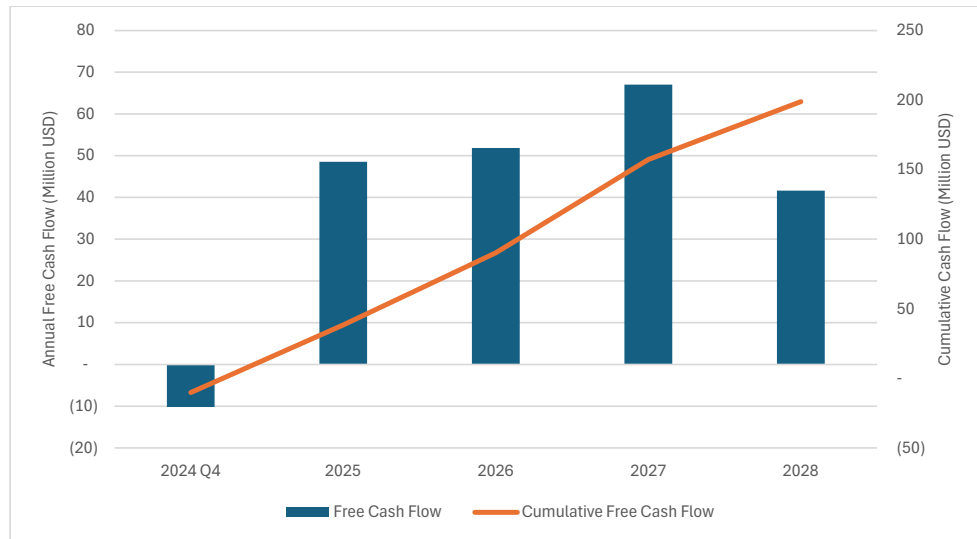
The forecasts for the Project shows a positive economic prospect. At a discount rate of 10%, the NPV of the Project is USD 168 million. The sensitivity of NPV against discount rate is presented in Table 18-4.

Table 18-4: Wassa Mine NPV versus Discount Rate

Discount Rate (%)	NPV (million USD)
5%	182
6%	179
7%	176
8%	173
9%	170
10%	168
11%	165
12%	163
13%	160
14%	158
15%	155

Source: SRK

The annual cash flows are presented graphically in Figure 18-1.

Figure 18-1: Cash Flow Profile

Source: SRK

18.3 Sensitivity Analysis

SRK conducted a single-factor sensitivity analysis for the Project to determine which factors most significantly impact its economics when considered independently. The analysis focused on gold price, Capex, and Opex, each tested within a $\pm 30\%$ range.

The results showed that the Project is most sensitive to changes in gold price. Results of the sensitivity tests are presented in Table 18-5 and Figure 18-2.

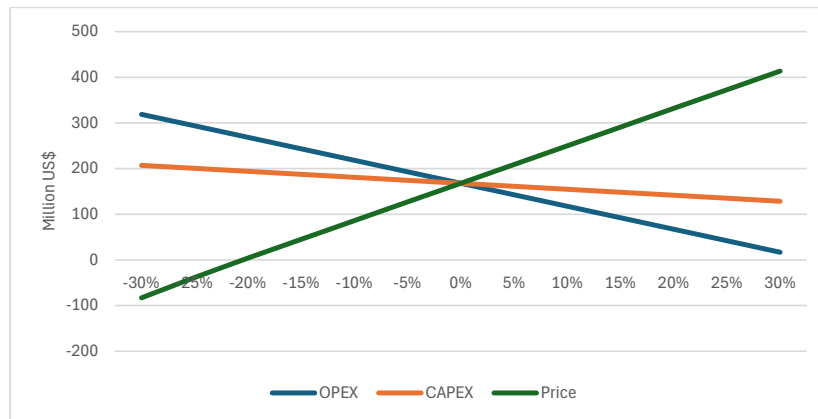
The break-even gold prices occur when the gold price drops by approximately 20%, resulting in an NPV of 0 at a 10% discount rate.

Table 18-5: Sensitivity Analysis Result

Variance	Opex	Capex	Price
NPV @ 10% Annual Discount Rate (US\$M)			
-30%	319	207	-83
-25%	294	201	-39
-20%	269	194	4
-15%	243	187	45
-10%	218	181	86
-5%	193	174	127
0%	168	168	168
5%	143	161	209
10%	117	155	250
15%	92	148	291
20%	67	142	332
25%	42	135	373
30%	17	129	414

Source: SRK

Figure 18-2: Sensitivity Spider Chart



Source: SRK

18.4 Wassa Ore Reserves and Upside Plan

The Wassa Mine has provided the Ore Reserves and upside plan, based on the Wassa Design. During discussions with the Wassa Mine, SRK understood that the Updated Wassa Design includes Residual material in the upper area and Material in the lower area. However, due to the time constraints in preparing and reviewing the Updated Wassa Design, SRK considers this an opportunity for potential economic material but does not classify it as an Ore Reserve, as detailed in Chapter 12.2.9. This section is intended to demonstrate the economic viability of the Ore Reserves and upside plan (Updated Wassa Design).

A summary of the Capex is presented in Table 18-6, with the Capex investment plan over the LoM detailed below.

Table 18-6: Summary of Capex for Wassa Mine (Ore Reserves and Upside Plan)

Capex	Unit	LOM Total
Capital development	Million USD	78
Other Sustaining Capex	Million USD	91
Closure	Million USD	27
Total Capex	Million USD	197

Sources: GSR, summarized by SRK

The operating cost over the LOM is shown in Table 18-7.

Table 18-7: Operating Cost Forecast (Million USD)

Item	2024 Q4	2025	2026	2027	2028
Labor	21	67	53	34	28
Material	37	121	95	61	50
Electricity	8	25	19	12	10
Contractors	3	11	9	6	5
Engineering	4	12	10	6	5
Service	1	4	3	2	2
Safety	-	-	-	-	-
Repairment	-	-	-	-	-
Others	2	5	4	3	2
Taxes and surcharges	7	23	18	12	10
Selling costs	-	-	-	-	-
G&A costs	9	30	24	15	12
R&D costs	-	-	-	-	-

Sources: GSR, summarized by SRK

The principal assumptions outlined in Chapter 18.1, along with the above Capex and Opex, resulting in a positive NPV, indicating that the Ore Reserves and upside plan is economically mineable with both scenarios.

At a discount rate of 10%, the NPV of the Project is USD 167 million.

The sensitivity of NPV against discount rate is presented in Table 18-8.

Table 18-8: Wassa Mine NPV versus Discount Rate

Discount Rate (%)	NPV (Million USD)
5%	192
6%	185
7%	178
8%	172
9%	166
10%	161
11%	155
12%	150
13%	145
14%	141

Discount Rate (%)	NPV (Million USD)
15%	136

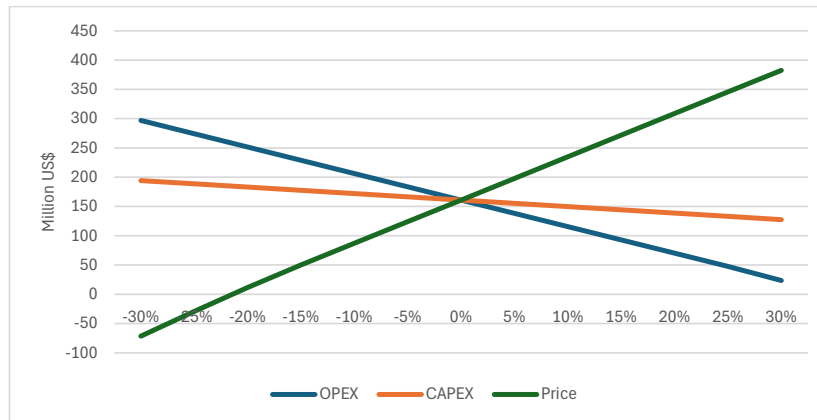
Source: SRK

SRK conducted a single-factor sensitivity analysis for the Project to determine which factors most significantly impact its economics when considered independently. The analysis focused on gold price, Capex, and Opex, each tested within a $\pm 30\%$ range. The result showed that the Project is most sensitive to changes in gold price. Results of the sensitivity tests are presented in Table 18-9 and Figure 18-3. The break-even gold prices occur when the gold price drops by approximately 21%, resulting in a NPV of 0 at a 10% discount rate.

Table 18-9: Sensitivity Analysis Result (Ore Reserves and Upside Plan)

Variance	Opex	Capex	Price
NPV @ 10% Annual Discount Rate (US\$M)			
-30%	297	194	-71
-25%	274	189	-29
-20%	252	183	11
-15%	229	178	50
-10%	206	172	87
-5%	184	166	124
0%	161	161	161
5%	138	155	198
10%	115	150	235
15%	93	144	272
20%	70	139	309
25%	47	133	346
30%	24	127	383

Source: SRK

Figure 18-3: Sensitivity Spider Chart (Ore Reserves and Upside Plan)

Source: SRK

19 Risk Analysis

Mining is a relatively high-risk industry. In general, the risk may be expected to decrease from exploration, development, through to production stage. The Wassa Gold Project is a production project. Risks exist in different areas. SRK considered various technical aspects which may affect sustainable operation and future cash flow of the Project, and conducted a qualitative risk analysis which has been summarised in Table 19-1. In this risk analysis, various risk sources/ issues have been assessed for Likelihood and Consequence, and then a Risk Rating has been assigned. The qualitative risk analysis uses the following definitions for likelihood and consequence.

The Likelihood of a risk is considered within a certain time frame, e.g. 5 years, as:

- **Likely:** will probably occur;
- **Possible:** may occur; and
- **Unlikely:** unlikely to occur.

The Consequence of a risk is classified into:

- **Major Consequence:** the factor poses an immediate danger to the Project, if uncorrected, will have a material effect on the Project cash flow and performance and could lead a project failure;
- **Moderate Consequence:** the factor, if uncorrected, will have a significant effect on the Project cash flow and performance; and
- **Minor Consequence:** the factor, if uncorrected, will have little or no effect on the Project cash flow and performance.

The overall risk assessment combines the Likelihood and Consequence of a risk and be classified as **Low** (unlikely and possible minor risks and unlikely moderate risk), **Medium** (likely minor, possible moderate and unlikely major risks), and **High** (likely moderate and major and possible major risks).

Below is the qualitative risk analysis summary table of the Wassa Gold Project.

Table 19-1: Project Risk Assessment of the Wassa Gold Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Overestimate of the Mineral Resource Grade	Possible	Moderate	Medium
Unknown Significant Geological Structure	Unlikely	Moderate	Low
Unexpected Groundwater Ingress	Possible	Moderate	Medium
Mining			
Subsidence and Ground Stability	Unlikely	Moderate	Low
Hydrogeological Modeling Uncertainties	Possible	Minor	Low
Significant Production Shortfalls	Unlikely	Major	Medium
Lack of Significant Ore Reserves	Unlikely	Major	Medium
Ore Processing			
Significantly Lower Recovery	Unlikely	Moderate	Low
Higher Processing Cost	Possible	Moderate	Medium

Risk Source/Issue	Likelihood	Consequence	Overall
Poor Plant Reliability	Unlikely	Moderate	Low
Capital and Operating Costs			
Project Timing Delays	Unlikely	Moderate	Low
Capex and Opex Increases	Possible	Moderate	Medium
Higher Mine Closure Liability	Possible	Moderate	Medium
Environmental, Social and Governance			
Water Management	Possible	Moderate	Medium
Waste Rock and TSF Management	Possible	Moderate	Medium
Hazardous Materials Management	Unlikely	Moderate	Low
Social Licensee to Operate	Possible	Moderate	Medium
Infrastructure			
Poor TSF Management	Unlikely	Moderate	Low
Shortfall of Water Supply	Possible	Moderate	Medium
Shortfall of Power Supply	Possible	Moderate	Medium
Poor Condition of the Site Road	Possible	Minor	Low

The Wassa Project is an operating project with constant open pit and open pit production. The geology, mining methods and metallurgical flowsheet have been partly verified and proved by historical operation. Overall ratings of technical risks of the Project are low and some medium risks exist in different aspects. The risks and recommended management measures are discussed below.

- The geological risks relate to the uncertainty of underground hydrogeology associated with local geological structures. SRK recommends to maintaining and enhancing the geological exploration, such as mapping the underground tunnels, especially for faults and fractures, and monitoring the underground water discharges.
- The geological risks also related to the grade estimation of underground Mineral Resources. SRK noted there are abundant Inferred Mineral Resources for the underground mine and further exploration potential, and the current Inferred Mineral Resources in deeper zones have been estimated on primarily drill core interceptions with sparse distance so there is possibility of underestimate or overestimate. SRK recommends continuous exploration to be carried out for the upgrade the underground Mineral Resources.
- The risk in relation to mining could be possible poor planning, as it is an underground mine with a relatively high production rate. Consequently, possible risk will result to production shortfall or Ore Reserve overstatement. SRK recommends carrying out in-depth engineering studies associate to LoM planning and the use of professional mine planning software. Professional services may be sourced and retained, if needed.
- The risk in relation to ore processing and metallurgy could be the possibility of high operating cost, as the current production is transitioning from underground production solely. Proper management in grade control and planning will help reduce operating costs.
- The measures and practices to manage environmental risks relating to surface water and groundwater may include separate drainage systems for production wastewater, domestic sewage, and stormwater systems; storage of hazardous materials in a dedicated area could be planned to control the risk of hazardous materials pollution. The environmental risk of land disturbances could be controlled by limiting the waste rock storage and other disturbances; scrap iron and other industrial waste collection and recycling activity may control the risks resulting from waste generation. SRK notes a conceptual closure plan should be updated with ceasing

open pit production and further underground operation. TSF management associates to social responsibility, and should be taken into account.

- The risks in relation to capital and operating costs include underestimates of project costs. Proper management and detailed mine scheduling may help the underground development of the Project in a proposed schedule. SRK recommends updating or adjusting the project's costs estimation from time to time according to production data in the future. It is SRK's opinion that the risks identified above are generally under control and not likely to develop into higher level of risks, as noted the Company and Wassa Project team has tracked record in production and risk management.

20 Conclusions and Recommendations

20.1 Conclusions

20.1.1 Geology and Exploration

- The Wassa deposit can be classified as an Eoeburnean folded vein system and is the only such deposit recognised to date within the Ashanti belt.
- The core drilling, geological logging etc. are implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resources estimations.
- The procedures for sampling, preparation, analysis, and QA/QC are following the industry standards. SRK considers that they are acceptable for Mineral Resources estimations.

20.1.2 Mineral Resources Estimation

The Mineral Resources have been prepared in accordance with the JORC Code guidelines. Mining is assumed by open pit methods at DMH, I Zone and Chichiwelli, and underground methods at Wassa (242 and B Shoot) and Hwini Butre (FB/ADK).

The Mineral Resources have a RPEEE, with estimates constrained as follows:

- Open Pit: constrained by open pit shell and cut-off grade.
- Underground (FB/ADK): constrained by cut-off grade.
- Underground (242 and B Shoot): constrained by the MSO.

As of 30 September 2024, the Mineral Resources are estimated as:

- Measured and Indicated Mineral Resource: 16.74 Mt at 3.07 g/t, containing 1,650 koz gold.
- Inferred Mineral Resources: 60.89 Mt at 3.38 g/t, containing 6,609 koz gold.

20.1.3 Metallurgical Testing and Recovery Method

- Metallurgical tests were carried out before and after the construction of the processing plant in 2004. Both oxide and fresh ores have negligible preg-robbing effect and are amenable to CIL process. The gold recovery of Gravity-CIL process is as high as 90% to 95%.
- The capacity of the processing plant is 2.7 Mtpa. A traditional Crushing-Milling-CIL process with assistance of Gravity-Acacia operation in milling circuit is applied. The plant is well managed and achieved good historical performance. The gold recovery is 95.3% to 97.1% with gold production (in gold doré bars) of 4.84 to 5.31 tons per year.

20.1.4 Infrastructure

- The rehabilitation of TSF 1 is complete and is operated by the GSOPP for palm oil trees. The construction and management of TSF 2 is conducted properly. The planned extension of TSF 2 can meet the required capacity for tailings storage.
- The current two electricity resources (Ghanian grid power and mine generated) are sufficient for operations and domestic needs. If the solar system is implemented, it could significantly reduce power costs for offices and domestic use.
- The water balance is carefully managed. The facilities of backwater, surface water and underground water can fully support the operations of mining and processing.

20.2 Recommendations

SRK has made a number of recommendations during the review and/or site visits which have been discussed among SRK consultants and client staff. Key recommendations include:

- The large Inferred Mineral Resources need drilling programs. SRK understands that the Company is working on a long-term exploration and production plan for the Project, and the current Inferred Mineral Resources will be upgraded in next few years.
- Improve the quality of grade control model and incorporate it into the Mineral Resource/ Ore Reserve model. The current grade control model has not been incorporated into Mineral Resource/ Ore Reserve model yet due to various reasons including grade-control sample data quality and the duration of model update. SRK is aware of that the Company has already started to work on the improvement of both models.
- Exploration potential and opportunities to be further analysed.
- Additional technical studies to examine the Measured and Indicated Mineral Resources excluded from the current Ore Reserve estimate. SRK understands that GSWL recently commissioned a third party to work with the Company's mining team in this regard.
- Further test works on the deep underground veins may be needed to assure the processing procedures and laboratory protocols being used are appropriate and suitable. This will be dependent on future exploration programs and technical studies.
- It is a feasible plan for using renewable energy such as solar to replace gradually the electricity used in offices and residential facilities, as the concept of decarbonisation has been considered by the Company.

21 References

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Closure

This report, Independent Competent Person's Report for Wassa Gold Mine, Akyempim, Western Region, Ghana, was prepared by

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All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

and reviewed by

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Responsible for Peer Review

Appendix A Table 1 (JORC)

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	- Diamond Drill ("DD") samples were collected with maximum 1.2 m and minimum 0.3 lengths, usually 1 m lengths. - Reverse Circulation drilling ("RC") samples were collected every 1 m. Where DD holes have been pre-collared using RC, the individual 1 m RC samples were combined to produce 3 m composites - Half core taken for DD samples. - Sub-sampling of RC samples was carried out using a Jones Riffle splitter. - Sample preparation on site is restricted to core logging and cutting, or RC and Rotary Air Blast ("RAB") sample splitting. - Industry standards have been undertaken for both DD and RC samples. - Wassa site laboratory was used as the primary laboratory for 3 m composites and grade control RC samples from July 2007 onwards. - Transworld Laboratories was the primary laboratory until July 2007. - SGS (Tarkwa) was used for core samples from July 2007 to August 2017. - Core samples have been sent to Intertek (Tarkwa) since 2017. - GSR changed the assay procedure from the 50 g fire assay method to 1 kg bulk leach extractable gold ("BLEG") assay because a component of coarse gold was present in the samples. - Atomic absorption spectroscopy (AAS) for gold grade determination.
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	- Drilling is carried out by a combination of DD, RC) and RAB techniques. - Most of the drilling has been conducted by GSR, although there are some holes completed by previous concession owners by SGL (Wassa) or SJR (Hwini Butre and Benso). - RC and DD drilling was conducted with a GSR geologist on site to align the drill rig and check the drill head dip and azimuth. - Downhole surveying was conducted using a single shot camera, for RC and DD holes at the bottom of holes exceeding 30 m depths and then taken progressively every 30 m up hole. - For Wassa, the deeper holes, often exceeding 1,000 m, are drilled from surface using HQ (63.5mm) sized core and this initial hole (referred to as the "mother" hole) is drilled to the depth where the first directional hole would be started. The directional hole (or "daughter" hole) is drilled

Criteria	Explanation	Commentary
		using a smaller core size, NQ (47.6 mm) and is deviated from the mother hole initially using a casing wedge which is oriented in the direction of the mineralised target. - All drillhole collars were surveyed using a Nikon Total Station (DTM-332) or Sokkia Total Station by a Golden Star (Wassa) surveyor. - Wassa UG holes were drilled using HQ, NQ or NQ2 (50.6 mm) core size. Downhole surveying was conducted using a Reflex multi-shot downhole surveying tool. Drill hole collar locations were captured by the underground mine surveying team.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- Sample recovery is good across all deposits drilled to date. - There was no relationship between sample recovery and grade.
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. - The total length and percentage of the relevant intersections logged.	All borehole cores were logged by geologists.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- Half core taken for DD samples. - Sub-sampling of RC samples was carried out using a Jones Riffle splitter. - GSR has a standard approach to drilling and sampling on all mining leases and prospecting licenses. - Sampling is typically carried out along the entire mineralised drilled length. - Sample preparation is to industry standard involving drying, crushing and pulverizing of the entire sample. - Sample sizes are considered appropriate. - Sample weights were sufficient for the mineralised materials.

Criteria	Explanation	Commentary
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	- Sample assays have been performed at the Wassa Site Laboratory (WSL), SGS Tarkwa or Intertek Minerals Ltd (formerly named Transworld Ltd). - The sample preparation and analytical processes at the WSL, Intertek, and SGS differ slightly. - AAS for gold grade determination. - GSR changed the assay procedure from the 50 g fire assay method to 1 kg BLEG assay because a component of coarse gold was present in the samples. - GSR QA/QC program includes inserting blanks, Certified Reference Materials (CRMs), and pulp or coarse reject duplicates into sample batches, before sample submission to the lab.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Analytical data is also routinely checked for consistency by GSR. - SRK has obtained and reviewed the QA/QC results produced by GSR. - SRK is of opinion that the QA/QC samples' performance are of industrial standard, which provides sufficient confidence for the mineral resource estimation.
Location of data points	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	- All drillhole collars were surveyed using a Nikon Total Station (DTM-332) or Sokkia Total Station by a Golden Star (Wassa) surveyor. - Wassa UG drill hole collar locations were captured by the underground mine surveying team.
Data spacing and distribution	- Data spacing for reporting of Exploration Results. - Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - Whether sample compositing has been applied.	- For Wassa, the final drilling density for classification as Measured Mineral Resource is designed to be 15 m along strike and 13 m down dip, or tighter. - For the 242 I Zone, DMH, blocks in the areas with drill hole spacing not more than 15m were classified as Measured Mineral Resources. - Composites were applied.
Orientation of data in relation to geological structure	- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. - If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	- Drill orientation varies by location within the deposit. - Drilling orientation is not considered to have introduced any sampling bias. - No orientation-based sampling bias has been identified.
Sample security	The measures taken to ensure sample security.	- Samples are trucked by road to the laboratories in Tarkwa. - As the samples are loaded, they are checked, and the sample numbers are

Criteria	Explanation	Commentary
		validated. The sample dispatch forms are signed off by the driver and a company representative. The sample dispatch dates are recorded in the sample database as well as the date when results are received.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	As part of the Mineral Resource estimation, SRK conducted a review of sampling methods and data and determined that the database was of adequate quality to support the Mineral Resource estimation.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	- GSR possesses three mining licenses, Wassa, Hwini-Butre and Benso. - GSR possesses four prospecting licenses, Benso, Manso 1, Dwaben and Manso 2. - Wassa mining license was current granted on 26 January 2022, and will be expire on of 25 January 2047, with an area of 63 km². - Hwini-Butre and Benso mining license were current granted on 25 August 2020, with areas of 43 km² and 19.45 km² respectively. - Manso 1 and Manso 2 prospecting licenses were current granted on 3 April 2022, with areas of 101.57 km² and 23.41 km² respectively. - Benso and Dwaben licenses are renewing and waiting for the approval of Minister of Lands and Natural Resources, Ghana.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Wassa - The Wassa area has experienced local small-scale and colonial mining activity since the beginning of the 20th century with numerous small pits and adits evident. - From 1988, the property was operated as a small-scale mining operation with a gravity gold recovery circuit by WMRL, a Ghanaian company. - Exploration drilling commenced in February 1994 and by March 1997 58,709 m of drilling had been completed. - First ore was mined from the open pit in October 1998. Hwini Butre, Benso and Chichiwelli - Early European reports indicate the Dabokrom area, around Hwini Butre, may have been a major source for gold sold to Portuguese explorers when they first arrived in Ghana in the late 1400's. - The Dabokrom concession was acquired by BD Goldfields (BDG) during the 1980's who invited Danish company Lutz Resources Limited to carry out preliminary exploration on the property. - SJR began exploring the concession in February 1995 which represented the first sustained exploration program on the concession.

Criteria	Explanation	Commentary
		- Reconnaissance work at Chichiwelli, Subriso, Denerawah and Amantin was conducted by BHP Billiton from 1989-92, on what is now the Benso concession. - Canadian company Fairstar Exploration Limited took over the Benso concession in 1995 and carried out extensive work, particularly at Subriso and Amantin. - From early 2002 to about mid-2004, SJR focused mainly on the Subriso area where substantial mineralisation was outlined at two prospects, Subriso East and West.
Geology	Deposit type, geological setting and style of mineralisation.	- The Wassa deposit is located on the eastern flank of the northeast trending Ashanti Belt, a Paleoproterozoic greenstone belt which was formed and deformed, along with the dividing Birimian and Tarkwaian sedimentary basins during the Eoeburnean and Eburnean orogeny. The Wassa mineralisation consists of greenstone-hosted, low sulphide hydrothermal deposits where gold mineralisation occurs within folded quartz-carbonate veins. The Wassa deposit can therefore be classified as an Eoeburnean folded vein system and is the only such deposit recognised to date within the Ashanti belt. - The Hwini Butre deposits can be characterized as mafic intrusive hosted, orogenic shear zones. The deposits are hosted within diorite and granodiorite intrusive rocks of the Mpohor complex. The Father Brown deposit is characterized by well-developed fault-filled quartz veins. - The Benso deposits can also be characterized as mafic intrusive hosted, orogenic shear zones deposits, which are hosted by Birimian metavolcanics into which coarse plagioclase porphyry units have intruded and are generally conformable with the volcanoclastic units. - The Chichiwelli deposits can also be characterized as mafic intrusive hosted, orogenic shear zones, the deposits are hosted within diorite and granodiorite intrusive rocks. The mineralisation zones at Chichiwelli are similar to those observed at Benso, with the mineralised hosting structures generally dipping to the east.

Criteria	Explanation	Commentary
Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - Hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	- Surveys are conducted on drill hole collars (by total station) and downhole (by either multi-shot downhole camera, or gyro instrument for deeper holes). - For B Shoot, the Mineral Resource database includes 3,755 DD holes and 485 RC holes. - For 242, the Mineral Resource database includes 190 DD holes and 4,411 (GC)RC holes. - For I Zone, the Mineral Resource database includes 21 DD holes and 233 (GC)RC holes. - For FB/ADK, the Mineral Resource database includes 435 DD holes and 3,301 (GC)RC holes. - For Chichiwelli, the Mineral Resource database includes 23 DD holes and 483 RC holes. - All information of boreholes were collected, including collar, elevation, survey, depth, weathering data, specific gravity/ density, lithology etc.
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	- Exploration data is reported as the average sample grade. Top cutting was used report the exploration results. For each mineralised domain of B shoot, 242, DMH and I Zone, the coefficient of variation (CV), probability plots were used to determine the capping grade. For each domain of Hwini Butre, the capping values were selected from the probability plots. For each domain of Chichiwelli, the caps were determined based on the shape of the tail of the log histogram and the log probability plots. - No such aggregate intercepts short lengths of high-grade results or longer lengths of low-grade results is presented. - No metal equivalent values have been used.
Relationship between mineralisation widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	- Mineralisation intercept lengths were reported. - Drill dip varies by location within the deposit.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Appropriate maps and typical sections were reported in this report.

Criteria	Explanation	Commentary
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Reporting was fully representative of the data collected at this stage.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No additional information was provided.
Further work	- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further drilling program is recommended due to Wassa's large portion of Inferred Mineral Resources.

Section 3: Estimation and Reporting of Mineral Resources*(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)*

Criteria	Explanation	Commentary
Database integrity	- Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. - Data validation procedures used.	- Digitalized Mineral Resource databases were provided to SRK, and SRK conducted crossing-checking against logging data and typical interpretation. All relevant data was imported to Leapfrog™, and validation routines were run to confirm validity of all data. - Checks for holes without samples. - Checks for duplicate samples. - Checks and adjusts the missing or wrong intervals.
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	- Four site visits were carried out by SRK with assistance from Golden Star personnel during preparation of the Report. 7 to 10 December 2022, by geologist, geotechnical engineer, processing engineer and environment scientist. 10 to 14 January 2023, by mining engineer and underground geotechnical engineer. 11 to 16 February 2024, by geologist. 27 to 29 May 2024, by geologist, mining engineer, processing engineer and environmental consultant.
Geological interpretation	- Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. - Nature of the data used and of any assumptions made. - The effect, if any, of alternative interpretations on Mineral Resource estimation. - The use of geology in guiding and controlling Mineral Resource estimation. - The factors affecting continuity both of grade and geology.	- The mineralisation boundaries were determined by lithological and sampling data. - For B Shoot, the mineralised wireframes were modelled by GSR using Leapfrog™ within two type envelopes, with cut-off grade of 0.4 g/t and 1.2 g/t respectively. - For 242 and DMH, the mineralised wireframes were modelled by GSR using Leapfrog™ within two type envelopes, with cut-off grade of 0.4 g/t and 1.0 g/t respectively. - For I Zone, the mineralised domains were generated at a cut-off of 0.5 g/t. - For FB/ADK, the solids were created by GSR and Resource Modelling Solutions (RMS). - For Chichiwelli, the mineralised solids were conducted by GSR with the 2D polylines using a cut-off grade of 0.5 g/t.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	- The Wassa mineralisation is subdivided into several domains; namely F Shoot, B Shoot, 242, Southeast, Starter, 419, Mid East and Dead Man's Hill. Each of these represents discontinuous segments of the main mineralised system which extends for approximately 3.5 km along strike from surface and is still open at depth. - The mineralisation generally consists of broadly tabular zones containing dismembered and folded ribbon-like bodies of narrow quartz vein material, zones are typically 10 m to 50 m wide within a 900 m

Criteria	Explanation	Commentary
		mineralised corridor.
Estimation and modelling techniques	- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. - The assumptions made regarding recovery of by-products. - Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). - In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. - Any assumptions behind modelling of selective mining units. - Any assumptions about correlation between variables. - Description of how the geological interpretation was used to control the resource estimates. - Discussion of basis for using or not using grade cutting or capping. - The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	- For B Shoot, 242, DMH, Chichiwelli and I Zone, Au was estimated using Ordinary Kriging ("OK"). The solid models for Father Brown ("FBZ") and Adoikrom ("ADK") were created by GSR and Resource Modelling Solutions ("RMS"). They were modelled using a vein modelling technique, with estimating both vein thickness and grade. - This is the first Mineral Resource estimation in accordance with JORC Code. - For B Shoot and 242, the block model was constructed using a block size of to 5 m × 10 m × 5 m (East × North × Elevation), with a sub block size of 1.25 m × 2.5 m × 2.5 m. For DMH, the block model was constructed using a block size of to 5 m × 5 m × 3 m (East × North × Elevation), with a sub block size of 1.25 m × 1.25 m × 1.5 m. For I Zone, the block model was constructed using a block size of to 10 m × 20 m × 6 m (East × North × Elevation), with a sub block size of 1.25 m × 2.5 m × 1.5 m. For FBA/ADK, the block model was constructed using a block size of to 1 m × 2 m × 2 m (East × North × Elevation). For Chichiwelli, the block model was constructed using a block size of to 12.5 m × 25 m × 8 m (East × North × Elevation). - All samples were composited to 1-meter. - The cumulative frequency and distribution characteristics of the sample histogram were used to do the top capping. - SRK has validated both block models by swath plot and visual inspection, indicating that the models were validated.
Moisture	Whether the tonnages estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The tonnages are estimated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	- The underground Mineral Resources were reported within the Mineable Stope Optimiser ("MSO"), based on a US\$2,050/ ounce (oz) gold price and mining, processing and general administrative costs that were adjusted from actual costs at the Wassa B Shoot and 242 underground operations. - Open pit Mineral Resources were reported within the optimised/ designed open pit shell. - Underground Mineral Resources are reported at a cut-off grade of 1.38 g/t for B Shoot and 242 and 1.40 g/t for FB/ ADK. - Open pit Mineral Resources are reported at a cut-off grade of 0.438 g/t for DMH, 0.749 g/t

Criteria	Explanation	Commentary
		for I Zone and 0.55 g/t for Chichiwelli.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	- B Shoot and 242 are two active underground mining operations. DMH is an active open pit operation. - The mining method for FBZ/ADK is underground mining, for I Zone and Chichiwelli is open pit mining. - Underground Mineral Resources are reported within MSO and open pit Mineral Resources are reported within the optimised/ designed open pit shells. - This assists in demonstrating that the Mineral Resource meets the requirement of having reasonable prospects for eventual economic extraction criteria.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	- Wassa Gold Mine is a production project, both metallurgical testing and historical production performance data are available, providing reliable data to Metallurgical Factors. - The oxide and primary ore of Wassa deposit are amenable to cyanide leaching ("CIL"). The CIL with Gravity Separation is a suitable process for gold extraction. Gold recovery of 90% to 95% can be achieved.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	The EIS reports have been completed and approved for the Wassa Gold Project, covering the current mining areas, the processing plant, the tailings storage facilities, and the expansion project.
Bulk density	- Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. - The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	- For B Shoot and 242 underground, the bulk density in the model was set to 2.8 (fresh rock). - For DMH and I Zone, the density values for the tonnage estimation were coded to 1.8 g/cm³ for oxide, 2.25 g/cm³ for transition and 2.7 g/cm³ for fresh by GSR. - For FBZ/ADK, the density used for estimation was provided by GSR with the value of 2.7 g/cm³. - For Chichiwelli, the density values used for

Criteria	Explanation	Commentary
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	the estimation were provided by GSR with the values of 1.8 g/cm ³ for oxide and 2.68 g/cm ³ for fresh.
Classification	- The basis for the classification of the Mineral Resources into varying confidence categories. - Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). - Whether the result appropriately reflects the Competent Person's view of the deposit.	B Shoot Measured Mineral Resources were defined in areas the drill intercepts were no greater than 15 m. Indicated Mineral Resources were defined in areas the drill intercepts were no greater than 50 m. The rest within each domain with little known information is classified as Inferred Mineral Resources. 242 The blocks in the areas with drill hole spacing not more than 15m were classified as Measured Mineral Resources, those with drill hole spacing not greater than 30m were classified as Indicated Mineral Resources and those with drill hole spacing not greater than 45m were classified as Inferred Mineral Resources. DMH Blocks in the areas with drill hole spacing not more than 15m were classified as Measured Mineral Resources, those with drill hole spacing not greater than 30m were classified as Indicated Mineral Resources and the rest within mineralised domains were classified as Inferred Mineral Resources. I Zone Measured Mineral Resource was defined by the area with an average sample distance of 15 m. Indicated Mineral Resource was defined by the area with a sample distance of 30 m. And the rest within the mineralise domain was defined as Inferred Mineral Resources. FBA/ADK Indicated Mineral Resources were classified in the areas where drilling is sufficient to demonstrate geological and grade continuity to a reasonable level. Inferred Mineral Resources were classified by two 3D solids that included the wider spaced drilling at depth (100 to 200m spacing). Chichiwelli Wireframes were digitized for East Domain and West Domain, with the areas inside the modelled solids considered to be Indicated Mineral Resources, and outside, Inferred Mineral Resources.

Criteria	Explanation	Commentary
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	• The input data, including geological mapping and drillhole data are comprehensive in their coverage of the mineralisation. • The Mineral Resource estimate appropriately reflects the view of the Competent Person. • The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code. • The statement relates to global volumetric estimates.

Section 4: Estimation and Reporting of Ore Reserves*(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)*

Criteria	Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	- Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. - Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	- The open pit Ore Reserves are based on a block model and Mineral Resource estimate discussed in section three. - The underground Ore Reserves are based on a block model and Mineral Resource estimate discussed in section three. - The stockpile Ore Reserve is the ore that has spilled from conveyor belts and accumulated over time and are subsequently returned to the ROM Pad. - Inferred Mineral Resources have been excluded from this estimate. - The reported Ore Reserves are included in the tonnage of Measured and Indicated categories of Mineral Resources and diluted material.
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	- Four site visits were carried out by SRK with assistance from GSR personnel during preparation of the Report. 7 to 10 December, 2022, by geologist, geotechnical engineer, processing engineer and environment scientist. 10 to 14 January 2023, by mining engineer and underground geotechnical engineer. 11 to 16 February, 2024, by geologist. 27 to 29 May 2024, by geologist, mining engineer, processing engineer and environmental consultant. - Ali Rudaki, a Principal Mining Engineer from SRK Consulting South Africa, conducted a site visit from 10 to 13 January 2023. - TzuHsuan (Shan) Chuang, a Senior Mining Engineer from SRK Consulting China, conducted a site visit from 27 to 29 May 2024.
Study status	- The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. - The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	- The Wassa Mine is an operational mine with open pit and underground mining. Open pit mining commenced in 2007 and underground mining commenced in 2016. - SRK Consulting (UK) Ltd. (2015) and Golden Star Resources Ltd (2021) provided the basis for the Ore Reserves estimate, referencing the NI 43-101 Technical Report on the Wassa Open Pit Mine and Underground Project in Ghana (2015), and the NI 43-101 Technical Report on the Wassa Gold Mine (2021). - The feasibility study, along with the operational data and production plan, constitutes the foundational basis for the conversion of Ore Reserves.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	- Open Pit Mines: Revenue Parameters: - Gold price: 2,050 USD/oz - Process plant recovery: 95.5% - Government and royalty: 13.5% of revenue

Criteria	Explanation	Commentary
		Costs Parameters: ○ Base Mining cost (Ox/ Fr): 3.1/ 4.2 USD/t ○ Haul to Plant: 0.3 USD/t ○ Process Cost: 15.09 USD/t ○ Dilution: 10% ○ Gold Cut-off Grade: 0.5 g/t • Underground Mines: Revenue Parameters: ○ Gold Price: 2,050 USD/oz ○ Process Plant Gold Recovery: 95.5% ○ Mining royalty of 5% and gold royalty of 8.3%; Cost Parameters: ○ Mine Production: 42.47 USD/t ○ Sustaining Capital: 8.08 USD/t ○ Processing: 14.93 USD/t ○ Site G&A: 7.23 USD/t ○ Gold Cut-Off Grade: 1.34 g/t • The Ore Reserves were reported based on the above respective cut-off grade estimation.
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	• Underground: ○ Mineable Stope Optimiser (MSO) ○ Vertical Method: YZ plane ○ Minimum Mining Width: 5 meters ○ Maximum Mining Width: 60 meters ○ Stope Pillar: 10 meters ○ Cut-off Grade: 1.34 g/t Au ○ Wall Minimum Dip: 80° ○ Wall Maximum Dip: 100° ○ Variable Overbreak or Slough (VOS): ○ Bottom: 0.2 ○ Midpoint: 0.4 ○ Top: 0.8 ○ Section (Length) Intervals: 20 meters ○ Level (Height) Intervals: 25 meters ○ Sections (U): Variable based on mining method and mining lode ○ Dilution/ Recovery: ○ Development (gold >= Development cut-off grade): 0% dilution, 100% recovery ○ Development (gold < Development cut-off grade): 14% dilution, 100% recovery ○ Stope: 10% dilution, 95% recovery • Open Pit: ○ Ore Reserves are based on open pit shape designs, with appropriate modifications made to the original Whittle Shell outlines (Lercsh Grossman open pit optimisations) to ensure they meet practical mining parameters. ○ No additional mining dilution or recovery factors were applied, as the regularized model already accounts for both dilution and mining recovery. ○ The open pit design includes a 20-meter-wide ramp with a 10% gradient, which is wide enough for two-way hauling using 60-ton capacity off-highway haul trucks.

Criteria	Explanation	Commentary
		○ The open pit design incorporates slopes and benches based on historical geotechnical data for the open pits in the area, featuring an overall slope angle of 40° in the weathered zone and 52° in fresh rock. The bench height is set at 12 meters, with a 72° bench face angle, while drilling and blasting will be conducted over bench heights of 6 meters. • Two mining methods were applied depending on the material. Oxide or weathered material was typically excavated using the free-dig method. For fresh material, conventional mining techniques were used, drill, blast, load and haul, involving hydraulic excavators and blasting to flitches with a height of 3.0 meters. The broken rock was then loaded onto 60-ton capacity off-highway haul trucks and transported to a central stockpile or waste dump.
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	• Wassa Gold Mine is a production project, both metallurgical testing and historical production performance data are available, providing reliable data to Metallurgical Factors. • The oxide and primary ore of Wassa deposit are amenable to cyanide leaching. The CIL supplemented with Gravity Separation is a suitable process for gold extraction. Gold recovery of 90% to 95% can be achieved in laboratory tests. • The processing plant adopt CIL with Gravity Separation process to extract gold, and the actual gold recovery is higher as 95% to 97% in recent years production. Yearly gold production (in gold Doré bars) is around five tons. • The processing flowsheet to treat ores from both open pit and underground operations has been proved to be mature. Recovery methods in the processing plant and forward recovery assumptions and are supported by test work and plant history production.
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	• Waste rocks from the project are transported to the 419 dump, part of which was recycled as aggregates for construction and road works. The EIS report states that the waste rocks are not acid generating (NAG) based on the geochemical characterization. Tailings are pumped to the TSF for storage, and return water from the TSF is pumped back to the processing plant for reuse. Routine analyses of cyanide were undertaken, and all cyanide concentrations were less than reporting limits (m RL) of 0.005 mg/L. GSWL is a member of International Cyanide Management Code (ICMC).

Criteria	Explanation	Commentary
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	The Wassa mine is a well-established project with 20-year production history and adequate infrastructure. The power and water supply can support the mining and processing capacity of 2.7Mtpa ore.
Costs	- The derivation of, or assumptions made, regarding projected capital costs in the study. - The methodology used to estimate operating costs. - Allowances made for the content of deleterious elements. - The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. - The source of exchange rates used in the study. - Derivation of transportation charges. - The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. - The allowances made for royalties payable, both Government and private.	- Capital expenditures: - Capitalised development: 78 million USD (3,620.03 USD/m for underground development). - Other capital expenditure: 91 million USD (includes mine maintenance, environment, in-fill drilling, etc.) - Initial working capital is assumed to be 30% of the operating costs in 2024, fully recovered by 2028. - Mine closure expenditure is estimated at 27 million USD and allocate evenly over the LOM. - Operating costs were categorized into the following components: labor, material, electricity, contractors, engineering, service, safety, repairment, others, taxes and surcharges, selling costs, G&A costs, R&D cost. - Income tax is 35%.
Revenue factors	- The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. - The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	- For economic analysis, gold metal price was dynamic and was derived from consensus market forecasts provided by the Energy and Metals Consensus Forecast, published by Consensus Economics Inc., to which SRK subscribes annually. - There is no other revenue factor considered. - A 99.1% payable rate is applied to the metal price based on Wassa's cost analysis.
Market assessment	- The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. - A customer and competitor analysis along with the identification of likely market windows for the product. - Price and volume forecasts and the basis for these forecasts. - For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	- The market of the commodity of gold is well established and analysed. - The gold industry is a mature commodity market comparing to other commodities in mining. - The gold price forecast used in this Report is referred to institutional analysis and referenced by the past actual gold prices. - A long term price of gold at US\$ 2,050 per ounce has been applied for Ore Reserve study and project economics analysis.
Economic	- The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. - NPV ranges and sensitivity to variations in the significant assumptions and inputs.	- The discount rate used for NPV calculation ranges from 5.0% to 15.0%, with increments of 1.0%. All results indicate an economic outcome. - The "nominal" values are applied. The cost remains constant over the life of mine without any adjustments are factored in. - The operating costs, capital expenditure, and gold prices were selected for sensitivity analysis. These factors were analysed within a

Criteria	Explanation	Commentary
		±30% range for their impact on NPV, using a 10% discount rate. The NPV is most sensitive to changes in the gold price, followed by operating costs.
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	The public consultation of the EIS report shows that stakeholders have generally expressed their support for the project and willingness to engage with the company to enhance benefits. GSWL actively engages in a range of cooperate social responsibility strategies to cultivate strong relationships and highlight the value-adding potential of key stakeholders.
Other	- To the extent relevant, the impact of the following on the Project and/or on the estimation and classification of the Ore Reserves: - Any identified material naturally occurring risks. - The status of material legal agreements and marketing arrangements. - The status of governmental agreements and approvals critical to the viability of the Project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	- The current Ore Reserve estimates and statement are based on PFS level studies, along with the operational data and production plan, constitutes the foundational basis for the conversion of Ore Reserves, which is considered appropriate by SRK. - SRK is not aware of any material risk in social or legal aspects that will impact on the Ore Reserve statement.
Classification	- The basis for the classification of the Ore Reserves into varying confidence categories. - Whether the result appropriately reflects the Competent Person's view of the deposit. - The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	- For the open pit and underground mining, Measured Mineral Resources in the mine designs are classified as Proved Ore Reserves. Indicated Mineral Resources in the mine designs are classified as Probable Ore Reserves. - For ore stockpiles, the materials are considered as Probable Ore Reserve based on reviewing the data provided by Wassa Mine. - The classification of Ore Reserves appropriately reflects the Competent Person's view of the deposits. - There is no Measured Mineral Resources, classified as Probable Ore Reserves.
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	The Ore Reserves estimates have been peer reviewed internally and is in line with current industry standards.

Criteria	Explanation	Commentary
Discussion of relative accuracy/ confidence	- Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. - Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. - It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	- The Ore Reserves estimates are based on data (studies and assessment) provided by Wassa Mine and ongoing operations. The Ore Reserves estimates are at a PFS level. - All modifying factors have been applied for Ore Reserves estimates on a global estimate. - Considering the Wassa project is an operating mine with track record, SRK is of opinion that Ore Reserve estimates based on short-term LoM plan based on Measured and Indicated Mineral Resources are of low risk.

Appendix B Wassa Life of Mine

Wassa Life of Mine



Appendix C Compliance with Chapter 18

Chapter 18		Sections in SRK's Report
18.01	DEFINITIONS AND INTERPRETATION	Not applicable. ^[1]
18.02-18.04	CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES	
18.02	In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.	
18.03	A Mineral Company must:—	
(1)	establish to the Exchange's satisfaction that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:—	3.1
(a)	through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or	
	<i>Note: 'control over a majority' means an interest greater than 50%.</i>	
(b)	through adequate rights (arising under arrangements acceptable to the Exchange), which gives it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;	
(2)	establish to the Exchange's satisfaction that it has at least a portfolio of:—	Executive Summary Table ES-1, and 10.11
(a)	Indicated Resources; or	
(b)	Contingent Resources, identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;	
(3)	if it has commenced production, provide an estimate of cash operating costs including the costs associated with:—	17.2. ^[2]
(a)	workforce employment;	
(b)	consumables;	
(c)	fuel, electricity, water and other services;	
(d)	on and off-site administration;	
(e)	environmental protection and monitoring;	
(f)	transportation of workforce;	
(g)	product marketing and transport;	
(h)	non-income taxes, royalties and other governmental charges; and	
(i)	contingency allowances;	
Note :	<i>A Mineral Company must:</i> • set out the components of cash operating costs separately by category; • explain the reason for any departure from the list of items to be included under cash operating costs; and • discuss any material cost items that should be highlighted to investors.	
(4)	demonstrate to the Exchange's satisfaction that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:—	17.1 ^[3]
(a)	general, administrative and operating costs;	
(b)	property holding costs; and	
(c)	the cost of any proposed exploration and/or development; and	
Note :	<i>Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.</i>	
(5)	ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has sufficient available working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.	17.1 ^[3]
18.04	If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish to the Exchange's satisfaction that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of	Not applicable. ^[4]

Chapter 18		Sections in SRK's Report
	the new applicant. <i>Note:</i> A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.	
18.05-18.08	CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS	
18.05	In addition to the information set out in Appendix 1A, a Mineral Company must include in its listing document:—	
(1)	a Competent Person's Report;	1, 2.2.4
(2)	a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;	2.4
(3)	the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;	3, 16.3
(4)	a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;	2.3
(5)	disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and	19
(6)	if relevant and material to the Mineral Company's business operations, information on the following:—	
(a)	project risks arising from environmental, social, and health and safety issues;	19
(b)	any non-governmental organisation impact on sustainability of mineral and/or exploration projects;	16.4.9
(c)	compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;	16.3
(d)	sufficient funding plans for remediation, rehabilitation and closure and removal of facilities in a sustainable manner;	16.4.8, 17.1 ^[5]
(e)	environmental liabilities of its projects or properties;	16.4
(f)	its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;	16.4.9
(g)	its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and	16.4.9
(h)	any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.	16.4.9
18.06-18.08	Additional disclosure requirements that apply to certain new applicant Mineral Companies	
18.06	If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.	17.2
18.07	If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.	Not applicable. ^[6]
18.08	If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.	10
18.09-18.13	RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS	Not applicable. ^[7]
18.09	A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:—	
(1)	comply with Chapter 14 and Chapter 14A, if relevant;	
(2)	produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;	
<i>Note</i>	<i>The Exchange may dispense with the requirement for a Competent Person's</i>	

Chapter 18		Sections in SRK's Report
	<i>Report on disposals where shareholders have sufficient information on the assets being disposed of.</i>	
(3)	in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and	
(4)	comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.	
<i>Not e: Material liabilities that remain with the issuer on a disposal must also be discussed.</i>		
18.10-18.11	Requirements that apply to listed issuers	
18.10	A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.	
18.11	On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.	
18.12-18.13	Requirements that apply to Mineral Companies and listed issuers	
18.12	The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.	
18.13	An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.	
18.14-18.17	CONTINUING OBLIGATIONS	Not applicable. ^[7]
18.14	Disclosure in reports	
18.14	A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.	
18.15-18.17	Publication of Resources and Reserves	
18.15	A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.	
18.16	A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.	
18.17	Annual updates of Resources and/or Reserves must comply with rule 18.18. <i>Not e: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.</i>	
18.18-18.27	STATEMENTS ON RESOURCES AND/OR RESERVES	
18.18	Presentation of data	
18.18	Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.	10.11 11.3
18.19	Basis of evidence	
18.19	All statements referring to Resources and/or Reserves:— (1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction must be substantiated in a Competent Person's Report which must form part of the document; and (2) in all other cases, must at least be substantiated by the issuer's internal experts.	
18.20	Petroleum Competent Persons' Reports	Not applicable. ^[8]

Chapter 18		Sections in SRK's Report
18.20	A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix 25.	
18.21-18.22	Competent Person	
18.21	A Competent Person must:—	
	(1) have a minimum of five years' experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;	2.7
	(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and	2.7
	(3) take overall responsibility for the Competent Person's Report.	2.7, 2.9
18.22	A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:—	2.7, 2.10
	(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;	
	(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;	
	(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and	
	(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.	
18.23	Additional requirements of Competent Evaluators	
18.23	In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:—	
	(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);	
	(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and	
	(3) hold all necessary licences.	
	<i>Note:</i> A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.	
18.24	Scope of Competent Persons' Reports and Valuation Reports	
18.24	A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:—	
	(1) be addressed to the Mineral Company or listed issuer;	1, 2.24
	(2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and	2.4
	(3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.	1, 2.24
18.25-18.26	Disclaimers and Indemnities	
18.25	A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.	2.11, 2.12
18.26	The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent	2.11, 2.12

Chapter 18		Sections in SRK's Report
	Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.	
18.27	Obligations of sponsor	Not applicable.^[1]
18.27	Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.	
18.28-18.34	REPORTING STANDARD	
18.28-18.30	Mineral reporting standard	
18.28	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.	
18.29	A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:— (1) under: (a) the JORC Code; (b) NI 43-101; or (c) the SAMREC Code, as modified by this Chapter; or (2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets. <i>Not e: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.</i>	1, 2.2.4
18.30	A Mineral Company must ensure that:— (1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Prefeasibility Study; (2) estimates of mineral Reserves and mineral Resources are disclosed separately; (3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted; (4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:— (a) the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and (b) if a contract for future prices of mineral Reserves exists, the contract price is used; and (5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.	11.1.1; 11.2.1 10; 11 11, 12.1.3, 12.2.7 18.1 18.1.3 18.1.3 15 Not applicable. ^[9]
18.31-18.33	Petroleum reporting standard	Not applicable. ^[9]
18.31	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.	
18.32	A Mineral Company must disclose information on Petroleum Resources and Reserves either:— (1) under PRMS as modified by this Chapter; or (2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets. <i>Not e: A Reporting Standard applied to specific assets must be used consistently.</i>	
18.33	A Mineral Company must ensure that:— (1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels	

Chapter 18		Sections in SRK's Report
	applied must be stated;	
(2)	if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;	
(3)	Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;	
(4)	if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30;	
	<i>Note</i> : In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.	
(5)	if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;	
	<i>Note</i> : Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.	
(6)	economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and	
(7)	where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.	
18.34	Mineral or Petroleum Asset Valuation Reports	Not applicable. ^[8, 9]
18.34	A Mineral Company must ensure that:—	
(1)	any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;	
(2)	the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;	
(3)	if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and	
(4)	in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.	

Notes:

¹ It's not the work scope of SRK.

Operating cost is breakdown according to cost centre, instead of cost element.

Without considering current assets and current liabilities, SRK made the assumption that the working capital has been incorporated into the sustaining capital.

The simple economic analysis shown in "18 Economic Analysis" provides an indication that the Wassa Mine is economically viable.

It is reasonable to expect that the operation of the Project will be extended with further exploration and feasibility studies, the mine closure fees, and the residual value of the project will not be considered in the economic projection.

Wassa Mine is a producing project.

Upon listing, Chifeng Gold/GSWL will comply with the relevant requirements under the Listing Rules.

Mineral Resources and Ore Reserves of GSWL are Au minerals.
The report prepared by SRK is not an Evaluation Report.

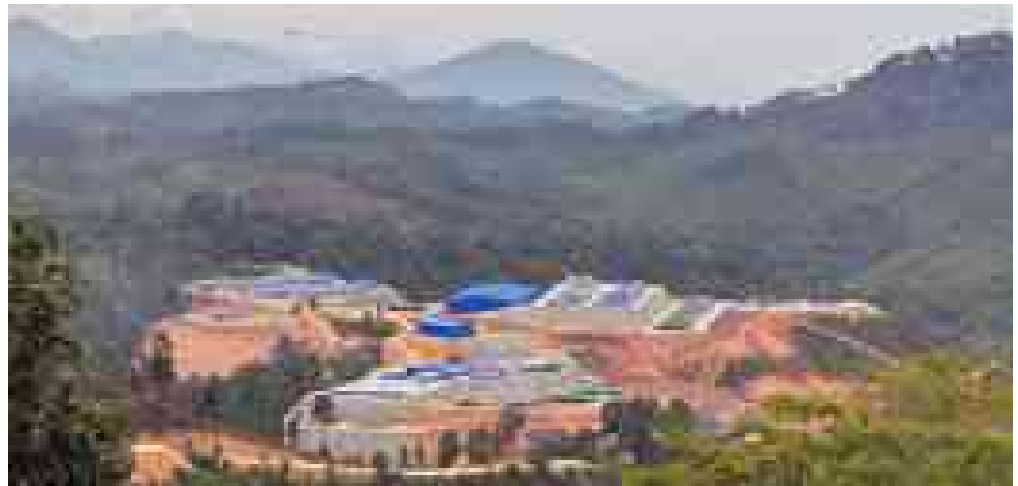
**Appendix D Chapter 2.6 of the Guide for New Listing
Applicants**

Chapter 2.6		Section in SRK's Report
(i)	The cut-off grade (which should be an industry standard commonly used), minimum mining width, economic parameters (e.g. waste to ore ratio, stope productivity), specific gravity derivation, prevailing commodity price assumptions;	Section 10.11
(ii)	If the Competent Person has a different view on certain assumptions (e.g. processing recovery rate) made by the applicant, both views should be disclosed in the listing document, with differences highlighted and underlying reasons for the different views, and the impact on the applicant if the more conservative view is adopted;	Not applicable.
(iii)	Detailed analysis for harmful elements identified at mines (e.g. mercury or arsenic at lead and zinc mines) to give a better picture of whether there are material concentrations of these elements within particular lodes, and the impact on the saleability of the minerals;	Not applicable.
(iv)	Clear and meaningful drawings and diagrams, shown to scale, of the location of the applicant's principal Mineral or Petroleum Assets;	Section 3
(v)	The procedures, amount of testing, assessment and time required to ascertain the amount of Reserves, and the existing Reserves of the mine over its entire mine life, expected average Resource and Reserve grades of ore that can be extracted in future years (preferably covering the whole economic life of the mine), depletion charges and hedging activities;	Section 11 and Section 12
(vi)	Whether the historical or expected improved recovery rate is used for estimating the net present value ("NPV"), and the basis on which the discount rates are considered appropriate;	Section 18.2
(vii)	If the Competent Person did not conduct a site visit, the applicant should disclose in the "Business" section of the listing document the basis on which the Reserves/Resources, cost forecasts and other data relating to the mines/oilfields as disclosed in the CPR are arrived at, how the lack of a site visit would affect the reliability of the information, and an appropriate risk factor 3; and	Section 1.5
(viii)	All material risks mentioned in the CPR should be disclosed in the "Risk Factors" section of the listing document.	Section 19

Final

Competent Person's Report for Sepon Rare Earth Element and Mengkham Rare Earth Element Projects in Lao People's Democratic Republic

The Lao People's Democratic Republic
Chifeng Jilong Gold Mining Co., Ltd.



SRK Consulting China Ltd. ■ SCN849D ■ 28 February 2025



Final

Competent Person's Report for Sepon Rare Earth Element and Mengkham
Rare Earth Element Projects in Lao People's Democratic Republic

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Cover Image(s):

No. 1 Wet Smelter Plant of Mengkham REE Project

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Acknowledgments

SRK would like to acknowledge the support and collaboration provided by Sepon and Mengkham personnel for this assignment. Their collaboration was greatly appreciated and was instrumental to the success of this project.

The opinions expressed in this Report have been based on the information supplied to SRK Consulting China Ltd. (SRK) by Chifeng Jilong Gold Mining Co., Ltd.(the "Client"). The opinions in this Report are provided in response to a specific request from the Client to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK has no prior knowledge nor has the opportunity to evaluate.

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Appendices

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Appendix B	Table 1 (JORC)
Appendix C	Compliance with 18 Chapter
Appendix D	Chapter 2.6 of the Guide for New Listing Applicants

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

%	Percent
'	Minute
°	Degrees
ASL	above sea level
C	Carboniferous System; Chemical symbol for element carbon
°C	Degree(s) Centigrade Celsius, a unit of temperature
Ce	Chemical symbol for the rare earth element cerium
cm	centimeter
CPR	Competent Person's Report
CREO	critical rare earth oxides, the sum of Nd ₂ O ₃ + Eu ₂ O ₃ + Tb ₄ O ₇ + Dy ₂ O ₃ + Y ₂ O ₃
CRMs	Certified reference materials.
DTM	Digital Terrain Models
Dy	Chemical symbol for the rare earth element dysprosium
E	East
EDTA	Ethylene Diamine Tetraacetic Acid
Er	Chemical symbol for the rare earth element erbium
Eu	Chemical symbol for the rare earth element europium
g/t	gram per tonne
Gd	Chemical symbol for the rare earth element gadolinium
GPS	Global Positioning System
Ho	Chemical symbol for the rare earth element holmium
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, edition 2012
IAC	Ion Adsorption Clay
IDW	Inverse Distance Weighting
Indicated Mineral Resource	that part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	that part of a resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability
kg	kilogram
km	kilometer
km ²	square kilometer
kt	kiloton
KV	Kilovolts, equivalent to 1,000 volts
La	Chemical symbol for the rare earth element lanthanum
LXML	Lane Xang Minerals Limited Company

%	Percent
Lu	Chemical symbol for the rare earth element lutetium
m	meter
MREO	magnet rare earth oxides, the sum of $\text{Pr}_6\text{O}_{11} + \text{Nd}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3$
Mt	million tonnes
N	North
Nd	Chemical symbol for the rare earth element neodymium
P	Permian System
Pr	Chemical symbol for the rare earth element praseodymium
QA/QC	quality assurance and quality control
REE	Rare Earth Elements, consists of a set of seventeen chemical elements in the periodic table, specifically the fifteen lanthanides (from element number 57 to 71), as well as scandium and yttrium
RPEEE	Reasonable Prospects for Eventual Economic Extraction
Sm	Chemical symbol for the rare earth element samarium
SREO	Soluble rare earth oxides, only including rare earth elements in the form of ionic adsorption of the deposit.
t/m^3	Tonne per cubic metre
T2	Middle Triassic Series
T3	Upper Triassic Series
Tb	Chemical symbol for the rare earth element terbium
Tm	Chemical symbol for the rare earth element thulium
TREO	The total rare earth oxides equivalent, the sum of La_2O_3 , CeO_2 , Pr_6O_{11} , Nd_2O_3 , Sm_2O_3 , Eu_2O_3 , Gd_2O_3 , Tb_4O_7 , Dy_2O_3 , Ho_2O_3 , Er_2O_3 , Tm_2O_3 , Yb_2O_3 , Lu_2O_3 , Y_2O_3 , including rare earth elements present in the crystal lattice as well as those in the form of ionic adsorption of the deposit
UTM	Universal Transverse Mercator Projection
Xiamen Tungsten	Xiamen TUNGSTEN CO.,LTD
Y	Chemical symbol for the rare earth element yttrium
Yb	Chemical symbol for the rare earth element ytterbium
Z	Elevation

Executive Summary

SRK Consulting China Ltd. ("SRK") was requested by Chifeng Jilong Gold Mining Co., Ltd. ("Chifeng Gold" or the "Client") to prepare a Competent Person's Report ("CPR" or the "Report") for its Sepon Rare Earth Element ("REE") Project and Mengkham Rare Earth Element Project (the "the Projects") located in Savannakhet Province and Xieng Khouang Province, Lao People's Democratic Republic ("Laos") in accordance with the guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("JORC Code (2012)") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx"). The projects include exploration licenses, mining licenses, as well as the in-situ leaching mining facilities, and associated ore processing and metallurgical plants in construction and metallurgical leach testing. The Sepon REE project is currently operated by Lane Xang Minerals Limited Company ("LXML"), which is a subsidiary of Chifeng Gold. The Mengkham REE project has a trial mining permit and an exploration permit, which are held by China Investment Rare Earth Mining Co., Ltd. and China Investment Rare Earth Mining XiangKhouang Co., Ltd., respectively. China Investment Mining (Laos) Sole Co., Ltd. holds an 86% equity interest in both China Investment Rare Earth Mining Co., Ltd. and China Investment Rare Earth Mining XiangKhouang Co., Ltd. Since March 2024, Chixia Laos Holdings Limited ("Chixia Laos") has been in the process of acquiring a 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd.

This report consists of an independent review of the geology, exploration, Mineral Resources, Ore Reserves, mining, mineral processing and smelter-refinery, capital investment, operating cost, and environmental and social aspects of the Projects.

Outline of Work Programs

The scope of work, as defined in letters of engagement reached in November 2022, and May 2024 between Chifeng Gold and SRK, includes reviewing and estimating of the mineral resource of the REE mineralisation delineated within the Sepon Project's tenements and the Mengkham REE project, and reviewing a preliminary feasibility study on the Mengkham REE project, and preparation of a CPR on the projects in accordance with JORC (2012) and the listing requirements of the HKEx.

SRK has conducted the work programs on the projects in phases:

Phase 1: SRK conducted a desktop review on documents provided by the client before conducting site visits to the project site.

Phase 2: SRK conducted site visits to both projects. During the period from 9 December 2022 to 14 December 2022, SRK's personnel conducted site visits to the Sepon Project, to gather data and interview related personnel who conducted exploration and feasibility study on the project. During the period from 13 to 16 May 2024, SRK further conducted a site visit to the Sepon REE Project. During the period from 9 to 11 May 2024, SRK conducted site visits to the Mengkham REE project, inspected and observed the status of the project, held meetings with the managements and technical personnel, sighted geology, exploration, mineralization, as well as the mining facilities, ore processing and metallurgical facilities in construction and metallurgical leach testing, also conducted its own data verification programs, and carried out review in environmental and social aspects.

Phase 3: SRK team reviewed the information provided by Chifeng Gold, and estimated Mineral Resources and reviewed the preliminary feasibility study on the Mengkham REE project, conducted

a preliminary economic assessment on the project, and compiled a technical report about the projects and reported the Exploration Results, Mineral Resources and Ore Reserves according to the JORC Code 2012, and submitted it to the client for comments in August and November 2024.

SRK will further revise the report based on feedbacks from the client and related third parties, and will finalize it in the due course.

Results

Overall

Chifeng Gold owns the Sepon REE Project through its subsidiaries and is acquiring Mengkham REE Project. The REE deposits in both projects are ion-adsorption type with the REEs enriched in the weathered zones over granite rock bodies.

The Sepon REE Project is an exploration and resource project within the exploration permit of LXML. Exploration programs, including trenching, drilling to take samples, and assaying results of the samples and other related database, can support a mineral resource estimate. SRK has reviewed the database obtained and re-estimated the Mineral Resources of the project. As of 30 September 2024, the Sepon REE Project possesses 26.78 million tonnes ("**Mt**") of Indicated Mineral Resources with an average grade of 383.75 grams per tonne ("**g/t**") total rare earth oxide equivalent ("**TREO**"), and 63.79 Mt of Inferred Mineral Resources averaging 339.22 g/t TREO, at a cut-off grade of 170g/t TREO.

The Mengkham REE Project is a development production project. Previous exploration programs defined the REE mineralized bodies, and the database obtained may support a mineral resource estimate. As of 30 September 2024, SRK estimated that the project has a resource basis of 139.05 Mt Inferred Mineral Resources with an average grade of 241.79 g/t soluble rare earth oxide ("**SREO**"), at a cut-off grade of 100 g/t SREO.

SRK reviewed a feasibility study ("**FS**") done internally by Chixia Laos for developing the Mengkham REE Project, and considers that it may match the study level of a preliminary feasibility study ("**PFS**"). The PFS proposed that the in-situ leaching mining method would be adopted to develop the project, with wet smelter facilities to further process the leaching solutions to finally produce REE oxide for sales to the buyers in China. The proposed production capacity is 3,675 tonnes ("**t**") per annum.

Chixia Laos obtained a trial production license over 8 square kilometres ("**km²**") of the deposit, and has been constructing the mining and processing facilities for the production.

SRK opines that the current resource basis can support a preliminary economic assessment on the project. SRK reviewed the PFS and held discussions with related technical personnel of the project, using the parameters proposed in the PFS with some modification, and projected that the project is economically viable.

SRK recommends that a supplemental exploration program should be conducted to enhance the resource category, and then a feasibility study should be conducted based on the updated resources.

Operational Licences and Permits

LXML owns a copper and gold exploration permit which covering the Sepon REE Project.

SRK sighted a trial mining license for the Mengkham mine site, and land use agreements with the locals. Other licenses and permits including water use permit or site discharge permit are under the application.

Geology and Mineralization

Rare earth elements ("REE") typically refer to the 15 lanthanide elements on the periodic table from lanthanum (La) to lutetium (Lu) and the transition metals scandium (Sc) and yttrium (Y) due to the similarity of the chemical property. From industrial development perspective, scandium is typically excluded from REE mineral development operations as it's normally not the paragenetic mineral with the lanthanide rare earth elements. The promethium (Pm) is also not included in the mineral development due to its radioactive property.

Ion-adsorption rare earth deposit is formed through weathering and leaching of minerals bearing rare earth elements from primary rocks, typically in tropical climates. Rare earth elements leached from granitic or alkaline igneous rocks were adsorbed onto clay minerals in soil, sometimes forming economically viable deposits.

Sepon

The content of total rare earth oxides ("TREO") gradually decreases from top to bottom, the upper part can be enriched into a rare earth ore body, and the end hole position of a small part of the drill hole has a higher grade, and it may not be able to penetrate the weathering layer. The elevation of the ore body is between 240 and 410 meters ASL, the lowest erosion base level in this area is 210 meters, and the ore body is above the lowest erosion base level. The depth of the ore body is generally 0-5 meters. The TREO grade ranges from 310 to 830 g/t, averaging 440 g/t.

Mengkham

The geological layers were summarised as the completely weathered layer, semi-weathered layer and the fresh layer, with the completely weathered layer being the main ore-bearing layer. The top of the mineralised zone is defined by a thin surficial soil zone that averages 2 m in thickness. The base of the mineralised zone extends to an average vertical depth of 9.0 m. And the SREO grade range from 9.5 to 2,857 g/t, averaging 243.5 g/t.

Exploration Status

The procedures for sample collection, preparation, and analysis are following the REE industry standards. SRK considers that the procedure, as well as the data and information obtained, are acceptable for resource estimation purposes.

Sepon

For Sepon project, LXML Exploration Department conducted an exploration program from November 2021 to July 2022. A total of 607 boreholes (4,441 metres) were drilled during the exploration on a 200-metre x 100-metre or 100-metre x 100-metre pattern.

Sampling was conducted as well, and the whole drilling core was taken as sample at 1m interval by using the method of diagonal quarters to reduce the sample, with one half as the sample for assaying, and the other half as the spare sample for storage. The samples were all properly numbered, recorded before sent out to the labs.

All basic assaying samples (TREO) were prepared and assayed in the ALS lab in Australia. The assaying method is ME-MS81. Quality Control and Assurance ("QA/QC") procedures were undertaken on an on-going basis to certify that the assay results from the drilling programme would be confidently relied upon. These procedures included the insertion of QA/QC samples comprising standards or Certified Reference Materials (CRMs), i.e., material containing known quantities of the element being assayed for; blanks i.e., material that has been prepared known to contain trace material; and duplicates.

In the general exploration report, 10 specific gravity samples were also taken from drilling cores and were measured in the lab of the mine. In SRK's opinion, it was unable to collect density sample from GN Auger hole cores. A dry bulk density of 1.5 t/m³ was used in resource estimation for Sepon project.

Mengkham

For Mengkham REE Project, Longyan Dadi Mining Development Service Co., Ltd conducted an exploration program from January 2022 to December 2023. A total of 13,656 boreholes (198,957 metres) were drilled during the exploration, which were spaced 30-100 m apart.

Before sample collection, a quick test procedure was conducted on-site to identify REE mineralized intervals. This test dissolved REE ions in clay using ammonium sulphate and oxalic acid to obtain a precipitate. The samples were collected and prepared according to the Chinese Rare Earth Mineral Geological Exploration Standard (DZ/T0204-2022). All samples were analysed (SREO) in the mine lab onsite with the method of Ethylene Diamine Tetraacetic Acid ("EDTA") volumetric.

A total of 6,017 samples (about 6% of the samples used in Mineral Resource estimation) were collected as internal lab check samples with a pass rate of 82%. And a total of 3,500 samples (about 4% of the samples used in Mineral Resource estimation) were collected as internal lab check samples with a pass rate of 92%.

SRK conducted a data verification program and collected 169 core duplicate samples from 13 boreholes in Mengkham REE project. The results showed that bias was observed between original assay and verification results. SRK has checked with both onsite laboratory and SGS staff, found that the sample preparation and assaying method were different. SRK has downgraded Indicated Mineral Resources to Inferred Mineral Resource.

A total of ten bulk density samples were implemented across the project areas with the natural bulk density (wet basis) ranging from 1.7 to 1.81 t/m³, averaging 1.75 t/m³, dry bulk density ranging between 1.35 and 1.55 t/m³, averaging 1.47 t/m³.

Mineral Resource Estimates

The resource estimation methodology involved consolidating and verifying borehole and topographic data. Wireframe models delineated mineralization boundaries based on assay data and lithology. Resource domains were defined, and sample results were composited and capped for statistical

analysis. Block models were interpolated, and resources classified and validated to determine economic prospects and cut-off grades.

Based on the Reasonable Prospects of Eventual Economic Extraction ("RPEEE") assessment and considering the characteristics of the leaching mining method, SRK used a cut-off grade of 170 g/t TREO for Sepon project to report Mineral Resources and a cut-off grade of 100 g/t SREO for Mengkham project, based on a price of 239,000 RMB/t REO.

As of 30 September 2024, by applying a cut-off grade of 170 g/t TREO, the Mineral Resources SRK estimated and reported are as follows:

- 26.78 Mt of Indicated Mineral Resource with an average grade of 383.75 g/t TREO, equivalent to 10.28 kt of total rare earth oxides within the Project area.
- 63.79 Mt Inferred Mineral Resource with an average grade of 339.22 g/t TREO, equivalent to 21.64 kt of total rare earth oxides within the Project area.

Table ES- 1: Mineral Resource Statement¹ of Sepon REE Project, as of 30 September 2024

Category	Tonnage (Mt)	TREO (g/t)	TREO (kt)	PrNd Oxides (%)	MREO(%)	CREO(%)
Indicated	26.78	383.75	10.28	19.14	21.97	33.87
Inferred	63.79	339.22	21.64	18.78	21.45	32.59

Notes:

¹ Mineral Resources are not Ore Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li and Dr. Anson Xu who are full time employees of SRK Consulting China. Mr. Huaixiang Li is a Member of AIG and Dr. Anson Xu is a Fellow of AusIMM. Dr. Xu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined by JORC Code (2012). Mr. Li and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

³ Mineral Resources are reported at a cut-off grade of 170 g/t TREO. Cut-off grades are based on a price of 239,000 RMB/t REO.

⁴ MREO: $\text{Pr}_6\text{O}_{11} + \text{Nd}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3$.

⁵ CREO: $\text{Nd}_2\text{O}_3 + \text{Eu}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3 + \text{Y}_2\text{O}_3$, determined by US Department of Energy 2023.

⁶ TREO: Total Rare Earth Oxides include $\text{Y}_2\text{O}_3 + \text{La}_2\text{O}_3 + \text{CeO}_2 + \text{Pr}_6\text{O}_{11} + \text{Nd}_2\text{O}_3 + \text{Sm}_2\text{O}_3 + \text{Eu}_2\text{O}_3 + \text{Gd}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3 + \text{Ho}_2\text{O}_3 + \text{Er}_2\text{O}_3 + \text{Tm}_2\text{O}_3 + \text{Yb}_2\text{O}_3 + \text{Lu}_2\text{O}_3$.

The project is in the construction and commissioning phase, and currently, no REE oxides are available for sale.

As of 30 September 2024, applying a cut-off grade of 100 g/t SREO, the Mineral Resources of Mengkham project are as follows:

- 139.05 Mt Inferred Mineral Resource with an average grade of 241.79 g/t SREO, equivalent to 33.62 kt of soluble rare earth oxides within the Project area.

Table ES- 2: Mineral Resource Statement¹ of Mangkham REE Project, as of 30 September 2024

License	Category	Dry BD (t/m ³)	Tonnage (Mt)	SREO (g/t)	SREO (kt)
Trial Mining	Inferred	1.47	55.59	267.75	14.88
Exploration	Inferred	1.47	83.47	224.51	18.74
Total	Inferred	1.47	139.05	241.79	33.62

Notes:

¹ Mineral Resources are not Ore Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li and Dr. Anson Xu who are full time employees of SRK Consulting China Ltd. Mr. Huaixiang Li is a Member of AIG and Dr. Anson Xu is a Fellow of AusIMM. Dr. Xu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined by JORC Code (2012). Mr. Li and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

³ Mineral Resources are reported at a cut-off grade of 100 g/t SREO. Cut-off grades are based on a price of 239,000 RMB/t REO.

Ore Reserve Estimates

For Sepon REE Project, the current study indicates that the project would not be financially feasible. Following discussions with LXML, it has been decided that only Mineral Resources will be reported in the report.

According to the JORC 2012, only Measured Resources and Indicated Resources can be considered when estimating Ore Reserves. In this case of Mengkham Ion Rare Earth Project, based on SRK's resource review and re-estimate, all of the Mineral Resources of the Mengkham REE Project are categorized as Inferred Mineral Resources. The mineral resource basis may only support a preliminary economic assessment to analyse the project's potential economics. Therefore, there is no Ore Reserve for the Mengkham REE Project.

For Mengkham REE Project only

In-situ Leaching Mining

CHIXIA Laos commenced to operate a leaching test in March 2024. The leaching test facilities were constructed basically according to the design proposed in a preliminary feasibility study ("PFS") to develop the project. SRK reviewed the PFS and visited the leaching test facilities. CHIXIA Laos used in-situ leaching mining to extract REEs from the deposits. The process of the in-situ leaching mining involves mainly two parts: leaching solution injection and pregnant leach solution ("PLS") collection.

The injection system introduces a leaching solution into the ore body to dissolve the REEs through injection holes. The leaching solution enters the ore body via holes and absorbs the REEs.

The collection system consists of a series of tunnels and/or collection holes under the ore body to gather the PLS, which is then pumped to the plant for further processing via pipes.

The key technical parameters listed in Table ES- 3 below are summarized based on the PFS with SRK's modification.

Table ES- 3: In-situ Leaching Mining Design Parameters, as of 30 September 2024

Design Parameter	Unit	PFS's Inputs	SRK's Inputs
Overall			
In-situ Leaching Mining Recovery	%	90.0	90.0
Processing Recovery	%	85.5	85.5
Overall Recovery	%	77.0	77.0
Wet Plant – REO	tpa	3675 & 2800	3675 & 2800
PLS Capacity	million m ³ pa	16.3 & 11.6	16.3 & 11.6
In-situ Leaching Mining			
Average Orebody Depth	m	8.7	7.9

Design Parameter	Unit	PFS's Inputs	SRK's Inputs
Injection Holes	m	4.0	4.0
Injection holes Cover Area	m ²	5.0	5.0
Collection Tunnel Cover Area	m ²	3.5	3.5

Source: CHIXIA

Mining Schedule

A mining schedule has been planned in terms of the proposed processing capacity as shown in Table ES- 4.

Table ES- 4: Mining Schedule of the CHIXIA Project

Section	Unit	Total	2024	2025	2026	2027	2028	2029	2030	2031
Tonnage	kt	138,040	4,620	19,700	18,040	19,590	19,650	25,020	19,150	12,270
Grade (SREO)	g/t	239.42	221.94	266.10	236.15	237.71	218.51	220.33	263.75	245.12

Source: SRK

Metallurgical Testing and Recovery Methods

The Mengkham ore belongs to the ion-adsorbed type rare earth ore, with average soluble rare earth oxide ("SREO") content of 0.025%. The minerals are mainly quartz, feldspar, biotite, ilmenite, magnetite, followed by zircon, apatite, xenotime, fluorite, sphene minerals and so on.

A simple laboratory column leaching test had been conducted on the samples from #2 ore body. The results showed that the permeability coefficient is $0.89 \times 10^{-3} \sim 1.11 \times 10^{-3} \text{cm/s}$ and the pregnant leaching solution ("PLS") concentration can reach 2.0 g/L with the SREO leaching rate of about 94%.

The PLS undergoes four steps of processing to yield primary product of rare earth carbonate ("REC"), which will be sent to the calcination workshop to produce mixed rare earth oxide ("REO"). The residue generated from the processing will be dissolved by acid to recycle REO, which would improve the REO processing recovery and the economic benefits.

The full production capacity of the first hydrometallurgical plant is 3,675 tpa REO, and SRK deems that it is appropriate. The designed total recovery was 77%, with the ISL rate of 90% and the hydrometallurgical recovery rate of 85.5%.

After the review of all design data and site visit for the Project, SRK comes to the following conclusions and recommendations:

- Representative ore samples from each ore body should be taken to carry out test studies before production, and add the following experimental contents:
 - i. SREO content analysis of ore samples, and
 - ii. PLS purification and precipitation tests to determine the purification and precipitation conditions and reagents consumption.
- Three hydrometallurgical plants and one calcination plant are planned to be built during the life of mine. The Project had completed most of the construction of the Leaching Test Plant until May 2024, except for the filter press workshop and calcination workshop. Additionally, North Plant

with production capacity of 3,675 tpa REO and South Plant of 2,800 tpa REO are scheduled to be constructed in 2026 and 2028, respectively.

Environmental and Social Aspects

Currently what are identified as part of the project assessment and this SRK review would include:

- Environmental approval to be obtained;
- Water pollution; and
- Mine closure fund to be established.

It is SRK's opinion that the above environmental risks are categorised as medium risks (i.e., requiring risk management measures) and they are generally manageable.

Capital Expenditures and Operating Expenses

The estimated Capex primarily encompasses the main production facilities of three hydrometallurgical plants, public auxiliary facilities and other engineering construction expenses (mainly associated with the mining rights or licence cost).

The total estimated Capex over the LOM is RMB130.32 million, which includes the historical investment of RMB66.35 million, the sustaining investment of RMB 48.80 million and the closure investment of RMB15.17 million. Table ES- 5 summarized the Capex breakdown for the Project.

Table ES- 5: The Capex Breakdown for the Mengkham REE Project (Unit: RMB M)

Item	Historical Investment	Sustaining Investment	Closure Investment	Total
Hydrometallurgy Plant Construction	7.93	25.80	-	33.73
Public Auxiliary Facilities	19.44	13.00	-	32.44
Engineering Construction Other Expenses	38.98	10.00	-	48.98
Closure Investment	-	-	15.17	15.17
Subtotal Investment	66.35	48.80	15.17	130.32

The project's cash Opex primarily include workforce employment, consumables, fuel & electricity & water and other services, on and off-site administration, environmental protection and monitoring, transportation of workforce, product marketing and transport, non-income taxes & royalties & other governmental charges and contingency allowances.

Table ES- 6 summarized the forecasted Opex for the Project, with a total Opex of RMB4,264.61 million and a unit cost of approximately 30.90 RMB/t RoM or 167,697 RMB/t REO. All costs are current as of 30 September 2024, with no escalation factored in.

Table ES- 6: Forecasted Opex of the Mengkham REE Project

Item	LOM Total Cost (RMB M)	Unit Cost (RMB/t RoM)	Unit Cost (RMB/t REO)
Workforce employment	150.80	1.09	5,930
Consumables	2,020.41	14.64	79,448
Fuel, electricity, water and other services	153.65	1.11	6,042
On and off-site administration	29.65	0.21	1,166

Item	LOM Total Cost (RMB M)	Unit Cost (RMB/t RoM)	Unit Cost (RMB/t REO)
Environmental protection and monitoring	30.52	0.22	1,200
Transportation of workforce	5.48	0.04	216
Product marketing and transport	38.15	0.28	1,500
Non-income taxes, royalties and governmental charges	1,613.60	11.69	63,451
Contingency allowances	222.35	1.61	8,743
Total	4,264.61	30.90	167,697

Preliminary Economic Analysis

The Discounted Cash Flow ("DCF") method was used for the economic analysis, as the project is under the construction and pre-operation stage with a completed PFS. It is important to note that the purpose of this analysis is solely to demonstrate the economic viability of the project. The derived NPVs do not indicate the fair market values or the profitability of the projects. The estimated cash flows and NPVs were presented on an after-tax basis, and financing costs were not considered.

The net present value ("NPV") of RMB471.23 million at 10% discount rate was estimated by SRK through DCF model. The NPVs based on different discount rate were also estimated, presented in Table ES- 7, which has demonstrated the economic viability of the Project.

Table ES- 7: Estimated NPVs at Different Discount Rate (Unit: RMB M)

Discount Rate	8%	9%	10%	11%	12%
NPV	527.96	498.69	471.23	445.47	421.26

Sensitivity analysis was conducted on Capex, Opex and price. The result indicates the NPV is most sensitive to price, followed by Opex and Capex.

Risk Assessment

The results of the risk assessment rating are presented in Table ES- 8 below. The rating of the risks is presented before implementation of control recommendations.

Table ES- 8: Project Risk Assessment of the Mengkham REE Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Lack of Significant Ore Reserves	Possible	Major	High
Unexpected Groundwater Ingress	Unlikely	Minor	Low
Mining			
Subsidence and Ground Stability	Possible	Moderate	Medium
Hydrogeological Modeling Uncertainties	Unlikely	Moderate	Low
Significant Production Shortfalls	Unlikely	Major	Medium
Significant Geological Structure	Possible	Minor	Low
Ore Processing			
Lower Recovery	Unlikely	Moderate	Low

Risk Source/Issue	Likelihood	Consequence	Overall
High Production Cost	Possible	Minor	Low
Poor Plant Reliability	Unlikely	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Capital Cost and Operating Cost Increases	Possible	Moderate	Medium
High mine closure cost	Possible	Moderate	Medium
Environmental, Social and Permitting			
Environmental approval to be delayed	Possible	Moderate	Medium
Water eutrophication	Possible	Moderate	Medium
Fund not available and without proper mine closure	Possible	Moderate	Medium

Some medium to high risks have been identified for the Project. Two high risks are "Lack of significant Ore Reserves" and "Capital Cost and Operating Cost Increases". To manage the risks, SRK recommends the Company should further conduct supplemental exploration programs following guidelines of the best practice to improve the mineral resource basis, and then conduct a feasibility study.

Recommendations

Geology and Mineral Resources

The core drilling and geological logging were carried out to a standard that ensures the data and information collected sufficiently support the goals of subsequent geological modelling and resource estimation.

SRK considers that the depth capacity of manual auger drilling may not be enough to penetrate potentially semi-weathered hard layers or boulders. This limitation could potentially result in incomplete intersections of the ore-bearing horizon during drilling.

Sepon

Looking ahead, the Sepon REE mine is considering in-situ leaching to be their main extraction technique. However, the available data, which only includes 8 ionic analyses, falls short in providing an accurate estimate of the mine's potential and productivity. The scant data does not paint a holistic picture of what the mine can offer. For this reason, SRK suggests a re-analysis of the ionic REE grade. Through this, a clearer view of the mine's potential can be ensured, which is crucial in devising and executing efficient mining plans.

Mengkham

SRK considers that the rapid test method, which entails visually observing rare earth precipitates before conducting core sampling for laboratory analysis, is qualitative in nature. This approach serves merely as an initial indication to assess the mineralization within the sampled core interval. Due to its inherent subjectivity, this method may result in overlooking certain shallow-occurring intervals containing REE sufficient for subsequent laboratory testing, potentially leading to an underestimation of orebody thickness.

The 1:5,000 topographic aerial survey only covered an area of 2.3 km². SRK suggests the mine to conduct a detailed topographic survey covering the whole project area.

The mine's current approach is to analyse all basic samples in the lab onsite. While this might be convenient and efficient, it may not provide the most accurate results. Large bias was observed between original assay and SRK verification results. It is recommended that all the samples should be sent to a qualified laboratory for assaying again.

There are merely 30 samples that possess REE compositions. This limited number prompts SRK to recommend that the mine increase its efforts in conducting more composition analyses. This is to ensure a more reliable and expansive dataset for evaluation purposes.

SRK also recommends carrying out more research on structure or fault system. This is because faults may have a substantial influence on the in-situ leaching mining method.

Prefeasibility Study

SRK would recommends the Company to conduct a prefeasibility study on the Mengkham REE Project once the supplemental exploration programs and resource update have been completed to optimize the development scheme of the project.

1 Introduction

SRK Consulting China Ltd. (“**SRK**”) was requested by Chifeng Jilong Gold Mining Co., Ltd. (“**Chifeng Gold**” or the “**Client**”) to prepare a Competent Person’s Report (“**CPR**” or the “**Report**”) for its Sepon REE Project and Mengkham REE Project (the “**Projects**”) located in Savannakhet Province, and Xiengkhouang Province, Lao People’s Republic (“**Laos**”), respectively, in accordance with the guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (“**JORC Code (2012)**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEx**”).

The projects include exploration licenses, mining licenses, currently in-situ leaching mine, and associated ore processing and metallurgic plants under construction and metallurgical leach testing. The Sepon REE project is currently operated by Lane Xang Minerals Limited (“**LXML**”), which is a subsidiary of Chifeng Gold. The Mengkham REE project has a trial mining permit and an exploration permit, which are held by China Investment Rare Earth Mining Co., Ltd. and China Investment Rare Earth Mining XiangKhouang Co., Ltd., respectively. China Investment Mining (Laos) Sole Co., Ltd. holds an 86% equity interest in both China Investment Rare Earth Mining Co., Ltd. and China Investment Rare Earth Mining XiangKhouang Co., Ltd. Since March 2024, Chixia Laos Holdings Limited (“Chixia Laos”) has been in the process of acquiring a 90% equity interest in China Investment Mining (Laos) Sole Co., Ltd.

This report consists of an independent review of the geology, exploration, mineral resources, Ore Reserves, mining, mineral processing and smelter-refinery, capital investment, operating cost, and environmental and social aspects of the Projects. The mineral resource statement reported herein was prepared in conformity with JORC (2012).

2 Program Objectives and Work Program

2.1 Purpose of the Report

The purpose of this Report is to provide both existing Chifeng Gold shareholders and potential investors with a CPR of the Sepon REE Project and Mengkham REE Project in Laos. The SRK's report is proposed to provide an unbiased technical assessment of the risk associated with the Project.

2.2 Scope of work and Reporting Standard

2.2.1 Scope of Work

The scope of work, as defined in letters of engagement executed in November 2022 and in May 2024 between Chifeng Gold and SRK, includes the reviewing/updating of mineral resource models for the REE mineralization, delineated on the Projects, and reviewing of a prefeasibility study done on the Mengkham REE project and preparation of a CPR in compliance with JORC (2012) and the listing requirements of the HKEx. This work involved the assessment of the following aspects of the Projects.

- Regional, local and mine geology
- Exploration history, quality and independent data verification
- Geological modelling, mineral resource estimation and validation
- Mining assessment
- Processing and mineral recovery, smelter and refinery
- Environmental and social
- Operating and capital costs; and economic analysis
- Preparation of a Mineral Resource Statement and an Ore Reserve Statement, if any
- Recommendations for additional work

2.2.2 Basis of Technical Report

This report is based on information collected by SRK during site visits carried out in December 2022 and May 2024 and on additional information provided by the Company throughout the course of SRK's investigations. SRK has no reason to doubt the reliability of the information provided by the company. Other information was obtained from the public domain. This technical report is based on the following sources of information:

- Discussions with personnel of the Sepon and Mengkham REE Projects
- Inspection of the Sepon and Mengkham REE Projects area, including outcrop and drill core
- Review of exploration data collected by the Company
- Additional information from public domain sources

This report has been prepared to accommodate the requirements of HKEx, and the Mineral Resources and Ore Reserves are reported according to the JORC (2012), which is binding upon all Australasian Institute of Mining and Metallurgy ("AusIMM") members.

2.2.3 Site Visit

SRK conducted site visits to both projects. During the period from 9 to 14 December 2022, SRK's personnel conducted site visits to the Sepon Project, gathered data and interviewed related personnel who conducted exploration and feasibility study on the project. During the period from 13 to 16 May 2024, SRK further conducted a site visit to the Sepon REE Project including an examination of historical drill holes. No relevant production equipment was observed on site. The Sepon Project is an exploration project, and during the exploration process, sampling activities might take place. During the period from 9 to 11 May 2024, SRK conducted site visits to the Mengkham REE project, inspected and observed the status of the project, held meetings with the managements and technical personnel, sighted geology, exploration, mineralization, the mining, ore processing and metallurgic facilities in construction and metallurgical leach testing, as well as conducted its own data verification programs, and assessed environmental and social aspects.

SRK was given a full access to relevant data and conducted interviews with Sepon/Mengkham REE Project personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store and analyse historical and current exploration data, as well as operating issues and data.

2.2.4 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the 2015 edition of the *Code for Technical Assessment and Valuation of Mineral Petroleum Assets and Securities for Independent Expert Reports* (the "Valmin Code"). The Valmin Code incorporates The JORC Code for the reporting of Mineral Resources and Ore Reserves and is binding upon all the Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets. Aspects reviewed in this Report do include product prices, socio-political issues and environmental considerations; however, SRK does not express an opinion regarding the specific value of the assets and tenements involved.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code. However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code, at least until further documentation can be obtained on the estimates and they have been formally endorsed by a "Competent Person" in accordance with the JORC Code.

2.3 Limitations Statement

SRK is not professionally qualified to opine upon and/ or confirm that the Client has 100% ownership of its underlying tenement and/ or has any unresolved legal matters relating to any transfer of

ownership or associated fees and royalties. SRK has therefore assumed that there are no legal impediments regarding the existence of the relevant tenements and that the Client has legal right to all underlying tenements as purported. Assessing the legal tenures and rights to the prospects of the Client and or any of its subsidiary companies are the responsibility of legal due diligence conducted by entities other than SRK.

2.4 Effective Date

SRK's opinion contained herein and effective as of **30 September 2024**, is based on information collected by SRK throughout the course of SRK's investigations. The information in turn reflects various technical and economic conditions at the time of writing this report. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report may include technical information that requires subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

2.5 Work Program

The scope of work, as defined in letters of engagement reached in November 2022, and May 2024 between Chifeng Gold and SRK, includes the reviewing and estimating of the mineral resource of the REE mineralisation delineated within the Sepon Project' tenements and the Mengkham REE project, and reviewing of a preliminary feasibility study on the Mengkham REE project, and the preparation of a CPR on the projects in accordance with JORC (2012) and the listing requirements of the HKEx.

SRK conducted the work programs on the projects in phases:

Phase 1: SRK conducted a desktop review on the documents provided by the client, before conducting the site visits the project site;

Phase 2: SRK conducted site visits to both projects. During the period from 9 to 14 December 2022, SRK's personnel conducted site visits to the Sepon Project, to gather data and interview related personnel who conducted exploration and feasibility study on the project. During the period from 13 to 16 May 2024, SRK further conducted a site visit to the Sepon REE Project. During the period from 9 to 11 May 2024, SRK conducted site visits to the Mengkham REE project, inspected and observed the status of the project, held meetings with the managements and technical personnel, sighted geology, exploration, mineralization, mining, ore processing and metallurgic facilities in construction and metallurgical leach testing, as well as conducted its own data verification programs, and assessed environmental and social aspects.

Phase 3: SRK team reviewed the information provided by Chifeng Gold, and estimated mineral resources and reviewed the preliminary feasibility study on the Mengkham REE project, conducted a preliminary economic assessment on the project, and compiled a technical report about the projects, and submitted it to the client for comments in June, August and November 2024.

SRK will further revise the report based on the feedbacks from the client and related third parties, and will finalize it in the due course.

2.6 SRK Experience

The SRK Consulting Group (“SRK Consulting”) is an independent, international consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK Consulting offers services from exploration through feasibility, mine planning, and production to mine closure.

Among the company’s more than 1,500 clients are most of the world’s major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration.

Formed in 1974 in Johannesburg, South Africa, SRK Consulting now employs more than 1,800 professionals internationally in 42 permanent offices across 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, along with its global base, has made the company a world leader in due diligence, feasibility studies, and confidential internal reviews.

SRK Consulting’s independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This enables the company to provide its clients with objective, conflict-free recommendations on crucial judgement issues.

SRK China was established in 2005 and has three offices located in Beijing, Nanchang and Kunming. Either independently or together with other SRK Consulting offices—especially SRK Australasia, SRK has been providing independent technical services for the Chinese mining companies. SRK has considerable experience at providing Independent Expert Reports for mining companies who have successfully listed on the stock exchanges in Hong Kong, Australia, United Kingdom, Canada, South Africa and the United States.

SRK has provided dozens of independent technical reports for the Chinese mining companies who have completed successfully listed and/or acquired on the Stock Exchange of Hong Kong Ltd., as shown in Table 2-1.

Table 2-1: SRK’s Reports for Listing on the HKEx

Company	Year	Nature of Transaction
Yanzhou Coal Limited (listed in HKEx)	2000	Sale of Jining III coal mine to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on HKEx and New York Stock Exchange
Fujian Zijin Gold Mining Group	2004	IPO Listing on HKEx
Lingbao Gold Limited	2005	IPO Listing on HKEx
Yue Da Holdings Limited (listed in HKEx)	2006	Acquisition of shareholding in mining projects in Yunnan, China
China Coal Energy Company Ltd (China Coal)	2006	IPO Listing on HKEx

Company	Year	Nature of Transaction
Sino Gold Mining Limited	2007	Dual Listing on HKEx
Xinjiang Xinxin Mining Industry Co., Ltd	2007	IPO Listing on HKEx
Kiu Hung International Holding Limited	2008	Acquisition of shareholding in coal projects in Inner Mongolia, China
Hao Tian Resource Group Limited	2009	Very Substantial Acquisition of two coal mines in Inner Mongolia, China
Green Global Resources Holdings Ltd	2009	Very Substantial Acquisition of shareholding in one iron project in Mongolia
Ming Fung Jewellery Group Holdings Ltd	2009	Acquisition of shareholding in gold project in Inner Mongolia, China
Continental Holdings Limited	2009	Acquisition of a gold project in Henan, China
North Mining Shares Company Limited	2009	Acquisition of a molybdenum mining project in Shaanxi, China
CNNC International Ltd	2010	Acquisition of a uranium mine in Africa
Sino Prosper Mineral Products Ltd	2010	Acquisition of shareholdings in one gold project in Inner Mongolia, China
New Times Energy Corporation Ltd	2010	Acquisition of shareholding in gold projects in Hebei, China
United Company RUSAL Limited	2010	IPO Listing on HKEx
Citic Dameng Holdings Limited	2010	IPO Listing on HKEx
China Hanking Holdings Limited	2011	IPO Listing on HKEx
China Daye Non-Ferrous Metal Mining Limited	2012	Very Substantial Acquisition on HKEx
China Nonferrous Mining Corporation Limited	2012	IPO Listing on HKEx
Hengshi Mining Investments Limited	2013	IPO Listing on HKEx
Future Bright Mining Holdings Limited	2014	IPO Listing on HKEx
King Stone Energy Group Limited	2014	Acquisition of Shareholding in silver mines in Fujian, China
AgriTrade International Pte LTD	2015	Acquisition of Shareholding in one coal mine in Indonesia
China Unienergy Group Limited	2016	IPO Listing on HKEx
Pizu Investment Co. Ltd	2020	Acquisition of Shareholding in a polymetallic project in China
China Qinfa Group Limited	2021	Annual disclosure of coal mines in Shanxi, China
China Graphite Group Limited	2022	IPO Listing on HKEx
Kinetic Development Group	2022	Major transaction of equity interest in Ningxia Sunshine
Persistence Resources Group Ltd	2023	IPO Listing on HKEx

2.7 SRK Project Team

The SRK project team and responsibilities are shown in Table 2-2.

Table 2-2: SRK Project Team

Consultant	Title	Discipline and Task
Dr. Anshun Xu	Corporate Consultant (Geology)	Project Manager, whole report, CP
Huaixiang (Hubert) Li	Senior Consultant (Geology)	Geology, Mineral Resource Estimation
Erwei Lu	Consultant (Mining)	Mining Review
Yonggang Wu	Principal Consultant (Mining)	Mining Review, CP
Lanliang Niu	Principal Consultant (Processing)	Processing Review
Xiangfeng Yang	Senior Consultant (Processing)	Processing Review
Yuanhai Li	Principal Consultant (Environment)	Environment, Social, and Permitting Review
Dr Yonglian Sun	Corporate Consultant (Mining)	Internal Peer Review and Quality Control

The short bios of key SRK personnel are shown below:

Anshun Xu (Anson Xu), Ph.D., FAusIMM, is a Corporate Consultant (Geology) who specializes in the exploration of mineral deposits. He has more than 30 years' experience in exploration and development of various types of mineral deposits including Cu-Ni sulphide deposits related to ultra-basic rocks, tungsten and tin deposits, diamond deposits, and REE deposits. He recently completed several due diligence jobs for clients from both China and overseas including technical review projects such as Canadian NI43-101 reports and HKEx IPO technical reports. Dr. Xu was the Projects Manager of this project and the Competent Person ("CP") who takes overall responsibility for this report.

Huaixiang (Hubert) Li, MEng, MAIG, is a senior consultant (geology) with SRK China. He graduated from the China University of Geosciences (Beijing) and has worked in a geological exploration company for more than 6 years and gained lots of experiences and expertise in geological and mineral resources exploration. As a consulting geologist, he has participated a number of metal mineral projects, including exploration design review, data verification, due diligence reviews and mineral resource estimation. He is familiar with the principles and methods for metal ore deposits prospecting and exploration including lithium, gold, silver, PGE, REE, copper, lead, zinc, molybdenum, bauxite, etc. He is proficient in geological modelling, resources estimation, data processing and GIS/RS application. Mr. Li is responsible for the geology, exploration and mineral resources, and is the Competent person of the mineral resources.

Yonggang Wu, (Mining and Reserves), M.Eng., is a Principle Consultant (Mining). He joined SRK after graduation from Jiangxi University of Science and Technology in 2007. He has acquired specialized knowledge in mining engineering, MineSight software and has been involved in various projects to date. He has worked on a wide range of commodities including Au, Ag, Pb, Zn, Mn, Cu, Fe, W, Sn, fluorite, potassium salts, alum, phosphorus, serpentine, and many more. He has accumulated extensive experience in Mineral Resource/ Ore Reserve estimation, pit limit optimization and design, underground mining design, long-term production planning, mining assessment, public facilities and infrastructures assessment and due diligence studies. Yonggang has expertise in geological and mining modelling and is proficient in using MineSight, Surpac, AutoCAD, and other specialized software packages. He has been involved in dozens of independent technical reports, due diligence reports and annual reports to provide investors, decision makers and shareholders with unbiased technical opinions. Mr. Wu supervises Mr. Lu for the mining assessment, and acts as the CP of ore reserves.

Erwei Lu, M.Eng.; Consultant (Mining) at SRK China, he obtained his bachelor's degree and master's degree in mining engineering from Central South University. He has over five years of practice of underground operation, and about one year's mineral project evaluation experience. He worked as an on-site mining engineer in Zambia for China Nonferrous Metal Mining (Group) Co., Ltd. after graduation in 2017. He also worked for an autonomous driving application and mineral project investment companies since 2022. He is familiar with large scale underground mobile equipment operation and training, long-hole blasting, mine design and scheduling, and production management, as well as autonomous driving application in open pit mine, and project evaluation. Mr. Lu conducted mining assessment under the supervision of Mr. Yonggang Wu.

Lanliang Niu, B.Eng., MAusIMM, is a **Principal Consultant (Mineral Processing)**, who graduated in 1987 from Beijing University of Science and Technology majoring in ore processing. He has worked on the industrial testing of gold leaching with low grade ores, managed or participated in processing and metallurgical testing for more than 10 precious and non-ferrous metals projects. With SRK, he has been responsible for the ore processing and metallurgical scope of work and involved in many key projects. Mr. Niu was responsible for the metallurgical and processing review. Mr. Niu peer reviewed Ms. Xiangfeng Yang's work.

Xiangfeng Yang, MEng; MAusIMM, Chinese Certified Mine Constructor, Chinese Certified Mineral Right Value, Certified Cost Engineer, is a Senior Consultant (Mineral Processing) with SRK Consulting China Ltd. She has over 12 years' experience in processing Feasibility Study, processing design and technical consultancy service, especially in industrial minerals including gold, silver, lead, zinc, copper as well as phosphate. She obtained bachelor's degree and master's degree in mineral processing engineering from Jiangxi University of Science and Technology and Wuhan University of Science and Technology, during which she systematically studied the processing flowsheet and plant design on nonferrous metals ore and non-metallic ores. Before joining SRK, she engaged in ore Feasibility Study, preliminary design, construction drawing design and equipment procurement evaluation in Bluestar Lehigh Engineering Institute Co., Ltd and Nanchang Mineral Systems Co. Ltd. She has published several journal papers and utility models, conducted and participated in the plant design of many medium and large phosphate ore, potash salt, sulfide ore, iron ore and other projects. Ms. Yang reviewed the processing and metallurgic aspects, as well as the economic analysis.

Andy Li, PhD, MAusIMM, is a **Principal Environmental Consultant** with SRK Consulting China Ltd. Having graduated with a doctoral degree in Environmental Engineering from the Florida State University, he has over 12 years' experience in the environmental engineering field and has worked in various environmental projects in the USA, China, Mongolia, and a number of South Asian countries. He has particular expertise in environmental due diligence reviews, environmental compliance, and impact assessments for mining, mineral processing, refining, and smelting; in contaminated-site assessments and remedial design; in wetland and landfill rehabilitation; and in environmental-risk assessment. He also has extensive experience in water/wastewater treatment design, water distribution systems, and storm water management system design. Dr. Li was responsible for the environmental, permit, social and community review.

Yonglian Sun, B.Eng. PhD, FAusIMM, FIEAust, CPEng., is a Corporate Consultant and a Practice Leader of SRK China. Dr Sun has over 30 years experience in geotechnical engineering and mining engineering in five countries across four continents. He also has extensive international experience in mining project evaluation for project financing and overseas stock market listings. Over the last

decade, Dr Sun has led and coordinated dozens of due diligence projects for many mining companies and most of them have been successfully financed or listed on the HKEx. Dr Sun provided internal peer review to ensure the quality of the report meets the required standard.

2.8 Warranties

Chifeng Gold has warranted to SRK that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt these warranties.

Based on the information provided by Chifeng Gold, there are no events that have occurred since the Effective Date that are likely to have a material impact on the Mineral Resource and Mineral Reserve statements for the Sepon and Mengkham REE Projects at the date of publication of this CPR.

2.9 Compliance Statement

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Dr. Anshun Xu, a Competent Person who is a Fellow of the AusIMM, and Mr. Yonggang Wu, a Competent Person Who is a Member of the AusIMM. Both are full time employee of SRK Consulting China Ltd.

This Report is a Competent Person's Report in line with the Listing Rules of the Exchange and HKEX.

Dr. Anshun Xu has no prior association with Chifeng Gold in regard to the mineral assets that are the subject of this Report. Dr. Anshun Xu has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

Dr. Anshun Xu and Mr. Yonggang Wu have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code".

Dr. Anshun Xu and Mr. Yonggang Wu consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Peer review and quality control of the Report were conducted by Dr. Yonglian Sun, *FAusIMM (CP Eng)*, a Corporate Consultant (Mining and geotech).

2.10 Independence Statement

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

SRK has no prior association with Chifeng Gold or Chifeng Gold's employees or in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of

the technical assessment being capable of affecting its independence. SRK is independent of Chifeng Gold applying all of the tests in 18.21 and 18.22 of the Listing Rules of the Exchange and HKEX.

SRK is not an insider, associate or an affiliate of Chifeng Gold, and neither SRK nor any affiliate has acted as advisor to Chifeng Gold, its subsidiaries or its affiliates in connection with the projects. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

2.11 Consent

SRK consents to this Report being included, in full, in documents that Chifeng Gold proposes to submit to the HKEX and/ or disclosure to the public markets, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2.12 Forward Looking Statement

Estimates of Mineral Resources, Ore Reserves (if applicable), and mine production (if applicable) are inherently forward-looking statements, which being projections of future performance will necessarily differ from the actual performance. The errors in such projections result from the inherent uncertainties in the interpretation of geologic data, in variations in the execution of mining and processing plans, in the inability to meet construction and production schedules due to many factors including weather, availability of necessary equipment and supplies, fluctuating prices, ability of the workforce to maintain equipment, and changes in regulations or the regulatory climate.

The possible sources of error in the forward-looking statements are addressed in more detail in the appropriate sections of this report. Also provided in the report are comments on the areas of concern inherent in the different areas of the mining and processing operations.

3 Operational Licenses and Permits

This section summarises related operational licences and permits. SRK relied on the information provided by the Company, and SRK understands that a legal due diligence review of this Project has been undertaken by the Company's legal advisors.

3.1 Sepon REE Project

Currently, LXML possesses an exploration permit with a total area of 996.12 km² for copper and gold only, which is valid till June 2026. The exploration permit consists of 66 inflection points which have been provided in Table 3-1 below. Please note that the Sepon REE Project area is located within the southeastern corner of the permitted area, and the REE exploration permit application is in process. REE exploration activities is intended to be carried out upon the approval of the application.

Table 3-1: Inflection Points of Sepon Exploration Permit

Coordinates (Indian60/UTM zone 48N)								
No.	Easting	Northing	No.	Easting	Northing	No.	Easting	Northing
1	576400	1882200	23	627800	1878000	45	592000	1871800
2	585600	1882200	24	639800	1878000	46	590800	1871800
3	585600	1879600	25	639800	1872200	47	590800	1872400
4	588800	1879600	26	634000	1872200	48	589200	1872400
5	588800	1881000	27	634000	1870600	49	589200	1873200
6	593200	1881000	28	624800	1870600	50	587400	1873200
7	593200	1882200	29	624800	1868200	51	587400	1874000
8	597600	1882200	30	616400	1868200	52	585600	1874000
9	597600	1893200	31	616400	1862200	53	585600	1874600
10	606000	1893200	32	654400	1862200	54	583800	1874600
11	606000	1890800	33	654400	1856200	55	583800	1875200
12	604400	1890800	34	625000	1856200	56	582400	1875200
13	604400	1887400	35	625000	1861600	57	582400	1875800
14	613200	1887400	36	615400	1861600	58	581000	1875800
15	613200	1892200	37	615400	1863200	59	581000	1876400
16	615000	1892200	38	608000	1863200	60	579600	1876400
17	615000	1894800	39	608000	1867200	61	579600	1877000
18	619000	1894800	40	598000	1867200	62	578800	1877000
19	619000	1892600	41	598000	1867800	63	578800	1877600
20	622000	1892600	42	594600	1867800	64	577400	1877600
21	622000	1881200	43	594600	1869000	65	577400	1878000
22	627800	1881200	44	592000	1869000	66	576400	1878000

3.2 Mengkham REE Project

3.2.1 Trial Mining License

Table 3-2 which is renewable, and the scanned copy of the original trial mining license is attached in Appendix A. Please note that the Company is in the process of renewing this license.

Table 3-2: Trial Mining License

Name of Mine	Mengkham Rare Earth Mine
Ming License No.	MPL0156
Issued to	China Investment Rare Earth Mining Co. Ltd
Issued by	Ministry of Mine and Energy
Area (km²)	8.0
Issuing Date	28 December 2022
Expiry Date	December 2025

3.2.2 Exploration Permit

Table 3-3 summarizes the key information of the exploration permit.

Table 3-3: Exploration Permit

Name of Mine	Mengkham Rare Earth Mine
Ming License No.	2122 No.3
Issued to	China Investment Rare Earth Mining Xiangkhouang Co. Ltd
Issued by	Ministry of Mine and Energy
Area (km²)	42.0
Issuing Date	28 December 2022
Expiry Date	December 2024

3.2.3 Other Key Operational Licenses and Permits

The Company has obtained land use agreements with the locals for the site operation, and SRK was provided with sample agreements for review. They include information regarding land area, items for compensation, etc. Other license and permits for water use permit or discharge permit are under application process.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Sepon project is in Sepon County, Savannakhet Province, Lao PDR. The property is situated in the southern part of the Sepon gold and copper Mine.

The Mengkham REE Project is located in Mengkham County, Xiengkhouang Province, Lao People's Democratic Republic. The property is situated between latitudes 19°48' and 19°51' north, and between longitudes 103°39' and 103°41' east.

The locations of the two projects are shown in Figure 4-1.

Figure 4-1: Locations of The Sepon and Mengkham REE Projects



Source:SRK

4.1 Sepon Rare Earth Element Deposit

4.1.1 Accessibility

The Sepon REE project is in Savannakhet province, south-central Laos (Figure 4-2). Access to the project area from Vientiane, the capital of Laos may take about 1.5 hours flight or about 8 hour drive for a distance about 560 km. There are daily charter flights available between Vientiane and Sepon mine in weekdays. There are also daily flights between Vientiane and Chinese, Vietnam and Thailand cities. Alternate access to the project is about 1 hour flight between Vientiane and Savannakhet and then about 4-hours bus ride between Savannakhet to Sepon.

Figure 4-2: Location of Sepon REE Project



Sources: SRK

4.1.2 Local Resources and Infrastructure

In the Sepon Project region, the vegetations are abundant with eucalyptus forest and bushes.

Villages are widely distributed in the area, and villagers generally work in agriculture and forestry productions. Rice is the main crop and Manihot is also important crop. Industry is not well developed. Labours are abundant, while technical personnel are absent.

Power line of 220 KV goes through the area and supplies the electricity. Telephones and mobile communication are available.

4.1.3 Climate and Physiography

The climate in the project area belongs to tropic climate with northeast monsoon and southwest monsoon. The raining season relates to the southwest monsoon and is characteristics of heavy rainfall, high temperatures and high moistures, and lasts from mid-April to mid-October. The dry season lasts from mid-October to mid-April in the following year with the characteristics of less rains and relatively lower temperatures and moistures, while the driest season is from mid-November to mid-February of the following year.

4.1.4 Physiography

The Sepon project area has a geomorphology of low-mid mountains. The elevations generally range from 240 to 420m above sea level ("ASL"). The highest point in the mountainous area in the north is 755.0m ASL. In the mine area, the relative elevation differences are about 50 to 100m.

The mountain ranges generally strike near East-West. Water runs from the slope of each side to small streams. During dry the season, most of the small streams are dried out, while the small rivers which the small streams flow into have the running water all year round. The small rivers flow into Sebanghiang River in the foot of the south slope, and the Sebanghiang River flows into Mekong River.

4.2 Mengkham REE Project**4.2.1 Accessibility**

The project is situated in Longmou Village and Soumont Village, Mengkham County, in the northern part of Xiengkhouang Province (Figure 4-3). There are daily commercial flights available between Vientiane, the capital of Laos, and Phongsavan, the capital of Xiengkhouang Province. Provincial highway, 1C, runs through the mining area, linking Phongsavan and Sangnu, the capital of Houaphan Province. Traveling from Mengkham County town to the project area along highway 1C is approximately 45 kilometers, all of which are winding mountain roads with asphalt surfaces. These roads can be dangerous due to many curved turns. The project is roughly 100 kilometers away from Phongsavan and around 140 kilometres from Sangnu, making transportation generally straightforward. Certain parts of the mining area have been surfaced with sand and stone, allowing for vehicular access in both rainy and dry seasons.

Figure 4-3: Location of Mengkham REE Project

Sources: SRK

4.2.2 Local Resources and Infrastructure

Xiengkhouang province is located in the northeast of Laos, bordering Vietnam to the east. The capital is Phongsavan and the province is divided into eight districts. As of 2020, it has a population of 267,179 and covers an area of 15,800km².

Xiengkhouang province is a multi-ethnic region primarily inhabited by Lao Long (Dai), Lao Song (Miao), and Lao Listen (Yao). It has a pleasant climate and fertile land, making it suitable for growing semi-plateau plants, cultivating vegetables, and breeding cattle and other livestock. The province is rich in minerals like iron, antimony, zinc, silver, copper, alluvial gold, and coal.

Traditional industries include silk weaving, bamboo weaving, ironwork, pottery, and food processing. The region is also home to sewing factories, ice factories, beverage factories, sawmills, waterworks, and automobile repairing shops. Rice paddies dot the river valleys and parts of the shallow hills. The Shigang Plain, a famous tourist attraction in Laos, is also located there.

The mine is located near two villages, Longmou and Soumont, which collectively house about 394 households or 2,907 people, including 1,512 men and 1,395 women. The residents primarily engage in farming, hunting, and storekeeping, though the economic condition of the area is relatively poor.

Locals mainly use diesel and gasoline for fuel, which are conveniently supplied in townships, counties, and urban areas. Construction materials such as cement, sand, stone, and steel bars are available in urban areas.

Mobile communication companies, LAO TELECOM and UNITEL, provide domestic and international telephone services within the mining rights area.

The mining area has sufficient power supply with a township power grid. However, due to high power consumption, a new substation is required to supply electricity in the mining area.

4.2.3 Climate

The climate in the area belongs to the Southeast Asian tropical rainforest climate zone, characterized by changeability, long sunshine hours, strong ultraviolet radiation, large diurnal temperature differences, and year-round hot and humid weather. Influenced by the monsoon climate, the year is divided into dry and rainy seasons. The rainy season is from June to October, with occasional thunderstorms and heavy rains, abundant rainfalls, which cause roads muddy, air humid, travel difficult, so it is unsuitable for outdoor geological work. The dry season is from November to the following May. The weather is clear and less rainy, and the temperature is relatively mild, making it the golden season for outdoor geological work. However, in April, it is often continuously hot, which is the highest temperature period of the year. Temperatures hover between 36°C and 43°C. Outdoor activities should be avoided as much as possible to prevent heatstroke. The province of Xiengkhouang belongs to the Laotian plateau, where the temperature varies greatly between day and night in the dry season. From November to February of the following year, the lowest temperature is 5-6°C.

The mining area is relatively high in terrain, with undeveloped surface water bodies. The only recharge source of groundwater is atmospheric precipitation. In addition to running off along the slope into nearby streams, atmospheric precipitation is partly consumed by evaporation and plant transpiration. The remaining part infiltrates down through the loose layer of the Quaternary and the fissures of the weathered crust of the bedrock to form underground seepage, with the recharge degree mainly controlled by the terrain. In areas with steeper terrain, atmospheric precipitation easily forms surface runoff into nearby streams. In areas with relatively gentle terrain, the main method is infiltration, partly recharging deep groundwater. The direction of groundwater seepage in the mining area flows from relatively high to relatively low terrain.

The mining area is located in the mountains and is the watershed area of the hydrogeological units in the region. There are no large-scale surface water bodies, but many mountain streams have developed, branching out like tree branches. There are two types of water source replenishment methods: one is precipitation replenishment, and the other is groundwater seeping out along the bank of the ditch. There are no centralized water outlets. The stream flow gradually increases from upstream (the source is located in the mining area) to downstream. The surface water is clear and transparent, slightly turbid in the rainy season, and the content of mud and sand increases. All areas within the mining area are above the local erosion base level, and there is no impact of surface water on future mining.

4.2.4 Physiography

One-fifth of Xiengkhouang province is plains, while the remaining four-fifths consist of mountains and plateaus. The average elevation in the northern part exceeds 1,500 meters above sea level. The highest peak, Bia Mountain, located in Xiengkhouang province, stands at 2,820 meters. Other peaks in the province rise over 2,000 meters.

The northwestern region of the province is rugged, remote, and isolated, with rivers that swell in the rainy season. The Truong Son Mountain range in the eastern part of the province descends gradually from north to south, with an average elevation of 1,200 meters in the south. The Truong Son range acts as the natural boundary between Laos and Vietnam. Areas near the Truong Son range are characterized by highlands and mountains.

5 History

5.1 Sepon Rare Earth Element Deposit

The REE project of Sepon is located in the southeast of the mining area, with an area of 209km², and is about 20-50km straight line distance from the main mining area. The exploration history is summarized as follows:

From 1995 to 1996, CRAE Company conducted prospective work in this area.

From 1997 to 1998, CRAE Company carried out mapping, water system sediment measurement, block sample analysis, etc. in this area. The highest grade of Au ore found in the grabbed sample is 4.7 g/t.

In 2008, OZ Company carried out mapping work in the western part of this block and delineated the distribution range of granite.

In 2009, OZ Company carried out geological mapping and soil sampling work in the eastern part of the project and delineated the distribution range of granite. During the mapping, silicified conglomerates were found on the surface, the highest Au grade was 2.18 g/t, and sulfide veinlets could be seen in the Highway group sandstone.

In 2021, the exploration department of LXML restarted geological exploration work in the area, carried out geological mapping and physical and chemical measurement work, and found that granite was widely distributed in the area during the mapping and soil measurement, and the granite-covered area had a significant rare earth anomaly, with the characteristics of ion-adsorption type rare earth deposits in the weathering crust.

5.2 Mengkham Rare Earth Project

Since 1987, Laos has been carrying out 1:200,000 geological mapping. The 1:200,000 geological map with the code E-48- II (KHANGKHAI AREA) includes the mining area.

In 1988, the Soviet Union and Vietnam published six geological maps for Vietnam, Laos, and Cambodia. In 1990, the United Nations published a 1:500,000 geological map of Laos, a Laos mineral resources distribution map, and explanatory notes. These were edited by the United Nations Economic and Social Commission for Asia and the Pacific ("ESCAP").

In 1991, Peter J. Cook of the British Geological Survey and Dr. Bosay Kham of the Lao Geology and Minerals Bureau published a Lao People's Democratic Republic mineral distribution map (1:1,000,000).

From September 1990 to March 1991, a five-person team from the British Geological Survey created two new English computer databases for geological books and mineral resources of the Vientiane Geology and Minerals Bureau. The creation was supported by the West Asia Development Bank. The team also prepared a new coloured geological and mineral map (1:1,000,000).

With the progress of China's "One Belt, One Road" initiative and funding from the China Geological Survey, Laos completed a 1:1 million geochemical filling map. This filled the gap in the national scale geochemical filling map of Laos. The project collected 1905 geochemical samples in the territory (net

degree 10km×10km). The content of 71 elements was analysed using various testing methods, and geochemical maps and geochemical anomaly maps were compiled.

In 2022, China Investment Mining (Laos) Sole Co., Ltd. organized detailed exploration work. It resulted in a cumulative total of 13,656 drilling holes and approximately 200,000 meters.

From 2022 to 2023, detailed exploration work was carried out in the mining area. The resources of ionic rare earth oxides within the mineral rights range were estimated based on the detailed exploration data.

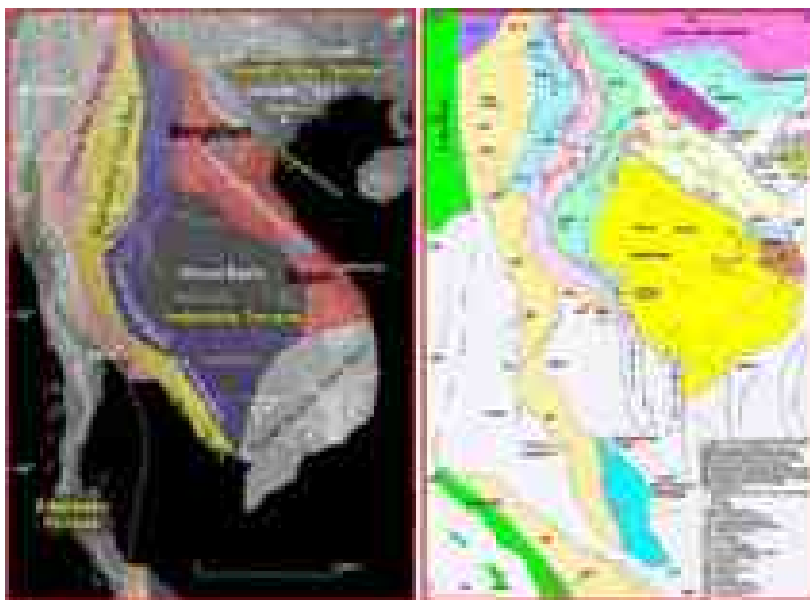
6 Geological Setting and Mineralization

6.1 Regional Geology

Tectonically, Sepon and Mengkham REE project lie within the Truongson Fold Belt (or Annamite Cordillera) and the Kontum Massif. The Truongson Fold Belt is a NW elongated belt between South China Terrane and Indochina Terrane (Figure 6-1).

The Truongson Fold Belt is consisted of Early to Middle Palaeozoic sediments and lesser volcanic rocks, interspersed with lesser tectonic slices of metamorphic terranes, bound to the north by the Song Ma-Song Da suture zone and to the south by the NW trending Truongson Fault. The Kontum Massif comprises an Upper Proterozoic basement of ortho- and para-gneiss, crystalline schist and migmatite which abuts the Truongson Fold Belt to the south.

Figure 6-1: Regional Geology Setting



The main strata in the region include the Proterozoic low to mid-high grade metamorphic rocks, such as schist, marble and gneiss; Palaeozoic marine volcanic and sedimentary rocks with some continental volcanic and sedimentary rocks, such as limestone, sandstone, siltstone, shale, mudstone and marlstone; Mesozoic continental sedimentary rocks, such as red sandstone and clay; and Cenozoic loose sand and gravel. In the Sepon district, the Truongson Fold Belt is represented by a series of E-W trending basins which are truncated by the NW-striking Truongson Fault (Figure 6-1). Affected by the Fault, NW and nearly S-N striking faults were developed, with some secondary faults striking NE and nearly E-W.

Granitic intrusions have been mapped in the district as well as rhyodacite and andesite dykes and stocks, interpreted to be part of the Late Palaeozoic Variscan Orogeny. At least three phases of around 300 Ma rhyodacite porphyry intrusion are recognised, including a late, quartz-stockwork

veined phase, which is interpreted to be genetically associated with all known Cu and Au mineralisation in the field. Minor remnants of Jurassic to Cretaceous Khorat Basin continental sedimentary rocks unconformably overlie the Palaeozoic marine sedimentary sequences to the east and north, while west of the Kontum Massif and south of the Truongson Fault, Khorat sedimentary rocks are dominant. Cenozoic volcanic rocks unconformably overlie the Palaeozoic rocks to the north-east.

There are abundant mineral resources in the region, including gold, copper, lead-zinc and limestone resources, as well as coal, iron, REE and bauxite resources.

6.2 Property Geology

6.2.1 Sepon Rare Earth Element Deposit Property Geology

The exposed strata in Sepon area mainly include Archean gneiss, Ordovician Highway Group, Silurian Vang Ngang Group, Devonian calcareous shale and limestone, and Quaternary (Figure 6-2), with the lithological characteristics described as follows:

Archean gneiss: This includes biotite gneiss, two mica gneiss, white mica plagioclase gneiss, biotite quartzite, and schist. It is mainly distributed in the southern part of the work area.

Ordovician Highway Group: The Highway Group mainly consists of clastic rock marine sedimentary sequences. The lower segment of the Highway Group is mainly composed of thickly bedded feldspar sandstone, irregularly interbedded with a small amount of siltstone, mudstone, and shale. Lenticular, thinly bedded to bedded calcareous sandstone and limestone layers appear at the top of this segment. The composition of the upper segment of the Highway Group is similar to the lower segment, characterized by medium to thick beds (0.1 ~ 1m, averaging 0.4 m thick) blocky quartz-feldspar-mica sandstone interbedded with thin to bedded siltstone, banded siltstone, and mudstone-shale. It mainly distributed in the northern part of the work area.

Silurian Vang Ngang Group: The Vang Ngang Group is characterized by very good bedding, thin layers (2 cm-15 cm) and rhythmically bedded red and green siltstone, which is often silicified into flint. Unlike the underlying Highway Group, the sediments of the Vang Ngang Group are non-mica-bearing. The siliceous rock is underlain by a limestone unit, which is typically light gray, fossil-free, massive, and almost devoid of internal structure except for sutures. The top of the Vang Ngang Group is marked by graptolite shale, which is a thin-bedded black carbonaceous shale unit containing common graptolite fossils. The Vang Ngang Group is exposed in a small area in the central-northern part of the work area.

Devonian calcareous shale and limestone: A small area of nodular or angular calcareous shale and limestone bedrock is exposed in the middle eastern part of the work area. It is currently believed that the Jaspoid metamorphic rock found in the mining area, which is gold-mineralized, may be related to this.

Quaternary: These mainly consist of Quaternary colluvial and alluvial sediments. The colluvial deposits are widely distributed in the broad gentle slopes and footslope areas within the region, mainly composed of residual, slope, alluvial sand, clay and other rock fragments, with a large thickness variation, generally greater than 2m; the alluvial deposits are mainly distributed along rivers

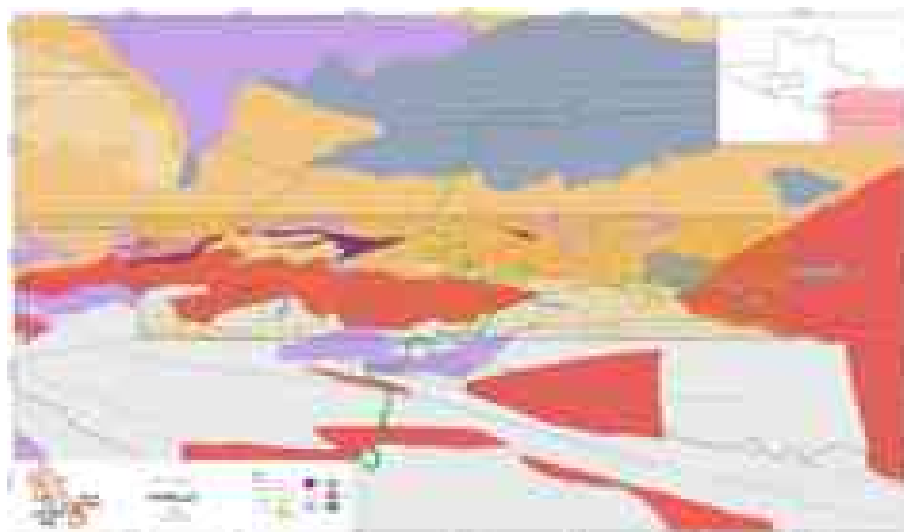
and channels, mainly composed of gravel, sand, and clay, with a large thickness variation, generally greater than 5m.

Folds and fault structures are well developed in this area. According to the direction, the fault structures can be divided into two groups: northeast and northwest. They are large in scale. The northeast faults developed earlier and are of a compressive-torsional nature. They are offset by northwest tension-torsional faults, with displacements ranging from tens to hundreds of meters.

There is intense magmatic activity in the area, mainly composed of granites of Indosinian period. These granites are contemporaneous with the Que Son mixtures in Vietnam. The Permian-Triassic intrusions consist of granites and granodiorites, representing the main stage of the Indosinian orogeny/rise. Magmatic rocks are followed by a small number of andesite veins developed near east-west. The granodiorite and granite bodies are generally distributed in an east-west band, with the mining area mainly divided into two east-west areas, covering an area of about 50 square kilometres.

The ion-adsorption type rare earth ores in this area are housed in the weathering crusts of granodiorite and granite. Granite is directly exposed to the surface, and under surface weathering, the original rock decomposes, and rare earth elements selectively migrate, forming a weathered crust rich in ionic rare earths. The main conditions controlling the development and preservation degree of the weathering crust are climate and topographic conditions.

Figure 6-2: Local Geological Map of the Sepon Project



Sources: LXML.

6.2.2 Mengkham Rare Earth Project

The strata exposed in the area primarily consist of the Carboniferous, Permian, Triassic, and Quaternary. The area features pronounced faults and folds, vertical and horizontal zoning, cleavage and fault zones, and frequent volcanic activity. As a region favourable for non-ferrous and precious metal mineralization, this area demonstrates significant mineral potential.

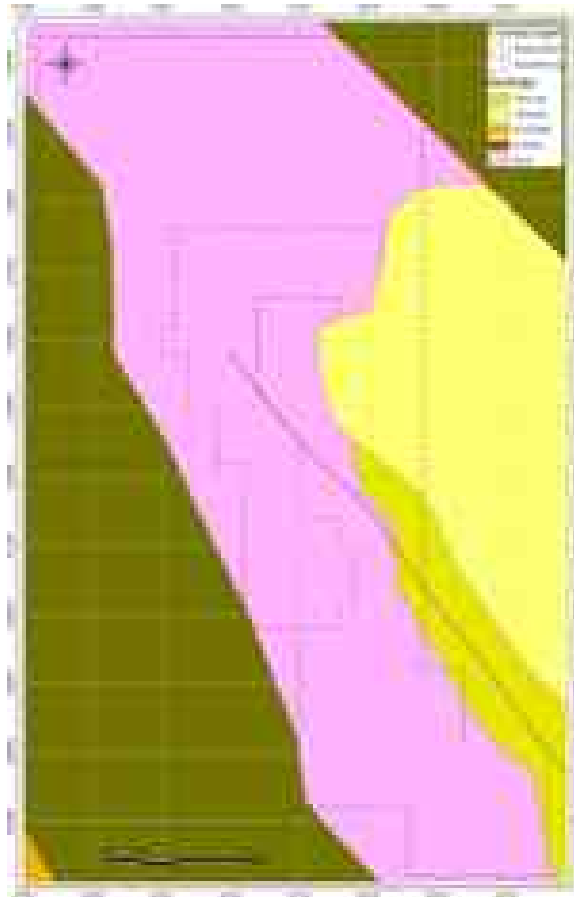
The exposed strata in the area are the Carboniferous-Permian Nonghei Group (C-Pnh), the Upper Triassic Namu Group (T3n-rnn), and the Middle Triassic (T2anm2), detailed in Figure 6-3, mainly as follows:

Carboniferous-Permian Nonghei Group (C-Pnh): Grey and black recrystallized limestone, white quartzite.

Upper Triassic Namu Group (T3n-rnn): Coarse conglomerate, quartz sandstone and lenticular peat.

Middle Triassic (T2anm2): Siltstone, mica-bearing sandstone, sheet limestone.

Figure 6-3: Local Geological Map of the Mengkham REE Project



Sources: Modified after China Investment Mengkham Rare Earth Minerals Limited.

The North Changshan metallogenic belt where the mine is located is one of the oldest blocks in Indo-China Peninsula. Influenced by the evolution of the Tethys Ocean basin, the main tectonic direction is NW, and secondary EW trending fault structures are developed. The working area is located at the junction of the "T" structure. The Himalayan Indochina plate rotates clockwise to form the right-lateral strike-slip structure which has a profound influence on it.

The magmatic rocks of Mengkham REE Project are mainly Triassic granite and biotite granite, which are also the main ore-bearing horizon of rare earth ore.

Granite: the colour is grey-white, and the main composition is quartz (about 55%) and plagioclase (about 40%). The rock surface is strongly weathered, sand like, sericite, kaolin, rare earth mineralization is weak.

Biotite granite: the colour is clay yellow to grey white, the main composition is Quartz (about 50%), plagioclase (about 35%), biotite (about 15%). The rock surface is strongly weathered and sandy. The local characteristics of the rock are potassium mineralization, sericite mineralization, kaolin mineralization and rare earth mineralization.

6.3 Mineralization

6.3.1 Sapon Rare Earth Element Deposit Property Geology

This deposit is a granite weathering crust ion-adsorption type rare earth deposit. The ore bodies are all in the middle and lower parts of the weathering crust, and the ore from the surface can be seen in a few boreholes. The weathering crust is vertically stratified from top to bottom as completely weathered layer and semi-weathered zone.

Completely weathered layer: brown-yellow, light yellow, light red, and gray-white. The main components are clay and a small amount of quartz. The structure is loose and porous, and the original rock structure is no longer visible. The content of rare earth oxides (TREO) is relatively high, generally between 0.030% and 0.167%. The thickness is generally 3 to 10 meters, mostly 5 to 8 meters. The fully weathered layer is the main location of the rare earth ore body.

Semi-weathered layer: brown-yellow, light yellow, and light red. The main components are clay, a small amount of feldspar weathering residues, and quartz. The original rock structure is still preserved, and the feldspar has a complete shape and is relatively hard. The thickness varies greatly, generally 1 to 3 meters, and the thickest can reach 5 meters. The content of rare earth oxides (TREO) gradually decreases from top to bottom, the upper part can be enriched into a rare earth ore body, and the end hole position of a small part of the drill hole has a higher grade, and it may not be able to penetrate the weathering layer.

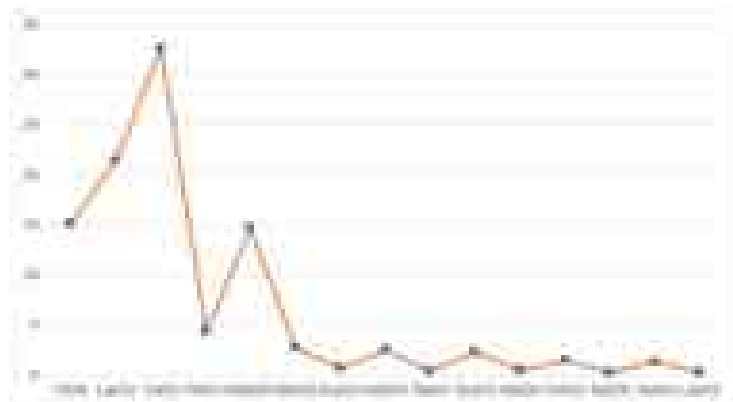
The elevation of the ore body is 240 to 410 meters, the lowest erosion base level in this area is 210 meters, and the ore body is above the lowest erosion base level.

The depth of the ore body is generally 0-5 meters. The TREO grade ranges from 310 to 830 g/t, averaging 440 g/t.

Figure 6-4: Section Map of Sepon Project (633610E)

Sources: LXML.

The typical TREO composition chart is presented in Figure 6-5. The approximate range of TREO composition is as follows: praseodymium-neodymium (PrNd) oxides 18.9%, magnet rare earth oxides ("MREO") 21.62%, and critical rare earth oxides (CREO) account for 33% of the total TREO content (Table 6-1).

Figure 6-5: TREO Composition of Sepon Project

Sources: SRK.

Table 6-1: Typical Content and Composition of the TREO for Sepon Project

Item	Content (g/t)	%/TREO
TREO	352	100
Y ₂ O ₃	53	15.05

Item	Content (g/t)	%/TREO
La ₂ O ₃	75	21.37
CeO ₂	115	32.57
Pr ₆ O ₁₁	15	4.29
Nd ₂ O ₃	51	14.61
Sm ₂ O ₃	10	2.72
Eu ₂ O ₃	2	0.62
Gd ₂ O ₃	9	2.47
Tb ₄ O ₇	1	0.39
Dy ₂ O ₃	8	2.33
Ho ₂ O ₃	2	0.48
Er ₂ O ₃	5	1.39
Tm ₂ O ₃	1	0.20
Yb ₂ O ₃	5	1.31
Lu ₂ O ₃	1	0.20

Notes:

¹ MREO: Pr₆O₁₁+Nd₂O₃+Tb₄O₇+Dy₂O₃.

² CREO: Nd₂O₃ + Eu₂O₃ + Tb₄O₇ + Dy₂O₃ + Y₂O₃, determined by US Department of Energy 2023.

³ TREO: Total Rare Earth Oxides include Y₂O₃+ La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃.

6.3.2 Mengkham REE Project

The rare earth minerals in Mengkham area consist of a medium-fine biotite granite regolith. Notably, there are significant differences among the rock regolith. As a result, the ore composition and type are directly linked to the regolith characteristics and its rock types. The weathering crust can be divided into three layers: topsoil, completely weathered zone, and semi-weathered zone. These layers transition gradually, with the ore primarily composed of full regolith and a portion of the topsoil.

Topsoil: This layer mainly consists of biotite granite residuum. Its thickness varies, usually thinner at the mountain top and thicker at the slope and foot of the mountain. It often mixes with more Quaternary slope deposits. Its upper part often includes tens of centimeters of humus. The layer, typically about 1-2 meters thick, is mainly gray-brown to black-brown, composed of quartz sand, weathered fragments of biotite granite, clay, and a small amount of biotite and feldspar. Its texture is loose. Generally, this layer doesn't contain rare earth, or it has weak rare earth mineralization.

Completely weathered zone: This rare earth bearing mineral layer is the main part of the ore body. It is often flesh-red, light red, and gray white. It largely consists of kaolin, the weathering product of feldspar, mica, and other minerals. A few minerals retain the structure of feldspar and can be easily broken by hand. Rare residual detrital minerals such as quartz, feldspar, and mica make up 1-3%. Other weathered residual accessory minerals like ilmenite, monazite, phosphoyttrite, and zircon constitute less than 1%. Minerals such as sphene, epidote, and apatite are rare or very rare. The thickness generally ranges from 2.0-15 meters, with an average thickness of 7 meters.

Semi-weathered zone: This layer is gray-white, with a granite structure, composed mainly of quartz, feldspar, and biotite. It serves as the bottom of the rare earth layer. The weathering degree of rocks in this layer is weak, with feldspar weathering decreasing and kaolinization common at the edge of feldspar grains, about 30%. Feldspar crystals are relatively complete and generally not easy to crush. This layer typically doesn't contain rare earth ore, or it has weak rare earth mineralization.

The ore body is formed by the weathering of medium-fine grained biotite granite, which is the main ore-forming rock and a product of later alteration, in which the altered residues of medium-coarse grained biotite granite can be seen, indicating that the ore-forming parent rock in this area has

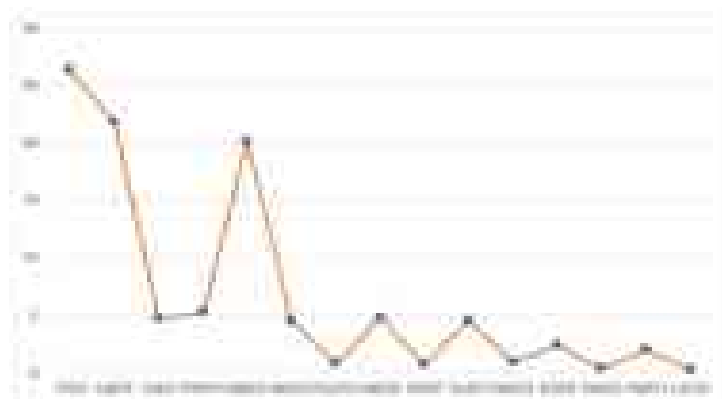
undergone at least two periods of magmatic alteration. The structure within the mining area is simple, and the rock body (ore body) is held between faults extending from northwest to southeast, where no folding structures are seen.

The favorable climate and geographical environment have led to the extensive development and complete preservation of the weathering crust in the mining area; through geological surveys and drilling operations in the mining area, it was found that the rare earth mineralization is influenced by factors such as lithology, uneven weathering, and topography, and the rock weathering intensity varies in both vertical and horizontal directions, causing the rare earth ore (mineralization) to undulate along the terrain. Ores rich in clay minerals have better grades. In terms of individual micro-geomorphological units, the grades are high at the tops and sides of the mountains, and gradually decrease to non-ore bodies towards the valleys and foot of the mountains. The ore (mineralization) body is pseudo-layered, locally lens-shaped, and the continuity of mineralization is general. A complete weathering crust is preserved from the surface soil layer, fully weathered layer, and semi-weathered layer, with the fully weathered layer being the main ore-bearing layer. The thickness of the regolith is between 10 and 32 metres from surface.

At Mengkham the top of the mineralised zone is defined by a thin surficial soil zone that averages 2 m in thickness. The base of the mineralised zone extends to an average vertical depth of 9.0 m. And the SREO grade range from 9.5 to 2857 g/t, averaging 243.5 g/t.

Based on 30 holes composite assays, the typical SREO composition chart is presented in Figure 6-6. The approximate range of SREO composition is as follows: praseodymium-neodymium (PrNd) oxides 25.5%, magnet rare earth oxides ("MREO") 30.84%, and critical rare earth oxides ("CREO") account for 52.77% of the total SREO content (Table 6-2).

Figure 6-6: SREO Composition of Mengkham REE Project



Sources: SRK.

Table 6-2: Typical Content and Composition of the SREO for Mengkham REE Project

Item	Content (g/t)	%/SREO
SREO	400	100
Y ₂ O ₃	106	26.39
La ₂ O ₃	87	21.84
CeO ₂	19	4.70
Pr ₆ O ₁₁	21	5.33

Item	Content (g/t)	%/SREO
Nd ₂ O ₃	81	20.16
Sm ₂ O ₃	18	4.53
Eu ₂ O ₃	3	0.87
Gd ₂ O ₃	19	4.82
Tb ₄ O ₇	3	0.76
Dy ₂ O ₃	18	4.58
Ho ₂ O ₃	4	0.90
Er ₂ O ₃	10	2.44
Tm ₂ O ₃	1	0.35
Yb ₂ O ₃	8	2.01
Lu ₂ O ₃	1	0.25

Notes:

¹ MREO: Pr₆O₁₁+Nd₂O₃+Tb₄O₇+Dy₂O₃.

² CREO: Nd₂O₃ + Eu₂O₃ + Tb₄O₇ + Dy₂O₃ + Y₂O₃, determined by US Department of Energy 2023.

³ SREO: Total Soluble Rare Earth Oxides include Y₂O₃+La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃.

6.4 Deposit Types

Both Sepon REE Project and Mengkham REE Project are ion adsorption type of REE deposits, which was developed over granite bodies by weathering the rock bodies and transferring and enriching the REEs bearing in the minerals into clay minerals of the weathered zones by adsorption.

The REE-bearing regolith profile provides a vertical cross-section of the soil layers created by weathering and other breakdown processes. The soil profile is generally recognized to have three fundamental layers: Horizons A, B, and C.

Horizon A, the uppermost layer, is typically composed of organic matter, humus, and mineral particles. Its thickness can vary based on factors such as vegetation cover and rainfall. This layer can be further subdivided into smaller sub-layers, including Ah (humus-rich) and Ae (eluvial horizon with leached minerals). Due to leaching and organic complexation (and occasionally chemical reduction), Horizon A usually has low REE concentrations. These processes move REE ions deeper into the soil profile.

Horizon B, the subsurface layer, is enriched with minerals leached from the overlying Horizon A. It serves as the key zone for IAC REE accumulation due to:

- Adsorption onto clay minerals like kaolinite and halloysite, prevalent in Horizon B.
- Chemical conditions conducive to REE precipitation with specific minerals.

Horizon B, a layer essential for rare earth exploration and potential resource extraction, can be further classified based on features such as color and clay content. Factors like rock type, climate, and weathering intensity affect the thickness and rare earth elements (REE) concentration within Horizon B. Often referred to as the main REE-bearing layer within the project area, Horizon B typically occurs approximately 2 to 10 metres below the topsoil and averages about eight metres in thickness.

Horizon C, the layer beneath Horizon B, represents the unweathered or partially weathered parent rock. It contains the original source of REE within the weathered regolith deposits.

The projects area are located in a tropical region with a warm and humid climate. The granite rock in the area undergoes intense weathering due to favourable topographic conditions where erosion is

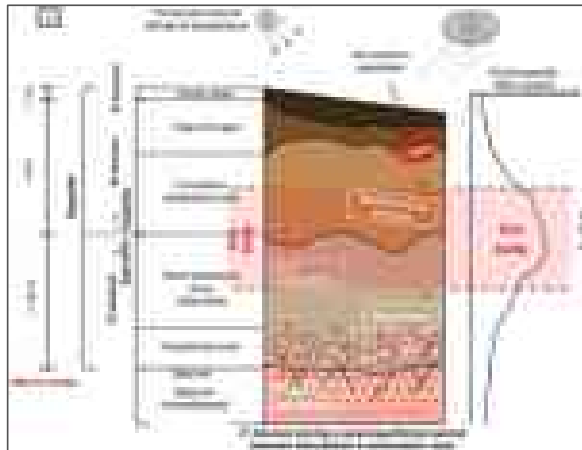
less significant than weathering. This has led to the widespread formation of weathered layers, which range from less than 1 metre to over 50 metres thick in some parts of the project area.

The distribution of the weathered layer is typically irregular due to erosion from the river drainage system. Depending on the extent of the weathered layer covering the mountainous terrain, it can be classified into two types from the in-situ leaching perspective: full coverage and exposed base types.

Full-coverage type: This type refers to the complete coverage of the entire mountain by the weathered layer, where no bedrock is visible at the mountain base or in the gullies. Predominantly observed in the low hills characterized by gentle, rolling topography, this type maintains each section of the weathered layers well. Erosion along the mountain base leads to a thinner weathered layer compared to the hillside and mountain top.

Base-exposure type: This type includes the weathered layer covering most of the mountain base, as well as the entire hillside and mountain top. In some parts of the mountain base, the bedrock is exposed due to strong erosional processes. This type is mainly found in the low hills with a medium rolling style.

Figure 6-7: Typical IAC-REEs Bearing Profile



Source: N Bustos, C Marquardt, A Belmar, P Cordeiro; Regolith-hosted rare earth exploration in the Chilean Coastal Range of the Central Andes

The Mengkham and Seop REE projects are primarily characterized by low hills and gentle, undulating terrain. Influenced by a tropical climate, these areas have a relatively thick regolith cover. According to the classification, the regolith layer developed within most of the project area can be categorized as the full-coverage type of IAC deposit.

7 Exploration, Sampling and Assaying

SRK has not participated in the explorations conducted for both Mengkham and Sepon projects. The information regarding the exploration is derived from the data provided by the client and through discussions with geologists engaged in the fieldwork.

7.1 Exploration Programs

7.1.1 Sepon Rare Earth Element Deposit

During the geological mapping program in 2021, the anomalies of REE have been discovered in the weathered crust of granite bodies in the Sepon project area. In November 2021, LXML drilled three test shallow holes in the granite rock body in the south part of the Sepon project area and identified cation REE enrichment in the weathered zone. Further work defined three preliminary targets to look for REE mineralized bodies in the granite rock bodies.

In the period from December 2021 to January 2022, first drilling program was conducted totalling 53 holes. The program defined two advanced targets (Block01 and Block02) in the No.1 preliminary target. In February 2022, a drilling program with 100 m by 100m grid was conducted in the two advanced targets, and then in-fill drilling was also conducted. From May 2021, step out drilling program with a grid of 200m by 100m was conducted in the area surrounding the advanced targets. By July 2021, totally 607 holes with a meterage of 4,441m were completed in an area of about 9.1km². Totally 4,443 samples were taken for assaying.

Table 7-1 summarizes the work completed in the exploration of REE deposits.

Table 7-1: Programs Completed in Sepon Project

Working item	Unit	Quantity	Remark
1/10000 Geological mapping	km ²	10	
Drilling	M	4440.8	
Assaying	Sample	4443	
QAQC samples	Sample	445	
Cation phase analysis	Sample	8	
Specific gravity measures	Sample	10	
Hydrogeological survey	km ²	10	
Geotechnical survey	km ²	10	
Environmental survey	km ²	10	

The locations of collars of drilling holes were surveyed by using 63csx GPS hand-held meter, compass and topographic map. The relative error of such survey is 3-5m, which matches the Chinese requirements of a general exploration program.

Shallow holes conducted in the exploration program were usually drilled 8-11 m deep with almost 100% recovery and good quality.

7.1.2 Mengkham Rare Earth Element Project

From January 2022 to June 2023, China Investment Mining (Laos) Sole Co., Ltd. carried out a detailed exploration for Mengkham REE Project.

Table 7-2 summarizes the work completed in the exploration.

Table 7-2: Programs Completed in Mengkham REE Project

Working item	Unit	Quantity	Remark
1/5000 Geological mapping	km ²	50	
Drilling	m	198,956.9	
Assaying	Sample	105,279	
QAQC samples	Sample	9,517	
Bulk density measures	Sample	10	
1/10000 Hydrogeological survey	km ²	50	
1/5000 Topo aero survey	km ²	2.3	

The 1:5,000 topographic aerial survey was organized and implemented by Longyan Minde Surveying and Mapping Co., Ltd., which has a Class A qualification in topographic surveying. The indoor work was assisted by China Investment Mining company, and the field work started in December 2022, with the results and data finished in early July 2023.

The locations of drilling holes were surveyed by using hand-held GPS.

Geological survey of 1:5,000 was carried out in the rare earth exploration area, basically finding out the scale, shape, occurrence and ore-forming relationship of different periods and different lithology intrusive rocks; basically finding out the distribution of the Quaternary and the river system in the area; basically finding out the types of landforms, micro-geomorphological features and types and distribution of weathering crust in the work area, providing a reliable basis for the deployment of manual impact sampling drilling and resource estimation.

7.1.3 SRK Comments

For the Mengkham REE project, the 1:5,000 topographic aerial survey only covered an area of 2.3 km². SRK suggests the mine to conduct a detailed topographic survey covering the entire project area.

7.2 Drilling Programs

For Sepon project, LXML Exploration Department conducted an exploration program from November 2021 to July 2022. A total of 607 boreholes (4,441 metres) were drilled during the exploration on a 200-metre x 100-metre or 100-metre x 100-metre pattern, as shown in Figure 7-1.

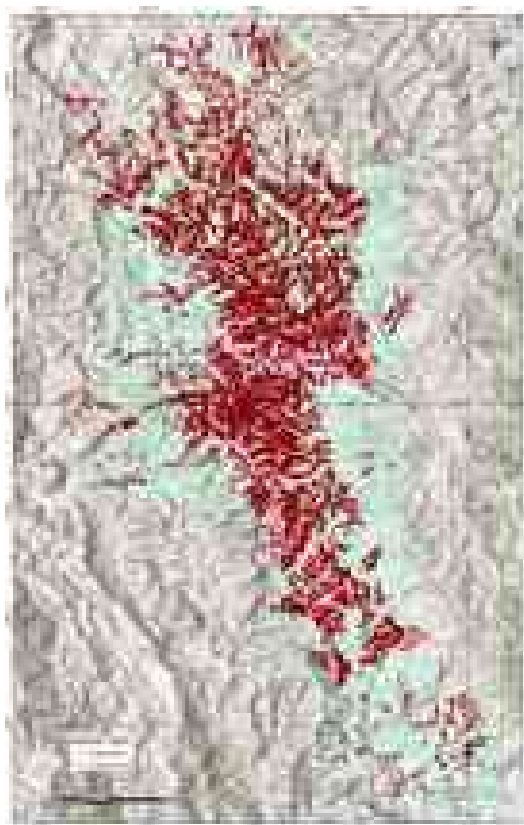
Figure 7-1: Borehole Distribution of Sepon Project



Source: SRK

For Mengkham REE Project, Longyan Dadi Mining Development Service Co., Ltd conducted an exploration program from January 2022 to December 2023. A total of 13,656 boreholes (198,957 metres) were drilled during the exploration with a spacing of 30-100 m, as shown in Figure 7-2.

Figure 7-2: Borehole Distribution of the Mengkham REE Project



Source: SRK

The design of the drilling grid follows the exploration principle of ion-adsorption rare earth deposit outlined in Chinese standard *DZ/T 0204-2002: Geological Exploration Specifications of Rare Earth deposit*.

The manual GN auger was employed to delineate and identify economically viable zones in the regolith. This auger is extensively used for exploring IAC rare earth deposits in China. Under optimal operating conditions, it can reach a maximum drilling depth of 45 meters in the fully weathered regolith horizon. This method provides a swift and cost-effective drilling solution compared to other techniques.

The specifications of the GN auger include a 95 cm diameter x 0.5 m long auger bucket equipped with 2 m drill rods. According to the drilling records, the auger drilling achieved over 100% core recovery during the programs.

During the drilling, the retrieved core soil from each run was separately placed on plastic film, labelled, recorded, and prepared for sampling.

After completion of a borehole, a wooden stick marked with the borehole ID (Figure 7-3), start and end date, and end-hole-depth is placed at the drilling site to assist the surveyor in conducting the collar survey.

Figure 7-3: The GN Auger Utilization and Hole Sealing



The core drilling and geological logging were carried out to a standard that ensures the data and information collected sufficiently support the goals of subsequent geological modelling and resource estimation.

SRK considers that the depth capacity of manual auger drilling may not be enough to penetrate potentially semi-weathered hard layers or boulders. This limitation could potentially result in incomplete intersections of the ore-bearing horizon during drilling.

7.3 Sample Preparation, Analyses and Security

7.3.1 Sepon Rare Earth Element Deposit

Sample Collection

During the general exploration program, three types of samples were taken, i.e. basic assaying samples, QAQC samples and specific samples.

Sampling was conducted as, whole drilling core was taken as sample at 1m interval by using the method of diagonal quarters to reduce the sample, with one half as the sample for assaying, and the other half as the spare sample for storage.

The samples were all properly numbered, recorded before sent to labs.

Sample Preparation and Analyses

All basic assaying samples were prepared and assayed in the ALS lab in Australia. The assaying method is ME-MS81, which uses lithium borate to fuse, and then use acid to dissolve, and finally use ICP-MS for assaying. The method can achieve a precision of 0.1ppm.

Eight samples were sent to the testing centre of Guilin non-ferrous metallic mineral resources Institute, China, for analysing REE compositions. The analytical results show that the deposit possesses mid-heavy REE, which is scarce.

Quality Assurance and Quality Control Program

Quality Control and Assurance (QA/QC) procedures were undertaken on an on-going basis to certify that the assay results from the drilling programme would be confidently relied upon. These procedures included the insertion of QA/QC samples comprising standards or Certified Reference Materials (CRMs), i.e., material containing known quantities of the element being assayed for; blanks i.e., material that has been prepared known to contain trace material; and duplicates.

Bulk Density Test

In the general exploration report, 10 specific gravity samples were also taken from drilling cores and were measured in the lab of the mine.

In SRK's opinion, it was unable to collected density sample from GN Auger hole cores. A dry bulk density of 1.5 t/m³ was used in resource estimation for Sepon project.

SRK Comments

The procedures for sample collection, preparation, and analysis are following the REE industry standards. SRK considers that the procedure, as well as the data and information obtained, are acceptable for resource estimation purposes.

Going forward, the Sepon REE mine is considering in-situ leaching to be their main extraction technique. However, the available data, which only includes 8 ionic analyses, falls short in providing an accurate estimate of the mine's potential and productivity. The scant data does not paint a holistic picture of what the mine can offer. For this reason, SRK suggests a re-analysis of the ionic REE grade. Through this, we can have a clearer view of the mine's potential, which is crucial in devising and executing efficient mining plans.

7.3.2 Mengkham REE Project

Sample Collection

Prior to conducting sample collection, an on-site quick test procedure was conducted to qualitatively identify rare earth elements ("REE") mineralized intervals. Once the quick test confirmed the presence of mineralization in the retrieved core interval, the corresponding interval was collected for further laboratory analysis.

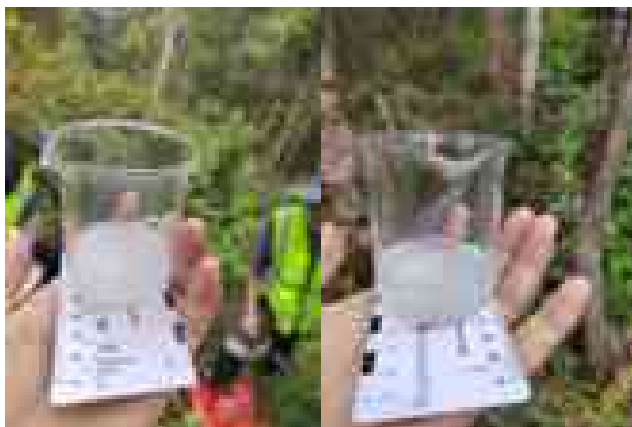
The quick test employs ammonium sulphate to dissolve the REE ions in the clay and using oxalic acid to obtain the precipitate. The quick test utilizes ammonium sulphate to dissolve any potentially present REE ions in the clay. The solution is then filtered through filter paper, and oxalic acid is added to the filtrate in a test tube to see whether white precipitate is observed. If the solution remains clear, it is deemed non-mineralized, and no sampling is conducted. Conversely, if a precipitate is observed, the interval is sampled for further analysis.

The quick test employs ammonium sulphate to dissolve the rare earth elements ("REE") ions potentially present in the clay. The process involves the following steps:

- Ammonium sulphate is used to dissolve any potentially present REE ions in the clay sample.
- The resulting solution is filtered through filter paper.
- Oxalic acid is added to the filtrate in a test tube, and,
- Check whether white precipitate is observed.

If the solution remains clear after the addition of oxalic acid, indicating the absence or trace amounts of REE ions, the interval is deemed non-mineralized, and no sampling is conducted. Conversely, if a white precipitate is observed, indicating the presence of REE ions, the interval is sampled for further laboratory analysis. Once the white precipitate is observed, all samples downwards from that depth are collected for laboratory analysis.

Figure 7-4: The Quick REE Mineralization Distinguish on Mengkham Drilling Site



The samples are collected from the core of the GN Auger holes, and continuous samples are taken according to different weathering layers. According to the Chinese Rare Earth Mineral Geological Exploration Standard (DZ/T0204-2022), the sample length is generally 1m, and cross-layer sampling

is prohibited. If the different weathering layers are less than 1m, they are sampled separately. On the site, the rock core within the same sample is first mixed evenly on a non-polluting sample cloth, and then the diagonal method is used for subdivision, repeated several times until the sample standard is met, and finally bagged and numbered and sent to the laboratory in time. The sample position, number, and sample length are clearly recorded on the spot in time. Each sample has an original weight of more than 1~1.5kg.

Sample Preparation and Analyses

All samples were prepared and analysed in the Mangkham mine laboratory.

The samples were split according to the formulation $Q = Kd^2$, while K ranged from 0.2 to 0.5.

The original sample was not washed in any way to prevent the loss of useful, beneficial, and harmful components. Before preparation, the sample was dried and weighed. The balance should be calibrated. The preparation utensils and equipment used before and after sample preparation should be kept clean. It was strictly forbidden to mix in other substances. Effective measures should be taken to ensure the quality of sample preparation. During the whole preparation process, the total loss rate of the sample should not exceed 5%, and the error of each splitting should not exceed 3% of the original mass.

Figure 7-5: The Drying Oven on Mengkham Mine Site



The analyse method was EDTA (Ethylene Diamine Tetraacetic Acid) volumetric method as follows:

- Take 19.95-20.05g of the dry sample and put it into a long funnel, then place it on a triangular flask, rinse it with 100ml-120ml of ammonium sulfate for more than three times, and wait until there is no more liquid leaking from the bottom of the funnel, then take the volume of the leachate and record it.
- Take 20ml of extract, add acetone, sulfonyl salicylate, dimethyl phenol orange, methyl tetramine, titrate with calibrated EDTA until the solution changes from purple-red to bright yellow as the endpoint, record the amount of EDTA used.
- Conduct two independent measurements and take their average value.

Figure 7-6: The Mine Laboratory

The external laboratory check samples were analysed in Longyan Rare Earth Development Co., Ltd and the composition of REE oxide samples were analysed in China Rare Earth Laboratory.

Quality Assurance and Quality Control Program

A total of 6,017 samples (about 6% of the samples used in Mineral Resource estimation) were collected as internal lab check samples with a pass rate of 82%. And a total of 3,500 samples (about 4% of the samples used in Mineral Resource estimation) were collected as internal lab check samples with a pass rate of 92%.

Bulk Density Test

A total of ten bulk density samples were implemented across the project areas with the natural bulk density (wet basis) ranging from 1.7 to 1.81 t/m³, averaging 1.75 t/m³, dry bulk density ranging between 1.35 and 1.55 t/m³, averaging 1.47 t/m³.

The average dry bulk density of 1.47 t/m³ is determined to be used in resource estimation for the entire project area.

SRK Comments

SRK considers that the onsite laboratory was poorly equipped, and no CRMs or blank samples were used for quality control. It is recommended that all the samples should be sent to a qualified laboratory for assaying again.

There are merely 30 samples that possess REE compositions. This limited number prompts SRK to recommend that the mine should increase its efforts in conducting more composition analyses. This is to ensure a more reliable and expansive dataset for evaluation purposes.

The mine's current approach is to analyse all basic samples in the lab onsite. While this might be convenient and efficient, it may not provide the most accurate results. Therefore, to enhance the

validity of the results, SRK recommend collecting a substantial portion, specifically 30%, of the samples for further validation at an external lab. This will provide a more robust cross-checking mechanism and thus, ensuring a higher level of accuracy in the analysis results.

SRK also considers that the rapid test method, which entails visually observing rare earth precipitates before conducting core sampling for laboratory analysis, is qualitative in nature. This approach serves merely as an initial indication to assess the mineralization within the sampled core interval. Due to its inherent subjectivity, this method may result in overlooking certain shallow-occurring intervals containing REE sufficient for subsequent laboratory testing, potentially leading to an underestimation of REE mineralization thickness.

8 Data Verification

8.1 Sepon Rare Earth Element Deposit

8.1.1 Verifications by the Client

SRK has checked samples results provided by the Client, including 11 CRMs, 393 blank samples and 29 field duplicate samples.

Table 8-1: QAQC Sample Summary for Sepon Project

Zone	Category	QC samples	Total N of samples	%Coverage
Sepon	CRMs	11	4443	0.25%
	Coarse Blanks	327		7.36%
	Pulp Blanks	66		1.49%
	Field Duplicates	29		0.65%

CRMs

Sepon supplied only one CRM, namely Ox-P1L, as detailed in Table 8-2.

Table 8-2: CRM Summary for Sepon Project

Count	Minimum	Maximum	Range	Mean	SD
11	109.02	116.38	7.36	111.65	2.51

Blanks

Coarse and pulp blanks were used. As shown in Figure 8-1 and Figure 8-2, all samples are less than 170 TREO g/t, the cut-off grade of Mineral Resource.

Figure 8-1: Coarse Blanks for Sepon Project

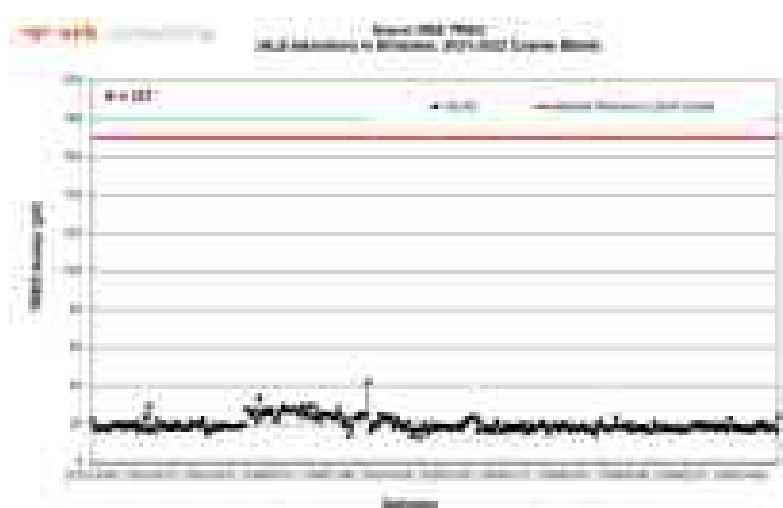
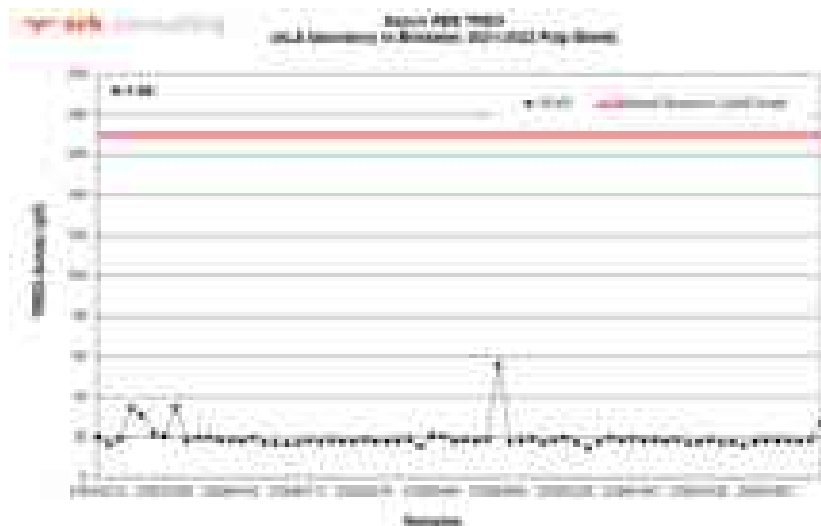


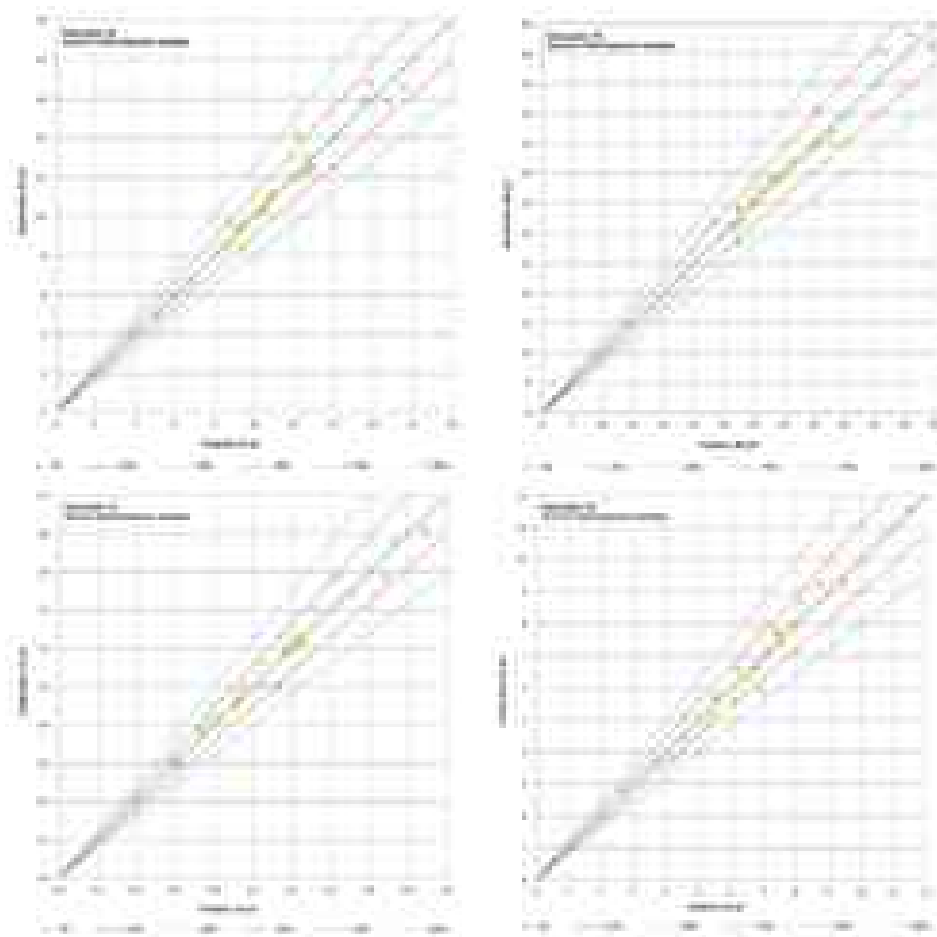
Figure 8-2: Pulp Blanks for Sepon Project**Filed Duplicates**

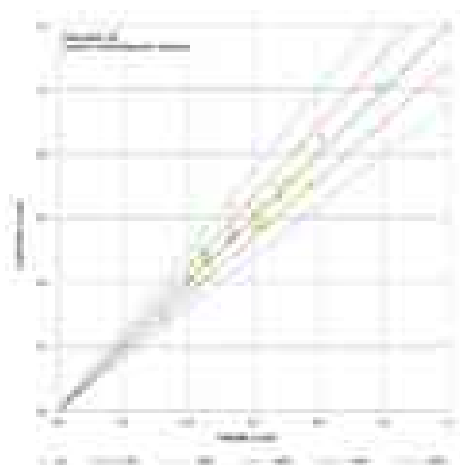
All duplicate pairs are within 20% limits, as shown in Table 8-3 and Figure 8-3.

Table 8-3: Field Duplicates Summary for Sepon Project

Element	Data Pairs Count	Relative Difference					
		<10%	10% - 20%		> 20%		
Pr	29	26	90%	3	10%	-	0%
Nd	29	25	86%	4	14%	-	0%
Tb	29	26	90%	3	10%	-	0%
Dy	29	25	86%	4	14%	-	0%
Lu	29	23	79%	6	21%	-	0%

Figure 8-3: Field Duplicates for Sepon Project





8.1.2 SRK Comments

SRK is of opinion that the exploration data has been validated and is appropriate for a mineral resource estimate.

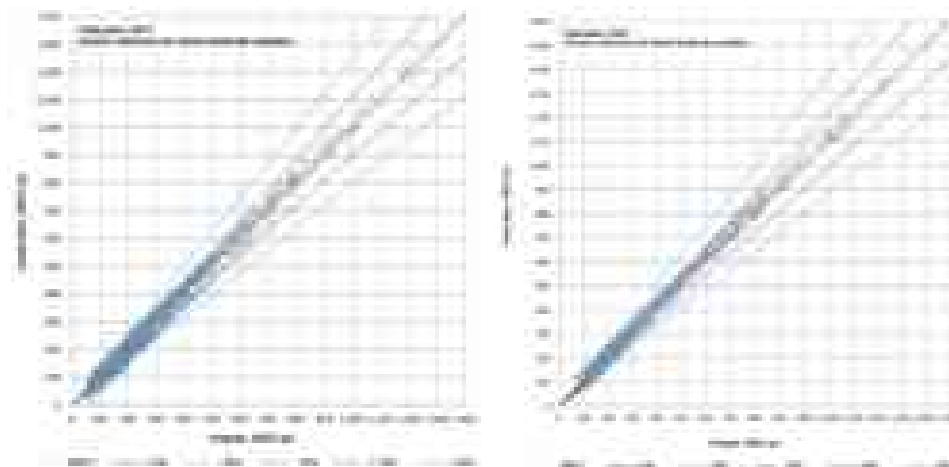
8.2 Mengkham REE Project

8.2.1 Verifications by the Client

SRK was provided with 6,017 pairs of samples for internal lab check and 3,500 pair of samples for external lab check. As shown in Table 8-4 and Figure 8-4, the above 20% relative differences are 18% for internal and 8% for external. The exploration data was appropriate for the mineral resource estimate.

Table 8-4: QAQC Sample Summary for Mengkham REE Project

Category	Element	Data Pairs Count	Percentage of Assays	Relative Difference					
				<10%		10% - 20%		> 20%	
Internal	SREO	6,017	6%	2,723	45%	2,196	36%	1,098	18%
External	SREO	3,500	4%	2,191	63%	1,028	29%	281	8%

Figure 8-4: Duplicates of Mengkham REE Project

8.2.2 Verifications by SRK

During the period from 13 to 16 May 2024, SRK conducted a site visit to the Mengkham REE project and collected 169 core duplicate samples from 13 boreholes, detailed in Table 8-5. The samples were sent to SGS Mineral Laboratory located in Tianjin, China for verification assay.

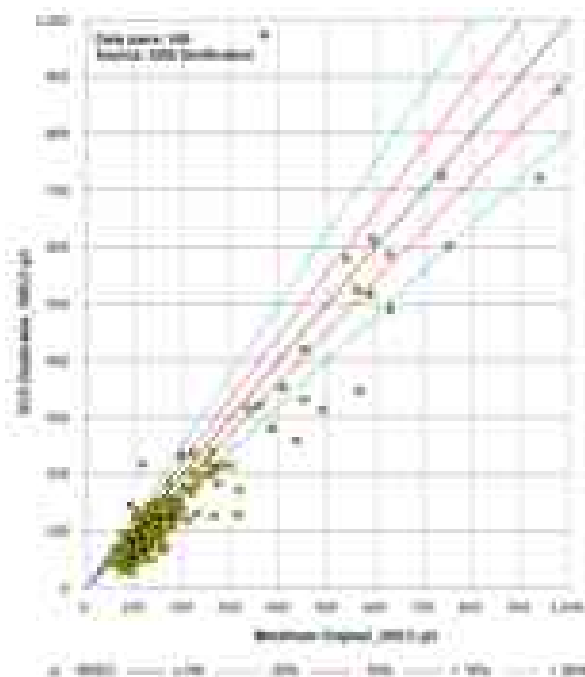
Table 8-5: Summary of SRK Verification Borehole Samples

Hole	Easting	Northing	Depth	Duplicate Samples
KT8-35	360932	2193253	10	10
KT8-27-2	360971	2193207	14	14
YZ33	360933	2195189	25	25
YZ02-1	361589	2189949	25	25
KT7-121	360673	2192876	12	12
KT6-103-1	360049	2193819	10	10
KT3-16	359369	2193759	13	13
KT6-82	359948	2194108	9	9
KT7-7	360038	2192800	13	13
ZKF16-179	360945	2196321	14	12
ZK17-115	360391	2193631	18	10
ZKF18-104	360308	2196387	14	7
ZKF29-140	361003	2194583	11	9

The results were shown in Table 8-6 and Figure 8-5, large bias was observed between original assay and verification results. About 32% results for SREO are within $\pm 20\%$. About 68% results are out of $\pm 20\%$. SRK has checked with both onsite laboratory and SGS staff, found that the sample preparation and assaying method were different. The samples were crushed to 75 μm (200 mesh) in SGS and the assaying method was ICP-MS. And in onsite laboratory, the samples were crushed to 1 mm and the assaying method was EDTA. SRK has downgraded Indicated Mineral Resources to Inferred Mineral Resource.

Table 8-6: SRK Verification Samples Summary for Mengkham Project

Element	Data Pairs Count	Relative Difference					
		<10%		10% - 20%		> 20%	
SREO	169	30	18%	24	14%	115	68%

Figure 8-5: SRK Verification Duplicates of Mengkham REE Project

8.2.3 SRK Comments

Large bias was observed between original assay and SRK verification results. It is recommended that all the samples should be sent to a qualified laboratory for re-assaying.

9 Mineral Processing and Metallurgical Testing

This section is only prepared for the Mengkham REE project.

9.1 Ore Properties

The Mengkham ore belongs to the ion-adsorbed type rare earth ore, and the rare earth elements ("REE") are adsorbed in the clay minerals in the granite weathering crust, with average SREO content of 0.025%.

The minerals are mainly quartz, feldspar, biotite, ilmenite, magnetite, followed by zircon, apatite, xenotime, fluorite, sphene minerals and so on. The main impurities are Al_2O_3 with an average content of 57.47%, CaO with an average content of 26.38% and SiO_2 with an average content of 5.80%.

9.2 Metallurgical Test

The Client conducted a simple laboratory column leaching test on a composite sample collected from #2 ore body in March 2024. The SREO content of the test sample was 0.0245%. The test uses ammonium sulphate as RE leaching reagent, mainly includes ammonium sulphate dosage test, pH value condition test and permeability test. The photos of test process are shown in Figure 9-1 and the test results are as follows:

- The permeability coefficient of the RE samples is $0.89 \times 10^{-3} \sim 1.11 \times 10^{-3} \text{ cm/s}$.
- With the consumption of ammonium sulphate of over 12 t/t REO and the pH value of 4.5, the peak REO concentration of the pregnant leaching solution ("PLS") can reach over 2.0 g/L, and the SREO leaching rate can reach 94% along with the leaching time of 120 hours.

The results indicate the ore is easy to leach, and the In-situ Leaching method is probably applicable. SRK noted that the test report is relatively simple and can only be used as a basic reference for in-situ leaching of #2 ore body. Due to the differences in ROM properties and grades of different ore bodies, SRK recommends that ore samples should be taken from each ore body representatively to carry out test studies before production, and the following experimental contents should be added:

- SREO content analysis of RE ore samples, and
- PLS purification and precipitation tests to determine the purification and precipitation conditions and reagents consumption.

Figure 9-1: Laboratory Leaching Test



10 Mineral Resource Estimates

10.1 Sepon Rare Earth Element Deposit

10.1.1 Introduction

The Mineral Resource Statement presented herein represents the first mineral resource evaluation prepared for the Sepon REE project in accordance with the JORC Code 2012.

The mineral resource model prepared by SRK considers the core boreholes drilled by the client during the period of November 2021 to July 2022. The effective date of the Mineral Resource Statement is 30 September 2024.

This section describes the methodology, procedure and key assumptions applied in Resource estimation. In the opinion of SRK, the resource estimation reported herein is a reasonable representation of the global rare earths resource found in the Sepon IAC REE Project at the current level of sampling. The mineral resources are reported in accordance with the JORC Code 2012. Mineral resources are not Ore Reserves and have not demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into Ore Reserve.

The database used to estimate the Project mineral resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries for rare earths mineralization and that the assay data are sufficiently reliable to support mineral resource estimation.

The Leapfrog Geo and Edge (Version 2023.2) software was used to create both geological model and block model for the Project. The software is considered as a proper modelling tool for this regolith type of deposit.

10.1.2 Resource Estimation Procedures

The resource evaluation methodology involved the following procedures:

- Database compilation and verification
- Construction of wireframe models for the boundaries of the REE mineralization
- Definition of resource domains
- Data conditioning (compositing and capping) for analysis
- Block modelling and grade interpolation
- Resource classification and validation
- Assessment of “reasonable prospects for eventual economic extraction” and selection of appropriate cut-off grades
- Preparation of the Mineral Resource Statement

10.1.3 Resource Database

The datasets and information used in the models were provided by the client, including geological exploration reports and associated maps and tables, topographic data, geological maps, borehole databases, etc. The coordinate system applied for the entire project is the UTM projection (Zone 48N) using the Indian 1960 Datum.

Prior to conducting Mineral Resource modelling, SRK performed a data validation procedure to assess the reliability of the received datasets.

Digital terrain models ("DTM") were created from AutoCAD contour maps provided by the client. These contour maps were derived from the site survey activity. SRK considers that the created DTMs are acceptable to be used in the mineral resource estimation.

The summary statistics of the holes (Table 10-1) used in Mineral Resource estimation is listed in Table 10-5.

Table 10-1: Drillhole Statistics used for the Resource Estimation

Drillhole Type	Drillholes	Length (m)	Samples	Year
GN Auger	591	4,296	4,298	2021-2022

10.1.4 Solid Body Modelling

Solid models were created in Leapfrog Geo software based on the following considerations, principles, and steps.

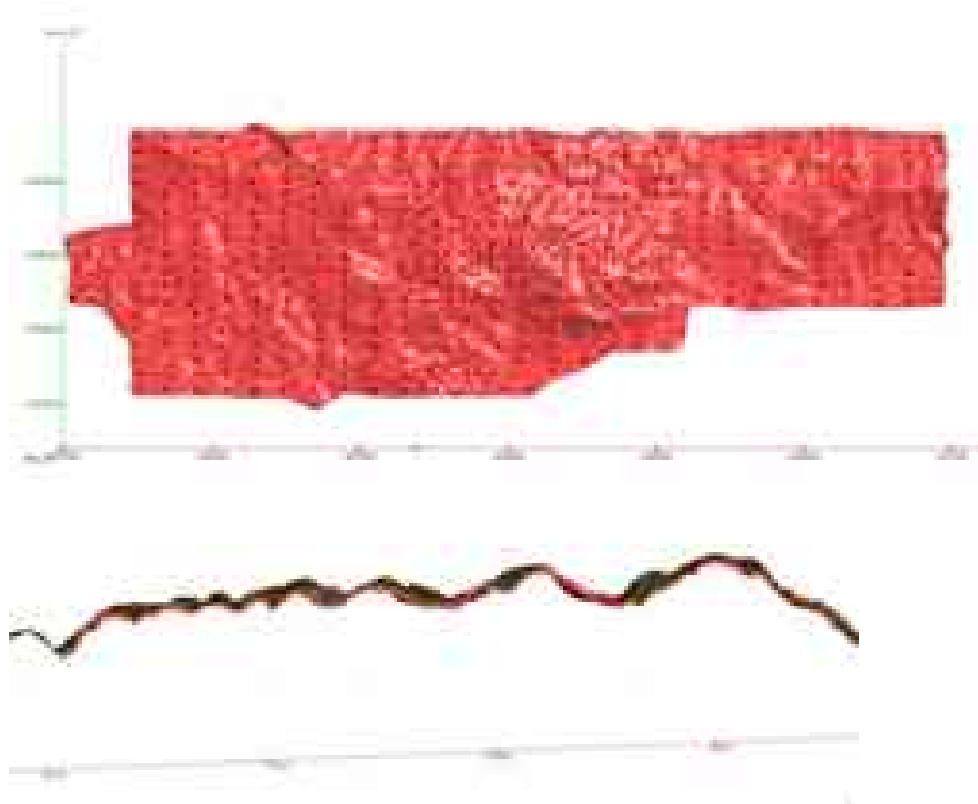
The deposit type in the Sepon project is an ion-adsorption type hosted in weathered regolith. The development level of the weathered regolith layer largely shaped the distribution and geometry of the REE mineralization. The ore-bearing layers are mainly present in the middle part of the fully weathered regolith profile and the upper part of the semi-weathered layer.

The REE mineralized bodies generally exhibit a stratiform appearance, with their morphology controlled by the occurrence of the weathered regolith. In relatively flat mountaintop areas, the bodies tend to be thicker and have a more pronounced sheet-like shape. Whereas in steep hillside and valley areas, the bodies tend to have a thinner and more complex shape due to erosion and transportation effects.

In Leapfrog software, SRK created a geological model based on the drillhole assay data and employed an implicit modeling approach.

The distribution maps of mineralized bodies were illustrated in Figure 10-1.

Figure 10-1: Plan View (Up) and Section View (Down) of Sepon Mineralized Bodies



Source:SRK

10.1.5 Bulk Density Test

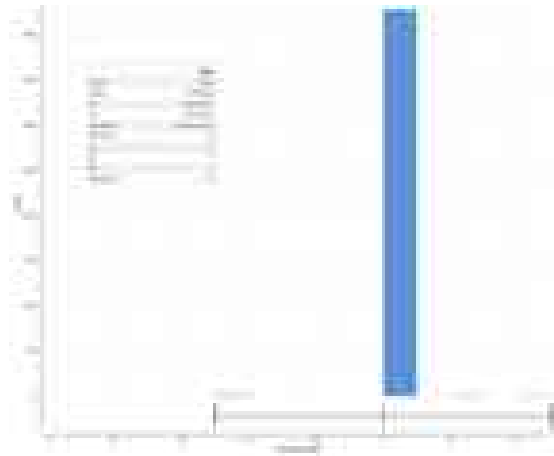
In the general exploration report, 10 specific gravity samples were also taken from drilling cores and were measured in the lab of the mine.

In SRK's opinion, it was unable to collect density sample from GN Auger hole cores. A dry bulk density of 1.5 t/m³ was used in resource estimation for Sepon project.

10.1.6 Compositing

Prior to conducting the statistical analysis, the samples were combined so the length of each sample was basically equivalent. The distribution of sample length is provided in Figure 10-2. The database indicates that most of the sample intervals are 1 m.

All data from the database containing the flagged raw sample intervals were composited to 1.0 m downhole lengths, with a minimum length of 0.5 m required to create a composite. SRK applied 1.0 m composite for all subsequent analyses and grade interpolations.

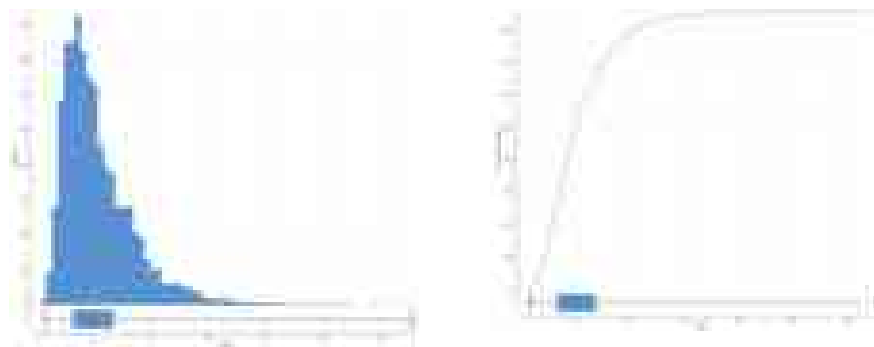
Figure 10-2: Histogram of Sample Length

Source:SRK

The sampling methods in the Sepon Project are essentially consistent, and the approach to handling composite samples is also the same.

10.1.7 Evaluation of Outliers

To identify the appropriate top cuts for every mineralised orebody, the cumulative frequency and distribution characteristics of the sample histogram, as shown in from Figure 10-3 to Figure 10-16 were used, in addition, the coefficient of variation statistic and 3D visualisations were also considered. The cutoff grades for each rare earth oxides used in estimation listed in Table 10-2.

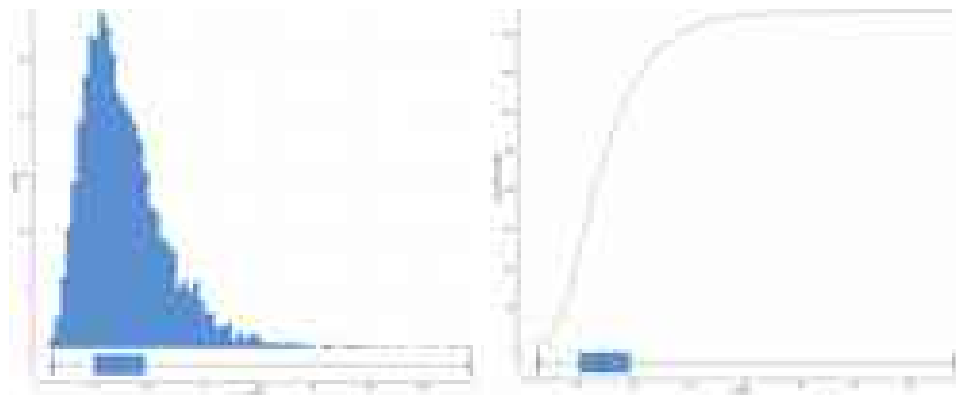
Figure 10-3: Y_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

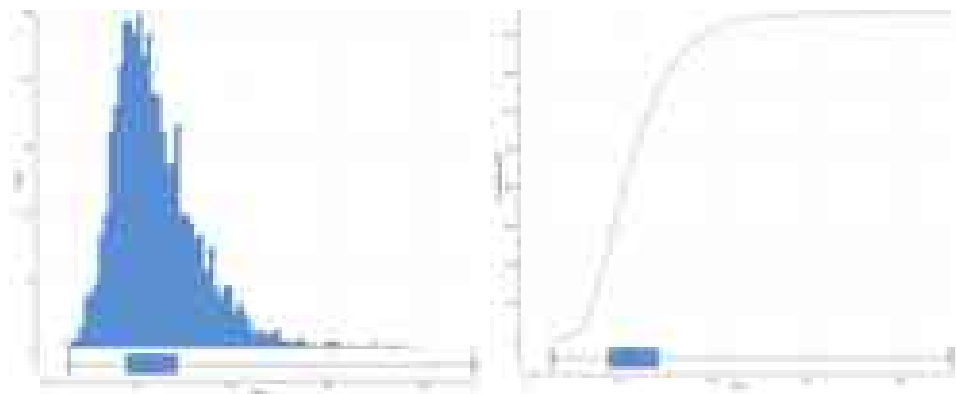
Figure 10-4: La_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

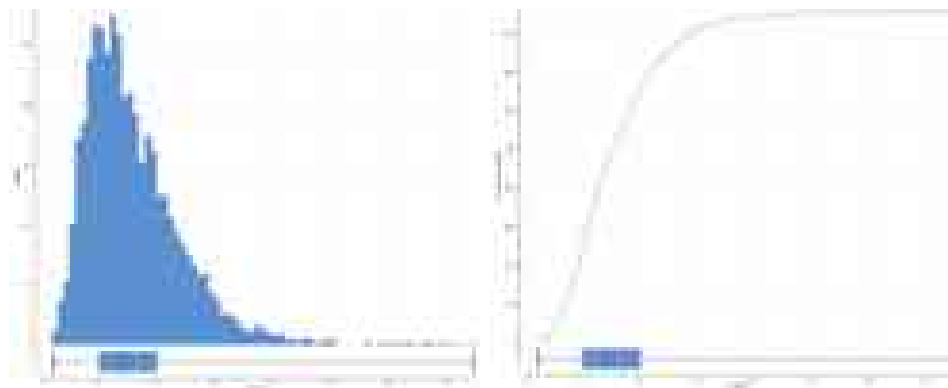
Figure 10-5: CeO_2 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

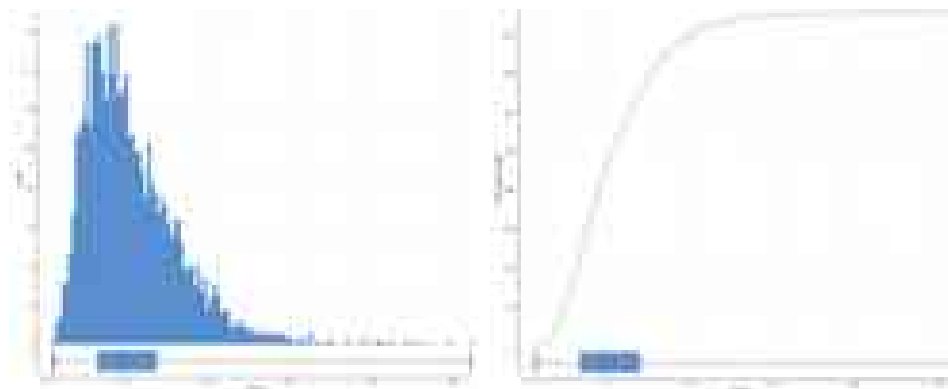
Figure 10-6: Pr_6O_{11} Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

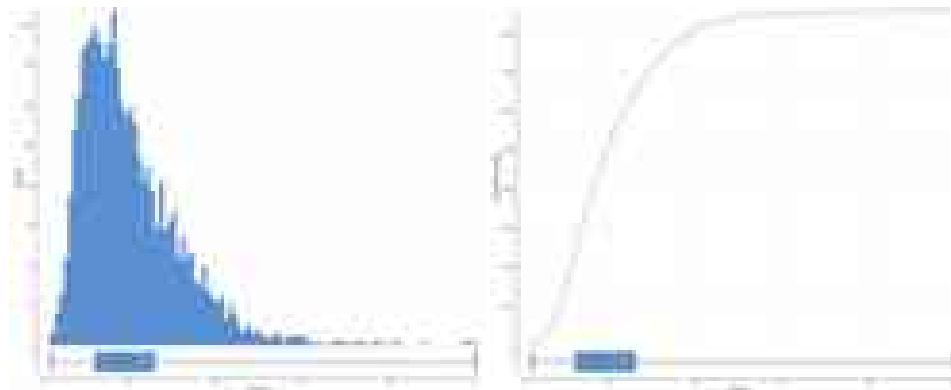
Figure 10-7: Nd_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

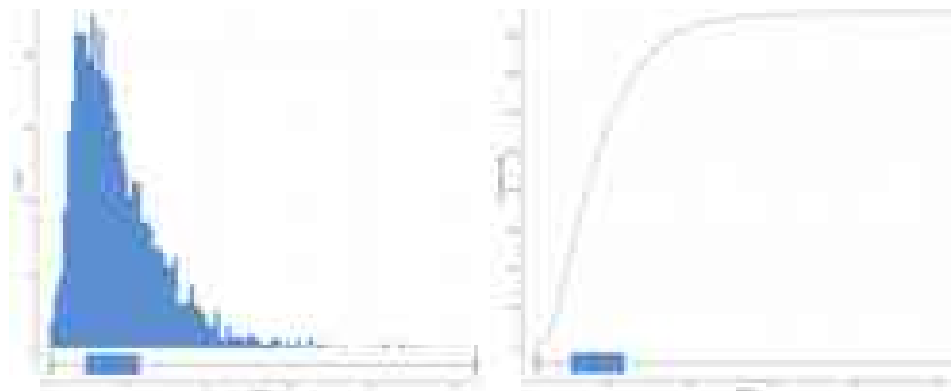
Figure 10-8: Sm_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

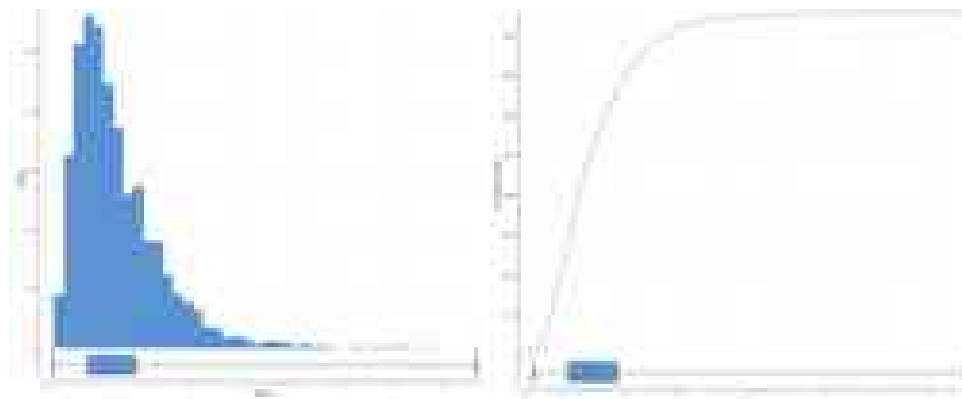
Figure 10-9: Gd_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

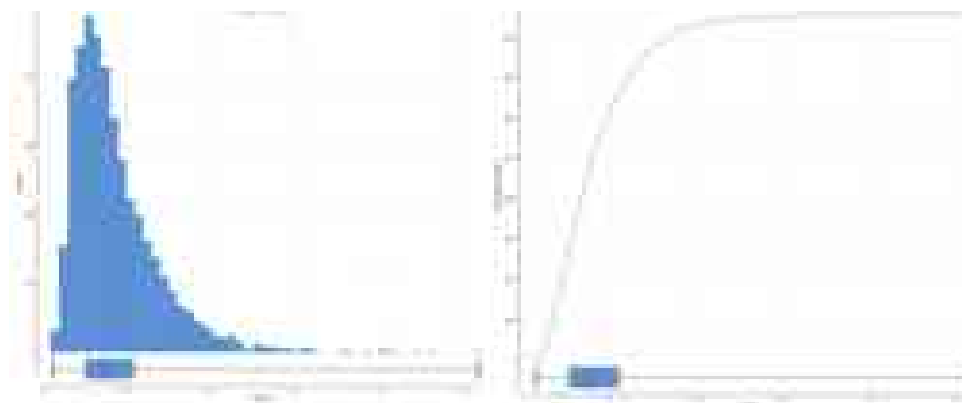
Figure 10-10: Tb₄O₇ Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

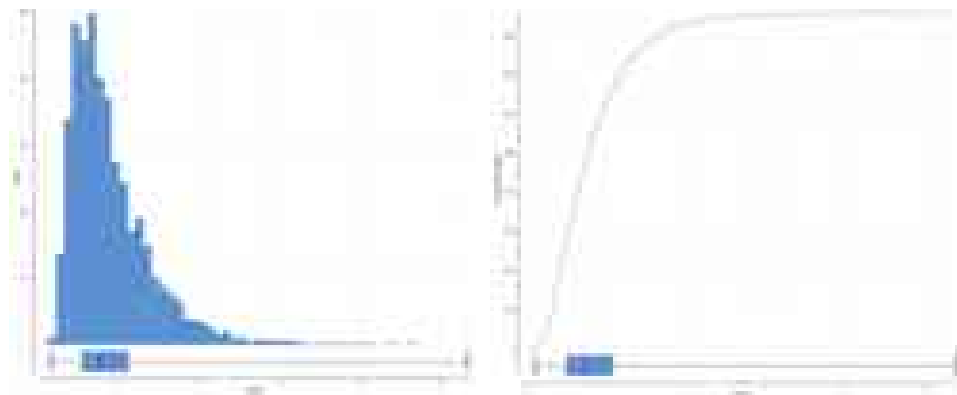
Figure 10-11: Dy₂O₃ Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

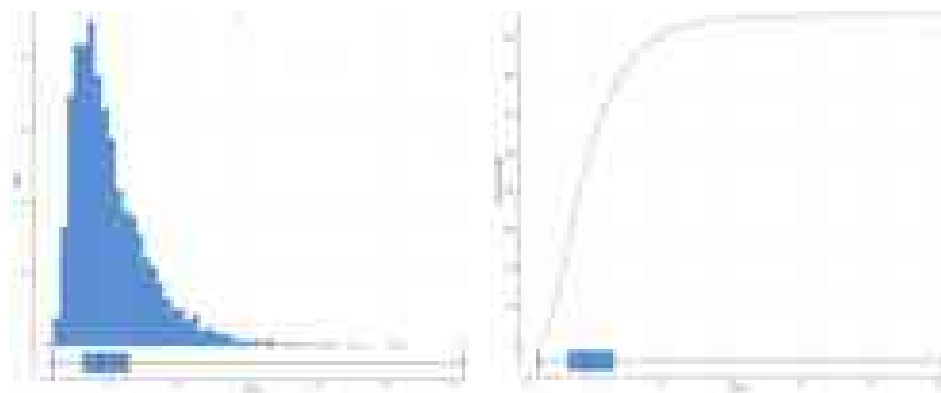
Note:

¹ The mean is indicated by the red diamond.

² The median is indicated by the line that crosses the inside of the box.

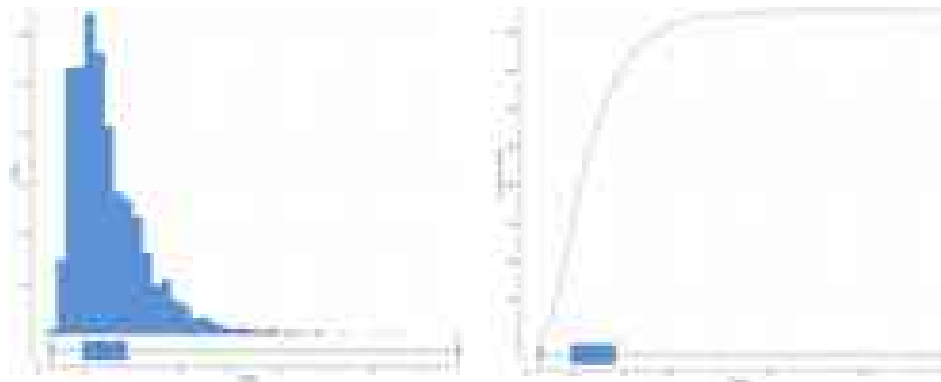
Figure 10-12: Ho₂O₃ Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

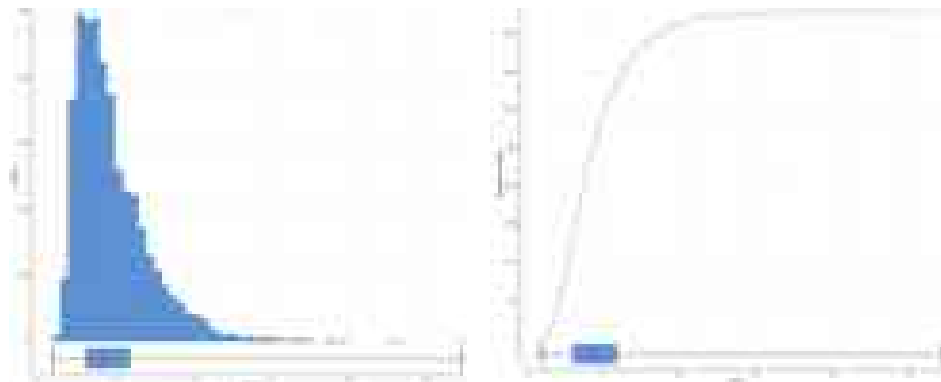
Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.Figure 10-13: Er₂O₃ Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.

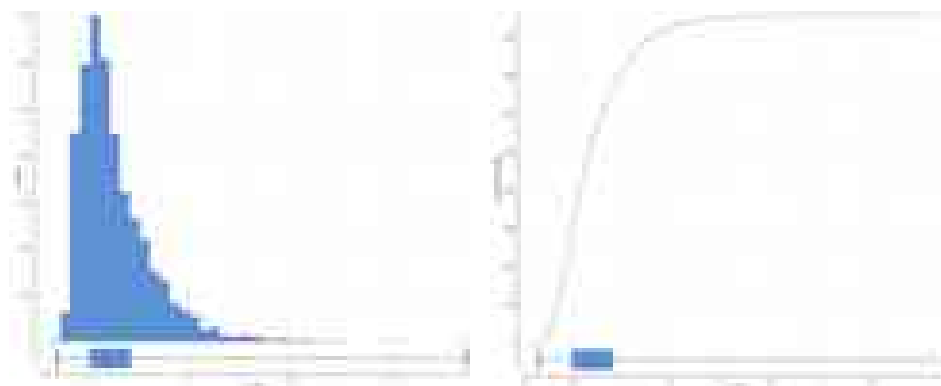
Figure 10-14: Tm_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.**Figure 10-15: Yb_2O_3 Histogram and Cumulative Histogram of the Mineralized Domain**

Source:SRK

Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.

Figure 10-16: Lu₂O₃ Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.**Table 10-2: Outlier Value for Sepon Project**

TREO	Assay Cap (g/t)	Capped Samples	Capped Ratio (%)	Mean (%)	
				Before Capping	After Capping
Y ₂ O ₃	175	42	0.98	55.39	54.96
La ₂ O ₃	250	24	0.56	78.99	78.65
CeO ₂	300	30	0.70	120.51	120.25
Pr ₆ O ₁₁	45	40	0.93	16.05	15.95
Nd ₂ O ₃	160	33	0.77	54.82	54.55
Sm ₂ O ₃	32	28	0.65	10.21	10.16
Eu ₂ O ₃	10	19	0.44	2.44	2.43
Gd ₂ O ₃	28	50	1.17	9.26	9.19
Tb ₄ O ₇	5	28	0.65	1.47	1.47
Dy ₂ O ₃	30	27	0.63	8.68	8.64
Ho ₂ O ₃	6	32	0.75	1.77	1.77
Er ₂ O ₃	18	22	0.51	5.17	5.15
Tm ₂ O ₃	2	66	1.54	0.75	0.75
Yb ₂ O ₃	15	27	0.63	4.87	4.85
Lu ₂ O ₃	2.5	15	0.35	0.75	0.75

10.1.8 Block Model and Grade Estimation

SRK generated non-rotational model via Leapfrog software for grade and tonnage estimation. A suitable block interval and unit size was adopted to build a block model which was able to contain the mineralized zones. The block size was set to 10 m × 10 m × 2 m (East × North × Elevation). A summary of the block model specifications is presented in Table 10-3.

Table 10-3: Block Model Parameters

	Base Point	Boundary	Block Size	Sub Block Size	Rotation
E	630,487.98	7,020	10	10	0
N	1,857,207.27	2,630	10	10	0
Z	560.00	544	2	2	0

The estimation method for SREO was Inverse Distance Weighting ("IDW"). The model underwent three searches. The specific search parameters are detailed in Table 10-4.

Table 10-4: Search Ellipsoid Parameters

Element	Runs	Search Distance (m)	Minimum Samples	Maximum Samples	Maximum samples in a single drillhole
15 Rare Earth Oxide	1	110	6	24	2
	2	220	6	24	2
	3	220	2	24	2

10.1.9 Model Validation and Sensitivity

Swath plots are an important validation tool for providing comparisons between sample points and estimated values to identify any bias towards under-estimation or over-estimation or any smoothing in the results. The effect of different estimation methods and parameters can also be compared.

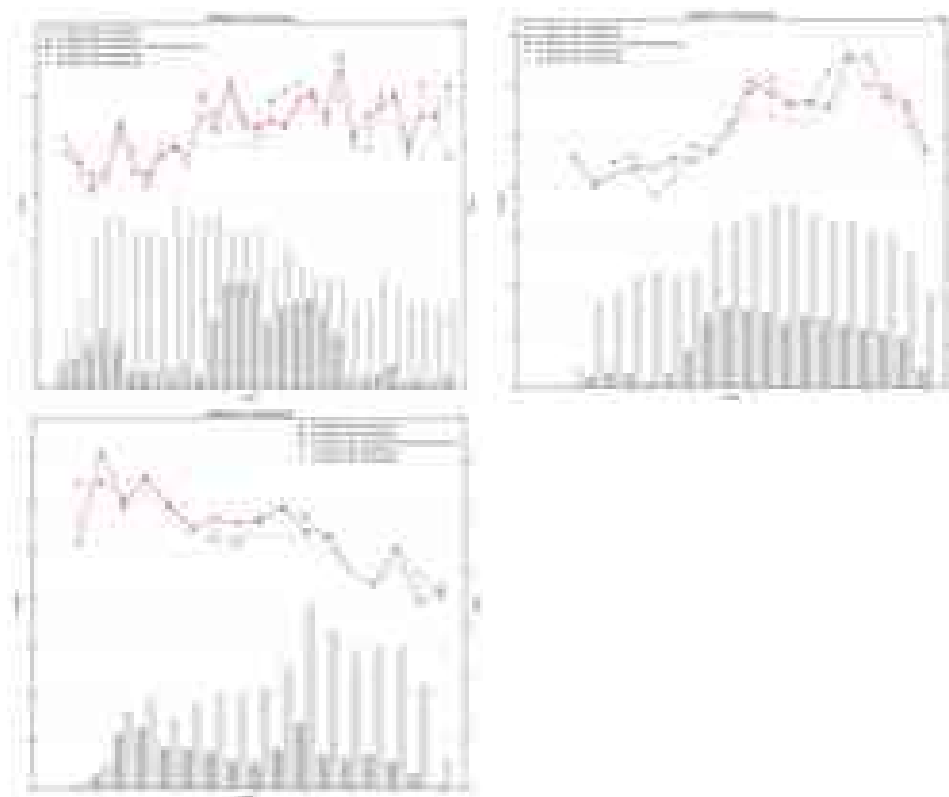
The swath plot is a one-dimensional graph in a specific direction of interest. A swath is a sectional slice through the block model with a specified thickness. The swath plot shows the average grade for the blocks in the swath, along with the averaged sample values in the swath.

Swath plots have been generated in three orthogonal (north, east, and vertical) directions at a certain distance for Pr_6O_{11} and Nd_2O_3 grade by SRK, as shown in Figure 10-17 and Figure 10-18. The block models and the composites correspond well in all orthogonal directions. This comparison shows close consistency between the blocks and composites in terms of overall distribution as a function of X, Y, and Z coordinates.

Figure 10-17: Pr_6O_{11} Grade Swath Plot for Sepon Project



Source:SRK

Figure 10-18: Nd₂O₃ Grade Swath Plot for Sepon Project

Source:SRK

10.1.10 Mineral Resource Classification

Block model quantities and grade estimates for the Sepon project were classified according to the JORC Code 2012.

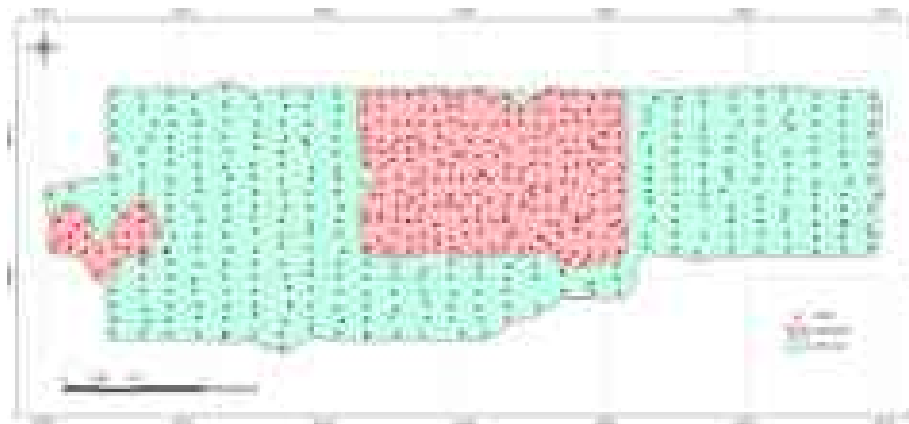
Mineral resource classification is typically a subjective concept. Industry best practices suggest that resource classification should consider the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates, and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas at similar resource classification.

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. The sampling information was acquired primarily by GN Auger holes drilling on spaced at 100-200 metres. As such the Mineral Resource is classified based on the following principles:

- Indicated Mineral Resource: the areas less than 100 m spacing of the drillholes.
- Inferred Mineral Resource: the areas greater than 100 m and less than 200 m spacing of the drillholes.

Typical Mineral Resource classification maps are presented in Figure 10-19.

Figure 10-19: Sepon Project Mineral Resource Classification



Source:SRK

10.1.11 Mineral Resource Statement

The JORC Code 2012 defines a mineral resource as:

“a concentration or occurrence of material of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological

evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.”

The “reasonable prospects for eventual economic extraction” requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade that takes into account extraction scenarios and processing recoveries.

In contrast to conventional mining method, the in-situ leaching operation and wet plant cannot be treated as separate business units as the output PLS produced from the leaching process is directly fed into a wet plant for processing and the processed solution from the PLS is then recycled for leaching utilization. Therefore, this RPEEE assessment considers the technical and cost factors associated with both the leaching process and the wet plant.

SRK considers that the blocks with the TREO grade greater than 170 g/t show “reasonable prospects for economic extraction” and can be reported as a Mineral Resource.

As of 30 September 2024, by applying a cut-off grade of 170 g/t TREO, The Mineral Resources which SRK estimated and reported are as follows:

- 26.78 Mt of Indicated Mineral Resource with an average grade of 383.75 g/t TREO, equivalent to 10.28 kt of total rare earth oxides within the Project area.
- 63.79 Mt Inferred Mineral Resource with an average grade of 339.22 g/t TREO, equivalent to 21.64 kt of total rare earth oxides within the Project area.

Table 10-5: Mineral Resource Statement¹ of Sepon REE Project, as of 30 September 2024

Category	Mass (Mt)	TREO (g/t)	TREO (kt)	PrNd Oxides (%)	MREO(%)	CREO(%)
Indicated	26.78	383.75	10.28	19.14	21.97	33.87
Inferred	63.79	339.22	21.64	18.78	21.45	32.59

Notes:

¹ Mineral Resources are not Ore Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li and Dr. Anson Xu who are full time employees of SRK Consulting China Ltd. Mr. Huaixiang Li is a Member of AIG and Dr. Anson Xu is a Fellow of AusIMM. Dr. Xu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in JORC (2012). Mr. Li and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

³ Mineral Resources are reported at a cut-off grade of 170 g/t TREO. Cut-off grades are based on a price of 239,000 RMB/t REO.

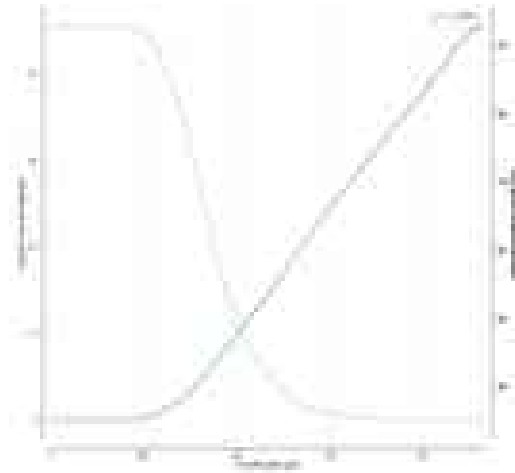
⁴ MREO: $\text{Pr}_6\text{O}_{11} + \text{Nd}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3$.

⁵ CREO: $\text{Nd}_2\text{O}_3 + \text{Eu}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3 + \text{Y}_2\text{O}_3$, determined by US Department of Energy 2023.

⁶ TREO: Total Rare Earth Oxides include $\text{Y}_2\text{O}_3 + \text{La}_2\text{O}_3 + \text{CeO}_2 + \text{Pr}_6\text{O}_{11} + \text{Nd}_2\text{O}_3 + \text{Sm}_2\text{O}_3 + \text{Eu}_2\text{O}_3 + \text{Gd}_2\text{O}_3 + \text{Tb}_4\text{O}_7 + \text{Dy}_2\text{O}_3 + \text{Ho}_2\text{O}_3 + \text{Er}_2\text{O}_3 + \text{Tm}_2\text{O}_3 + \text{Yb}_2\text{O}_3 + \text{Lu}_2\text{O}_3$.

10.1.12 Grade Sensitivity Analysis

The Mineral Resources of the Sepon project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Figure 10-20 at various cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

Figure 10-20: Sepon Project Grade Tonnage Curve

Source:SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

10.2 Mengkham REE Project

10.2.1 Introduction

The Mineral Resource Statement presented herein represents the first mineral resource evaluation prepared for the Mengkham REE project in accordance with the JORC Code 2012.

The mineral resource model prepared by SRK considers the core boreholes drilled by the client during the period of January 2022 to December 2023. The effective date of the Mineral Resource Statement is 30 September 2024.

This section describes the methodology, procedure and key assumptions applied in Resource estimation. In the opinion of SRK, the resource estimation reported herein is a reasonable representation of the global rare earths resource found in the Mengkham IAC REE Project at the current level of sampling. The mineral resources have been estimated in accordance with the JORC Code 2012. Mineral resources are not Ore Reserves and have not demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into Ore Reserve.

The database used to estimate the Project mineral resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries for rare earths mineralization and that the assay data are sufficiently reliable to support mineral resource estimation.

The Leapfrog Geo and Edge (Version 2023.2) software was used to create both geological model and block model for the Project. The software is considered as a proper modelling tool for this regolith type of deposit.

10.2.2 Resource Estimation Procedures

The resource evaluation methodology involved the following procedures:

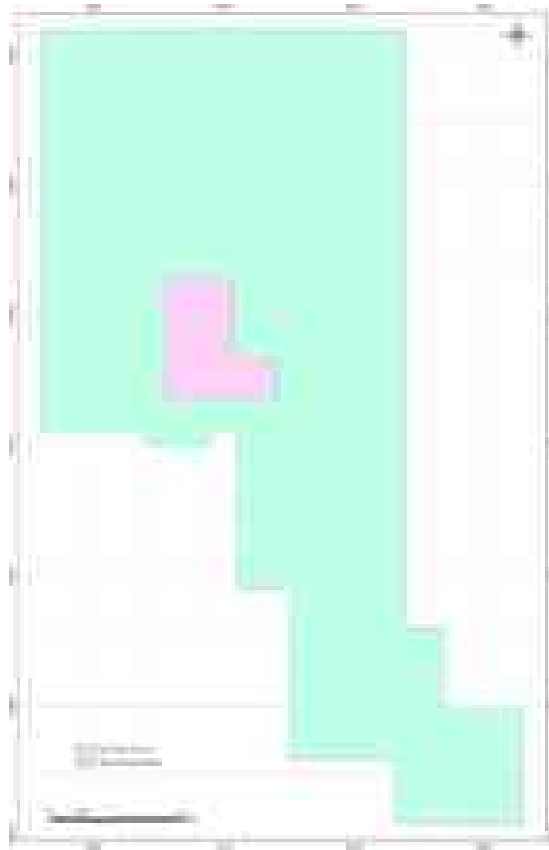
- Database compilation and verification
- Construction of wireframe models for the boundaries of the REE mineralization
- Definition of resource domains
- Data conditioning (compositing and capping) for analysis
- Block modelling and grade interpolation
- Resource classification and validation
- Assessment of "reasonable prospects for eventual economic extraction" and selection of appropriate cut-off grades
- Preparation of the Mineral Resource Statement

10.2.3 Resource Database

The datasets and information used in the models were provided by the client, including geological exploration reports and associated maps and tables, topographic data (only covering an area of 2.3 km²), geological maps, borehole databases, etc. The coordinate system applied for the entire project is the UTM projection (Zone 48N) using the WGS84 Datum.

Prior to conducting Mineral Resource modelling, SRK performed a data validation procedure to assess the reliability of the received datasets. 736 holes with 15,067 assays were excluded due to the reasons of wrong coordinates, duplicate assay at the same interval or extremely high SREO grade (from 0.4% to 2.68%).

Digital terrain models ("DTM") of an area of 2.3 km² were created from AutoCAD contour maps provided by the client, as shown in Figure 10-21. These contour maps were derived from the site survey activity. SRK considers that the created DTMs are acceptable to use in the mineral resource estimation. The rest area of the project's DTM was created using the Copernicus data downloaded by SRK.

Figure 10-21: Topo Survey Area of Mengkham REE Projects

Source:SRK

The summary statistics of the holes (Figure 7-2) used in Mineral Resource estimation is listed in Table 10-6.

Table 10-6: Drillhole Statistics used for the Resource Estimation

Drillhole Type	Drillholes	Length (m)	Samples	Year
GN Auger	13,251	192,008	92,935	2022-2023

10.2.4 Solid Body Modelling

Solid models were created in Leapfrog Geo software based on the following considerations, principles, and steps.

The deposit type in the Mengkham REE Project is an ion-adsorption type hosted in weathered regolith. The development level of the weathered regolith layer largely shaped the distribution and geometry of the REE mineralization. The ore-bearing layers are mainly present in the middle part of the fully weathered regolith profile and the upper part of the semi-weathered layer.

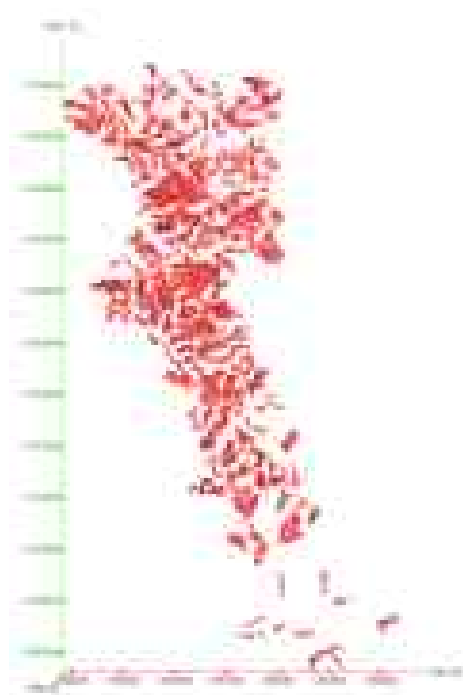
The REE mineralized bodies generally exhibit a stratiform appearance, with their morphology controlled by the occurrence of the weathered regolith. In relatively flat mountaintop areas, the bodies tend to be thicker and have a more pronounced sheet-like shape. Whereas in steep hillside and valley areas, the bodies tend to have a thinner and more complex shape due to erosion and transportation effects.

Based on the above considerations, a terrain analysis was conducted to identify steep areas (typically slopes greater than 40 degrees) and valley areas with creeks or rivers. Through cross-checking with drillhole assay data, areas were identified as unlikely to retain weathered regolith or host mineralization of insufficient thickness to be economically viable. Subsequently, these areas were excluded from the delineation of mineralized boundaries.

Due to the REE quick test before sampling, SRK considers all the intervals with REE grades as the mineralized zone and above the mineralized zone is the topsoil zone. In Leapfrog software, SRK created a geological model based on the drillhole assay data and employed an implicit modeling approach. Additionally, constraints on the mineralized zones are applied using data related to valleys and water systems.

The distribution maps of mineralized orebodies were illustrated from Figure 10-22.

Figure 10-22: Plan View (Up) and Section View (Down) of Mengkham Mineralized Bodies





Source:SRK

10.2.5 Bulk Density Test

A total of ten bulk density samples were implemented across the project areas with the natural bulk density (wet basis) ranging from 1.7 to 1.81 t/m³, averaging 1.75 t/m³, dry bulk density ranging between 1.35 and 1.55 t/m³, averaging 1.47 t/m³.

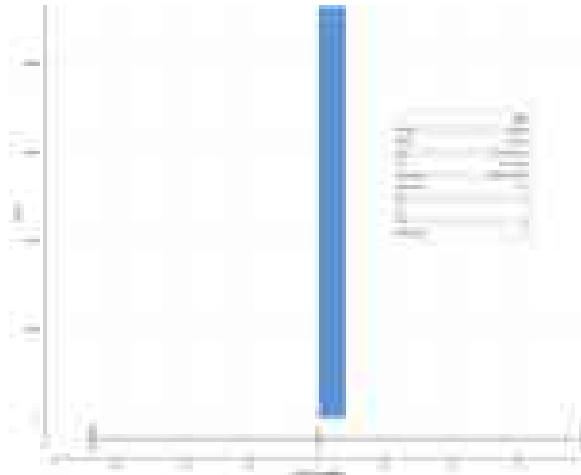
The average dry bulk density of 1.47 t/m³ is determined to use in resource estimation for the entire project area.

10.2.6 Compositing

Prior to conducting the statistical analysis, the samples were combined so the length of each sample was basically equivalent. The distribution of sample length is provided in Figure 10-23. The database indicates that most of the sample intervals are 1 m.

All data from the database containing the flagged raw sample intervals were composited to 1.0 m downhole lengths, with a minimum length of 0.5 m required to create a composite. SRK applied 1.0 m composite for all subsequent analyses and grade interpolations.

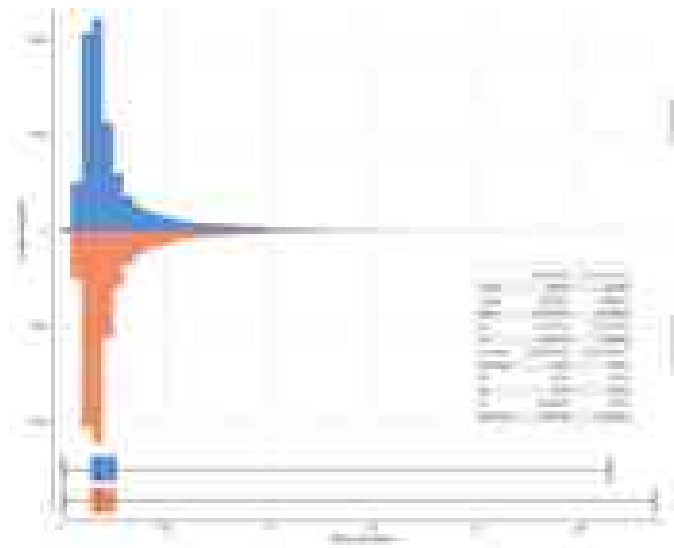
Figure 10-23: Histogram of Sample Length



Source:SRK

The sampling methods in the Mengkham REE Project are essentially consistent, and the approach to handling composite samples is also the same, as shown in Figure 10-24.

Figure 10-24: SREO Grade Before and After Compositing



Source:SRK

10.2.7 Evaluation of Outliers

Due to the specific nature of the drilling method, over 99% of the sample lengths are 1.0 meter. Therefore, the original data statistics and composite data statistics for samples within the orebodies show almost identical results, listed in Table 10-7.

Table 10-7: Raw and Composite Sample Statistics within Mineralized Domain

Items	Raw	Composite
Count	82,895	82,926
Mean	0.0245	0.0245
Length	82,896.3	82,925.3
Std	0.02	0.02
CV	0.81	0.80
Variance	0.0004	0.0004
Minimum Value	0.001	0.001
Q1	0.014	0.014
Q2	0.018	0.018
Q3	0.026	0.027
Maximum Value	0.286	0.264

To identify the appropriate top cuts for the mineralised body, the cumulative frequency and distribution characteristics of the sample histogram, as shown in Figure 10-25 were used, in addition, the coefficient of variation statistic and 3D visualisations were also considered. After reaching a SREO grade of 0.105%, the continuity of samples becomes sparse. The cutoff grades used in estimation listed in Table 10-8.

Figure 10-25: Histogram and Cumulative Histogram of the Mineralized Domain

Source:SRK

Note:¹ The mean is indicated by the red diamond.² The median is indicated by the line that crosses the inside of the box.**Table 10-8: Outlier Value for Mengkham REE Project**

Assay Cap SREO (%)	Capped Samples	Capped Ratio (%)	SREO Mean (%)	
			Before Capping	After Capping
0.105	794	0.96	0.0245	0.0243

10.2.8 Block Model and Grade Estimation

SRK generated non-rotational model via Leapfrog software for grade and tonnage estimation. A suitable block interval and unit size was adopted to build a block model which was able to contain the mineralized zones. The block size was set to 10 m × 10 m × 4 m (East × North × Elevation). A summary of the block model specifications is presented in Table 10-9.

Table 10-9: Block Model Parameters

	Base Point	Boundary	Block Size	Sub Block Size	Rotation
E	357,495.35	7,060	10	5	0
N	2,186,283.81	12,290	10	5	0
Z	1,800.00	612	4	2	0

The estimation method for SREO was Inverse Distance Weighting ("IDW"). The model underwent three searches. The specific search parameters are detailed in Table 10-10.

Table 10-10: Search Ellipsoid Parameters

Element	Runs	Search Distance (m)	Minimum Samples	Maximum Samples	Maximum samples in a single drillhole
SREO	1	60	6	24	2
	2	120	6	24	2
	3	120	2	24	2

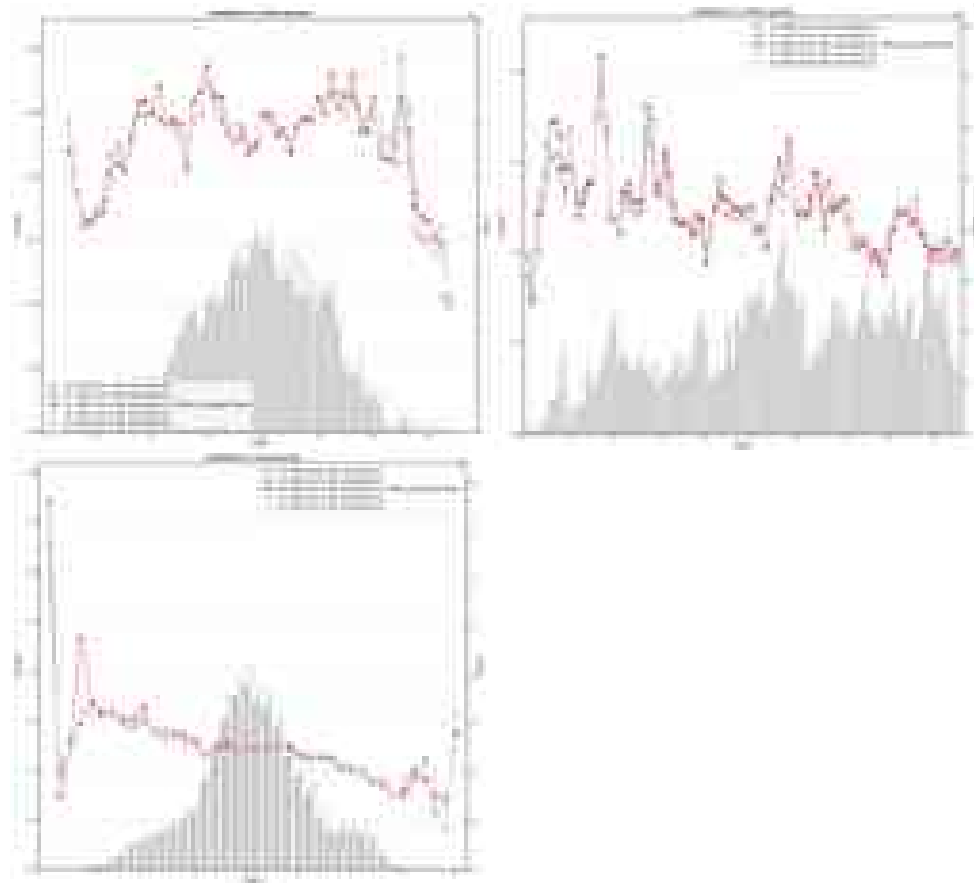
10.2.9 Model Validation and Sensitivity

Swath plots are an important validation tool for providing comparisons between sample points and estimated values to identify any bias towards under-estimation or over-estimation or any smoothing in the results. The effect of different estimation methods and parameters can also be compared.

The swath plot is a one-dimensional graph in a specific direction of interest. A swath is a sectional slice through the block model with a specified thickness. The swath plot shows the average grade for the blocks in the swath, along with the averaged sample values in the swath.

Swath plots have been generated in three orthogonal (north, east, and vertical) directions at a certain distance for SREO grade by SRK, as shown in Figure 10-26. The block models and the composites correspond well in all orthogonal directions. This comparison shows close consistency between the blocks and composites in terms of overall distribution as a function of X, Y, and Z coordinates.

Figure 10-26: SREO Grade Swath Plot for Mengkham REE Project



Source:SRK

10.2.10 Mineral Resource Classification

Block model quantities and grade estimates for the Mengkham REE Project were classified according to the JORC Code 2012.

Mineral resource classification is typically a subjective concept. Industry best practices suggest that resource classification should consider the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates, and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas at similar resource classification.

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. The sampling information was acquired primarily by GN Auger holes drilling on spaced at 30-100 metres. As such the Mineral Resource is classified based on the following principles:

- Indicated Mineral Resource: the areas less than 100 m spacing of the drillholes.
- Inferred Mineral Resource: the areas greater than 100 m and less than 200 m spacing of the drillholes.

Considering the specific IAC deposit type, SRK only categorised Indicated Mineral Resources in the area have been topo surveyed as described in resource database section. All the blocks within the area using Copernicus DTM were classified as Inferred Mineral Resources.

Due to the large bias between Mengkham original assay and SRK verification results, Indicated Mineral Resources were downgraded to Inferred Mineral Resources by SRK.

10.2.11 Mineral Resource Statement

The JORC Code 2012 defines a mineral resource as:

“a concentration or occurrence of material of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.”

The “reasonable prospects for eventual economic extraction” requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade that takes into account extraction scenarios and processing recoveries.

In contrast to conventional mining method, the in-situ leaching operation and wet plant cannot be treated as separate business units as the output PLS produced from the leaching process is directly fed into a wet plant for processing and the processed solution from the PLS is then recycled for leaching utilization. Therefore, this RPEEE assessment considers the technical and cost factors associated with both the leaching process and the wet plant.

The block model quantities and grade estimates were also reviewed to determine the portions of the Mengkham deposit having “reasonable prospects for economic extraction, based on parameters summarized in Table 10-11. The product price was sourced from the guide REO price of Xiamen Tungsten 2024. Detailed in Figure 18-1, the REO price was between 220,000 RMB/t and 341,000 RMB/t from 2019 to 2023, averaging 263,000 RMB/t.

Table 10-11: Simplified Cost Model used for RPEEE Assessment

Item	Unit	Value	Remarks
<i>Unit Cost</i>			
Production Cost	RMB/t RoM	15.7	SRK collected and analyzed
Injection and Collection Cost	RMB/t RoM	2.3	SRK collected and analyzed
Raw Material	RMB/t RoM	7.7	SRK collected and analyzed
Pipes and Accessories	RMB/t RoM	1.6	SRK collected and analyzed
Power Cost	RMB/t RoM	1.1	SRK collected and analyzed
Safety and Environmental Cost	RMB/t RoM	0.2	SRK collected and analyzed
Staff Salary	RMB/t RoM	1.2	SRK collected and analyzed
Other Cost	RMB/t RoM	1.6	SRK collected and analyzed
Reclamation Cost	RMB/t RoM	0.6	SRK collected and analyzed
G&A	RMB/t RoM	0.3	SRK collected and analyzed
Sales Cost	RMB/t RoM	0.3	SRK collected and analyzed
Total Unit Cost	RMB/t RoM	16.9	SRK collected and analyzed
<i>Recovery Rate</i>			
Leaching Rate	%	90.0	Mengkham REE PFS Report
Processing Recovery Rate	%	85.5	Mengkham REE PFS Report
Overall REE Recovery	%	77.0	Mengkham REE PFS Report
<i>Revenue</i>			
Product Price	RMB/t REO	239,000.0	Mengkham REE PFS Report

Based on the RPEEE assessment and considering the characteristics of the leaching mining method, SRK selected a cut-off grade of 100 g/t SREO to report Mineral Resources. The reader is cautioned that the results of the estimate are used solely for the purpose of testing the “reasonable prospects for eventual economic extraction” by in-situ leaching mining and do not represent an attempt to estimate Ore Reserves. The results are to be used as a guide for assisting in the preparation of a Mineral Resource Statement and for selecting an appropriate resource-reporting cut-off grade.

The project is in the construction and commissioning phase., and currently, no REE oxides are available for sale.

As of 30 September 2024, by applying a cut-off grade of 100 g/t SREO, The Mineral Resources which SRK estimated and reported are as follows:

- 139.05 Mt Inferred Mineral Resource with an average grade of 241.79 g/t SREO, equivalent to 33.62 kt of soluble rare earth oxides within the Project area.

Table 10-12: Mineral Resource Statement¹ of Mangkham REE Project, as of 30 September 2024

License	Category	Dry BD (t/m ³)	Mass (Mt)	SREO (g/t)	SREO (kt)
Trial Mining	Inferred	1.47	55.59	267.75	14.88
Exploration	Inferred	1.47	83.47	224.51	18.74
Total	Inferred	1.47	139.05	241.79	33.62

Notes:

¹ Mineral Resources are not Ore Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

² The information in this report which relates to Mineral Resource is based on information compiled by Mr. Huaixiang Li and Dr. Anson Xu who are full time employees of SRK Consulting China. Mr. Huaixiang Li is a Member of AIG and Dr. Anson

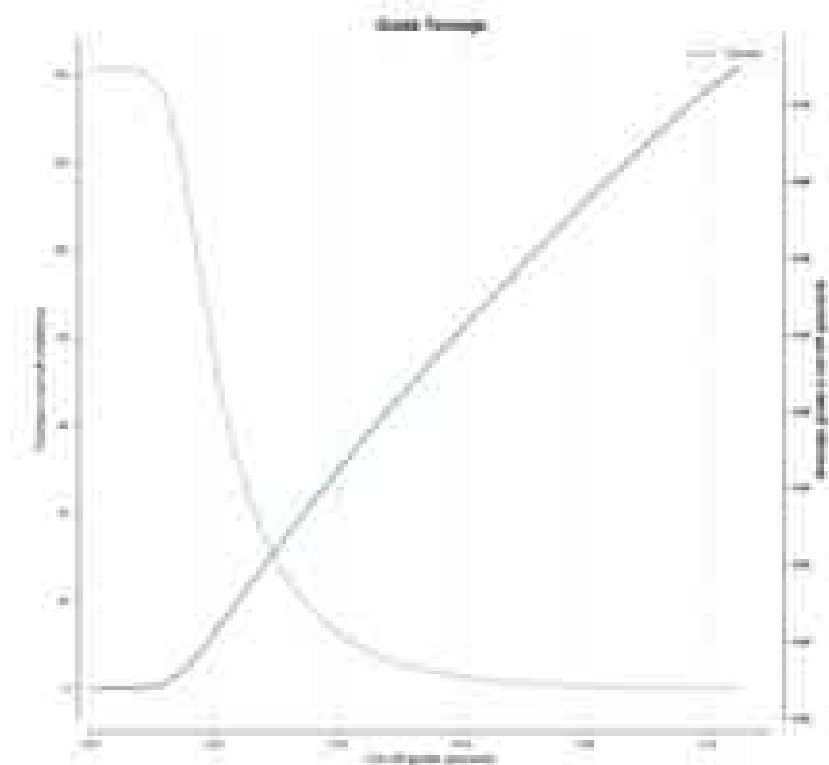
Xu is a Fellow of AusIMM. Dr. Xu have sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as the Competent Persons as defined in JORC (2012). Mr. Li and Dr. Xu consent to the reporting of this information in the form and context in which it appears.

³ Mineral Resources are reported at a cut-off grade of 100 g/t SREO. Cut-off grades are based on a price of 239,000 RMB/t REO.

10.2.12 Grade Sensitivity Analysis

The mineral resources of the Mengkham project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Figure 10-27 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

Figure 10-27: Mengkham REE Project Grade Tonnage Curve



Source:SRK

Notes:

¹ The reader is cautioned that the figures should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

10.3 SRK Comments

Mineral Resources have been estimated through creating resource models. The data and information used for this resource model generation are acquired from the exploration and were reviewed by SRK to ensure the data reliability.

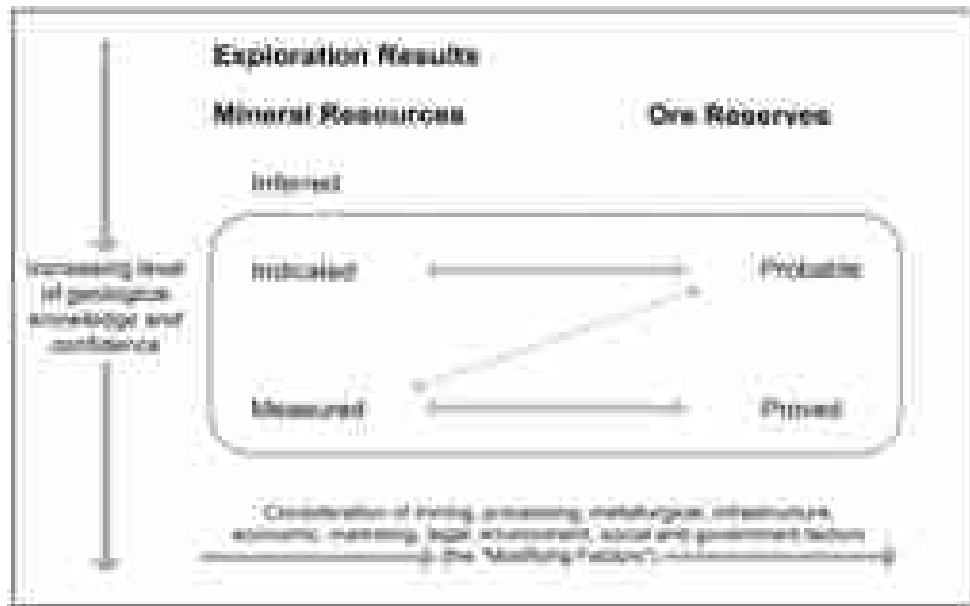
Due to the drilling and sampling methods employed in the exploration, there is a possibility of misidentification of certain sections potentially bearing REE. Consequently, this could lead to under-delineation of the mineralized domains during resource modelling, potentially resulting in a conservative resource estimate.

11 Ore Reserve Estimates

11.1 Introduction

JORC Code 2012 provides for a direct relationship between Indicated Mineral Resources and Probable Ore Reserves and between Measured Mineral Resources and Proved Ore Reserves. As shown in Figure 11-1 below.

Figure 11-1: Relationship Between Mineral Resources and Ore Reserve



Sources: JORC Code 2012

The following statement has been extracted from the JORC Code 2012 for reference:

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

"The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported."

For Sepon REE Project, the current study indicates that the project would not be financially feasible. Following discussions with LXML, it has been decided that only Mineral Resources will be reported in the report .

For Mengkham REE Project, there are technical situations as of 30 September 2024 as followings:

According to the eligible JORC Code 2012 for Mineral Resources, considering the resource within both mining license and exploration license, when utilizing a SREO cut-off grade of 0.01%, the following resources have been identified:

- Inferred Mineral Resource: 139.05 million tonnes at a grade of 241.79 g/t SREO.

The technical study is entitled "Mengkham Ion Adsorption Rare Earth Project Feasibility Study" ("PFS") and was prepared by CHIXIA Laos Holdings Limited ("CHIXIA") on February 23, 2024.

According to JORC Code 2012, only Measured Mineral Resource and Indicated Mineral Resource can be considered when estimating Ore Reserves. In this instance, the Mengkham REE Project contains solely Inferred Mineral Resource. After discussions with CHIXIA, it has been decided that only a preliminary economic analysis based on PFS would be conducted to analyse the project's economic feasibility and report project's modified Mineral Resources, and none of the Mineral Resources would be converted to Ore Reserves.

Additionally, SRK has recommended to CHIXIA that necessary works and studies be conducted to increase geological confidence as well as technical and economic confidence.

11.2 Leaching Test of Mengkham REE Project

In the leaching test area, some of the topography has been cleared, and the PLS collection Tunnel has been developed to approximately 7,000 meters, according to PFS. During the site visit in May 2024, it was observed that the injection process had already commenced. However, the collection of the PLS had not yet been completed, and there was no final product as of 30 September 2024. Figure 11-2 below shows the in-situ injection system at the mountaintop.

Figure 11-2: In-Situ Injection System at The Mountaintop



Source: SRK

11.2.1 In-situ Leaching Mine Design

As described in the PFS, the mine is going to adopt the "in-situ leaching" process. The PFS has explained the procedures of the mining method, which will be discussed in more detail in Section 12.

SRK constructed a preliminary mining model based on the PFS's description and industrial standards. For more explanations, refer to Section 11.

11.2.2 Modified Mineral Resources

As mentioned at the beginning of Section 11, Ore Reserves were not estimated. Based on reviewing PFS, the modified Mineral Resources is shown in Table 11-1 below.

Table 11-1: Modified Mineral Resources of the CHIXIA Project, as of 30 September 2024

Item	Tonnage (Mt)	SREO (g/t)
Total	138.04	239.42

Source: SRK.

Notes:

- ¹ The term "Modified Mineral Resources" refers to the Mineral Resource incorporated into the mining and processing plans.
- ² The ONLY modifying factor is the design loss caused by significant faults in the areas which make some Mineral Resources unmineable/unleachable.
- ³ Modified Mineral Resources are not Ore Reserves and have not demonstrated economic viability.
- ⁴ During the preliminary economic analysis, other factors in considerations included a "mining/leaching rate" of 90% and a "processing recovery rate" of 85.5%. However, these factors are not included in the estimation of Modified Mineral Resources.

12 In-situ Leaching Mining

CHIXIA commenced to operate a testing operation in March 2024, in order to fine-tune the parameters. In April 2024, CHIXIA requested SRK to conduct an independent review of the project. The PFS was prepared by CHIXIA. The key technical parameters listed in Table 12-1 below are summarized based on the PFS with SRK's modification.

Table 12-1: In-situ Leaching Mining Design Parameters, as of 30 September 2024

Design Parameter	Unit	PFS's Inputs	SRK's Inputs
Overall			
In-situ Leaching Mining Recovery	%	90.0	90.0
Processing Recovery	%	85.5	85.5
Overall Recovery	%	77.0	77.0
Wet Plant - REO	tpa	3675&2800	3675&2800
PLS Capacity	million m ³ pa	16.3 &11.6	16.3 &11.6
In-situ Leaching Mining			
Average Mineralized Body Depth	m	8.7	7.9
Injection Holes	m	4.0	4.0
Injection holes Cover Area	m ²	5.0	5.0
Collection Tunnel Cover Area	m ²	3.5	3.5

Source: CHIXIA

SRK's preliminary economic analysis was conducted based on the PFS, as well as information collected from site visits and discussions with CHIXIA's technical team.

12.1 Introduction

The extraction of REEs involves several mining methods, each suited to different types of deposits.

- Open-pit mining is used for shallow deposits and involves removing overburden, drilling, blasting, and transporting the ore, but it has significant environmental impacts.
- Underground mining is suitable for deeper deposits and involves creating shafts and tunnels, but it is costlier and riskier.
- In-situ leaching, used for specific geological conditions, involves injecting a leaching solution into the ore body to dissolve REEs, which are then pumped to the surface or collected from the tunnels and subsequently pumped to the processing plant; it has minimal surface disturbance but potential groundwater contamination risks.
- Placer mining, used for alluvial deposits, involves excavating, screening, and concentrating REE minerals, with lower environmental impact but limited to specific deposits.

The choice of method depends on deposit depth, type, economic factors, and environmental considerations.

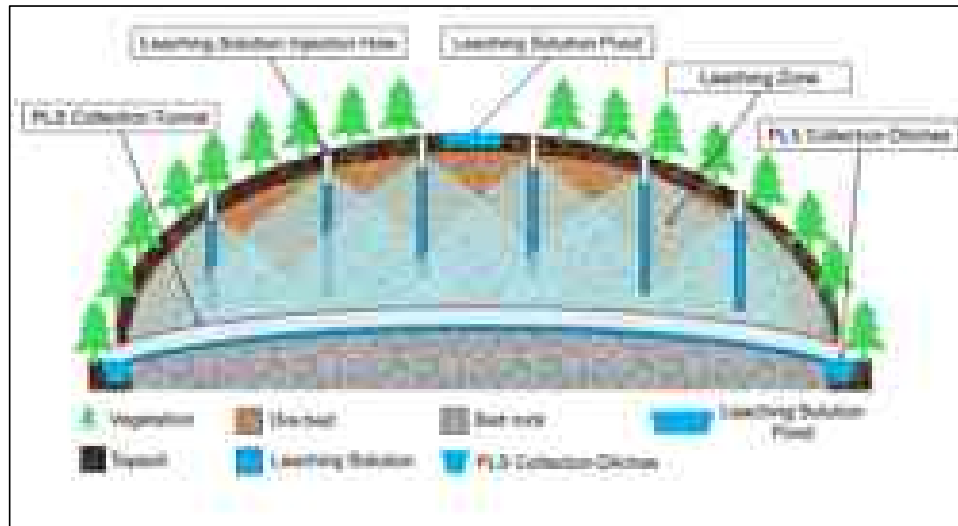
The in-situ leaching process can be divided into two stages:

- Leaching solution injection
- Collection of the PLS

The choice of leaching solution is crucial and typically consists of a weak acid or salt solution designed to selectively bind with the adsorbed REEs while minimizing harmful environmental impacts. Common choices include ammonium sulfate, sodium chloride, or organic acids.

The leaching solution used in the CHIXIA project primarily comprises ammonium sulfate, which is widely used in similar in-situ leach mines in China. Figure 12-1 below shows the schematic view of in-situ leaching mining.

Figure 12-1: Schematic Cross-section View of In-situ Leaching Mining



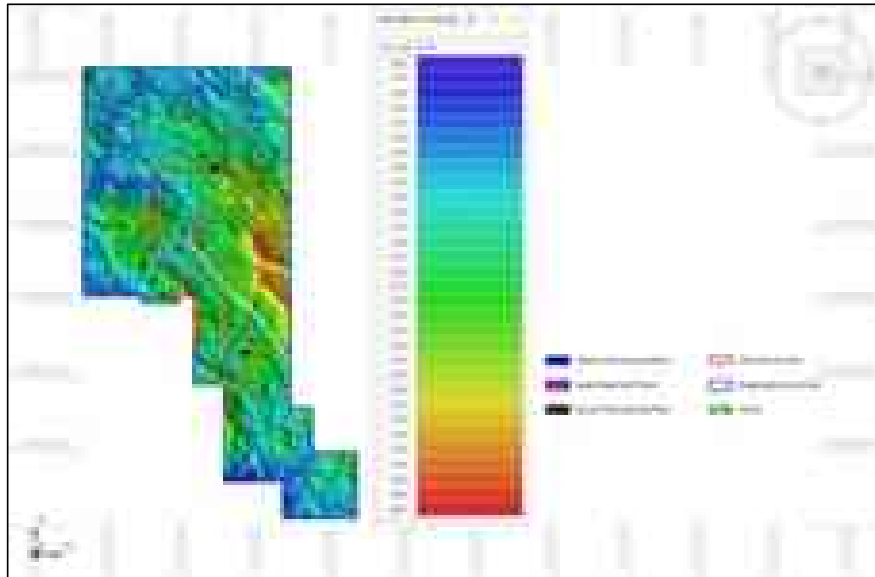
Source: SRK

12.2 Leaching Conditions

12.2.1 Topographic Condition

As illustrated in Figure 12-2, the elevation of the rare earth exploration area generally ranges from 1,251 to 1,851 meters ASL, with the highest elevation in the eastern exploration area reaching 1,851 meters ASL. The relative elevation difference within the area varies between 15 and 173 meters.

Figure 12-2: General Topographic Elevations within Exploration License



Source: SRK

¹ It should be noted that the locations of the three processing plants depicted in the figure only demonstrate the approximate layout and do not indicate the actual coordinates.

The topographic conditions are conducive to the strategic placement of leaching solution ponds and injection holes. These conditions facilitate an acceptable duration for the migration of PLS and provide a suitable hydraulic head for the delivery of PLS.

12.2.2 Occurrence and Lithology of the Mineralized Body

The PFS did not provide adequate information about the lithology of the mineralized body; it only explains the geological characteristics and weathering profile, which are as follows:

The deposit is formed by the weathering of medium-fine grained biotite granite, the main ore-forming parent rock. The mining area's structure is simple, with the deposit located between NW-SE faults and lacking fold structures.

Favourable climate and geography have preserved the weathered crust well. Geological surveys and drilling show that the weathering strength of rare earth minerals varies due to lithology, uneven weathering, and topography, resulting in a wavy distribution of mineralization. Generally, clay-rich mineralized body have better grades, with higher grades at the mountain top and waist, decreasing towards the col and foot of the mountain.

The mineralized body is stratified and locally lenticular, with general continuity. The intact regolith develops from topsoil, full regolith, and semi-regolith, with the full regolith being the main mineral-bearing layer.

- Topsoil Layer: Mainly composed of biotite granite residuum, its thickness varies, being thinner or absent at the mountain top and thicker at the slope and foot. It often contains humus and quaternary slope deposits, with a thickness of about 1-2 meters. This layer generally does not contain rare earth minerals.
- Full Regolith: The primary rare earth-bearing layer, often flesh-red, light red, or grayish-white, mainly composed of kaolin. It contains residual minerals like quartz, feldspar, and mica (1%-3%), and accessory minerals such as ilmenite, monazite, and zircon (<1%). The thickness ranges from 2.0 to 15 meters, with an average of 7 meters.
- Semi-Regolith: Grayish-white with a granite structure, composed mainly of quartz, feldspar, and biotite. This layer is the bottom of the rare earth layer, with weak weathering and kaolinization around feldspar grains. It generally does not contain rare earth minerals.

Given the thickness of the topsoil layer within the project area, conventional open-pit mining methods could potentially cause significant surface disturbance. Furthermore, the regolith derived from the weathered granite possesses a certain degree of hydraulic conductivity. Therefore, this rare earth deposit is amenable to the application of in-situ leaching techniques for the extraction of REEs.

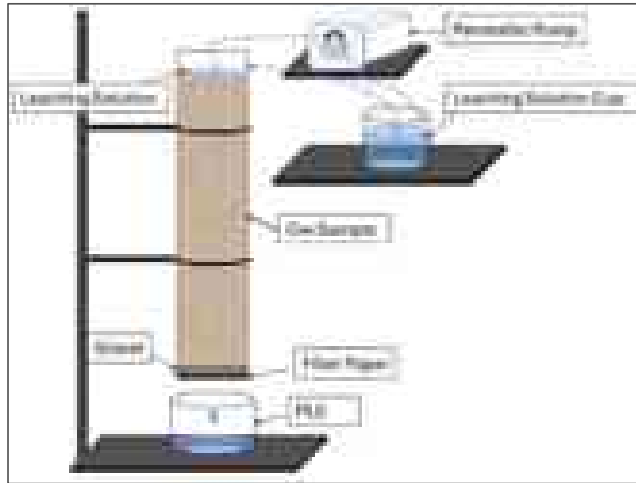
12.2.3 Geotechnical and Hydrogeological Conditions

Geotechnical condition

No geotechnical testing has been conducted on the regolith within the project area.

Hydrological and Hydrogeological Condition

In April 2024, CHIXIA conducted two experiments and summarized the results in the "Experimental Research Report on the Specific Consumption of Leaching Agent and Injection Intensity for Mineralized Body #2 of the Mengkham Rare Earth Project." Figure 12-3 shows the schematic diagram of the experiment.

Figure 12-3: Schematic Diagram of Leaching Injection Intensity Experiment

Source: CHIXIA

According to the report, the hydraulic conductivity of Mineralized Body #2 is 3.2-4.0 cm/h.

CHIXIA has not submitted any other hydrological and hydrogeological condition investigations or studies as of 30 September 2024. During the site visit, SRK was informed by CHIXIA that groundwater is not abundant in the project area. Currently, water is being sourced from a river ditch located 1.3 km in a straight line from the mining area and the water resources can meet the operational needs of the project now. SRK checked the local surface water condition as it shows in Figure 12-4 below.

Figure 12-4: Local Surface Water Condition

Source: SRK

12.3 Leaching System

An independent in-situ leaching system primarily consists of an injection system and a collection system.

- The injection system is situated at the mountaintop and gentle slopes and is divided into three components.
- The collection system is located at the foot of the mountain and may vary slightly depending on the design approach for solution collection.

12.3.1 The Injection System

The injection system is designed to introduce a leaching solution into the mineralized body to dissolve the REEs for extraction. The process involves preparing the mineralized body, injecting the leaching solution, and closely monitoring the operation. The injection system offers several advantages, including efficiency, reduced environmental impact, and cost-effectiveness. However, it requires precise control and careful management to ensure complete recovery and avoid environmental contamination.

The main three components are: leaching solution pond, injection holes and injection pipeline system.

Leaching Solution Pond

The leaching solution pond is designed for storing the leaching solution before injection and is typically constructed at the mountaintop. The leaching solution is prepared in the wet plant and pumped to the leaching solution pond using stainless steel pumps. From the pond, the leaching solution flows through a pipeline system to the various injection holes. Figure 12-5 shows the leaching solution pond during the site visit on 11 May 2024.

Figure 12-5: Leaching Solution Pond



Source: SRK

Injection Hole

Injection holes are arranged on the surface of each mineralized block at intervals of 2 to 3 meters by 2 to 3 meters. The specifications for these holes are as follows: diameter of 0.1 to 0.15 meters, with the depth determined based on the burial depth of the mineralized bed, generally extending 0.5 to 2 meters into the mineralized bed roof. Each injection hole is equipped with an injection pipeline and a gate valve to control the injection volume. Ammonium sulfate solution is introduced into the mineralized bed through the injection holes to recover REEs. Figure 12-6 shows the auger and injection hole during the site visit on 11 May 2024.

Figure 12-6: Auger and Injection Hole

Source: SRK

Injection Pipeline Network

In an in-situ leaching operation for REEs, the injection pipeline network would transport an ammonium sulfate solution from leaching solution level pond to multiple injection. Control valves and monitoring systems would ensure that the solution is delivered at the correct flow rate and pressure, allowing for efficient dissolution and recovery of the REEs. Figure 11-2 shows the injection pipeline network during the site visit on 11 May 2024.

12.3.2 PLS Collection System

The PLS collection system is a critical component of the in-situ leaching process, designed to efficiently collect the leachate containing dissolved REEs. The system comprises four main components:

PLS Collection Tunnel

A primary horizontal tunnel, known as the PLS collection tunnel, is excavated in the semi-weathered rock beneath the mineralized bed, following the contour lines of the mineralized bed's floor. This tunnel is strategically placed to avoid barren zones and ensure maximum efficiency in capturing the leachate.

According to PFS, the typical dimensions of the PLS collection tunnel have a top width of 0.3 to 0.4 meters, a bottom width of 0.6 to 0.8 meters, and a height of 1.6 to 1.8 meters. The length of the tunnel varies based on the mineralized bed's extension, generally ranging from 60 to 200 meters.

Sub-tunnels are arranged at intervals of 8 to 20 meters on both sides of the main collection tunnel. These sub-tunnels form a grid-like collection system, optimizing the capture of the leachate. All tunnel floors are treated to prevent leakage and are sloped at 3% to 5% towards the tunnel entrance with a collection pool. If the mineralized bed's floor has a significant dip angle, additional fan-shaped drill holes may be constructed in the roof of the sub-tunnels to shorten the leachate's infiltration distance and enhance collection efficiency.

The specifications of the PLS collection tunnel are shown in the beginning of Section 11.

Figure 12-7: Main PLS Collection Tunnel in Construction



Source: SRK

PLS Collection Hole

As described in the PLS collection tunnel section, fan-shaped drill holes may be constructed to enhance collection efficiency. Since the PFS does not specify the parameters, standardized parameters were adopted in preparing this report. These parameters include five holes on both wall side of the tunnel, spaced 1 meter apart, with each hole having a depth of 12 meters, refer to the beginning of Section 11.

Main Collection Pipelines and Ditches

A system of pipelines and ditches transports the PLS from the collection tunnels to the PLS hub pond. The pipelines ensure a controlled and efficient flow of the PLS, while the ditches provide additional pathways for the leachate, minimizing the risk of overflow and ensuring consistent delivery.

PLS Hub Pond

The hub pond is designed to accommodate large volumes of PLS, providing a buffer that ensures a steady supply to the processing plant and allowing for any necessary adjustments in the leaching process.

Figure 12-8: PLS Hub Ponds



Source: SRK

12.3.3 Recycled Solution System

After processing the PLS in the wet plant, the filtrate and supernatant flow into the ammonium sulfate preparation ponds. Ammonium sulfate and sulfuric acid are added, and the solution is then pumped by stainless steel pumps to the leaching solution pond at the mine for continued leaching. This injection treatment continues until the rare earth content in the collected PLS declines to a level that is no longer economically recoverable. The PFS does not specify the grade indicator for the suspension of exploitation.

12.4 Leaching Unit Identification

The in-situ leaching unit determination normally involves following considerations:

Terrain: The stability of the surface terrain is important to ensure safe operations and to prevent subsidence or collapse during and after the leaching process.

SREO Content: The grade of the SREO, should be high enough to make the leaching process economically viable.

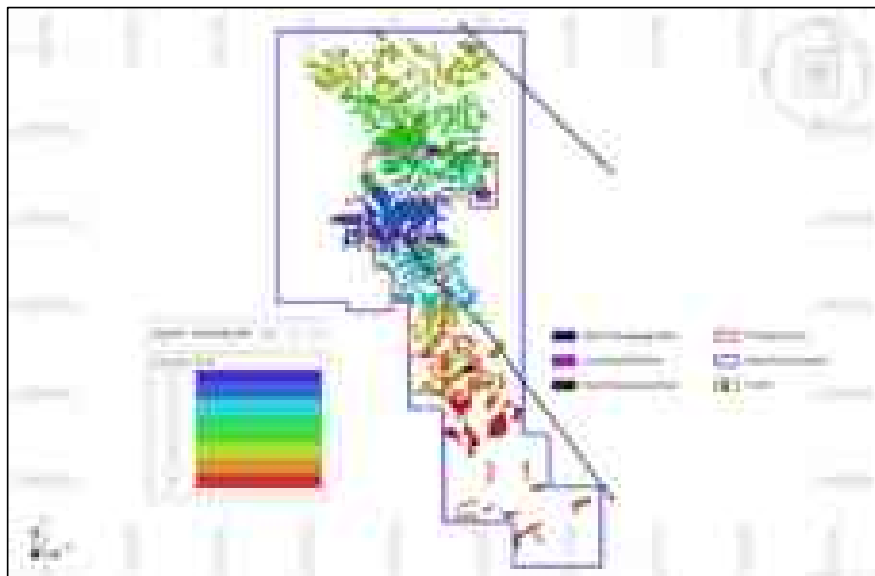
Water Table: areas below the groundwater table have relatively poor ion-adsorption rare earth grades. Therefore, suitable mining areas are selected above the groundwater table.

According to PFS, it does not specify the leaching unit based on the factors mentioned above. In preparing this report, SRK has considered the SREO content, wet plant capacity and strategic exploitation plan only based on the data collected.

It should be noted that there are two significant faults in the southeast and northeast part of the project as it shows in Figure 12-9. When conducting in-situ leaching in areas with faults, the mining recovery can be lower than expected. If fault areas are defined by offsetting 50 meters on both sides of the faults, and the Mineral Resources within these fault areas are reported, it is estimated that approximately 1-2% of the Mineral Resources are affected by the faults. During this preliminary analysis, it is assumed that the mineral resources in the fault areas are unrecoverable.

Below, Figure 12-9 shows the leaching unit identified for the project.

Figure 12-9: In-situ Leaching Unit Identification



Source: SRK

Notes:

¹ It should be noted that the locations of the three processing plants in the figure only demonstrate the approximate layout and do not indicate the actual coordinates.

12.5 Construction and Production Plan

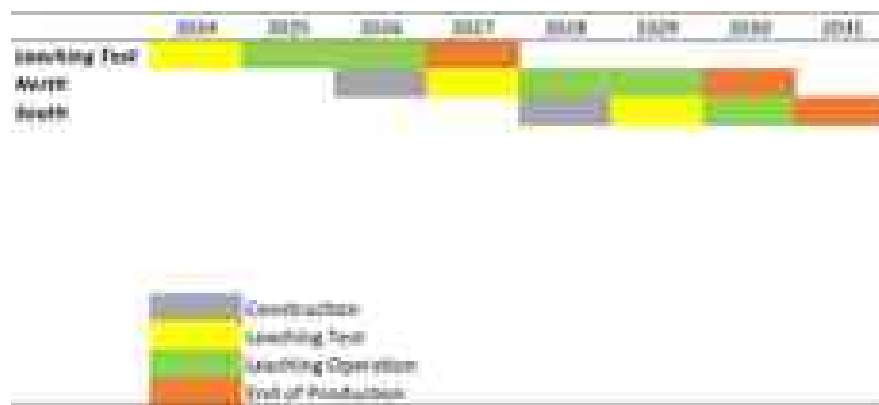
12.5.1 Production Schedule

In Section 13, according to PFS, SRK has summarized the strategic plan for the construction of the wet plant. The current operating plant, named the Leaching Test Plant, has a full production capacity of 3,675 tpa REO. Additionally, there are two more plants planned: one with a production capacity of 3,675 tpa REO, named the North Plant, and another with a production capacity of 2,800 tpa REO, named the South Plant. These are scheduled to be put into operation in 2026 and 2028, respectively.

Based on the calculations in PFS, the total annual PLS throughput is 16.34 million cubic meters for the 3,675 tpa REO plants and 11.55 million cubic meters for the 2,800 tpa REO plant.

The construction and operation plan are shown in Figure 12-10.

Figure 12-10: Construction and Production Chart



Source: SRK

The in-situ leaching schedule aligns with the annual PLS throughput capacity of the wet plants.

A mining schedule has been planned in terms of the proposed processing capacity as it shows in Table 12-2.

Table 12-2: Mining Schedule of the CHIXIA Project

Section	Unit	Total	2024	2025	2026	2027	2028	2029	2030	2031
Tonnage	kt	138,040	4,620	19,700	18,040	19,590	19,650	25,020	19,150	12,270
Grade (SREO)	g/t	239.42	221.94	266.10	236.15	237.71	218.51	220.33	263.75	245.12

Source: SRK

12.6 Conclusions and Recommendations

After reviewing PFS, SRK has conducted preliminary analysis based on PFS and industry best practices. In-situ leaching mining is widely used and should not pose major risks. However, SRK has the following recommendations:

- Increase geological confidence: Enhance the understanding of the geological conditions to ensure accurate resource estimation and effective leaching operations.
- Collect production data: Gather production data to provide a better understanding of the in-situ leaching recovery rates and to optimize the leaching process.
- Conduct geotechnical and hydrogeological investigations as well as studies: Guide the design parameters for in-situ leaching, ensuring safe and efficient operations.

13 Recovery Methods

This section is only for the Mengkham REE project.

13.1 Overview

The ore of the Mengkham RE deposits is an ion-adsorption type rare earth, with an average SREO grade of 0.025%. A preliminary feasibility study for the Project development had been carried out by CHIXIA Laos Holdings Limited ("CHIXIA") in 2023, with a designed production capacity of 3,675 tpa REO.

The PFS adopts the "in-situ leaching ("ISL")" process to extract the RE from the ore bodies. The rare earth pregnant leaching solution ("PLS") from ISL is then processed in hydrometallurgical plant to produce final product - mixed REO. The hydrometallurgical process includes purification (impurities removal), RE precipitation, REC filtration and calcination operations. The designed total recovery was 77%, with the ISL rate of 90% and the hydrometallurgical recovery rate of 85.5%.

Three hydrometallurgical plants and one calcination plant are planned to be built during the life of mine. The Project had completed most of the construction of the Leaching Test Plant until May 2024, except for the filter press workshop and calcination workshop. Additionally, North Plant with production capacity of 3,675 tpa REO and South Plant of 2,800 tpa REO are scheduled to be constructed in 2026 and 2028, respectively.

SRK's assessment on the hydrometallurgical processing is based on the Feasibility Study, as well as information collected from site visits and discussions with the technical team of the client.

13.2 Hydrometallurgical Process

The PLS from ISL operation undergoes four steps of processing which consists of purification, precipitation, crystallization and filtration. The primary product is rare earth carbonate ("REC"), which will be sent to the calcination workshop to produce mixed REO. The processing flowsheet is shown in Figure 13-1, and specified as follows:

PLS Purification

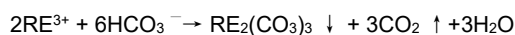
The PLS collected from the ISL area is gathered and subsequently pumped into the PLS purification ponds at the hydrometallurgical plant. The PLS contains some impurities which can influence the quality of the product, so that need to be removed. Ammonium bicarbonate solution is introduced into the ponds, and the blend is consistently stirred by compressed air. The pH value of the PLS in the pond is maintained within a range of 5.0 to 5.2, and the impurity ions will precipitate by forming insoluble compounds.

The residue that precipitate from the PLS purification operation is primarily composed of $\text{Al}(\text{OH})_3$, $\text{Fe}(\text{OH})_3$, SiO_2 , clay, etc., and containing a small amount of REO. It is then dissolved by acid to recycle REO, which would improve the REO processing recovery.

Precipitation and Crystallization

After impurity removal, the purified PLS enters the precipitation ponds. Saturated ammonium bicarbonate solution is introduced into the ponds, and a consistent and uniform stirring is maintained

using compressed air. The amount of the ammonium bicarbonate solution is carefully controlled until reaching to a suitable pH value leading to the precipitation of the REC, which is then flowed into the crystallization pond for still settlement, allowing the REC crystals to grow up. It is then pumped into the filter press for dehydration. The supernatant can be recycled for ISL injection. The corresponding reaction equation is as follows:

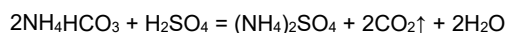


REC Dehydration and Calcination

The REC crystals are pumped into the filter press for dehydration. The resulting filter cake, which is the wet REC product, is then conveyed to the calcination workshop to produce mixed REO. The filtrate is collected and pumped into the leaching solution preparation ponds.

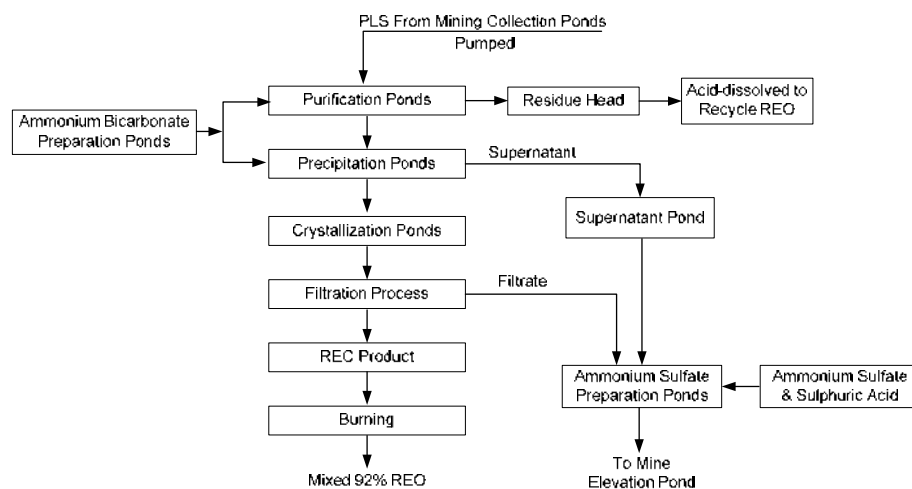
Preparation of Leaching Solution

The ISL solution preparation pond contains a mixture of supernatant and filtrate, and the solution is of alkaline as significant quantity of ammonium bicarbonate contained. As such the sulfuric acid is added to convert the excess ammonium bicarbonate to ammonium sulphate and maintain a pH value of about 5 for the solution. The reaction equation is as follows:



After converting, the solution is tested to determine the concentration of ammonium ions. Ammonium sulphate is subsequently added to formulate the leaching solution. This prepared solution is then pumped into the mine elevation pond and injected into the orebodies through the injection system.

Figure 13-1: Processing Flowsheet of Hydrometallurgical Plant



Source: PFS report of Mengkham RE mine project in Mengkham County, Xieng Khouang Province, Laos, CHIXIA ,2023 and is prepared by SRK.

13.3 Production Capacity and Technical Parameters

The production capacity of the mine depends on the scope area of the liquid injection holes and the collection tunnels. Compared with the actual production capacity of other similar mines, the full production capacity of the first hydrometallurgical plant is 3,675 tpa REO, and SRK deems that it is appropriate. Further considering the leaching unit classification and the distribution of different ore bodies, it is planned to construct additional two hydrometallurgical plants, one with production capacity of 3,675 tpa REO and the other one of 2,800 tpa REO, which are scheduled to put into operation in 2026 and 2028, respectively.

The hydrometallurgical plant adopts continuous working system, which is 330 working days per year, with 2 shifts per day, and 12 hours per shift.

According to the FS report and discussion with the technical team of the client, SRK summarizes the technical parameters of the hydrometallurgical plant, which are shown in Table 13-1.

Table 13-1: Main Technical Parameters of the Hydrometallurgical Plant

Design Parameter	Unit	Value
Annual Operational Days	dpa	330
Overall Availability	%	90.41
Daily Operating Hours	hpd	24
PLS Flow Volume	m ³ /d	44,545
PLS Flow Volume	1,000 m ³ /a	14,700
Average PLS Grade – REO	g/l	0.25
Processing Recovery	%	85.5
Overall Recovery	%	77
pH Value of Purification	n/a	5.0~5.2
pH Value of REE Precipitation	n/a	6.8-7.2
Production - REO	tpa	3,675

Source: PFS report of Mengkham RE mine project in Mengkham County, Xieng Khouang Province, Laos, CHIXIA ,2023 and is collected by SRK.

13.4 Main Equipment & Facilities & Plant Layout

The existing hydrometallurgical plant equipment mainly consist of pumps, filter press and compressor machines, which are shown in Table 13-2. The facilities mainly include reagent warehouse, ammonium bicarbonate solution preparing ponds, purification ponds, REC precipitation ponds, REC crystallization ponds, residue turnover ponds, leaching solution preparation ponds, filter press workshop, calcination workshop, product warehouse, sulfuric acid tank, power station, laboratory, maintenance workshop, etc, which are listed in Table 13-3. All the ponds above are impermeable with geotextiles.

Table 13-2: Main Equipment of the Existing Hydrometallurgical Plant

No.	Equipment Name	Specifications and Models	Unit	Quantity	Remark
1	Acid-resisting Centrifugal Pump	DF85-45*6	Set	20	Pump the ammonium sulfate solution

No.	Equipment Name	Specifications and Models	Unit	Quantity	Remark
2	Acid-resisting Centrifugal Pump	DF85-45*7	Set	20	Pump the ammonium sulfate solution
3	Acid-resisting Centrifugal Pump	280DF-43*3	Set	18	Pump the PLS
4	Acid-resisting Submerged Pump	QY25-50-7.5F	Set	15	Pump the ammonium bicarbonate solution
5	Acid-resisting Submerged Pump	QY80-18-7.5F	Set	15	Pump the ammonium bicarbonate solution
6	Air Compressor	PMVF90-II	Set	9	Purification/Precipitation Stirring
7	Air Compressor	PMVF75-II	Set	3	Stirring
8	Air Compressor	PMVF55-II	Set	8	Preparation ammonium sulfate solution stirring
9	Diesel Generator	WPG2500*73	Set	1	
10	Diesel Generator	WPG3025*73	Set	1	
11	Diesel Generator	WPG2062*73	Set	1	
12	Diesel Generator	WPG1250*73	Set	1	
13	Diesel Generator	WPG206*8	Set	1	
14	Press Filter	XMZGF300/1500-U	Set	3	Filtration workshop
15	Rotary Kiln		Set	2	Calcination workshop

Source: Client provided and SRK collected.

Table 13-3: Main Facilities of the Hydrometallurgical Plant

No.	Facility/Equipment	Quantity
1	Ammonium sulfate preparation pond	9
2	Ammonium bicarbonate preparation pond	6
3	Ammonium bicarbonate high-level pond	2
4	Purification pond	22
5	Purification buffering pond	4
6	Precipitation pond	26
7	Slag head pond	3
8	Crystallization pond	4
9	Ammonium bicarbonate warehouse	1
10	Ammonium sulfate warehouse	1
11	Sulfuric acid tank warehouse	2

Source: Client provided and SRK collected.

According to the distribution of ore body and terrain conditions, hydrometallurgical plant is arranged in the middle flat area of the mine. Considering the requirements of the process order, the plant is structured in a stepped manner along the hillside, which can make the mother liquor flow by itself and reduce the power consumption.

Till May 2024, the Project had completed most of the construction of the first hydrometallurgical plant, except for the filter press workshop and calcination workshop. The general view of the plant is shown in Figure 13-2.

Figure 13-2: General View of the Hydrometallurgical Plant in Construction



Source: SRK site visit

13.5 Conclusions and Recommendations

The PLS undergoes four steps of processing to yield primary product of rare earth carbonate (“REC”), which will be sent to the calcination workshop to produce mixed rare earth oxide (“REO”). The residue will be dissolved by acid to recycle REO, which would improve the REO processing recovery and the economic benefits.

The full production capacity of the existing hydrometallurgical plant is 3,675 tpa REO. The designed total recovery was 77%, with the ISL rate of 90% and the hydrometallurgical recovery rate of 85.5%. SRK deems that it is appropriate.

Three hydrometallurgical plants and one calcination plant are planned to be built during the life of mine. The Project had completed most of the construction of the Leaching Test Plant till May 2024, except for the filter press workshop and calcination workshop. Additionally, North Plant with production capacity of 3,675 tpa REO and South Plant of 2,800 tpa REO are scheduled to be constructed in 2026 and 2028, respectively.

14 Project Infrastructure

This section only reports the project infrastructure of Mengkham REE project.

14.1 Industrial Sites

The industrial sites of the Mengkham REE Project, based on the PFS and the observation during the site visit, mainly include the mining site, PLS processing plants and officing and living facilities etc.

The mining sites are the mineralized bodies designed for in-situ leaching mining. Current leaching test has developed the mining facilities in the first mining section.

The sites for PLS processing plants will be determined by considering various factors in order to efficiently develop and utilize the mineral resources with optimal operating costs and minimizing the environmental risks. The first PLS processing has been constructed and put in the leaching test.

Waste dumping sites will be the valleys near the mineralized blocks to be mined.

The officing and living sites should be chosen by considering safety factors. For the leaching test, some facilities, such as office, conference rooms, dining rooms, storages and lab etc. have been constructed.

Table 14-1 lists the land area needed for the industrial sites proposed in the PFS.

Table 14-1: Proposed Land Area needed for the industrial sites proposed in the PFS

Item	Unit	Area
Mining sites	m ²	3,152,029.00
PLS Processing plants	m ²	78,237.65
Waste dumping sites	m ²	206,698.87
Officing and living site	m ²	5000
Water pumping station	m ²	100

14.2 Internal and External Transportation

Since the in-situ leaching method is adopted to mine and extract the REE in the mineralized bodies. The transportation of various liquid between mining sites to the PLS processing plants will use pipes. The dirt and/or gravel paved roads will connect various sites within the project area.

The project is near the provincial highway C1, and the highway will be used for the transportation of supportive materials from outside, and the final products of the project will be trucked to outside.

14.3 Water Supply and Drainage

According to the PFS, in order to produce 3,674tpa REO, the water consumption is 7,425m³/day for production. Other water consumption includes for living and fire fight.

Water sources in the project area are not abundant on the surface. There are two streams near the plant, while their volume is small. The PFS has proposed to constructing water storage facilities where the two streams join.

Surrounding the PLS processing plants, ditches will be dug for water drainage of rainfalls. Civil waste water will be discharged into valleys after treatment. The water in the production will be recycled, without any discharge.

14.4 Power Supply

The mine has been connected to the high-voltage feeder of 115KV, and constructed a transformer substation to transform the electricity to 10KV. Through overhead lines, the power line connects to substations of various sites, such as mining sites, plants, as well as living facilities.

14.5 Other Supportive Facilities

Other Supportive Facilities include communication systems, supportive constructions and machinery maintenance and repairing.

15 Market Studies and Contracts

There are abundant uses of REEs in various aspects, such as metallurgy, petroleum, chemical industry, glass and ceramics, textile, medicine, agriculture and environmental protection etc. With the development of science and technology, people will recognize new properties of REEs, and REEs have been becoming important materials for modern industry.

In recent years, the production of REE production in China constantly increased, and the market is bright for the REEs.

There is no information at the moment on the contracts of product sales of the project.

16 Environmental, Social and Community Impact for Mengkham REE Project

16.1 Environmental and Social Review Objectives

The objective of this environmental and social review is to identify and/or verify the existing and potential environmental and social liabilities and risks, and assess any associated proposed remediation measures for the development and operation of the Mengkham REE Project. During SRK's site visit in May 2024, the project was in the construction and metallurgical leach testing stage.

16.2 Environmental and Social Review

The process for the environmental and social preliminary review for the Project comprised a review of provided project environmental and social management documentation combined with site visit observation against relevant criteria within:

- Laos national environmental regulatory requirements; and
- World Bank/International Finance Corporation ("IFC") environmental and social standards and guidelines and internationally recognised environmental management practices.

SRK notes that an Environmental and Social Impact Assessment ("ESIA") report has not been prepared at this stage, and the Company is in the process to prepare such a document to be submitted for approval by the environmental authorities. SRK reviewed the environmental section from the provided feasibility study report dated 2024 prepared by Chixia Laos Holdings Ltd against recognized international industry environmental management standards, guidelines and practices. SRK provides comments in respect to the Project's environmental management measures by the following.

The environmental impact of mining encompasses erosion, sedimentation, biodiversity loss, and the contamination of soil, groundwater, and surface water by chemicals from the mining industry. During mining operations, the key pollutants anticipated to enter the river and affect the ecological system are ammoniacal nitrogen and sulphate from the in-situ leaching process. The potential for chemicals to leak into groundwater, especially through bedrock cracks, poses threats not only to the environment but also to public health and socio-ecological stability.

Since the injection solution contains ammonia nitrogen, there is a high risk of eutrophication and water pollution. To address these concerns, a series of mitigation strategies are proposed. These include conducting clear water injections to detect potential cracks prior to injecting leaching solutions, installing PVC linings in solution collection tunnels to prevent seepage, transforming existing wells into groundwater monitoring sites while sourcing new water supplies, initiating a comprehensive groundwater monitoring program, and implementing engineering solutions such as anti-seepage layers and containment bunds.

The project might cause ecological disturbances, primarily due to the destruction of plant and crop habitats during its development, mining, and operational phases. Additionally, the employment of chemicals such as ammonium sulphate and ammonium bicarbonate in mining processes poses a risk to local vegetation, including rubber trees, by altering the soil composition.

The impact from noise and air quality might arise from site clearing and construction activities. To mitigate these impacts, several measures are proposed: dampening or covering access roads, stockpiles, and vehicles transporting loose construction materials; establishing a periodic maintenance schedule for all motorized machinery and equipment, focusing on the efficiency of mufflers/silencers to reduce noise emissions, and implementing a Monitoring Plan. During the site visit, SRK did not observe significant noise and fugitive dust emissions.

The recognised international industry practice for managing site closure and rehabilitation is to develop and implement an operational site closure and rehabilitation planning process and document this through an operational Closure and Rehabilitation Plan. This operational closure planning process generally includes the following components:

- Identify all site closure stakeholders (e.g., government, employees, community);
- Undertake stakeholder consultation to develop agreed site closure criteria and post operational land use;
- Maintain records of stakeholder consultation;
- Establish a site rehabilitation objective in line with the agreed post operational land use;
- Describe/define the site closure liabilities determined against agreed closure criteria;
- Establish site closure management strategies and cost estimates to address/reduce site closure liabilities;
- Establish a cost estimate and financial accrual process for site closure; and
- Describe the post site closure monitoring activities/program to demonstrate compliance with the rehabilitation objective/closure criteria.

At this stage, no comprehensive mine closure plan has been developed. Based on SRK's estimate, the total cost of mine closure for this 8.0 km² is approximately US\$ 1.50 M. However, a mine closure bond has not been established.

The proposed project is situated in an area characterized by a mix of land uses, including agricultural land primarily planted with latex rubber trees. In addition to direct employment for local people, mining industry can lead to promote local people's living if natural resource extraction occurs responsibly and well managed to meet government and community requirements. A well-developed Corporate social responsibility ("CSR") and community development ("CD") can be the vehicle for achieving the above objectives. No non-compliance notices or other notices of a breach of environmental or social conditions for the Project from the Local or Provincial governments have been sighted as part of this review. As part of this review, SRK has not sighted any documentation in relation to any actual or potential impacts of non-governmental organisations on the sustainability of the mining and processing operations.

16.3 Evaluation of Environmental and Social Risks

The sources of environmental risk are project activities that may result in potential environmental impacts. These project activities have been previously described within this report. In summary, the most significant potential environmental and social risks for the development of the Project, currently identified as part of the project assessment and this SRK review, are:

- Environmental approval to be obtained;
- Water pollution; and
- Mine closure fund to be established

It is SRK's opinion that the above environmental risks are categorised as medium risks (i.e., requiring risk management measures) and they are generally manageable. Since various environmental protection measures are planned or conducted by the Company to solve these environmental issues, SRK considers that these environmental risks are controlled properly and not likely to develop into higher level of risks.

17 Capital Expenditures and Operating Expenses

17.1 Summary

A preliminary feasibility study ("PFS") for the Mengkham REE Project had been carried out by CHIXIA Laos Holdings Limited ("CHIXIA") in 2023. The Leaching Test Plant with designed capacity of 3,675 tpa REO has been put into leaching test. Additionally, North Plant with designed capacity of 3,675 tpa REO and South Plant of 2,800 tpa REO are scheduled to be constructed in 2025 and 2027, respectively.

The historical capital expenditures ("Capex") are provided by the Client, and future Capex and operating expenses ("Opex") for the project are estimated according to the PFS. It is assumed that all the Capex is own capital invested by the Client, no financial cost is considered.

Given the typical service life of each injection hole and collection tunnel being less than 1-2 years, SRK deems it appropriate to allocate the related costs into the Opex. This approach ensures a comprehensive consideration of all relevant expenditures over the project's Life-of-mine ("LOM").

17.2 Capital Expenditures

The estimated Capex primarily consists of the main production facilities of three hydrometallurgical plants, public auxiliary facilities and engineering construction other expenses (mainly the mining rights or licence cost).

The total estimated Capex over the LOM is RMB130.32 million, which includes the historical investment of RMB 66.35 million, the sustaining investment of RMB 48.80 million and the closure investment of RMB 15.17 million. Table 17-1 summarized the Capex breakdown for the Project.

The historical investment of RMB 66.35 million is used for the construction of Leaching Test Plant, which is shown in Table 17-2. SRK take the historical investment as the sunk Capex, participating in the depreciation and amortization over the LOM, but not participating in the net present value ("NPV") calculation.

The sustaining investment of RMB 48.8 million is estimated for the construction of North Plant and South Plant, also including public facilities and other expenses. The future investment schedule are summarized in Table 17-1.

The closure investment are used for the reclamation of each hydrometallurgical plant and mine lot, which is estimated to RMB 1.3 per square meter of mining area.

Table 17-1: The Capex Breakdown for the Mengkham REE Project (Unit: RMB M)

Item	Historical Investment	Sustaining Investment	Closure Investment	Total
Hydrometallurgy Plant Construction	7.93	25.80	-	33.73
Public Auxiliary Facilities	19.44	13.00	-	32.44
Engineering Construction Other Expenses	38.98	10.00	-	48.98
Closure	-	-	15.17	15.17

Subtotal Investment	66.35	48.80	15.17	130.32

Table 17-2: Historical Investment Breakdown (Unit: RMB M)

Item	Construction Engineering	Equipment	Other Expenses	Total Value
Hydrometallurgy Plant Construction	7.93	-	-	7.93
Public Auxiliary Facilities	4.23	15.21	-	19.44
Transport equipment	-	2.65	-	2.65
Machinery equipment	-	0.34	-	0.34
Office equipment	-	0.13	-	0.13
Power equipment	-	12.09	-	12.09
Office Place	1.18	-	-	1.18
Camp	2.39	-	-	2.39
Road	0.66	-	-	0.66
Engineering Construction Other Expenses	-	-	38.98	38.98
Land compensation fees	-	-	2.49	2.49
Exploration right fees	-	-	35.49	35.49
Mining right fees	-	-	1.00	1.00
Total Investment	12.16	15.21	38.98	66.35

Table 17-3: Future Investment Schedule (Unit: RMB M)

Item	Total	2024	2025	2026	2027	2028	2029	2030	2031
Sustaining Investment	48.80	8.80	25.00	-	15.00	-	-	-	-
Leaching Test Plant	8.80	8.80	-	-	-	-	-	-	-
North Plant	15.00	-	15.00	-	-	-	-	-	-
South Plant	15.00	-	-	-	15.00	-	-	-	-
Mining Right Fee	10.00	-	10.00	-	-	-	-	-	-
Closure Investment	15.17	-	-	-	4.76	-	-	6.96	3.46

In addition to the Capex, the working capital cost will be invested into the project according to the production schedule which will be recovered during closure of the project. It is estimated by expanded index method which is 45% of Opex.

17.3 Operating Expenses

The Project's cash Opex primarily include the following items:

- a. workforce employment;
- b. consumables;
- c. fuel, electricity, water and other services;
- d. on and off-site administration;
- e. environmental protection and monitoring;

- f. transportation of workforce;
- g. product marketing and transport;
- h. non-income taxes, royalties and other governmental charges; and
- i. contingency allowances;

Table 17-4 summarized the forecasted Opex for the Project, with a total Opex of RMB 4,264.61 million and unit cost of approximately 30.90 RMB/t RoM or 167,697 RMB/t REO. All costs are current as of 30 September 2024, with no escalation factored in.

Table 17-4: Forecasted Opex of the Mengkham RE Project

Item	LOM Total Cost (RMB M)	Unit Cost (RMB/t RoM)	Unit Cost (RMB/t REO)
Workforce employment	150.80	1.09	5,930
Consumables	2,020.41	14.64	79,448
Fuel, electricity, water and other services	153.65	1.11	6,042
On and off-site administration	29.65	0.21	1,166
Environmental protection and monitoring	30.52	0.22	1,200
Transportation of workforce	5.48	0.04	216
Product marketing and transport	38.15	0.28	1,500
Non-income taxes, royalties and governmental charges	1,613.60	11.69	63,451
Contingency allowances	222.35	1.61	8,743
Total	4,264.61	30.90	167,697

18 Preliminary Economic Analysis for Mengkham REE Project

Given that the project is currently at leaching test stage with the FS completed, the Discounted Cash Flow ("DCF") modelling method under the income approach was considered an appropriate technique to conduct the preliminary economic analysis.

The Capex and Opex estimated in the FS allowed SRK to create a technical economic model and analyse the economic viabilities of the future mining operation. In addition to the FS, SRK's estimation also relied on information collected through site visits and experience in this field.

The economic analysis presented in this section contains forward-looking information related to the ore production estimate, commodity prices, exchange rates, proposed production plan, projected recovery rates, production cost, etc. The results of the economic analysis are subject to several known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented herein.

It is important to note that the purpose of this analysis is solely to demonstrate the economic viability of the projects. The derived NPVs do not indicate the fair market values or the profitability of the projects. The estimated cash flows and NPVs were presented on an after-tax basis, and financing costs were not considered.

The Net Present Value ("NPV") was estimated from the project's cash flow projections based on an 10% discount rate. Furthermore, a sensitivity analysis was conducted to assess the potential impacts of variations in project capital costs, operating costs, and commodity prices.

18.1 Principal Assumptions

The assumptions applied to the economic model is based on the following principles:

- Product prices were based on Xiamen Tungsten 2024 REO guidance price which is described in the FS report.
- The model utilizes a constant REO price during the life-of-mine and assumes that the final REO product will be sold within the same year of production.
- The financial model utilizes Renminbi ("RMB") as the currency unit.
- Capex is depreciated and/or amortized using the straight-line method. Working capital will be fully recovered in the final year of the Project.
- Discount rate of 10% will be used in base case.

The principal assumptions and parameters applied in the DCF model are presented in Table 18-1.

Table 18-1: Principal Assumptions for the DCF Model of the Project

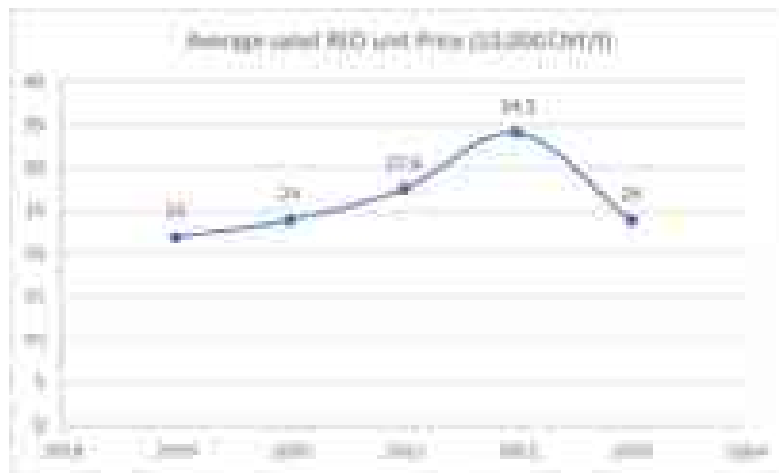
Item	Unit	Value
Total ore output	kt	138,036
SREO grade	%	0.0239
Total REO Product	t	25,431

Item	Unit	Value
Life-of-Mine	Year	8
Leaching rate	%	90
Processing recovery rate	%	85.5
Overall REE recovery rate	%	77
Historical investment	RMB M	66.35
Sustaining investment	RMB M	48.8
Unit Opex	RMB/t RoM	30.90
Unit Opex	RMB/t REO	167,697
Royalty	%	20% @Sales Revenue
Export Tax	%	10% @Sales Revenue
Discount rate	%	10
Corporate income tax	%	20% @Gross Profit

18.2 REO Price

The Project is an ion-type rare earth mine, and the ore belongs to middle yttrium rich europium ("MYRE") mixed REO. Figure 18-1 shows the MYRE price trend from 2019 to 2023. It can be seen from the figure that the price has shown a trend of rising initially and then stating to fall in 2022. The lowest price including tax is 220,000 RMB/t REO, and the highest price including tax is 341,000 RMB/t REO. The average annual price for 5 years is 263,400 RMB/t REO including tax.

Figure 18-1: Mixed REO Price Trend in History



Source: SMM

The price of mixed REO is determined by the allocation of each rare earth product and the price of each REO. At present, the Project is under the construction and early production stage, and without sales agreement or pricing formula yet. Therefore, SRK adopts Xiamen Tungsten guide REO price in 2024, which is of 239,000 RMB/t REO (including tax) for DCF model calculation according to the FS report. The value-added tax rate is 13%, thus the price excluding tax is 211,504 RMB/t REO.

18.3 Depreciation, Amortization and Taxes

According to the accounting standards of Laos, the depreciation life of equipment such as machinery, electronic equipment and transportation equipment is 5 years, and the salvage value is 0. Intangible assets and other assets are amortized according to the REO output.

The Taxes and Surcharges primarily consist of royalties and export tax. The Client has informed SRK that the royalty rate is 20%, while the export tax rate is 10% of the sales revenue. Additionally, SRK has applied a Corporate Income Tax ("CIT") of 20% on the gross profit, with royalties and export tax being deductible expenses before calculating taxes.

18.4 Net Present Value Result

The net present value ("NPV") of RMB 471.23 million at 10% discount rate was estimated by SRK using DCF model with the assumptions as outlined in the above section. The NPVs based on different discount rate were also estimated, presented in Table 18-2, which has demonstrated the economic viability of the Project.

Table 18-2: Estimated NPVs at Different Discount Rate (Unit: RMB M)

Discount Rate	8%	9%	10%	11%	12%
NPV	527.96	498.69	471.23	445.47	421.26

18.5 Sensitivity Analysis

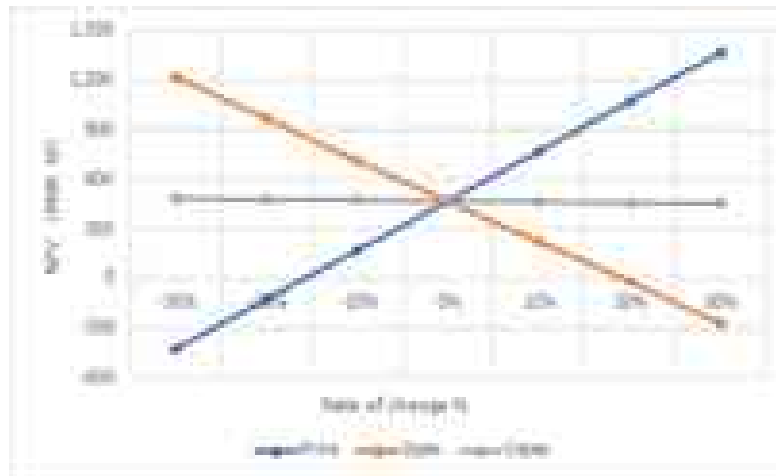
SRK applied the single factor method for conducting the sensitivity analysis. Many parameters can affect the Project's NPV. To simplify the calculations, the Opex, Capex, and REO product price were selected as the essential variable factors on cash flow. The effects of these essential factors on the NPV were analysed within a $\pm 30\%$ range. The corresponding results for the Project are presented in Table 18-3 and Figure 18-2, respectively.

Table 18-3: Sensitivity Coefficient of NPV (at 10% Discount Rate, in RMB M)

Factors	Changes							Average +1%	Average -1%
	-30%	-20%	-10%	0%	10%	20%	30%		
Price	-427.34	-127.82	171.71	471.23	770.76	1,070.28	1,369.81	6.36	-6.36
Opex	1,213.19	965.87	718.55	471.23	223.92	-23.40	-270.72	-5.25	5.25
Capex	486.49	481.40	476.32	471.23	466.15	461.06	455.98	-0.11	0.11

The table showcases the sensitivity of the NPV with changes in price, Opex, and Capex. Price fluctuations exhibit the most substantial impact, with a 30% increase boosting NPV to RMB 1,369.81 million, while Opex changes moderately influence NPV. Capex variations have the least effect on NPV.

Figure 18-2: Sensitivity Analysis on NPV



19 Risk Analysis

Mining is a relatively high-risk industry. In general, the risk may be expected to decrease from exploration, development, through to production stage.

The Sepon REE Project is in its early phases, primarily focused on exploration and resource identification. Given the inherent risks at this stage, determining whether the identified mineral resources can be economically developed will depend on the outcomes of a comprehensive technical and economic analysis or feasibility study.

The Mengkham REE Project is a development-construction project. In this risk analysis, SRK only focus on the Mengkham REE Project. Risks exist in different areas. SRK considered various technical aspects which may affect the feasibility and future cash flow of the Project, and conducted a qualitative risk analysis which has been summarised in Table 19-1. In this risk analysis, various risk sources/ issues have been assessed for Likelihood and Consequence, and then a Risk Rating has been assigned. The qualitative risk analysis uses the following definitions for likelihood and consequence:

In the risk assessment, various risk issues have been assessed for Likelihood, Consequence, and Overall Rating. SRK has used a matrix as follows:

The Likelihood of a risk is considered within a certain time frame, e.g. 5 years, as:

Likely: will probably occur;

Possible: may occur; and

Unlikely: unlikely to occur.

The Consequence of a risk is classified into:

Major Consequence: the factor poses an immediate danger to the Project, if uncorrected, will have a material effect on the Project cash flow and performance and could lead a project failure;

Moderate Consequence: the factor, if uncorrected, will have a significant effect on the Project cash flow and performance; and

Minor Consequence: the factor, if uncorrected, will have little or no effect on the Project cash flow and performance.

The overall risk assessment combines the Likelihood and Consequence of a risk and be classified as **Low** (unlikely and possible minor risks and unlikely moderate risk), **Medium** (likely minor, possible moderate and unlikely major risks), and **High** (likely moderate and major and possible major risks).

Below is the qualitative risk analysis summary table of the Mengkham REE Project.

Table 19-1: Project Risk Assessment of the Mengkham REE Project

Risk Source/Issue	Likelihood	Consequence	Overall
Geology and Resource			
Lack of Significant Mineral Resources	Unlikely	Moderate	Low
Lack of Significant Ore Reserves	Possible	Major	High
Unexpected Groundwater Ingress	Unlikely	Minor	Low
Mining			
Subsidence and Ground Stability	Possible	Moderate	Medium
Hydrogeological Modeling Uncertainties	Unlikely	Moderate	Low
Significant Production Shortfalls	Unlikely	Major	Medium
Significant Geological Structure	Possible	Minor	Low
Ore Processing			
Lower Recovery	Unlikely	Moderate	Low
High Production Cost	Possible	Minor	Low
Poor Plant Reliability	Unlikely	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Capital Cost and Operating Cost Increases	Possible	Moderate	Medium
High mine closure cost	Possible	Moderate	Medium
Environmental, Social and Permitting			
Environmental approval to be delayed	Possible	Moderate	Medium
Water eutrophication	Possible	Moderate	Medium
Fund not available and without proper mine closure	Possible	Moderate	Medium

Some medium and high risks have been identified for the Project. Two high risks are “Lack of significant Ore Reserves” and “Capital Cost and Operating Cost Increases”. To manage the risks, SRK recommends the Company should further conduct supplemental exploration programs following guidelines of the best practice to upgrade the mineral resource basis, and then conduct a feasibility study accordingly.

20 Interpretation and Conclusions

20.1 Sepon Rare Earth Element Deposit

20.1.1 Geology and Exploration

The Sepon Project is classified as an ion-adsorption type of rare earth deposit, wherein the majority of REE occurs in an ion-exchangeable form, adsorbed onto clay minerals.

The core drilling, geological logging, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and resource estimation.

SRK opines that the depth capacity of manual auger drilling might be insufficient to penetrate potentially semi-weathered hard layers or boulders. This limitation could potentially lead to incomplete intersections of the bottom of ore-bearing horizon during drilling.

The procedures for sample collection, preparation, and analysis are following the REE industry standards. SRK considers that the procedure, as well as the data and information obtained, are acceptable for resource estimation purposes.

20.1.2 Mineral Resource Estimation

Mineral Resources have been estimated through creating resource models. The data and information used for this resource model generation are acquired from the exploration and were reviewed by SRK to ensure the data reliability.

Due to the drilling and sampling methods employed in the exploration, there is a possibility of misidentification of certain sections potentially bearing REE. Consequently, this could lead to under-delineation of the mineralized domains during resource modelling, potentially resulting in a conservative resource estimate.

20.2 Mengkham REE Project

20.2.1 Geology and Exploration

The Mengkham REE Project is classified as an ion-adsorption type of rare earth deposit, wherein the majority of REE occur in an ion-exchangeable form, adsorbed onto clay minerals.

Exploration activities have revealed that the ion-exchangeable rare earth elements ("REE") are primarily concentrated within the mid-section of the regolith horizon. At Mengkham the top of the mineralised zone is defined by a thin surficial soil zone that averages 2 m in thickness. The base of the mineralised zone extends to an average vertical depth of 9.0 m. And the SREO grade ranges from 9.5 to 2857 g/t, averaging 243.5 g/t.

The core drilling, geological logging, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and resource estimation.

SRK opines that the depth capacity of manual auger drilling might be insufficient to penetrate potential semi-weathered hard layers or boulders. This limitation could potentially lead to incomplete intersections of the bottom of ore-bearing horizon during drilling.

The implementation of sample collection, preparation, and analysis in accordance with relevant Chinese standards is a common practice employed across China for IAC REE exploration projects. After reviewing the entire process and the duplicate sample test results, SRK considers that the procedure, as well as the data and information obtained, are acceptable for resource estimation purposes.

However, SRK considers that the rapid test method, which entails visually observing rare earth precipitates before conducting core sampling for laboratory analysis, is qualitative in nature. This approach serves merely as an initial indication to assess the mineralization within the sampled core interval. Due to its inherent subjectivity, this method may result in overlooking certain shallow-occurring intervals containing REE sufficient for subsequent laboratory testing, potentially leading to an underestimation of orebody thickness.

20.2.2 Mineral Resource Estimation

Due to the drilling and sampling methods employed in the exploration, there is a possibility of misidentification of certain sections potentially bearing REE. Consequently, this could lead to under-delineation of the mineralized domains during resource modelling, potentially resulting in a conservative resource estimate.

Large bias was observed between Mengkham original assay and SRK verification results. The Mineral Resource are not abiding JORC (2012).

20.2.3 Metallurgical Testing and Recovery Methods

The Mengkham ore belongs to the ion-adsorbed type rare earth ore, with average soluble rare earth oxide ("SREO") content of 0.025%. The minerals are mainly quartz, feldspar, biotite, ilmenite, magnetite, followed by zircon, apatite, xenotime, fluorite, sphene minerals and so on.

A simple laboratory column leaching test had been conducted on the samples from #2 ore body. The results showed that the permeability coefficient is $0.89 \times 10^{-3} \sim 1.11 \times 10^{-3} \text{ cm/s}$ and the pregnant leaching solution ("PLS") concentration can reach 2.0 g/L with the SREO leaching rate of about 94%.

The PLS undergoes four steps of processing to yield primary product of rare earth carbonate ("REC"), which will be sent to the calcination workshop to produce mixed rare earth oxide ("REO"). The residue generated from the processing will be dissolved by acid to recycle REO, which would improve the REO processing recovery and the economic benefits.

The full production capacity of the Leaching Test Plant is 3,675 tpa REO. The designed total recovery was 77%, with the ISL rate of 90% and the hydrometallurgical recovery rate of 85.5%. SRK deems that it is appropriate.

21 Recommendations

21.1 Sepon REE Project

21.1.1 Mineral Resources Estimation

Looking ahead, the Sepon REE mine is considering in-situ leaching to be their main extraction technique. However, the available data, which only includes 8 ionic analyses, falls short in providing an accurate estimate of the mine's potential and productivity. The scant data does not paint a holistic picture of what the mine can offer. For this reason, SRK suggests a re-analysis of the ionic REE grade. Through this, SRK can have a clearer view of the mine's potential, which is crucial in devising and executing efficient mining plans.

21.2 Mengkham REE Project

21.2.1 Mineral Resources Estimation

For the Mengkham REE project, the 1:5000 topographic aerial survey only covers an area of 2.3 km². SRK suggests the mine to conduct a detailed topographic survey covering the entire project area.

The mine's current approach is to analyse all basic samples in the lab onsite. While this might be convenient and efficient, it may not provide the most accurate results. Large bias was observed between original assay and SRK's verification results. It is recommended that all the samples should be sent to a qualified laboratory for assaying again.

There are merely 30 samples that possess REE compositions. This limited number prompts SRK to recommend that the mine increase its efforts in conducting more composition analyses. This is to ensure a more reliable and expansive dataset for evaluation purposes.

SRK also recommends carrying out more research on structure or fault system. This is because faults may have a substantial influence on the in-situ leaching mining method.

21.2.2 Metallurgical Testing and Recovery Methods

The column test is relatively simple and can only be used as a basic reference for in-situ leaching of #2 ore body. Due to the differences in ROM properties and grades of different ore bodies, SRK recommends that each ore body should take representative ore samples to carry out test studies before production.

According to the production schedule, North Plant with production capacity of 3,675 tpa REO and South Plant of 2,800 tpa REO have been planned to be constructed in 2026 and 2028, respectively. SRK suggested that the site selection and design of the two plants should be carried out as soon as possible.

22 References

1. Longyan Dadi Mining Development Service Co., LTD, Detailed Exploration Report of Mengkham REE Mine in Mengkham County, Xiengkhouan Province, Laos PDR, January 2024.
2. Lane Xang Minerals Limited Company, General Exploration Report of Sepon South REE Deposit in Savannakhet Province, Laos PDR, August 2022.
3. PFS Report of Mengkham RE Mine Project in Mengkham County, Xieng Khouang Province, Laos, CHIXIA ,2023.

Closure

This report was prepared by

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Contributing Peer Review

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

Appendix A Trial Mining License

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[illegible]

Appendix B Table 1 (JORC)

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	- For Sepon project, LXML conducted an exploration program from November 2021 to July 2022. A total of 607 boreholes (4,441 metres) were drilled. - For Mengkham project, Longyan Dadi Mining Development Service Co., Ltd conducted an exploration program from January 2022 to December 2023. A total of 13,656 boreholes (198,957 metres) were drilled. 1-meter samples. - For Sepon project, holes were drilled on a 200-metre x 100-metre or 100-metre x 100-metre pattern. - For Mengkham project, holes were drilled with a spacing of 30-100m. - The sampling procedures are following the Chinese REE industry standards
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	- The manual GN auger was employed to delineate and identify economically viable zones in the regolith. This auger is extensively used for exploring IAC rare earth deposits in China. - The specifications of the GN auger include a 95 cm diameter x 0.5 m long auger bucket equipped with 2 m drill rods. - It is no need to do downhole survey according to Chinese GN auger technical procedures.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- According to the drilling records, the auger drilling achieved almost 100% core recovery. - There was no relationship between sample recovery and grade.
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.)	- All borehole cores were logged by geologists. - According to the characteristics of the granite weathering crust, the record description, the round footage, the hole depth and the sample length are measured by qualified steel wire rulers and recorded.

Criteria	Explanation	Commentary
	photography. The total length and percentage of the relevant intersections logged.	Core logging is qualitative.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- All core taken. - Sampled wet. - After logging, sample location and length were marked and numbered by logging geologists. And then core samples were put into numbered bags. - Sample weights were sufficient for the mineralized materials.
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	- For Sepon project, samples were prepared and assayed in the ALS lab in Australia. For Mengkham project, samples were prepared and assayed in lab onsite. - For Sepon project, the assaying method is ME-MS81. For Mengkham project, the assaying method is EDTA (Ethylene Diamine Tetraacetic Acid) volumetric method. - For Sepon project, QAQC procedures included CRMs, blanks and duplicates. - For Mengkham project, internal and external lab check samples were used as control samples.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- For Sepon project, a total of 29 pairs field duplicates were used and all pairs were within 20% limits. For Mengkham project, a total of 6,017 samples were collected as internal lab check samples with a pass rate of 82%. And a total of 3,500 samples were collected as external lab check samples with a pass rate of 92%. - For Mengkham project, SRK collected 169 duplicates in May 2024, but a large bias was observed between original assay and verification results. Only about 19% of the results for SREO are within $\pm 20\%$. About 78% results are out of $\pm 20\%$.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	- The locations of drilling holes were surveyed by using hand-held GPS. - The coordinate system applied for the entire project is the UTM projection (Zone 48N) using the Indian 1960 Datum.

Criteria	Explanation	Commentary
	• Specification of the grid system used. • Quality and adequacy of topographic control.	
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• For Sepon project, holes were drilled on a 200-metre x 100-metre or 100-metre x 100-metre pattern. • For Mengkham project, holes were drilled with a spacing of 30-100m. • Current borehole spacing was sufficient to establish geological and grade continuity for Mineral Resources estimation classification. • Composites were applied.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• All boreholes were vertical.
Sample security	• The measures taken to ensure sample security.	• The samples were all properly numbered, recorded before being sent to labs.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• For Sepon project, LXML completed the audits during the exploration. • For Mengkham project, Longyan Dadi Mining company completed the audits during the exploration.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	- LXML possesses an exploration permit with an area of 1,010.40 km², which is valid until June 2026. The Sepon REE project is in the southeast corner of the permit. - For Mengkham project, China Investment Xieng Khouang Rare Earth Minerals Limited possesses a trial mining license of 8.0 km² and an exploration permit of 42.0 km². The expiry date of the trial mining license is December 2025, and the exploration permit is December 2024.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	- For Sepon project, LXML Exploration Department conducted an exploration program from November 2021 to July 2022. - For Mengkham project, Longyan Dadi Mining Development Service Co., Ltd conducted an exploration program from January 2022 to December 2023.
Geology	Deposit type, geological setting and style of mineralisation.	- Both Sepon REE Project and Mengkham REE Project are ion adsorption type of REE deposits, which was developed over granite bodies by weathering the rock bodies and transferring and enriching the REEs bearing in the minerals into clay minerals of the weathered zones by adsorption. - The REE-bearing regolith profile provides a vertical cross-section of the soil layers created by weathering and other breakdown processes. - The projects area is in a tropical region with a warm and humid climate. The granite rock in the area undergoes intense weathering due to favourable topographic conditions where erosion is less significant than weathering. This has led to the widespread formation of weathered layers, which range from less than 1 metre to over 50 metres thick in some parts of the project area. - The distribution of the weathered layer is typically irregular due to erosion from the river drainage system. Depending on the extent of the weathered layer covering the mountainous terrain, it can be classified into two types from the in-situ leaching perspective: full coverage and exposed base types.

Criteria	Explanation	Commentary
		The Mengkham and Seop REE projects are primarily characterized by low hills and gentle, undulating terrain. Influenced by a tropical climate, these areas have a relatively thick regolith cover. According to the classification, the regolith layer developed within most of the project area can be categorized as the full-coverage type of IAC deposit.
Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - Hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	- For Sepon project, a total of 607 boreholes (4,441 metres) were drilled. For Mengkham project, a total of 13,656 boreholes (198,957 metres) were drilled. - For Sepon project, 591 holes were used in the Mineral Resources estimation and for Mengkham project, 13,251 holes were used in the Mineral Resource estimation. - All information of boreholes were collected, including collar, elevation, depth, lithology etc.
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	- Exploration data is reported as the average sample grade. Top cutting was used report the exploration results. - No such preferential reporting of high-grade results is presented.
Relationship between mineralisation widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	- All boreholes were vertical. - The rare earth minerals consist of a medium-fine biotite granite regolith. Notably, there are significant differences among the rock regolith. As a result, the ore composition and type are directly linked to the regolith characteristics and its rock types.

Criteria	Explanation	Commentary
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Appropriate maps and typical sections were reported in this report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Reporting was fully representative of the data collected at this stage.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	- For Sepon project, in the general exploration report, 10 specific gravity samples were also taken from drilling cores and were measured in the lab of the mine. In SRK's opinion, it was unable to collect density sample from GN Auger hole cores. A dry bulk density of 1.5 t/m³ was used in resource estimation for Sepon project. - For Mengkham project, a simple laboratory column leaching test had been conducted. - A total of ten bulk density samples were implemented across the project areas with the natural bulk density (wet basis) ranging from 1.7 to 1.81 t/m³, averaging 1.75 t/m³, dry bulk density ranging between 1.35 and 1.55 t/m³, averaging 1.47 t/m³.
Further work	- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further drilling program is recommended.

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	- Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. - Data validation procedures used.	A digitalized resource database was provided to SRK, and SRK conducted crossing - checking against logging data and typical interpretation. All relevant data were imported to Leapfrog, and validation routines were run to confirm validity of all data.
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	- During the period from 13 to 16 May 2024, SRK conducted a site visit to the Sepon REE Project. - During the period from 9 to 11 May 2024, SRK conducted site visits to the Mengkham REE project.
Geological interpretation	- Confidence in (or conversely, the uncertainty of the geological interpretation of the mineral deposit. - Nature of the data used and of any assumptions made. - The effect, if any, of alternative interpretations on Mineral Resource estimation. - The use of geology in guiding and controlling Mineral Resource estimation. - The factors affecting continuity both of grade and geology.	- SRK has a high confidence regarding the geological interpretation for both Sepon and Mengkham project. - Both Sepon and Mengkham project databases were composed of collar, survey, assay, lithological data. Detailed geological logging and surface mapping allowed extrapolation, with a distance no more than 50 m. - The geological boundaries were determined by lithological and sampling data. SRK has defined the REE mineralization zones, which were mainly controlled by the topography.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	- The deposit type is an ion-adsorption type hosted in weathered regolith. The development level of the weathered regolith layer largely shaped the distribution and geometry of the REE mineralization. The ore-bearing layers are mainly present in the middle part of the fully weathered regolith profile and the upper part of the semi-weathered layer. - The REE mineralized bodies generally exhibit a stratiform appearance, with their morphology controlled by the occurrence of the weathered regolith. In relatively flat mountaintop areas, the bodies tend to be thicker and have a more pronounced sheet-like shape. Whereas in steep hillside and valley areas, the bodies tend to have a thinner and more complex shape due to erosion and transportation effects. - For Sepon project, the elevation of the ore body is 240 to 410 meters, the lowest erosion base level in this area is 210 meters, and the ore body is above the lowest erosion base level. The depth of the ore body is generally 0-5 meters. - For Mengkham project, the top of the

Criteria	Explanation	Commentary
		mineralised zone is defined by a thin surficial soil zone that averages 2 m in thickness. The base of the mineralised zone extends to an average vertical depth of 9.0 m.
Estimation and modelling techniques	- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. - The assumptions made regarding recovery of by-products. - Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). - In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. - Any assumptions behind modelling of selective mining units. - Any assumptions about correlation between variables. - Description of how the geological interpretation was used to control the resource estimates. - Discussion of basis for using or not using grade cutting or capping. - The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	- For Sepon project, Y₂O₃, La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃ were estimated using IDW2 in Leapfrog. For Mengkham project, SREO was estimated using IDW2 in Leapfrog. - This is the first mineral resource estimation in accordance with JORC Code for both Sepon and Mengkham project. - The block model was constructed using a block size of to 10 m × 10 m × 2 m (East × North × Elevation) for Sepon project and for Mengkham project the size is to 10 m × 10 m × 4 m with a sub-block size of to 5 m × 5 m × 2 m. - All samples were composited to 1-meter. - The cumulative frequency and distribution characteristics of the sample histogram were used to do the top capping. - SRK has validated the both block models by swath plot and visual inspection, indicating that the models was validated.
Moisture	Whether the tonnages estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The tonnages are estimated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	- For Sepon project, the Mineral Resources are reported at a cut-off grade of 170 g/t TREO. Cut-off grades are based on a price of 239,000 RMB/t REO. - For Mengkham project, the Mineral Resources are reported at a cut-off grade of 100 g/t SREO. Cut-off grades are based on a price of 239,000 RMB/t REO.

Criteria	Explanation	Commentary
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	- For Sepon project, the feasibility study has not undertaken yet. - For Mengkham project, a preliminary feasibility study was carried out. The mining method is in-situ leaching. The process of the in-situ leaching mining involves mainly two parts: leaching solution injection and pregnant leach solution ("PLS") collection.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	- A simple laboratory column leaching test had been conducted on the samples from 2# ore body. The results showed that the permeability coefficient is $0.89 \times 10^{-3} \sim 1.11 \times 10^{-3} \text{ cm/s}$ and the pregnant leaching solution ("PLS") concentration can reach 2.0 g/L with the SREO leaching rate of about 94%. - The FS designed total recovery was 77%, with the ISL rate of 90% and the hydrometallurgical recovery rate of 85.5%. SRK deems that it is appropriate. - The details are depicted in Section 12 and Section 13.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	The sources of environmental risk are project activities that may result in potential environmental impacts. These project activities have been previously described within this report. In summary, the most significant potential environmental and social risks for the development of the Project, currently identified as part of the project assessment and this SRK review, are: - Environmental approval to be obtained; - Water pollution; and - Mine closure fund to be established
Bulk density	- Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. - The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	- For Sepon project, in the general exploration report, 10 specific gravity samples were also taken from drilling cores and were measured in the lab of the mine. In SRK's opinion, it was unable to collected density sample from GN Auger hole cores. A dry bulk density of 1.5 t/m^3 was used in resource estimation. - For Mengkham project, a total of ten bulk density samples were implemented across

Criteria	Explanation	Commentary
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	the project areas with the natural bulk density (wet basis) ranging from 1.7 to 1.81 t/m³, averaging 1.75 t/m³, dry bulk density ranging between 1.35 and 1.55 t/m³, averaging 1.47 t/m³. The average dry bulk density of 1.47 t/m³ is determined to use in resource estimation.
Classification	- The basis for the classification of the Mineral Resources into varying confidence categories. - Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). - Whether the result appropriately reflects the Competent Person's view of the deposit.	- Indicated Mineral Resource were defined by the boreholes with the spacing less than 100 m. - Inferred Mineral Resource were defined by the boreholes with the spacing less than 200 m. - For Mengkham project, Indicated Mineral Resources were downgraded to Inferred Mineral Resources due to the large bias between Mengkham original assay and SRK verification results.
Audits or reviews.	The results of any audits or reviews of Mineral Resource estimates.	- The input data, including geological mapping and drillhole data are comprehensive in their coverage of the mineralisation. - The Mineral Resource estimate appropriately reflects the view of the Competent Person. - The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code. - The statement relates to global volumetric estimates.

Appendix C Compliance with 18 Chapter

Chapter 18		
18.01	DEFINITIONS AND INTERPRETATION	
18.02-18.04	CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES	
18.02	In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.	CPR 2.2.2 ^[1]
18.03	A Mineral Company must:—	
(1)	establish to the Exchange's satisfaction that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:—	CPR 3.1
(a)	through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or	
	<i>Note: 'control over a majority' means an interest greater than 50%.</i>	
(b)	through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;	
(2)	establish to the Exchange's satisfaction that it has at least a portfolio of:—	CPR 10.1.11; CPR 10.2.11
(a)	Indicated Resources; or	
(b)	Contingent Resources, identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;	
(3)	if it has commenced production, provide an estimate of cash operating costs including the costs associated with:—	Not applicable.
(a)	workforce employment;	
(b)	consumables;	
(c)	fuel, electricity, water and other services;	
(d)	on and off-site administration;	
(e)	environmental protection and monitoring;	
(f)	transportation of workforce;	
(g)	product marketing and transport;	
(h)	non-income taxes, royalties and other governmental charges; and	
(i)	contingency allowances;	
	<i>No</i>	
	<i>te: A Mineral Company must:</i>	
	• set out the components of cash operating costs separately by category;	
	• explain the reason for any departure from the list of items to be included under cash operating costs; and	
	• discuss any material cost items that should be highlighted to investors.	
(4)	demonstrate to the Exchange's satisfaction that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:—	CPR 17.2; CPR 17.3
(a)	general, administrative and operating costs;	
(b)	property holding costs; and	
(c)	the cost of any proposed exploration and/or development; and	
	<i>No</i>	
	<i>te: Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.</i>	
(5)	ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has available sufficient working capital for 125% of the group's	CPR 17.2; CPR 17.3

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	present requirements, that is for at least 12 months from the date of its listing document.	
18.04	If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish to the Exchange's satisfaction that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.	
	<i>No te: A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.</i>	
18.05- 18.08	CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS	
18.05	In addition to the information set out in Appendix 1A, a Mineral Company must include in its listing document:—	
	(1) a Competent Person's Report;	CPR Executive Summary and CPR 1.1
	(2) a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;	CPR 2.8
	(3) the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;	CPR 3
	(4) a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;	CPR 2.3
	(5) disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and	CPR 19
	(6) if relevant and material to the Mineral Company's business operations, information on the following:—	CPR 16.3
	(a) project risks arising from environmental, social, and health and safety issues;	
	(b) any non-governmental organisation impact on sustainability of mineral and/or exploration projects;	
	(c) compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;	
	(d) sufficient funding plans for remediation, rehabilitation and, closure and removal of facilities in a sustainable manner;	
	(e) environmental liabilities of its projects or properties;	
	(f) its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;	
	(g) its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and	
	(h) any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.	

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18.06-18.08	Additional disclosure requirements that apply to certain new applicant Mineral Companies	
18.06	If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.	CPR 17.2; CPR 17.3
18.07	If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.	CPR 11.2; CPR 12
18.08	If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.	CPR 10
18.09-18.13	RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS	
18.09	A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:—	
	(1) comply with Chapter 14 and Chapter 14A, if relevant;	
	(2) produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;	
	<i>No te: The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.</i>	
	(3) in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and	
	(4) comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.	
	<i>No te: Material liabilities that remain with the issuer on a disposal must also be discussed.</i>	
18.10-18.11	Requirements that apply to listed issuers	
18.10	A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.	
18.11	On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.	
18.12-18.13	Requirements that apply to Mineral Companies and listed issuers	
18.12	The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.	
18.13	An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such	

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	person or firm is retained by the listing applicant or the issuer.	
18.14-18.17	CONTINUING OBLIGATIONS	
18.14	<i>Disclosure in reports</i>	
18.14	A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.	
18.15-18.17	<i>Publication of Resources and Reserves</i>	
18.15	A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.	
18.16	A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.	
18.17	Annual updates of Resources and/or Reserves must comply with rule 18.18.	
	<i>No</i> <i>te: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.</i>	
18.18-18.27	STATEMENTS ON RESOURCES AND/OR RESERVES	
18.18	<i>Presentation of data</i>	
18.18	Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.	CPR 10.1.11; CPR 10.2.11
18.19	<i>Basis of evidence</i>	
18.19	All statements referring to Resources and/or Reserves:—	
	(1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and	
	(2) in all other cases, must at least be substantiated by the issuer's internal experts.	
18.20	<i>Petroleum Competent Persons' Reports</i>	Not applicable. ^[2]
18.20	A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix 25.	
18.21-18.22	<i>Competent Person</i>	
18.21	A Competent Person must:—	
	(1) have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;	CPR 2.6; CPR2.7
	(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by	CPR 2.6; CPR2.7

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	way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and	
	(3) take overall responsibility for the Competent Person's Report.	CPR 2.6; CPR2.7
18.22	A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:—	CPR 2.10
	(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;	
	(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;	
	(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and	
	(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.	
18.23	<i>Additional requirements of Competent Evaluators</i>	
18.23	In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:—	
	(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);	
	(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and	
	(3) hold all necessary licences.	
	<i>No te: A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.</i>	
18.24	<i>Scope of Competent Persons' Reports and Valuation Reports</i>	
18.24	A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:—	
	(1) be addressed to the Mineral Company or listed issuer;	CPR 2.2
	(2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and	CPR 2.4
	(3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.	CPR 2.2
18.25- 18.26	<i>Disclaimers and Indemnities</i>	
18.25	A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.	CPR 2.2
18.26	The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.	CPR 2.11, CPR 2.12

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18.27	Obligations of sponsor	
18.27	Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.	CPR1.4, CPR 1.7
18.28-18.34	REPORTING STANDARD	
18.28-18.30	Mineral reporting standard	
18.28	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.	
18.29	A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:—	CPR 2.2
	(1) under:	
	(a) the JORC Code;	
	(b) NI 43-101; or	
	(c) the SAMREC Code,	
	as modified by this Chapter; or	
	(2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	<i>Note: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.</i>	
18.30	A Mineral Company must ensure that:—	
	(1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Prefeasibility Study;	Not applicable
	(2) estimates of mineral Reserves and mineral Resources are disclosed separately;	CPR 10; CPR11
	(3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;	Not applicable
	(4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:—	Not applicable
	(a) the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and	
	(b) if a contract for future prices of mineral Reserves exists, the contract price is used; and	
	(5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.	Not applicable
18.31-18.33	Petroleum reporting standard	Not applicable.^[2]
18.31	In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.	
18.32	A Mineral Company must disclose information on Petroleum Resources and Reserves either:—	

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	(1) under PRMS as modified by this Chapter; or	
	(2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.	
	<i>No</i> <i>te: A Reporting Standard applied to specific assets must be used consistently.</i>	
18.33	A Mineral Company must ensure that:—	
	(1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;	
	(2) if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;	
	(3) Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;	
	(4) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30;	
	<i>No</i> <i>te: In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.</i>	
	(5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;	
	<i>No</i> <i>te: Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.</i>	
	(6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and	
	(7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.	
18.34	Mineral or Petroleum Asset Valuation Reports	Not applicable. ^[2,3]
18.34	A Mineral Company must ensure that:—	
	(1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;	
	(2) the Competent Evaluator states clearly the basis of valuation, relevant assumptions	

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		and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;	
	(3)	if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and	
	(4)	in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.	

Note:

1. CPR is the Competent Person's Report prepared by SRK; and 2.2.2 is the section number.
2. Mineral Resources of this Project are the rare earth project.
3. The report prepared by SRK is not an Evaluation Report.

**Appendix D Chapter 2.6 of the Guide for New Listing
Applicants**

Chapter 2.6		Section in SRK's Report
(i)	The cut-off grade (which should be an industry standard commonly used), minimum mining width, economic parameters (e.g. waste to ore ratio, stope productivity), specific gravity derivation, prevailing commodity price assumptions;	Section 10.1.11 and Section 10.2.11
(ii)	If the Competent Person has a different view on certain assumptions (e.g. processing recovery rate) made by the applicant, both views should be disclosed in the listing document, with differences highlighted and underlying reasons for the different views, and the impact on the applicant if the more conservative view is adopted;	Not applicable
(iii)	Detailed analysis for harmful elements identified at mines (e.g. mercury or arsenic at lead and zinc mines) to give a better picture of whether there are material concentrations of these elements within particular lodes, and the impact on the saleability of the minerals;	Not applicable.
(iv)	Clear and meaningful drawings and diagrams, shown to scale, of the location of the applicant's principal Mineral or Petroleum Assets;	Section 4
(v)	The procedures, amount of testing, assessment and time required to ascertain the amount of Reserves, and the existing Reserves of the mine over its entire mine life, expected average Resource and Reserve grades of ore that can be extracted in future years (preferably covering the whole economic life of the mine), depletion charges and hedging activities;	Not applicable
(vi)	Whether the historical or expected improved recovery rate is used for estimating the net present value ("NPV"), and the basis on which the discount rates are considered appropriate;	Section 18.4
(vii)	If the Competent Person did not conduct a site visit, the applicant should disclose in the "Business" section of the listing document the basis on which the Reserves/Resources, cost forecasts and other data relating to the mines/oilfields as disclosed in the CPR are arrived at, how the lack of a site visit would affect the reliability of the information, and an appropriate risk factor 3; and	Section 2.2.3
(viii)	All material risks mentioned in the CPR should be disclosed in the "Risk Factors" section of the listing document.	Section 19

TAXATION FOR HOLDERS OF SECURITIES

Income tax and capital gains tax of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws and policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gain tax and profits tax, business tax/VAT, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the H Shares.

THE PRC TAXATION

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income** (《對所得避免雙重徵稅和防止偷漏稅的安排》)”) signed by Mainland China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the

Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) (the “**Fifth Protocol**”) issued by the SAT and became effective on December 6, 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007 and most recently amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019 (hereinafter collectively referred to as the “**EIT Law**”), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises are withheld at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although there may be other provisions under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objectives and goals under the Arrangement. The application of the dividend clause of tax agreements is also subject to the requirements of PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into treaties or adjustments for the avoidance of double taxation with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016 and partially repealed on July 1, 2017, January 1, 2018 and April 1, 2019, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside the PRC, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

However, in view of no clear regulations, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall be usually subject to 12% of the actual VAT payable (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the most recently amended IIT Law.

However, on December 31, 2009, the Ministry of Finance, SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

According to the EIT Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises are withheld at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied in the PRC under the PRC laws.

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as “**an enterprise**” or “**enterprises**”) within the territory of the PRC are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

VAT

Pursuant to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016 and November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on December 25, 1993 by the

MOF, came into effect on the same day and revised on December 15, 2008 and October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) which was promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, and this adjustment became effective on May 1, 2018. Subsequently, the Announcement of the Ministry of Finance and the State Administration of Taxation on Relevant Policies for Deepening the VAT Reform (《財政部、國家稅務總局關於深化增值稅改革有關政策的公告》) which was jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The previous tax rate of 16% applicable to the VAT taxable sale behavior or import of goods shall be adjusted to 13%, and the previous tax rate of 10% applicable thereto shall be adjusted to 9%.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains Tax and Profits Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, professional services or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, professional services or business, will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 (《2005年收入(取消遺產稅)條例》) came into effect on February 11, 2006 in Hong Kong, pursuant to which, no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange administrative authorities. For capital items, overseas organizations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the People's Bank of China on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the People's Bank of China and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, Renminbi exchange rate was no longer pegged to U.S. dollar. The People's Bank of China would publish the closing price of the exchange rate of Renminbi against trading currencies such as U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises (such as our Company) which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions.

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this Prospectus. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For more details on laws and regulations which are relevant to our business, please refer to the section headed "Regulatory Overview" in this Prospectus.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the *Constitution of the PRC* (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments and international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

Pursuant to the *Constitution* and the *Legislation Law of the PRC* (2023 revision) (《中華人民共和國立法法(2023年修訂)》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC (SCNPC) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, National Audit Office of the PRC as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations or separate regulations which have been approved by the SCNPC but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the *Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws* (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the “**Supreme People's Court**”) has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

THE PRC JUDICIAL SYSTEM

Under the *Constitution* and the *PRC Law on the Organization of the People's Courts* (2018 revision) (《中華人民共和國法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher-level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The *PRC Civil Procedure Law* (2023 revision) (《中華人民共和國民事訴訟法(2023年修訂)》) (the “**Civil Procedure Law**”), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that such choice shall not violate the requirements of the level of jurisdiction and exclusive jurisdiction.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

Pursuant to the *Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which came into effect on January 29, 2024, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The *Company Law of the PRC* (《中華人民共和國公司法》) (the “**Company Law**”) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and December 29, 2023 respectively and the latest revision of which was implemented on July 1, 2024.
- The Overseas Listing Trial Measures and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to the *PRC Securities Law* and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

- The *Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》) (the “**Guidance for Articles of Association**”) which was most recently amended on December 15, 2023 by the CSRC. The Articles of Association are formulated based on the *Guidance for Articles of Association* on a reference basis, the summary of which is set out in the section entitled “Appendix V — Summary of the Articles of Association” to this Prospectus.

Set out below is a summary of the major provisions of the currently effective *Company Law*, the Overseas Listing Trial Measures and the *Guidance for Articles of Association* which are applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated in accordance with the *Company Law* with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by laws, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters’ agreements. After the promoters have confirmed the capital contribution under the

articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by public subscription, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering prospectus, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Registered Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the *Company Law*, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

- the name and domicile of each shareholder;
- the type of shares and number of shares subscribed by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Registered Capital and Issue of Shares

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the *Company Law*, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the ordinary shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the ordinary shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; and (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Registered Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the *Company Law*:

- the company shall prepare a balance sheet and an inventory of the assets;

- the reduction of registered capital shall be approved by a general meeting;
- the company shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors shall within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide corresponding guarantees covering the debts;
- the company shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the *Company Law*, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who vote against the resolution regarding the merger or division with other companies at a general meeting; (v) to apply shares for conversion of convertible corporate bonds issued by a listed company; and (vi) to maintain the company value and protect the shareholders' interests of a listed company as necessary.

Repurchase of its own shares on the grounds set out in (i) and (ii) above shall be subject to resolution passed by the general meeting; repurchase of its own shares on the grounds set out in (iii), (v) or (vi) above shall be subject to a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting in accordance with the provisions of the company's articles of association or as authorized by the general meeting.

Following the repurchase of its own shares in accordance with (i) above, such shares shall be canceled within 10 days from the date of repurchase; the shares shall be transferred or canceled within six months if the repurchase of its own shares is in accordance with either (ii) or (iv) above; and the shares repurchased in accordance with (iii), (v) or (vi) above shall not exceed 10% of the company's total issued shares, and shall be transferred or canceled within three years.

A listed company shall perform its obligation of information disclosure according to the provisions of the *Securities Law* when repurchasing its own shares. In the event the repurchase of its own shares is in accordance with (iii), (v) or (vi) above, centralized public trading shall be adopted.

A company shall not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the *Company Law*, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

According to the *Company law*, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings; they shall not transfer more than 25% of all the shares they hold in the company annually during their tenure; and they shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

According to the *Company Law*, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholder's General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the *Company Law*. According to the *Company Law*, the general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Annual general meeting is required to be held once every year. Extraordinary general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in registered capital;
- when shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

According to the *Company Law*, general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

According the *Company Law*, notice of annual general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the *Company Law* regarding the number of shareholders constituting a quorum in a general meeting.

According to the *Company Law*, shareholders present at general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the *Company Law*, resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; and (iv) other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

According to the *Company Law*, meeting minutes shall be prepared in respect of decisions on matters discussed at the general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

According to the *Company Law*, a joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of directors results in the number of directors being less than the quorum.

According to the *Company Law*, the board of directors mainly exercises the following powers:

- to convene the general meetings and report on its work to the general meetings;
- to implement the resolutions passed in general meetings;
- to decide on the company's business plans and investment proposals;

- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the setup of the company's internal management organs;
- to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Meetings of the Board of Directors

According to the *Company Law*, the board of directors of a joint stock limited company shall hold at least two meetings per year. The board of directors shall issue a notice of meeting to all directors and supervisors 10 days before the meeting. Shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors may propose to convene an extraordinary meeting of the board of directors. The chairman of the board of directors shall convene and preside over a meeting of the board of directors within 10 days from the receipt of the proposal. A meeting of the board of directors may only be held if half or more of the directors are present. Resolutions of the board of directors shall be approved by a majority of all directors. Resolutions approved by the board of directors shall be by one person, one vote. Directors shall attend meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Chairman of the Board of Directors

Pursuant to the *Company Law*, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Qualifications of Directors

Under the *Company Law*, the following person may not serve as a director in a company:

- a person without capacity or restricted capacity to undertake any civil liabilities;
- a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or
- a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the board of supervisors shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise.

Directors and senior management shall not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of the supervisors. The chairman of the board of supervisors shall convene and preside over board of supervisors meetings. Where the chairman of the board of supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over supervisory board meetings. Where the vice chairman of the board of supervisors is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the board of supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum. The board of supervisors meets at least once every six months. In accordance with the *Company Law*, resolutions by the board of supervisors shall be passed by a majority of all supervisors

The board of supervisors may exercise its powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;
- when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meetings under the *PRC Company Law*;
- to submit proposals to the shareholders' general meetings;
- to bring actions against directors and senior management pursuant to the relevant provisions of the *PRC Company Law*; and
- to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The board of supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the *Company Law*, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the *Company Law*, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management are required under the *Company Law* to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the company. Where the controlling shareholder or actual controller of the company who does not serve as a director but actually attends to the company's affairs, shall comply with the foregoing provisions.

Directors, supervisors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors, supervisors and senior management are prohibited from:

- seizing the assets of the company or misappropriating company funds;
- depositing company funds into accounts under their own names or the names of other individuals;
- taking advantage of power to accept bribes or other illegal income;
- accepting commissions paid by a third party for transactions conducted with the company for their own benefit;
- unauthorized divulgence of confidential information of the company; and
- other acts in violation of their duty of loyalty to the company.

Where directors, supervisors and senior management directly or indirectly conclude any contract or engage in transactions with the company, they shall report to the board of directors or the shareholders' meeting and seek approval by resolutions of the board of directors or the shareholders' meeting in accordance with the articles of association. The requirement shall also apply to the conclusion of contracts or engagement in transactions by close relatives of the directors, supervisors and senior management or enterprises directly or indirectly controlled by close relatives of the directors, supervisors and senior management as well as persons who are otherwise related to the directors, supervisors and senior management.

Directors, supervisors and senior management shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association.

Directors, supervisors and senior management shall not engage in the business similar to those of the company for themselves or others, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The *Guidance for Articles of Association* provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the *Company Law*, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

Pursuant to the *Company Law*, the company shall send the financial accounting report to all shareholders in accordance with the period stipulated in the articles of association, and the company's financial accounting report shall be made available for inspection by shareholders at least 20 days before the annual general meeting. A company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's capital shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Accounting Firm

In accordance with the *Company Law*, the appointment or dismissal of the accounting firm responsible for the company's auditing shall be determined at a shareholders' general meeting, by the board of directors, or by the board of supervisors, as stipulated in the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, the board of directors, or the board of supervisors votes on its dismissal. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information.

The *Guidance for Articles of Association* provides that a company shall engage an accounting firm which is qualified with the *PRC Securities Law* to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended. The audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

According to the *Company Law*, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the *Company Law*, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the *Guidance for Articles of Association*, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the *PRC Company Law* or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

The *Guidance for Articles of Association* further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the *Company Law*, a company shall be dissolved for any of the following reasons: (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company; (iii) the company is dissolved by reason of its merger or division; (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or (v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

On the occurrence of the abovementioned events, the company shall make an announcement on the National Enterprise Credit Information Publicity System within ten days.

In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, a liquidation group shall be formed to commence the liquidation procedure within fifteen days of the date on which the dissolution event occurs.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, the liquidation procedure shall be conducted and directors shall be the company's liquidation obligor and it should establish a liquidation group within fifteen days of the date on which the dissolution event occurs. The liquidation group shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation group is not established within the prescribed period or the liquidation fails to effect after the establishment of a liquidation group, the interested party may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation group to administer the liquidation. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group may exercise following powers during the liquidation:

- to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;
- to notify the creditors by notice or announcement;
- to deal with and settle any outstanding business related to the liquidation;
- to pay any outstanding tax together with any tax arising during the liquidation process;
- to settle the company's claims and liabilities;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in any civil procedures.

The liquidation group shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within sixty days.

A creditor shall lodge his claim with the liquidation group within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation group shall register such creditor's rights. The liquidation group shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them.

The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation group shall hand over the administration matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation group are required to discharge their duties in good faith and in compliance with relevant laws.

Members of the liquidation group shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation group are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After a people's court declares that such certificate(s) are invalid, the shareholder may apply to the company for the issuance of a replacement certificate(s).

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the press or on the National Enterprise Credit Information Publicity System within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

Where a company merges with another company in which the former holds not less than 90% of the shares, the acquired company is not required to obtain approval by resolution of its shareholders' meeting, but shall notify the other shareholders who have the right to request the company to buy its equities or shares at a reasonable price. If the price paid for a company's merger does not exceed 10% of the company's net assets, approval by resolution of its

shareholder's meeting may not be required unless otherwise provided by the company's articles of association. Where a company's merger is exempt from approval by resolution of the shareholders' meeting in the previous two cases, it shall be subject to approval by resolution of the board of directors.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company, and a public announcement shall be made in the press or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

Securities Laws and Regulations of PRC

The PRC has promulgated a number of regulations related to the issue and trading of shares as well as information disclosure. In October 1992, the State Council established the Securities Committee and the China Securities Regulatory Commission (CSRC). The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities market, guiding, coordinating and supervising all securities-related institutions in the PRC, and administering the CSRC. The CSRC is the regulatory department of the Securities Committee, responsible for drafting regulatory provisions for the securities market, supervising securities companies, regulating the public offering of securities by PRC companies at home and abroad, overseeing securities trading, compiling securities-related statistics, and conducting relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The *Interim Provisional Regulations on the Administration of Share Issuance and Trading* covers the application and approval procedures for public offerings of equity securities, trading of equity securities, acquisition of listed companies, custody, clearing and transfer of listed equity securities, information disclosure, investigation, penalties of listed companies, and dispute resolution.

On December 25, 1995, the State Council promulgated and implemented the *Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies* (which was repealed on March 31, 2023). The provisions mainly cover the issuance, subscription, trading and dividend declaration and other distribution of domestic listed foreign-invested shares, as well as the information disclosure of joint stock limited companies holding domestic listed foreign-invested shares.

The *Securities Law of the People's Republic of China* (the “**Securities Law**”) took effect on July 1, 1999, and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revision of the *Securities Law* came into effect on March 1, 2020. This is China's first national securities law, consisting of 14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, the acquisition by listed companies, and the obligations and responsibilities of stock exchanges, securities companies, and the State Council's securities regulatory authorities. The *Securities Law* comprehensively regulates the activities of securities market in PRC. Article 224 of the *Securities Law* stipulates that domestic enterprises shall comply with relevant regulations of the State Council to list their shares outside the PRC. Currently, the issuance and trading of foreign-issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

On November 14, 2019, the CSRC issued the *Guidance for the Application for the “Full Circulation” of Domestic Unlisted Shares of H-Share Companies*, which was partially revised on August 10, 2023 in accordance with the *Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC*. The guideline aims to regulate the listing and circulation of unlisted domestic shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued in China after overseas listing, and unlisted shares held by foreign shareholders) of joint-stock limited companies listed on the Hong Kong Stock Exchange (hereinafter referred to as H-Share Companies) (hereinafter referred to as “**Full Circulation**”).

Unlisted domestic joint-stock companies may submit an application for “Full Circulation” when applying for overseas initial public offering and listing.

Arbitration and Enforcement of Arbitral Awards

On August 31, 1994, the SCNPC passed the *Arbitration Law of the People's Republic of China* (the “**Arbitration Law**”), which came into effect on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. According to the Arbitration Law, an arbitration committee may, before the China Arbitration Association promulgates arbitration rules, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to accept the case, unless the arbitration agreement is deemed invalid.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes over the definition of shareholders and disputes over the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (“**CIETAC**”) in accordance with its arbitration rules, or at the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with its Securities Arbitration Rules (the “**Securities Arbitration Rules**”). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. According to the CIETAC Arbitration Rules which was amended on September 2, 2023 and implemented on January 1, 2024, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions based on the agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties. The CIETAC is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin, Chongqing, Zhejiang, Hubei, Fujian, Shanxi, Jiangsu, Sichuan, and Shandong.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties to the arbitration. If a party to the arbitration fails to comply with an arbitral award, the other party to the award may apply to the people’s court for its enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law, or if the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of a PRC arbitration tribunal against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitral body may be recognized and enforced by the PRC courts in accordance with the principle of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958, pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto, subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People’s Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court adopted the *Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region*, which took effect on February 1, 2000. The above arrangement was amended by the *Supplemental Arrangement Concerning the Mutual*

Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, which was adopted by the Supreme People's Court and took effect on November 27, 2020. In accordance with this arrangement, awards made by mainland arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitral awards are also enforceable in the mainland.

Judicial Judgement and Its Enforcement

On January 14, 2019, the Judicial Committee of the Supreme People's Court adopted the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region*, which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the mainland China. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further stipulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition and enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in Mainland China and those in Hong Kong. Upon implementation of this arrangement, the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned*, adopted by the Judicial Committee of the Supreme People's Court on June 12, 2006 and effective from August 1, 2008, has been repealed.

This Appendix contains a summary of major provisions of the Articles of Association. This Appendix mainly provides potential investors with an overview on the Articles of Association. As it is only a summary, it does not contain all the information that may be important to potential investors.

SHARES AND REGISTERED SHARE CAPITAL

The Company's shares shall be in the form of share certificates.

The issuance of the shares of the Company shall be conducted in the principle of openness, fairness and justness, and each share of the same class shall be entitled to equal rights.

For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and the price paid by any organization or individual for each share shall be the same.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

The Company may, based on its operating and development needs and in accordance with laws and regulations and the resolution of any general meeting, increase its registered capital by the following methods:

- (i) a public offering of shares upon approval by the securities regulatory authority in the place where the shares of the Company are listed;
- (ii) a private issuance of shares;
- (iii) offering of bonus shares to existing shareholders;
- (iv) the conversion of reserve funds into share capital;
- (v) placement of new shares to existing shareholders; and
- (vi) any other methods provided in laws and administrative regulations and approved by the securities regulatory authorities in the place where the shares of the Company are listed.

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law and other related requirements and the Articles of Association.

Repurchase of Shares

In accordance with applicable laws, administrative regulations, regulations of the authorities and the Articles of Association, the Company shall not purchase its own shares other than in any of the following circumstances:

- (i) reducing its registered capital;
- (ii) merging with another company which holds shares in the Company;
- (iii) utilizing the shares for employee stock ownership plan or equity incentive plan;
- (iv) acquiring its own shares at the request of its shareholders who vote at general meeting against a resolution regarding a merger or separation;
- (v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a listed company;
- (vi) maintaining corporate value and shareholders' interests by the Company as and when necessary;
- (vii) such other circumstances as permitted by laws and administrative regulations.

The Company may repurchase its shares by an open centralized transaction method or other methods as permitted by laws and regulations, the CSCR and the securities regulatory authorities and the other securities exchange(s) in the place where the shares of the Company are listed, subject to compliance with the requirements prescribed by applicable laws, administrative regulations, regulations of the authorities and securities regulatory rules of the place where the shares of Company are listed.

The Company's repurchase of its own shares under the circumstance as stipulated in items (iii), (v) or (vi) of the preceding paragraph shall be conducted by an open centralized transaction method.

The Company's purchase of its own shares under the circumstance as stipulated in items (i) and (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; the Company's purchase of its own shares under the circumstance as stipulated in items (iii), (v) or (vi) of the preceding paragraph may be subject to a resolution of the meeting of the Board of Directors with more than two thirds of Directors present, subject to compliance with the securities regulatory rules of the place where the shares of the Company are listed.

The shares acquired by the Company under the circumstance stipulated in item (i) hereof shall be cancelled within ten days upon the date of acquisition of shares; the shares shall be transferred or cancelled within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or (iv); and the shares held in total by the Company after the repurchase under any of the circumstances stipulated in item (iii), (v) or (vi) shall not exceed 10% of the Company's total issued shares, and shall be transferred or cancelled within three years.

Transfer of Shares

The shares of the Company held by promoters shall not be transferred within one year of the establishment of the Company. Shares issued prior to the public issuance of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed and traded at the stock exchange.

Directors, Supervisors and the senior management members of the Company shall declare to the Company their shareholdings in the Company and any changes of such shareholdings; they shall not transfer more than 25% of the total shares they hold in the Company annually during their tenure; and they shall not transfer the shares they held within one year from the date on which the Company's shares are listed and traded at the stock exchange, nor within six months after their resignation from their positions with the Company.

If a Director, Supervisor or senior management member of the Company, or a shareholder holding more than 5% of the shares sells the shares of the Company or other securities with the nature of equity within six months after buying those shares, or buys the shares within six months after selling those shares, all the gains arising thereof shall belong to the Company, and such gains shall be collected by the Board of Directors of the Company. However, the following circumstances shall be excluded where a securities company underwrites unsold shares, thereby holding more than 5% of the shares or where the provisions of the CSRC are applicable. If listing rules of the stock exchange of the place(s) where the shares of the Company are listed provide otherwise on restrictions on transfers of shares, such rules shall prevail.

Shareholders and the General Meetings

Shareholders

The Company shall keep a register of shareholders according to the evidence provided by the share registrars. The register of shareholders shall be the sufficient evidence of the shareholders' shareholding in the Company. The original register of holders of H shares shall be maintained in Hong Kong and made available for shareholders' inspection, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the requirements of the securities regulatory rules of the place where the shares of the Company are listed. Shareholders have rights and assume obligations in proportion to the class of shares they hold; Shareholders who hold the same class of shares shall enjoy equal rights and assume the same obligations.

The shareholders of the Company shall be entitled to the following rights:

- (i) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;
- (ii) the right to propose, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with laws, unless individual shareholders are required by the securities regulatory rules of the place where the shares are listed or applicable laws and regulations to abstain from voting on individual matters;
- (iii) to supervise and manage the business activities of the Company and to put forward proposals or raise inquiries;
- (iv) to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (v) to review the Articles of Association, the register of shareholders, corporate bond stubs, minutes of general meeting, resolutions of the Board of Directors, resolutions of the Supervisory Committee and financial and accounting reports;
- (vi) upon termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (vii) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;
- (viii) other rights conferred by laws, administrative regulations, regulations of the authorities, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the procedures for convening, or the method of voting at a general meeting or the Board of Directors are in breach of laws, administrative regulations and the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall have the right to petition the People's Court to revoke the resolution within 60 days from the date of the adoption of such resolution.

The shareholders of the Company shall assume the following obligations:

- (i) to abide by laws, administrative regulations and the Articles of Association;
- (ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;

- (iii) not to surrender the shares unless required by the laws and regulations;
- (iv) not to abuse the shareholder's rights so as to damage the interests of the Company or those of any other shareholders; not to abuse the independent legal person status of the Company and the limited liability owed by the shareholders so as to damage the interests of the Company's creditors;
- (v) other obligations imposed by laws, administrative regulations and the Articles of Association.

Where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for indemnity in accordance with laws.

Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability owed by the shareholders for the purposes of evading from making debt repayments, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

General Provisions on the General Meetings

The general meetings shall be the organ of power of the Company and shall exercise the following duties and powers according to laws:

- (i) to decide on the operating guidelines and investment plans of the Company;
- (ii) to elect and replace the Directors and Supervisors which are not appointed as representatives of the employees, and to decide on the remuneration of the relevant Directors and Supervisors;
- (iii) to consider and approve reports of the Board of Directors;
- (iv) to consider and approve reports of the Supervisory Committee;
- (v) to consider and approve the Company's annual financial budgets and final accounts;
- (vi) to consider and approve the Company's profit distribution plans and plans for making up losses;
- (vii) to consider and approve adjustment or change to the Company's profit distribution policy;
- (viii) to decide on increases or reductions in the Company's registered capital;

- (ix) to make resolution on the issuance of corporate bonds;
- (x) to make resolutions on the merger, demerger, spin-off, liquidation or change of corporate form of the Company;
- (xi) to amend the Articles of Association;
- (xii) to make resolutions on the issue of appointment, dismissal or non-reappointment of accounting firms;
- (xiii) to examine and approve the guarantee issues as prescribed in Article 44 of the Articles of Association;
- (xiv) to consider any matters on the acquisition or disposal of a substantial assets during a year, which involves an amount exceeding 30% of the latest audited total assets of the Company for the most recent period;
- (xv) to examine and approve matters relating to the change of purpose of raised fund;
- (xvi) To examine equity incentive plan and employee stock ownership plan;
- (xvii) to examine the connected transactions between the Company and connected parties (except for the Company's provision of guarantees, donated cash assets, and debts that are simply reduced or exempted from the obligations of the listed company) exceeds RMB30 million and represents more than 5% of the absolute value of the Company's latest audited net assets, and other connected transactions subject to the general meeting for deliberation in accordance with the securities regulatory rules of the place where the shares of the Company are listed;
- (xviii) to examine the proposals of the shareholders, individually or in the aggregate, holding 3% or more of the voting shares of the Company;
- (xix) to examine other matters required by laws, administrative regulations, regulations of the authorities, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, to be resolved by the general meeting.

The following external guarantees of the Company shall be considered and approved by the general meeting:

- (i) any single guarantee of which the amount exceeds 10% of the audited net assets for the latest financial year;
- (ii) any guarantee provided after the total amount of the external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the audited net assets for the latest financial year;

- (iii) any guarantee provided after the total amount of the external guarantees provided by the Company and its subsidiaries exceeds 30% of the audited total assets for the latest financial year;
- (iv) any guarantee whose amount exceeds 30% of the Company's latest total audited assets according to the principle of cumulative calculation of guarantee amount for 12 consecutive months;
- (v) any guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70% as indicated by the data in the latest financial statements;
- (vi) any guarantee provided to shareholders, actual controllers and their related parties; and
- (vii) any other guarantees provided by laws, administrative regulations, rules and regulations, securities regulatory rules of the place where the shares of the Company are listed or other regulatory documents or the Articles of Association.

For guarantee matters within the scope of authorization of the Board of Directors, in addition to the approval of more than half of all Directors, the approval of over two-thirds of the Directors present at the meeting of the Board of Directors shall be required. The guarantee set out in item (iv) above shall be approved by more than two thirds of voting rights held by shareholders present at the meeting.

Shareholders' general meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.

The Company shall hold an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (i) the number of Directors is less than that prescribed by the Company Law or less than the two thirds of the amount required by the Articles of Association;
- (ii) the uncovered losses are in excess of one-third of the Company's total paid-in share capital;
- (iii) shareholders individually or collectively holding 10% (including 10%) of the Company's shares request in writing;
- (iv) the Board of Directors considers it necessary;
- (v) the Supervisory Committee proposes to hold such a meeting;
- (vi) more than two independent Directors propose to convene the meeting;
- (vii) such other circumstances as provided for by laws, administrative regulations, regulations of the authorities, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Convening of the General Meetings

Independent Directors shall have the right to propose to the Board of Directors to convene extraordinary general meetings. When an independent Director proposes to convene an extraordinary general meeting, the Board of Directors shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, administrative regulations and the Articles of Association. If the Board of Directors gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the Board of Directors resolution, issue a notice on convening the general meetings. If the Board of Directors does not give consent to convene an extraordinary general meeting, the Board of Directors shall state the reason and issue an announcement.

The Supervisory Committee shall have the right to propose the convening of extraordinary general meetings and submit such proposal in writing to the Board of Directors. In accordance with the laws, administrative regulations and the Articles of Association, the Board of Directors shall issue written feedback on consent or non-consent to the convening of the extraordinary general meetings within 10 days from the receipt of the proposal. If the Board of Directors gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the Board of Directors resolution, issue a notice on convening the general meetings. Any changes to the original proposal in the notice shall obtain the consent of the Supervisory Committee. If the Board of Directors does not give consent to convene an extraordinary general meeting or does not issue feedback within 10 days from the receipt of the proposal, the Board of Directors shall be deemed as unable to perform or failed to perform the duties of convening a general meeting. In such cases, the Supervisory Committee may proceed to convene and chair the meeting on its own.

Shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Board of Directors for the convening of an extraordinary general meeting, and such proposal shall be made in writing to the Board of Directors and explain the topic of the meeting. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, provide a written feedback within 10 days after receiving the proposal with respect to whether it agrees with the proposal to convene an extraordinary general meeting. In event that the Board of Directors agrees to convene an extraordinary general meeting, a notice of the general meeting shall be provided within five days of such resolution by the Board of Directors. Alterations to the original proposals in the notice shall be approved by the relevant shareholders. In the event that the Board of Directors disagrees with the convening of an extraordinary general meeting, or fails to provide any feedback within 10 days after receiving the proposal, shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the Supervisory Committee for the convening of an extraordinary general meeting, and such proposal shall be made in writing to the Supervisory Committee. In event that the Supervisory Committee agrees to convene an extraordinary general meeting, a notice of the general meeting shall be issued within five days of receipt of such request. Alterations to the original proposals in the notice shall be approved by the relevant shareholders. In event that the Supervisory

Committee did not provide a notice of the general meeting within the specified timeframe, the Supervisory Committee shall be considered to be unwilling to convene and preside over the general meeting. The shareholders that, either individually or jointly, hold over 10% of shares of the Company for a period of 90 consecutive days or more may at their sole discretion convene and preside over the extraordinary general meeting.

Where the Supervisory Committee or shareholders decide to convene a general meeting on its/their own, it/they shall notify the Board of Directors in writing and file relevant evidential documents with the Shanghai Stock Exchange. The Shareholders who convene the general meeting shall hold no less than 10% shares of the Company when any resolution is made at such meeting. The Supervisory Committee or the convening shareholders shall, when the notice of general meeting or announcement of resolutions of general meeting is issued, submit relevant evidential documents to the authority appointed by CSRC in the location of the Company and the Shanghai Stock Exchange.

For the general meetings convened by the Supervisory Committee or shareholders, the Board of Directors and the secretary of the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders as at the date of record. Where the Board of Directors fails to provide the register of shareholders, the convener(s) may apply to the securities registration and clearing institution for such a register of shareholders with the announcement relating to the notice of convening the general meeting. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

Proposals and Notices of the General Meeting

The contents of the general meeting proposals shall be within the scope of powers of the general meeting and such proposals shall have precise agenda and specific matters to be resolved, and be in compliance with the relevant provisions of laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

As a general meeting is convened, the Board of Directors, Supervisory Committee and any of the shareholders individually or jointly holding more than 3% of the shares of the Company may propose any resolution to the Company. Any of the shareholders individually or jointly holding more than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convention of the general meeting. If the proposal meets the requirements of Article 54 of the Articles of Association, the convener shall issue a supplemental notice to the general meeting within two days upon receipt of such proposal and announce the contents of the extraordinary resolution. If, according to the securities regulatory rules of the place where the shares of the Company are listed, the general meeting needs to be postponed due to the publication of a supplementary notice of the general meeting, the convening of the general meeting shall be postponed in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

The convener shall notify all shareholders in writing (including announcement) 21 days prior to the annual general meeting, and 15 days prior to an extraordinary general meeting. When calculating the interval between the notice of the general meeting and the date of the meeting, it should not include the day of the meeting, but include the day the notice is issued.

The notice of the general meeting shall contain the following details:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals to be considered at the meeting;
- (iii) contain a conspicuous statement that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (iv) the date of registration of equity entitlements for shareholders entitled to attend the general meeting;
- (v) it shall contain the names and telephone numbers of permanent contact persons for the affairs of the meeting;
- (vi) the time and procedures for voting online or by other means;
- (vii) other requirements stipulated by laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The notice of the general meeting and its supplementary notice shall include other matters prescribed by securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association and shall fully and completely disclose the specific contents of all proposals. If any matter to be discussed requires opinions of the independent Directors, the opinions and reasons of the independent Directors shall be disclosed together with the issuance of such notice and its supplementary notice.

Holding of the General Meeting

Any shareholder in the register of shareholders on the record date or his proxy shall be entitled to attend the general meeting, and have the right to vote pursuant to the laws, regulations, and the Articles of Association. Shareholders can attend the general meeting in person or appoint proxies to attend and vote on their behalf. Such proxy needs not necessarily be a shareholder of the Company.

Individual shareholders attending the meeting in person shall present their identity cards or other valid documents or certificates, or stock account cards as a proof of their identities. Proxies attending the meeting on behalf of shareholders shall present their valid identity cards and power of attorney.

A corporate shareholder shall attend the meeting by its legal representative or by proxies appointed by the legal representative. The legal representative present at the meeting shall produce his/her identity card and valid proof showing his/her status, and the proxy present at the meeting shall present his/her identity card and the power of attorney in writing issued by the legal representative in accordance with laws, except for shareholders who are recognized clearing houses and their nominees as defined by relevant regulations or securities regulatory rules of the place where the shares of the Company are listed, which may come into effect from time to time under Hong Kong laws.

The power of attorney issued by a shareholder to appoint a proxy to attend general meeting shall specify:

- (i) the name of the proxy;
- (ii) whether or not the proxy has any voting right;
- (iii) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (iv) the date of issue and validity period of the power of attorney;
- (v) signature (or seal) of the principal; If the principal is a corporate shareholder, it shall be stamped with the seal of the legal person or signed by a legally authorized person.

Any form issued to a shareholder by the Board of Directors for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution and to give instructions on the matters to be voted on in respect of each question at the meeting. Such form shall contain a statement that, in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

If the power of attorney for voting by proxy is signed by the authorized person of the principal, the power of attorney for signing or other authorization documents shall be notarized. The notarized the power of attorney or other authorization documents and the power of attorney for voting by proxy shall be placed at the domicile of the Company or other place specified in the meeting.

If the principal is a legal person, its legal representative or the person authorized by the Board of Directors or other decision-making authorities shall attend the general meeting of the Company as a representative.

If a shareholder is recognized as a clearing house (or its nominee), the shareholder is entitled to authorize one or more person(s), as it thinks fit, to act as its proxy at any general meeting or creditors' meeting. However, if more than one person is authorized, the power of attorney shall set out the number and class of shares represented by each of the persons so authorized. The power of attorney shall be signed by the authorized personnel of the recognized clearing house. A person so authorized may exercise rights (without presenting any share certificate, notarized authorization and/or other evidence indicating that he/she has been duly authorized), and must have the same legal rights as other shareholders, including the right to speak and vote, on behalf of the recognized clearing house (or its nominee), as if he/she was an individual shareholder of the Company.

When a general meeting is convened, the Directors, Supervisors and the secretary to the Board of Directors of the Company shall attend the meeting, and the President and other senior management members shall be present at the meeting. Subject to the securities regulatory rules of the place where the shares of the Company are listed, the aforementioned persons may attend or be present at the meeting via internet, video, telephone or other means with equivalent effect.

Shareholders' general meetings shall be convened by the Board of Directors in accordance with laws, and the general meeting shall be presided over by Chairman of the Board of Directors. Where the Chairman of the Board of Directors is unable or fails to perform the duty, the meeting shall be presided over by a Co-Chairman (if any) jointly elected by a simple majority of the Directors if the Company has two or more Co-Chairmen; When Co-Chairman of the Board of Directors is unable or fails to perform the duty, the meeting shall be presided over by the Deputy Chairman (if any) jointly elected by a simple majority of the Directors if the Company has two or more Deputy Chairmen. Where the Deputy Chairman of the Board of Directors is unable or fails to perform the duty, a Director jointly elected by more than half of the Directors will preside over the meeting. A general shareholders' meeting convened by the Supervisory Committee itself shall be presided over by the Chairman of the Supervisory Committee. Where the Chairman of the Supervisory Committee is unable or fails to perform the duty, the Deputy Chairman of the Supervisory Committee (if any) shall preside over the meeting, and when the Deputy Chairman of the Supervisory Committee is unable or fails to perform the duty, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting. A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the conveners. If, for any reason, the conveners are unable to elect a representative as a presider to preside over the meeting, the shareholders holding the most voting shares among the conveners (including proxies) shall act as the presider to preside over the meeting.

In the event that the general meeting cannot proceed due to violation of the rules of procedure by the presider of the meeting, the general meeting may appoint one person as the presider of the meeting upon consent of a simple majority of the voting shareholders present at the meeting and continue the meeting.

Voting of the General Meeting

Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution must be passed by votes representing a simple majority of the voting rights represented by the shareholders (including proxies) present at the meeting. A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) the work report of the Board of Directors and the Supervisory Committee;
- (ii) the profit distribution plan and plan for covering losses formulated by the Board of Directors;
- (iii) the connected transaction matters subject to the general meeting for deliberation;
- (iv) the election and removal of members of the Board of Directors and the Supervisory Committee and their remunerations and the method of payment thereof;
- (v) the Company's annual financial budgets and final accounts plans;
- (vi) make resolutions on the engagement, re-engagement or dismissal of the accounting firm or the remuneration of the accounting firm by the Company;
- (vii) the annual reports of the Company;
- (viii) other matters requiring approval by special resolutions in accordance with laws, administrative regulations, requirements of the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) increase or reduction in the registered capital of the Company and issue any type of shares, warrants, and other similar securities;
- (ii) issuance of corporate bonds;
- (iii) division, merger, change of the corporate form, dissolution and liquidation of the Company (including voluntary liquidation of the Company);
- (iv) amendments to the Articles of Association;

- (v) any purchase or disposal of substantial assets made or guarantee provided by the Company within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (vi) adjustment or amendment of profit distribution policy;
- (vii) repurchase of shares of the Company;
- (viii) equity incentive plan;
- (ix) any other matters as required by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association and matters which, if resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

A shareholder (including proxies) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote. Each share shall have one voting right.

For significant matters to be decided in general meetings that would affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. The result of such separate vote counting shall be timely disclosed.

The shares of the Company held by itself have no voting rights and shall not be counted into the total number of shares carrying voting rights at the general meeting.

If a shareholder purchases the shares of the Company with voting rights in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and shall not be counted into the total number of shares carrying voting rights at the general meeting.

If any shareholders should give up the voting right for certain proposal or are restricted to be only able to vote for or against certain proposal in accordance with the provisions of applicable laws and regulations and the Hong Kong Listing Rules, the votes by those shareholders or their representatives shall not be counted in case of any violation of the relevant provisions or restriction.

The Board of Directors of the Company, independent Directors, shareholders holding more than one percent of the shares with voting rights or investor protection institutions established according to laws, administrative regulations or provisions of the CSRC may publicly solicit voting rights from the shareholders. Such information as the specific vote intention shall be sufficiently disclosed to the solicited persons in respect of solicitation of the

shareholders' right to vote. It is not permitted to solicit the shareholders' right to vote in a chargeable or disguised chargeable manner. Saving for statutory conditions, the Company shall not impose restriction on minimum shareholding proportion against solicitation of voting rights.

When a connected transaction is considered at a general meeting, the connected shareholders shall not participate in casting votes and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes. The announcement of the resolutions of the general meeting shall fully disclose the voting status of the non-connected shareholders. Such connected transaction shall be voted by the non-connected shareholders attending the meeting on a poll, with the consent of more than half of the valid voting rights of the non-related shareholders who voted at the meeting; if such transaction falls within the scope of a special resolution, it shall be approved by more than two-thirds of the valid voting rights held by the shareholders (including proxies of shareholders) attending the general meeting. If any shareholders should give up the voting right for certain proposal or are restricted to be only able to vote for or against certain proposal in accordance with the provisions of applicable laws and regulations and the Hong Kong Listing Rules, the votes by those shareholders or their representatives shall not be counted in case of any violation of the relevant provisions or restriction.

BOARD OF DIRECTORS

Directors

The Directors of the Company shall include executive Directors, non-executive Directors and independent Directors. The Directors of the Company shall be natural persons. Person falling under any of the following circumstances may not act as the Directors of the Company:

- (i) a person who is unable or has limited ability to undertake any civil liabilities;
- (ii) a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation;

- (v) a person who is liable for a relatively large amount of debts that are overdue;
- (vi) a person who has been barred from the securities market by the CSRC for a certain period of time and such period has not expired yet;
- (vii) any other circumstances stipulated by applicable laws, administrative regulations, regulations of the authorities, or requirements under the listing rules of the place where the shares of the Company are listed.

Directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting. The term of office of a Director shall not be more than three years, which is renewable upon re-election.

The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board of Directors. If a Director's tenure expires but a re-elected Director is not elected in time, then before the re-elected Director holding office, the original Director shall still perform the duties as Director, in accordance with applicable laws, administrative regulations, regulations of the authorities and the Articles of Association.

Directors may be concurrently held by the President or other senior management members, but the total number of Directors concurrently serving as the President or other senior management members shall not exceed one half of the total number of Directors of the Company.

It is unnecessary for Directors to hold shares of the Company.

A Director may propose resignation before expiry of tenure, by filing a resignation report in writing to the Board of Directors. The Board of Directors will disclose the relevant information in a timely manner in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed. If the resignation of a Director causes the number of Board of Directors members to be less than the quorum, and would result in the proportion of independent Directors on the Board of Directors or its special committees not in compliance with the provisions of laws and regulations or the Articles of Association, or if there is a lack of accounting professionals among the independent Directors, then the original Director shall still perform the duties as Director under the applicable laws, administrative regulations, regulations of the authorities and the Articles of Association before the re-elected Directors take office. Otherwise, a Director's resignation shall be effective from the time such resignation report is delivered to the Board of Directors.

Board of Directors

The Company shall establish a Board of Directors, who shall be accountable to the general meeting. The Board of Directors of the Company shall comprise nine members, and the number of independent Directors shall not be less than one-third.

The Board of Directors shall exercise the following powers and duties:

- (i) to convene the general meeting and to report on its work to the general meeting;
- (ii) to implement the resolutions adopted by the general meeting;
- (iii) to determine the Company's business plans and investment plans;
- (iv) to formulate the Company's plans for annual financial budgets and final accounts;
- (v) to formulate the Company's profit distribution plans and plans to cover losses;
- (vi) to formulate the plans for the increase or reduction of the Company's registered capital and the plans for the issuance of the Company's bonds or other securities and listing plans;
- (vii) to draft the plans for major acquisitions, repurchases of the Company's shares or merger, division, dissolution or change of the corporate form of the Company;
- (viii) to determine, within the scope authorized by the general meeting, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions and external donations;
- (ix) to decide on the establishment of the Company's internal management organizations;
- (x) to appoint or remove the Company's President, the secretary of the Board of Directors, and, according to the nomination of the President, to appoint or remove the senior management members of the Company, such as the Vice President and chief financial officer and decide on matters relating to their remuneration and rewards;
- (xi) to formulate and amend the Company's basic management policy;
- (xii) to formulate the plans for the amendment of the Articles of Association;
- (xiii) to manage the Company's information disclosure;

- (xiv) to propose to the general meeting the appointment or replacement of an accounting firm that performs audits for the Company;
- (xv) to listen to the work report of the President of the Company and inspect the work of the President;
- (xvi) Other powers and duties conferred by laws, administrative regulations, regulations of the authorities, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The Board of Directors shall have the right to dispose of, guarantee, make external investment, finance, engage in connected transactions, and make external donations within a certain limit, subject to compliance with the securities regulatory rules of the place where the shares of Company are listed. The Board of Directors shall abide by the principles of legality, compliance, prudence, and safety when exercising the above-mentioned rights, establish strict review and decision-making procedures, and organize relevant experts and professionals to review major investment projects, and submit them to the general meeting for approval. The specific approval authority of the Board of Directors is as follows:

- (i) the disposal of assets other than those that require approval by the general meeting as stipulated in Article 43 of the Articles of Association refers to the purchase, sales, and restructuring of creditor's rights and debts;
- (ii) external investments with a total amount not exceeding 30% of the Company's latest audited total assets within a complete accounting year, including equity investments, bond investments, entrusted wealth management, entrusted loans, and other legally compliant corporate investment activities;
- (iii) financing that does not exceed 60% of the audited net assets of the previous year within a complete accounting year, which refers to the Company's bond financing to financial institutions and other enterprises (but does not include issuing bonds);
- (iv) external guarantees other than those listed in Article 44 of the Articles of Association (including but not limited to asset mortgages, pledges, guarantees, etc.);
- (v) connected transactions between the Company and its affiliated natural persons with a transaction amount of over RMB300,000 (excluding external guarantees), and related party transactions with affiliated legal persons with a transaction amount of over RMB3 million and accounting for more than 0.5% of the absolute value of the Company's latest audited net assets (excluding external guarantees) within a complete accounting year.

When exercising the above-mentioned powers and duties, the Board of Directors shall comply with relevant laws, regulations, rules, and the Rules Governing the Listing of Shares on the Shanghai Stock Exchange and Hong Kong Listing Rules. Subject to compliance with the listing rules of the place where the shares of Company are listed, the Board of Directors may authorize the Chairman, the President or the related internal institutions to make decisions and exercise the aforementioned powers and duties of the Board of Directors as stipulated in the Articles of Association during its closing period. The specific decision-making authority shall be clarified by the resolution of the Board of Directors or relevant rules and regulations of the Company.

The Board of Directors shall have one Chairman and may have Co-Chairman and Deputy Chairman according to the needs of the work. The Chairman, the Co-Chairman and the Deputy Chairman shall be elected or removed by more than half of all the Directors for a term of three years and shall be re-elected and re-appointment upon expiration.

The Chairman shall exercise the following powers and duties:

- (i) presiding over general meeting, convening and presiding over meetings of the Board of Directors;
- (ii) supervising and inspecting the implementation of resolutions of the Board of Directors;
- (iii) signing the shares, corporate bonds and other securities of the Company;
- (iv) signing important documents of the Board of Directors and other documents that should be signed by the Company's legal representative;
- (v) exercising the powers and duties of the legal representative;
- (vi) in the event of a force majeure emergency such as a catastrophic natural disaster, exercise the special right to dispose of the Company's affairs in accordance with laws, regulations, securities regulatory provisions of the place where the shares of the Company are listed and the interests of the Company, and report to the Board of Directors of the Company and general meeting afterwards;
- (vii) other powers and duties granted by the Board of Directors.

The Co-Chairman and Deputy Chairman of the Company assist the Chairman in his work. Where the Chairman is unable or fails to perform its duties, such duties shall be performed by the Co-Chairman (if the Company has two or more Co-Chairmen, such duties shall be performed by the Co-Chairman jointly elected by a simple majority of Directors); if the Co-Chairman is unable or fails to perform such duties, such duties shall be performed by Deputy Chairman (if the Company has two or more Deputy Chairmen, such duties shall be performed by the Deputy Chairman jointly elected by a simple majority of Directors); if the Deputy Chairman is unable or fails to perform such duties, such duties shall be performed by a Director jointly elected by a simple majority of Directors.

The Board of Directors shall hold at least one meeting every quarter, convened by the Chairman, and notify all Directors and Supervisors in writing 14 days before the meeting is held. Shareholders representing more than one tenth of the voting rights, or more than one-third of the Board of Directors or Supervisory Committee, may propose to convene an extraordinary general meeting of the Board of Directors. The Chairman shall convene and preside over the meeting of the Board of Directors within 10 days after receiving the proposal. The Chairman may also convene and preside over extraordinary general meetings of the Board of Directors when deemed necessary.

Notice of extraordinary general meeting of the Board of Directors may be delivered by notice in writing (include by hand, via facsimile), telephone, e-mail or SMS notification. The notification deadline is three days before the meeting is held. However, in case of emergency, where an extraordinary general meeting of the Board of Directors is required to be convened as soon as possible, the notice of such meeting may be issued by phone or other oral methods at any time. An extraordinary general meeting of the Board of Directors may be convened at any time on the premise of notifying all Directors, and an explanation of the emergency shall be made at the meeting by the convener.

Meetings of the Board of Directors shall be held only if more than half of the Directors are present. Any resolutions of the Board of Directors must be subject to adoption by a simple majority of all Directors. Each Director shall have one vote for the resolutions of the Board of Directors.

If Directors have associated relationship with enterprises involved in issues to be determined in the extraordinary general meeting of the Board of Directors, such Directors shall not exercise the voting power on the resolution or exercise the voting power on behalf of other Directors. The meeting of the Board of Directors may be held with over one-half Directors without associated relationship, and the resolutions of the meeting of the Board of Directors shall be approved by over one-half Directors without associated relationship. If the unassociated Directors attending the meeting of the Board of Directors are less than 3 people, the issues shall be submitted to the general meetings for examination. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board of Directors which the Board of Directors has determined to be material, the matter shall be dealt with by convening a physical meeting of the Board of Directors rather than a written resolution. Independent non-executive Director who, and whose close associates, have no material interest in the transaction should be present at that the meeting of the Board of Directors. If there are any additional restrictions on Directors' participation in meeting of the Board of Directors and voting imposed by laws, regulations and securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

Resolutions to be adopted at the meeting of the Board of Directors shall be voted by a show of hands or in writing. Unless otherwise provided by the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, the extraordinary general meetings of the Board of Directors may, under the premise that Directors will be guaranteed to have their opinions fully and thoroughly expressed, be conducted via facsimile or other communication and resolutions may be passed thereat, to be signed by the Directors present at the meeting.

The Directors shall attend in person the meetings of the Board of Directors. Where any Director who cannot attend for reasons may entrust another Director in writing to attend and vote on his/her behalf. The power of attorney shall specify the name of the agent, the matters to be represented, the scope of authorization, and the period of validity, and shall be signed or stamped by the principal. The Directors who attend the meeting on behalf shall exercise the rights as Directors within the scope of authorization. Failure by a Director to attend a meeting of the Board of Directors or to authorize a representative to attend the meeting on his/her behalf shall be deemed waiver of the voting right at such meeting.

PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one President, who shall be appointed or dismissed by the Board of Directors. The Company shall have several Vice Presidents, who shall be appointed or dismissed by the Board of Directors.

Article 99 of the Articles of Association on the duty of loyalty of Directors and Article 100 (iv) to (vi) on the duty of diligence are also applicable to senior management members.

The term of office of the President is three years and the President can renew his term of office through re-election.

The President of the Company shall be accountable to the Board of Directors and shall exercise the following powers:

- (i) to preside over the operation and management of the Company and report to the Board of Directors;
- (ii) to organize the implementation of the Company's annual operation plans and investment plans;
- (iii) to draft the plan for the establishment of the Company's internal management organizations;
- (iv) to draft the basic management policy of the Company;
- (v) formulate the salary, welfare, rewards and punishments of the Company's employees, and decide on the employment and dismissal of the Company's employees;
- (vi) to formulate specific rules and regulations of the Company;
- (vii) to propose to the Board of Directors on the appointment or dismissal of the Company's other senior management members including Vice President and chief financial officer;

(viii) to determine to appoint or dismiss the management personnel except for those who should be appointed or dismissed by the Board of Directors;

(ix) such other powers granted by the Articles of Association or the Board of Directors.

The President of the Company shall attend meetings of the Board of Directors.

The senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management members of the Company fail to faithfully perform their duties or violates the duty of good faith, causing damage to the interests of the Company and the shareholders of the public shares, they shall be liable for compensation in accordance with laws.

SUPERVISORY COMMITTEE

Supervisors

The Directors, the President and other senior management members shall not act concurrently as Supervisors.

Supervisors shall abide by laws, administrative regulations and the Articles of Association, have a duty of loyalty and diligence to the Company, and shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's properties.

The term of office of Supervisors shall be three years renewable upon re-election and re-appointment.

Where a Supervisor fails to be re-elected in a timely manner upon the expiration of his or her term of office, or where a Supervisor resigns during his or her term of office, resulting in a lower than the quorum of the Supervisory Committee, the original Supervisor shall still perform his or her duties as a Supervisor in accordance with the provisions of laws, administrative regulations, and the Articles of Association before a re-elected Supervisor takes office.

Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee shall be composed of 3 Supervisors. The Supervisory Committee shall have one Chairman and shall have a Deputy Chairman according to the needs of the work. The Chairman and the Deputy Chairman of Supervisory Committee shall be elected by a simple majority of all Supervisors. The Chairman of the Supervisory Committee convenes and presides over a meeting of the Supervisory Committee, and if the Chairman of the Supervisory Committee is unable to perform his or her duties or fails to perform his or her duties, the Deputy Chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory

Committee, and if the Deputy Chairman of the Supervisory Committee is unable to perform his duties or fails to perform his or her duties, a simple majority of Supervisors shall jointly nominate one of the Supervisors to convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall be composed of Supervisors who are either Shareholder representatives or an appropriate proportion of employee representatives. The employee representative Supervisors shall account for at least one-third of entire Supervisors. The employee representative Supervisors shall be democratically elected and removed at the Company's employee representative meeting, the employees' meeting or by other means. Shareholder representatives shall be elected and removed at the general meeting.

The Supervisory Committee shall be accountable to the general meeting, and shall exercise the following powers in accordance with laws:

- (i) shall audit the Company's securities issuance documents and periodic reports prepared by the Board of Directors and issue auditing opinions in writing;
- (ii) to check the Company's financial position;
- (iii) supervise the performance of duties by Directors and senior management members, and propose the removal of Directors and management members who violate laws, administrative regulations, Articles of Association or resolutions of the general meetings;
- (iv) when the behavior of Directors and senior management member harms the interests of the Company, the Directors and management members are required to make corrections;
- (v) propose to convene an extraordinary general meeting to convene and preside over a general meeting when the Board of Directors fails to perform its duties of convening and presiding over a general meeting as stipulated in the Company Law;
- (vi) submit proposals to the general meeting;
- (vii) represent the Company in negotiations with or bringing an action against Directors and management members in accordance with Article 151 of the Company Law;
- (viii) if the Company's operation is found to be abnormal, it can be investigated; When necessary, accounting firms, law firms and other professional institutions can be engaged to assist in their work, and the cost shall be borne by the Company;

- (ix) to check the financial information, such as the financial reports, reports of operations and profit distribution plans to be submitted by the Board of Directors to the general meeting, and to authorize, in the Company's name, public certified accountants and licensed auditors to assist in the re-examination of such information, should any doubt arise in respect thereof;
- (x) such other powers as provided by laws, administrative regulations and regulations of the authorities or provisions of the Articles of Association or other powers conferred by the general meeting.

The Supervisory Committee shall hold at least one meeting every six months, and shall be convened by the Chairman of the Supervisory Committee. Supervisors may propose to convene an extraordinary meeting of Supervisors. A resolution of the Supervisory Committee shall be passed by more than half of all the Supervisors.

FINANCIAL AND ACCOUNTING POLICY AND PROFIT DISTRIBUTION AND AUDIT

Financial And Accounting Policy

The Company shall establish its financial and accounting policies in accordance with laws, administrative regulations and provisions of competent authorities.

The Company shall submit and disclose its annual report to the CSRC and the stock exchange of the place where the shares of the Company are listed within four months from the end of each accounting year, and its announcement of interim results to the agencies of the CSRC and the stock exchange of the place where the shares of the Company are listed within two months from the end of first half of each accounting year. The above annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations, regulations of the authorities and the regulations of the stock exchange of the place where the shares of the Company are listed.

Saving for the statutory accounting books, the Company does not set up separate accounting books. The Company's assets should not be deposited in any account opened under any personal name.

Profits Distribution

In distributing the profits after tax for the current year, the Company shall allocate 10% of the profits to its statutory reserve. When the accumulated statutory reserve exceeds 50 percent of the Company's registered capital, the Company may cease to make such allocation. If the statutory reserve is not sufficient to cover the losses made in the previous year, the Company may make allocation to the discretionary reserve from the profits after tax. The remaining profits after tax after offsetting its losses and allocating to its reserves may be distributed to its shareholders in proportion to their shareholding percentages unless otherwise

provided in the Articles of Association. If at a general meeting, the requirements stipulated in the preceding paragraph are breached by distributing profits to the shareholders before offsetting losses of the Company and allocating to its statutory surplus reserve, the profits so distributed are required to be returned to the Company. The shares held by the Company are not entitled to any profit distribution.

The Company shall appoint one or more collection agents in Hong Kong SAR for H share shareholders. The collection agents shall collect or keep the dividends distributed by the company on H shares and other amounts payable on behalf of the relevant H share shareholders pending payment to such H share shareholders. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

The common reserve funds of the Company shall be used to make up for the losses, expansion of the Company's production or operation or increase the capital of the Company. However, the capital reserve fund shall not be used to make up for losses of the Company.

After a resolution on the profit distribution plan is made at the general meeting, the Board of Directors of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting. If the specific plan cannot be implemented within two months according to the provisions of laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation.

The Company shall distribute dividends in form of cash, shares or a combination of cash and shares, and shall prioritize profit distribution in form of cash.

INTERNAL AUDIT

The Company shall implement an internal auditing policy and appoint full time auditors to carry out internal auditing and supervision of the Company's incomes and expenses and economic activities.

The internal audit policy of the Company and the responsibilities of auditors shall be implemented upon approval by the Board of Directors. The personnel in charge of auditing is responsible to the Board of Directors and reports on relevant work.

ENGAGEMENT OF ACCOUNTING FIRMS

The Company engages an accounting firm that complies with the Securities Law, Hong Kong Listing Rules, and securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statement auditing, net asset verification, and other related consulting services. The engagement period is one year and can be renewed.

The engagement of an accounting firm is decided by the General Meeting. The Board of Directors shall not engage an accounting firm prior to the decision by the General Meetings.

The Company guarantees to provide the hired accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting data. Refusal, concealment, and false reporting are not allowed.

The audit fees of the accounting firm shall be determined by the General Meeting.

The Company shall send a 30-day prior notice to the accounting firm, in order to dismiss or not to reappoint the accounting firm, and the said accounting firm is entitled to give opinions when the General Meeting of the Company votes on the dismissal of the accounting firm.

The accounting firm, in order to resign, shall make representations whether the Company has any improper affairs to the General Meeting.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase And Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by consolidation.

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company whereby the merged companies shall be dissolved.

In the event of merger of the Company, the parties to such merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of, and make announcement in the newspapers within thirty days of, the date of the Company's resolution for merger. A creditor may, within 30 days of receipt of the notice from the Company or, in the case of failure to receive such notice, within 45 days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

After merger, any creditor's rights and indebtedness of the merged parties shall be assumed by the Company which survives the merger or the newly established company.

In the event of division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of, and make announcement in the newspapers within 30 days, of the date of the Company's division resolution.

Debts owed by the Company prior to the division shall be assumed by the companies upon the division according to the agreement entered into unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.

The Company must prepare a balance sheet and an inventory list of its assets when it intends to reduce its registered capital.

The Company shall notify its creditors within 10 days of, and make announcement in the newspapers within 30 days, of the date of the Company's resolution for reduction of capital. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within 45 days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Company's registered capital must not, after the reduction in capital, be less than the minimum amount required by laws.

The Company shall, in accordance with laws, handle the procedures for change registration with the Company registration authority where a change in any registration items arises as a result of any merger or division. In the event of dissolution of the Company, the Company shall handle the procedures for registration of cancellation in accordance with the law. In the event of establishment of a new company, the Company shall handle the procedures for registration of establishment in accordance with laws.

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for change registration with the Company registration authority in accordance with laws.

DISSOLUTION AND LIQUIDATION

The Company may be dissolved and go into liquidation in accordance with laws in any of the following circumstances:

- (i) where the operation period provided herein expires or where any cause for dissolution provided herein occurs;
- (ii) where the general meeting has adopted a resolution for dissolution;
- (iii) where dissolution is required due to merger or division of the Company;

- (iv) where the Company is declared bankrupt in accordance with laws due to its inability to pay the debts that are due;
- (v) where the business license of the Company is revoked, or the Company is ordered to close down or cancelled in accordance with laws;
- (vi) where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding 10% or more of votes of all shareholders of the Company may file an application to the People's Court to dissolve the Company.

In the circumstance as set out in the Item (i) of the preceding article, the Company may continue to exist by amending the Articles of Association; if this Articles of Association is amended subject to the aforesaid provisions, it must be approved by shareholders representing two-thirds or above of the voting rights present at the general meeting.

Where the Company is dissolved pursuant to the items (i), (ii), (v) and (vi) of the preceding article, a liquidation team shall be established within 15 days and start to carry out liquidation. The liquidation team shall be composed of persons determined by Directors or the general meeting. In case no liquidation team is established within the specified period to carry out liquidation, the creditors may file an application to the People's Court to designate relevant persons to form a liquidation team to carry out liquidation.

The liquidation team shall notify the creditors within 10 days of, and make announcements in the newspapers within 60 days, of the date of its establishment. A creditor shall, within 30 days of receipt of the notice, or in the case of failure to receive the notice, within 45 days of the date of the announcement, claim its rights to the liquidation team.

In claiming its rights, the creditor shall explain the relevant issues on the creditor's rights, and provide evidential materials in respect thereof. The liquidation team shall register the creditor's rights in accordance with the relevant laws.

In the course of claiming of creditors' rights, the liquidation team shall not make any repayment to creditors.

After it has liquidated the Company's assets and prepared the balance sheet and an inventory of assets, the liquidation team shall formulate a liquidation plan and present it to the general meeting or to the People's Court for confirmation. The assets of the Company shall be applied in the sequence below: payment of liquidation costs, salary of employees, social insurance premiums, statutory compensation, taxes payable, and debts of the Company. The remaining assets after payment is made pursuant to the foregoing provision shall be distributed to its shareholders according to the category and proportion of the shares held by shareholders.

During the liquidation period, the Company remains in existence; however, it shall not carry out any business activities unrelated to liquidation. The Company's assets shall not be distributed to its shareholders before payment is made pursuant to the foregoing provision.

In the event of liquidation due to dissolution of the Company, after liquidation of the Company's assets and preparation of a balance sheet and an inventory of assets, the liquidation team discovers that the Company's assets are insufficient to pay the Company's debts in full, the liquidation team shall file an application to the People's Court for declaration of bankruptcy in accordance with laws. After the Company is declared bankrupt pursuant to the adjudication of the People's Court, the liquidation team shall transfer all matters relating to the liquidation to the People's Court.

Upon completion of the liquidation, the liquidation team shall prepare a liquidation report and submit it to the general meeting or the People's Court for confirmation, and shall submit the same to the registration authority of the Company and apply for cancellation of registration of the Company, and make announcement relating to the termination of the Company.

Where the Company is declared bankrupt in accordance with laws, bankruptcy liquidation shall be carried out in accordance with the laws concerning bankruptcy of enterprises.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

- (i) the Articles of Association are contradictory to any provision of the amended version of the Company Law or other relevant laws or administrative regulations or the securities regulatory rules of the place where the shares of the Company are listed;
- (ii) there is any change to the condition of the Company, which is inconsistent with any matter recorded in the Articles of Association;
- (iii) the general meeting adopts a resolution for amendment of the Articles of Association.

If an amendment of the Articles of Association adopted by the resolution of the general meeting needs to be approved by the competent authority, it shall be submitted to the competent authority for approval; if there is any change relating to the registered particulars of the Company, the procedures for change registration shall be handled in accordance with laws.

The Board of Directors shall amend the Articles of Association according to the resolution of the general meeting for amendments hereof and the approval opinions of competent authority.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was established in the PRC as a limited liability company on June 22, 1998. On August 23, 2000, it was converted into a joint stock company with limited liability under the PRC Company Law. Since April 14, 2004, our A Shares have been listed on the Shanghai Stock Exchange with the stock code of 600988. Our registered office is located at Fumin Village, Sidaowanzi Town, Aohan, Chifeng, Inner Mongolia Autonomous Region, PRC.

We have established a principal place of business in Hong Kong at Room 1905, 19th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 14, 2024 under the same address. Mr. Wong Hok Bun Mario has been appointed as our agent for the acceptance of service of process and notices on our behalf in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As we were established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VI to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix V to this Prospectus.

2. Changes in the share capital of our Company

For details relating to the changes in the share capital of our Company, see the section headed “History, Development and Corporate Structure — Major Changes in Shareholding and Share Capital of our Company” in this Prospectus.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this Prospectus.

3. Changes in the share capital of our subsidiaries

For details relating to the changes in the share capital of our subsidiaries, please refer to the section headed “History, Development and Corporate Structure — Our Principal Subsidiaries” in this Prospectus.

Save as disclosed in this Prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this Prospectus.

4. Resolutions in writing of our Shareholders passed on August 23, 2024

Pursuant to the written resolutions passed by our Shareholders on August 23, 2024, it was resolved, among others:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the Over-allotment Option for the Global Offering shall not exceed 15% of the enlarged share capital of our Company upon completion of the Global Offering and granting the Underwriters of not more than 15% of the above number of H Shares issued pursuant to the Global Offering;
- (c) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares; and
- (d) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date.

5. Restrictions on Share Repurchase

For details of the restrictions on share repurchase by our Company, please refer to “Appendix VI — Summary of the Articles of Association” to this Prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of our Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be material:

- (a) an equity transfer agreement entered into among China Investment (Property) Limited (中國投資(置業)有限公司) (“**China Investment**”), China Investment Mining (Laos) Sole Co., Ltd, Chixia Laos and Chijin Xiawu on March 4, 2024, pursuant to which Chixia Laos agreed to acquire from China Investment 90% of the equity interest in China Investment Mining (Laos) Sole Co., Ltd at a total consideration of US\$18,963,000;
- (b) a cornerstone investment agreement dated February 26, 2025 and entered into among our Company, Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司), CITIC Securities (Hong Kong) Limited (中

信證券(香港)有限公司), CLSA Limited (中信里昂證券有限公司) and Macquarie Capital Limited (麥格理資本股份有限公司) with respect to a subscription of the H Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of US\$40 million;

- (c) a cornerstone investment agreement dated February 26, 2025 and entered into among our Company, Sparky International Company Limited (斯派柯國際有限公司), CITIC Securities (Hong Kong) Limited (中信證券(香港)有限公司), CLSA Limited (中信里昂證券有限公司), Macquarie Capital Limited (麥格理資本股份有限公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) with respect to a subscription of the H Shares at the Offer Price in the amount of the Hong Kong dollar equivalent of RMB400 million; and
- (d) the Hong Kong Underwriting Agreement.

2. Material intellectual property rights of our Group

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business in the opinion of our Directors.

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Name of Registered Proprietor	Trademark	Registration Number	Class	Place of Registration	Expiry Date
1 . .	Our Company		12370177	37	PRC	April 6, 2025 ⁽¹⁾
2 . .	Our Company		12370166	37	PRC	April 6, 2025 ⁽¹⁾
3 . .	Our Company		43088353	37	PRC	December 20, 2030
4 . .	Our Company		43097556	42	PRC	December 13, 2030

No.	Name of Registered Proprietor	Trademark	Registration Number	Class	Place of Registration	Expiry Date
5 . .	Our Company		43204068	37	PRC	January 27, 2031
6 . .	Our Company		43238591	42	PRC	January 27, 2031
7 . .	Hanfeng Mining		7827527	36	PRC	March 13, 2031
8 . .	Hanfeng Mining		6709701	6	PRC	March 27, 2030
9 . .	Guangyuan Technology		41834913	40	PRC	September 20, 2030
10 .	LXML		57702	6, 17, 40, 41, 42	Lao PDR	January 17, 2033
11 .	LXML		57703	6, 17, 40, 41, 42	Lao PDR	January 17, 2033
12 .	Our Company	(A)  (B) 	306629266	1, 6, 14, 37, 42	Hong Kong	August 1, 2034
13 .	Our Company	(A)  (B)  (C)  (D) 	306629257	1, 6, 14, 37, 42	Hong Kong	August 1, 2034

Note:

- (i) These trademarks remained to be validly registered in PRC as of the Latest Practicable Date. To the best knowledge of the Directors having made all reasonable enquiries, there are no legal impediment to the renewal of the registration of these trademarks upon the expiry date, if necessary.

(ii) Trademarks Pending Registration

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Name of Applicant	Trademark	Application Number	Class	Place of Application	Application Date
1 . .	Our Company	(A) 赤峰黃金	306630994	1, 6, 14, 37, 42	Hong Kong	August 5, 2024
		(B) 赤峰黃金				
2 . .	Our Company	(A) CHIFENG GOLD	306631001	1, 6, 14, 37, 42	Hong Kong	August 5, 2024
		(B) CHIFENG GOLD				

*(b) Patents**(i) Registered Patents*

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Name of Patentee	Name of Patent	Registration Number	Place of Registration	Registration Date	Validity Period	Category
1 . .	Wulong Mining	Miner's lamp (礦燈)	ZL201410515583.1	PRC	September 29, 2014	20 years	Original Invention
2 . .	Wulong Mining	A kind of three-quarter mine shaft hoisting mechanism (一種三分礦豎井提升機構)	ZL202121602737.2	PRC	July 15, 2021	10 years	Utility model
3 . .	Wulong Mining	A quarter mine ventilation system (一種四分礦通風系統)	ZL202121653692.1	PRC	July 20, 2021	10 years	Utility model
4 . .	Wulong Mining	A kind of reversed continuous charging structure using upper disk columns (一種採用上盤柱狀反向連續裝藥結構)	ZL202121665369.6	PRC	July 21, 2021	10 years	Utility model

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

No.	Name of Patentee	Name of Patent	Registration Number	Place of Registration	Registration Date	Validity Period	Category
5 . .	Wulong Mining	A kind of safety protection cage for mine (一種礦井用安全防護罐籠)	ZL202121666391.2	PRC	July 21, 2021	10 years	Utility model
6 . .	Wulong Mining	A kind of powder ore recycling mat (一種粉礦回收墊板)	ZL202121678701.2	PRC	July 22, 2021	10 years	Utility model
7 . .	Wulong Mining	A kind of motorcycle frame line powder failure protection device (一種電機車架線斷電保護裝置)	ZL202121690127.2	PRC	July 23, 2021	10 years	Utility model
8 . .	Wulong Mining	An ore chute structure arrangement structure (一種礦石溜井結構布置結構)	ZL202121690131.9	PRC	July 23, 2021	10 years	Utility model
9 . .	Wulong Mining	A kind of anti-electrocution device for overhead electric locomotive based on PLC architecture (一種基於PLC架構的架線電機車防觸電裝置)	ZL202320010120.4	PRC	January 4, 2023	10 years	Utility model
10 . .	Wulong Mining	A kind of mine shaft dewatering device (一種礦山深井排水裝置)	ZL202420431397.9	PRC	March 6, 2024	10 years	Utility model
11 . .	Wulong Mining	A kind of screen plate structure that improves the screening efficiency of the vibrating screen (一種可提高振動篩篩分效率的篩板結構)	ZL202420287697.4	PRC	February 7, 2024	10 years	Utility model
12 . .	Wulong Mining	A kind of detachable filter press feeding structure (一種可拆卸式壓濾機進料結構)	ZL202420196505.9	PRC	January 26, 2024	10 years	Utility model

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

No.	Name of Patentee	Name of Patent	Registration Number	Place of Registration	Registration Date	Validity Period	Category
13.	Wulong Mining	A kind of highly efficient crushing structure for processing gold ore (種金礦選礦用的高效破碎機構)	ZL202420080329.2	PRC	January 12, 2024	10 years	Utility model
14.	Wulong Mining	A kind of dust suppression system for a mine shaft (一種礦井井下降塵噴霧裝置)	ZL202420313948.1	PRC	February 20, 2024	10 years	Utility model
15.	Wulong Mining	A kind of automatic recycling feeding device for a filter press (一種壓濾機自動循環進料設備)	ZL202420667903.4	PRC	April 2, 2024	10 years	Utility model
16.	Wulong Mining	A screening device for a raw material for mineral processing agents (一種選礦藥劑原料的篩分裝置)	ZL202420545915.X	PRC	March 20, 2024	10 years	Utility model
17.	Jilong Mining	A kind of zinc powder feeding device adopted for cyanide leaching in gold mine (一種黃金礦山氰化浸出採用的鋅粉給料裝置)	ZL202121744747.X	PRC	July 29, 2021	10 years	Utility model
18.	Jilong Mining	A positioning device for uncoupled charging of gun holes (一種炮孔不耦合裝藥的定位裝置)	ZL202121744748.4	PRC	July 29, 2021	10 years	Utility model
19.	Jilong Mining	A kind of belt conveyor roller frame (一種皮帶運輸機托輥架)	ZL202121742523.5	PRC	July 29, 2021	10 years	Utility model
20.	Jilong Mining	An improved mining thickening device (一種改進的礦用濃密機裝置)	ZL202121744750.1	PRC	July 29, 2021	10 years	Utility model

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

No.	Name of Patentee	Name of Patent	Registration Number	Place of Registration	Registration Date	Validity Period	Category
21	Jilong Mining	A kind of mine drainage ditch dredging device (一種礦井排水溝清淤裝置)	ZL202321032624.2	PRC	April 28, 2023	10 years	Utility model
22	Jilong Mining	A kind of underground automatic drainage system (一種井下自動排水系統)	ZL202321012760.5	PRC	April 28, 2023	10 years	Utility model
23	Jilong Mining	A kind of belt conveyor for washing concentrate (一種洗選精礦的皮帶輸送機)	ZL202320682501.7	PRC	March 31, 2023	10 years	Utility model
24	Jilong Mining	A mine shaft preheating system (一種礦井井口預熱系統)	ZL202320586472.4	PRC	March 23, 2023	10 years	Utility model
25	Jilong Mining	An elevator gate tile wear monitoring system (一種提升機閘瓦磨損監測系統)	ZL202310026191.8	PRC	January 9, 2023	20 years	Original Invention
26	Jilong Mining	A multi-level intelligent water storage and drainage system for mines (一種壓濾機自動循環進料設備)	ZL202420795574.1	PRC	April 17, 2024	10 years	Utility model
27	Jilong Mining	An improved descaling device for the thickener (一種改進的濃密機除垢裝置)	ZL202420984997.8	PRC	May 8, 2024	10 years	Utility model

(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to our business:

No.	Name of Registered Owner	Domain Name	Place of Registration	Expiry Date
1 . .	Our Company	600988.com.cn	PRC	March 4, 2030
2 . .	Our Company	cfgold.cn	PRC	June 4, 2030
3 . .	Our Company	chifeng-gold.com	PRC	June 6, 2032
4 . .	Our Company	cfgold.com	PRC	May 29, 2025
5 . .	Our Company	chifeng-gold.cn	PRC	June 6, 2025
6 . .	Guangyuan Technology	gykjgroup.cn	PRC	March 31, 2030
7 . .	Wulong Mining	wulongkuangye.com	PRC	July 7, 2025

(d) Literature Copyrights

No.	Name of Registered Owner	Software Name	Registration Number	Place of Registration	Registration Date	Validity Period
1 . .	Our Company	Gold Mining LOGO (黃金礦業LOGO)	Guozuo Dengzi -2020-F-00992500 (國作登字-2020-F-00992500)	PRC	July 12, 2019	50 years

(e) Software Copyrights

No.	Name of Registered Owner	Software Name	Registration Number	Place of Registration	Registration Date	Validity Period
1 . .	Wulong Mining	Wulong Gold Mining Operator Positioning System (五龍黃金礦山作業人員定位系統)	2020SR1056189	PRC	October 20, 2019	50 years
2 . .	Wulong Mining	Wulong Gold Mining Detection System (五龍黃金地壓檢測系統)	2020SR1055710	PRC	March 11, 2019	50 years

No.	Name of Registered Owner	Software Name	Registration Number	Place of Registration	Registration Date	Validity Period
3 . .	Wulong Mining	Intelligent Mine Gas Safety Monitoring and Early Warning Management System (礦山氣體安全智能化監測預警管理系統)	2020SR1056218	PRC	August 25, 2019	50 years
4 . .	Wulong Mining	Wulong Gold Mining Video Surveillance Systems (五龍黃金礦山視頻監控系統)	2020SR1056226	PRC	June 30, 2019	50 years
5 . .	Wulong Mining	Wulong Gold Mining Fiber Optic Ring System (五龍黃金光纖環網系統)	2020SR1055738	PRC	May 17, 2019	50 years
6 . .	Wulong Mining	Wulong Gold Signal Monitoring System (五龍黃金信號監控系統)	2020SR1055695	PRC	March 31, 2019	50 years
7 . .	Wulong Mining	Control System for Locomotive Overhead Line Anti-electrocution Device (機車架線防觸電裝置控制系統)	2020SR1501182	PRC	November 30, 2019	50 years
8 . .	Jilong Mining	Online multifunctional monitoring and control system for fans in gold mines (金礦井下風機在線多功能監測控制系統)	2025SR0154335	PRC	May 30, 2024	50 years

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors, Supervisors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Hong Kong Listing Rules.

Name	Position	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of interest in the A Shares immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)	Approximate percentage of interest in the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)
Wang Jianhua . . .	Chairman of the Board and Executive Director	Beneficial owner	A Shares	74,200,071	4.46%	4.46%	3.97%
Yang Yi-fang . . .	Executive Director and Chief Executive Officer	Beneficial owner	A Shares	113,000	0.01%	0.01%	0.01%

Name	Position	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of interest in the A Shares immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)	Approximate percentage of interest in the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)
Lyu Xiaozhao . . .	Executive Director, Vice President and Chief Engineer	Beneficial owner	A Shares	111,700	0.01%	0.01%	0.01%
Gao Bo	Executive Director and Vice President	Beneficial owner	A Shares	153,500	0.01%	0.01%	0.01%

(b) Interests and short positions of the Substantial Shareholders in the Shares of our Company

Save as disclosed in the section headed “Substantial Shareholders” in this Prospectus, our Directors are not aware of any person who will, immediately following completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) *Interests of the Substantial Shareholders of any Member of Our Group (other than Our Company)*

Save as disclosed in the section headed “History, Development and Corporate Structure” in this Prospectus and the table below, so far as our Directors are aware, immediately following the completion of the Global Offering, no persons will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than our Company).

<u>Member of our Group</u>	<u>Name of substantial shareholder</u>	<u>Approximate percentage of equity interests held by the substantial shareholder</u>
Xinhenghe Mining	Liu Xin (劉信)	30%
	Li Yuanyuan (李媛媛)	12%
	Zhu Jiande (朱建德)	7%
Golden Star Resources	Kefei Investment (BVI) Limited ⁽¹⁾	38%

Note:

- (1) Kefei Investment (BVI) Limited was wholly owned by China-Africa Fund for Industrial Cooperation Co., Ltd. (“CAFIC”). CAFIC was held as to (i) 80% of the equity interest by Wutongshu Investment Platform Company Limited (梧桐樹投資平台有限責任公司) (“Wutongshu Investment”), which was wholly owned by the State Administration of Foreign Exchange Central Foreign Exchange Business Center (國家外匯管理局中央外匯業務中心); and (ii) 20% of the equity interest by the Export-Import Bank of China (中國進出口銀行), which in turn was owned as to 89.26% and 10.74% equity interest by Wutongshu Investment and MOF.

2. Particulars of Directors’ Service Contracts and Letters of Appointment

(a) *Directors and Supervisors*

We have entered into a service contract or letter of appointment with each of our Directors and Supervisors in respect of, among other things (i) compliance of relevant laws and regulations; (ii) observance of the Articles of Association; and (iii) provisions on arbitration. The principal particulars of these service contracts and letters of appointment include (i) the term of service; and (ii) are subject to termination in accordance with their respective term. The service contracts or letters of appointment may be renewed in accordance with our Articles of Association and the applicable Hong Kong Listing Rules.

Save as disclosed above, none of our Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(b) Others

- (i) Save as disclosed above, none of our Directors and Supervisors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
 - (ii) For the three years ended December 31, 2023, for the nine months ended September 30, 2024, the aggregate of the remuneration and benefits in kind payable to our Directors was approximately RMB26.89 million, RMB20.34 million, RMB20.95 million and RMB10.49 million, respectively. Details of our Directors' remuneration are also set out in Note 8 to the Accountant's Report set out in Appendix IA to this Prospectus.
 - (iii) For the three years ended December 31, 2023, for the nine months ended September 30, 2024, the aggregate of the remuneration and benefits in kind payable to our Supervisors was approximately RMB3.99 million, RMB2.24 million, RMB1.56 million and RMB0.77 million, respectively.
 - (iv) None of our Directors and Supervisors has waived or agreed to waive any emolument for each of the three financial years ended December 2023 and for the nine months ended September 30, 2024.
 - (v) Save as disclosed herein and in Note 8 to the Accountant's Report set out in Appendix IA to this Prospectus, no other emoluments have been paid or are payable, in respect of the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2024 by us to our Directors or Supervisors.
 - (vi) Save as disclosed herein, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company for each of the three financial years ended December 2023 and for the nine months ended September 30, 2024. No compensation was paid by us to, or receivable by, our Directors, former Directors, Supervisors or the five highest-paid individuals for each of the three financial years ended December 2023 and for the nine months ended September 30, 2024 for the loss of any office in connection with the management of the affairs of any members of our Group.
- (c) Based on the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to our Directors for the year ending December 31, 2024 is estimated to be approximately RMB15.74 million.

Based on the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to our Supervisors for the year ending December 31, 2024 is estimated to be approximately RMB1.32 million.

- (d) None of our Directors and our Supervisors or any past Directors and any past Supervisors of any members of our Group has been paid any sum of money for the three years ended December 31, 2023 and the nine months ended September 30, 2024 (i) as an inducement to join or upon joining us or (ii) for loss of office as a Director and Supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (e) There has been no arrangement under which a Director and Supervisor has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2023 and nine months ended September 30, 2024.
- (f) None of our Directors and Supervisors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Fees or commissions received

Save as disclosed in the section headed “History, Development and Corporate Structure” in this Prospectus, none of our Directors, Supervisors or any of the persons whose names are listed under the paragraph headed “D. Other Information — 7. Consent of Experts” in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

4. Employee Stock Ownership Plans

Our Company adopted the Phase I ESOP, the Phase II ESOP and the Phase III ESOP on October 13, 2020 (as revised on May 26, 2021, September 30, 2022 and April 20, 2023), February 27, 2023 (as revised on March 20, 2023) and January 15, 2025, respectively.

The purpose of the ESOPs is to provide an incentive for the eligible participants (namely, the Directors, Supervisors, senior management and key members of our Company and its subsidiaries) a means through which our Group may grant incentives to attract, motivate, retain and reward them. They aim to foster shared interests between our Shareholders and our management team, thereby furthering our Company’s focus on long-term development.

As of the Latest Practicable Date, an aggregate of 15,192,600 A Shares (including 10,000 A Shares under Phase I ESOP and 15,182,600 A Shares under Phase III ESOP) were being held under the ESOPs whilst Phase II ESOP had disposed of all the A Shares held by it by September 30, 2024. The ESOPs are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules as they do not involve the grant of options by our Company to subscribe for new Shares or award of Shares upon Listing.

The key terms and implementation of the ESOPs are as follows.

(a) *Plan limit*

The maximum number of participants under the Phase I ESOP, the Phase II ESOP and the Phase III ESOP shall not exceed 98, 120 and 210, respectively. Meanwhile, the maximum number of A Share to be held by the Phase I ESOP, the Phase II ESOP and the Phase III ESOP shall be 41,597,732 A Shares, 16,575,406 A Shares and 15,182,600 A Shares, accounting for approximately 2.50%, 0.9962% and 0.9125% of our Company's issued Share capital, respectively.

The total number of Shares held by each of the ESOPs shall not exceed 10% of the issued share capital of our Company. The maximum number of Shares corresponding to the awards held an individual participant shall not exceed 1% of the issued share capital of our Company.

(b) *Contribution of funds to the ESOP*

The eligible participants shall use their salaries and personal funds to subscribe to the ESOP, and obtain the corresponding interest in the ESOP.

(c) *Source of Shares*

The A Shares obtained by the ESOP shall be the A Shares repurchased by the Company through centralized price bidding process.

The Phase I ESOP has entrusted an Independent Third Party professional institution with asset management qualifications to establish a directional plan available for subscription by the eligible participants. Within six months from the approval of the ESOP by the general meeting, the directional plan would obtain and hold the A Shares repurchased by our Company through a block trade process. Such funds would not be used to purchase the shares of other companies.

The Phase II ESOP and the Phase III ESOP are maintained by our Company. The management committee of Phase II ESOP shall the asset manager and exercise all shareholders' rights in relation to the A Shares held by the plan. It would set up a securities account designated for the plan of the Company whereby the A Shares repurchased by our Company are obtained by the plan by non-transactional transfer means and other means as permitted under applicable laws and regulations.

The purchase price of such A Shares by the ESOP shall be the average price paid by our Company for the repurchase of such Shares.

As of April 30, 2021, April 28, 2023 and June 27, 2024, our Company repurchased a total of 41,597,732, 16,575,406 and 15,182,600 A Shares for the purpose of the Phase I ESOP, the Phase II ESOP and the Phase III ESOP, respectively.

Upon the expiry of the lock-up period, various A Shares had been disposed of by the Phase I ESOP and the Phase II ESOP and as of the Latest Practicable Date, the Phase I ESOP held 10,000 A Shares whilst the Phase II ESOP had disposed of all the 16,575,406 A Shares held by it and did not hold any Shares.

(d) *Term*

The term of the Phase I ESOP shall be 36 months and the term of each of the Phase II ESOP and the Phase III ESOP shall be 24 months, commencing from the date when the respective ESOP is approved by the general meeting and the Company announcing the transfer of the last batch of the subject Shares to the ESOP, respectively.

Upon expiry of the lock-up period, the ESOPs can be terminated early if all the Shares held by the ESOPs are disposed of, and all assets (if any) held by the ESOPs are in the form of cash and have been liquidated or distributed.

(e) *Lock-up period*

The lock-up period for each of the ESOPs is 12 months from the date when the ESOP (as revised) is approved by the general meeting and our Company announces the transfer of the last batch of subject Shares to the ESOP.

Upon expiry of the lock-up period and prior to the expiration of the term of the ESOP, the management committee of the ESOP (see below) may, upon authorization from the resolutions of the participants, sell or transfer the Shares held by the ESOP as it deems appropriate.

(f) *Performance target*

The entitlement to the corresponding benefits from the ESOP by the participants shall be subject to the following performance targets:

- For the Phase I ESOP, if our Company's cumulative gold production from 2022 to 2024 is not less than 43 tonnes, the plan could distribute an amount equivalent to the entire accumulated equity interest in the subject Shares after repaying the financing principal and interest of the directional plan.
- For the Phase II ESOP, if our Company realizes an increase in net profit attributable to Shareholders of the listed company by 30% or above in 2023 when compared to that of the previous year, the plan could distribute an amount equivalent to the entire accumulated equity interest in the subject Shares.
- For the Phase III ESOP, if our Company's gold production for 2025 realizes a growth of 5% or above from that for 2024, the plan could distribute an amount equivalent to the entire accumulated equity interest in the subject Shares.

(g) Management committee

Each of the ESOPs have established a management committee to oversee the daily management of the ESOP. The committee consists of three members who are elected through resolutions of the participants. Resolutions may only be passed by the management committee when majority members voting in favour of such resolution, and each management committee member shall have one vote.

The management committee is responsible for the daily management of the ESOP, including: (i) supervising the daily management of the ESOP on behalf of all its participants, (ii) exercising the shareholder rights in respect of the Shares held by the plan; (iii) managing the distribution of benefits from the ESOP; and (iv) making decision as to the disposal of the Shares held by the ESOP upon expiry of the lock-up period in accordance with the terms of the ESOP, any and all rights pertaining to the A Shares held by the ESOP, including the voting rights, the dividend rights and the rights to dispose of such Shares, rest solely in the management committee instead of the individual participants.

Save for (i) Mr. Zhao Qiang who is a director of Chijin Xiawu and serves as a management committee member of the Phase I ESOP; (ii) Mr. Zhou Xinbing who is a director of Chijin HK and LXML and serves as a management committee member of the Phase I ESOP; and (iii) Mr. Dong Shubao who is a director of Chijin Xiawu and serves as a management committee member of the Phase I ESOP, none of the management committee members of the ESOPs is a core connected person of our Company.

(h) Distribution

During the term of the ESOP, unless otherwise stipulated by laws, administrative regulations, departmental rules, or with the consent of the management committee, the corresponding interest in the plan held by the participants shall not be transferred, used as collateral, or otherwise disposed of in a similar manner.

During the term of the ESOP, participants shall not request for distribution of the equity interest in the Shares held by the ESOP.

Upon expiry of the term of the ESOP, if the assets (if any) held by the ESOP still include the Shares, the management committee shall determine the disposal method of such Shares. The management committee may also, with the authorization from the resolution of the participants, liquidate the plan within 30 working days from such expiration date, after deducting relevant taxes and fees as required by the law. The distribution of the proceeds from the aforesaid disposal shall be based on the fulfillment of the performance target and the corresponding interest in the plan held by individual participants. Given that the distribution shall only be made after the term of the ESOP when the Shares held by the ESOP Platform had been disposed of, fulfillment of the performance target will not lead to a drop in the public float of the Company.

5. Disclaimers

Save as disclosed in this Prospectus:

- (a) none of our Directors or Supervisors has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to us and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;
- (b) none of our Directors, Supervisors or any of the parties listed in the paragraph headed “D. Other Information — 7. Consent of Experts” in this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (c) save in connection with the Underwriting Agreements, none of our Directors, Supervisors or any of the parties listed in the paragraph headed “D. Other Information — 7. Consent of Experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group;
- (d) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “D. Other Information — 7. Consent of Experts” in this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (e) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any of our Directors or Supervisors, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10.00% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group; and

- (f) save as disclosed in the paragraphs headed “— Sales and Customers — Customers” and “— Procurement and Suppliers — Suppliers” in this Prospectus, none of our Directors, Supervisors or their respective associates or any of our Shareholders (who to the knowledge of our Directors owns more than 5.00% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

D. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, saved as disclosed in this Prospectus and so far as our Directors are aware, no litigation, arbitration proceedings or claim of material importance (to our Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Hong Kong Listing Rules. The fees to the Sole Sponsor are approximately US\$500,000 and will be borne by our Company.

4. Preliminary expenses

We did not incur any material preliminary expenses in relation to the incorporation of our Company.

5. Promoters

Information of our promoters as of the time of our Company's conversion into a joint stock company on August 23, 2000 is as follows:

No.	Name
1.	Guangdong Jin'an Automobile Industrial Engineering Company Limited (廣東省金安汽車工業製造有限公司)
2.	Huang Yizhen (黃乙珍)
3.	Yang Wenjiang (楊文江)
4.	Yang Wenying (楊文英)
5.	Yang Jinpeng (楊金朋)

Save as disclosed in the sections headed "History, Development and Corporate Structure" and "Financial Information — Dividend" in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualifications
CITIC Securities (Hong Kong) Limited . .	Licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Beijing Tian Yuan Law Firm	Legal Advisor as to PRC laws
REM Law Consultancy	Legal Advisor as to Ghana laws
ZICOLaw (Laos) Sole Co., Ltd.	Legal Advisor as to Laos laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
SRK Consulting (China) Ltd.	Competent person (with the meaning of Chapter 18 of the Hong Kong Listing Rules)

7. Consent of Experts

Each of the experts named in the paragraph headed “D. Other Information — 6. Qualification of Experts” in this Appendix has given and has not withdrawn its respective written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this Prospectus in the form and context in which it is respectively included. Each of the experts named in the paragraph headed “D. Other Information — 6. Qualification of Experts” in this Appendix has given and has not withdrawn its respective written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this Prospectus in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

10. Bilingual prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

E. RELATED PARTY TRANSACTIONS

Our Group entered into the related party transactions within the two years immediately preceding the date of this Prospectus as mentioned in Note 46 to the Accountants' Report set out in Appendix IA to this Prospectus.

F. MISCELLANEOUS

- (a) Save as disclosed in the section headed "History, Development and Corporate Structure" in this Prospectus, within the two years immediately preceding the date of this Prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted (except in connection with the Underwriting Agreements) or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.
- (b) Our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.
- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of the Group since September 30, 2024 (being the date to which the latest audited consolidated financial statements of the Group were prepared);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

- (iii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this Prospectus.
- (d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement.
- (e) Save for our A Shares which are listed on the Shanghai Stock Exchange and the H Shares to be issued in connection with the Global Offering, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in the paragraph headed “D. Other Information — 7. Consent of Experts” in Appendix VII to this Prospectus; and
- (b) a copy of each of the material contract referred to in the paragraph headed “B. Further Information about our Business — 1. Summary of our Material Contracts” in Appendix VII to this Prospectus.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published at the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at cfgold.com up to and including the date which

- (a) the Articles of Association;
- (b) the Accountant’s Report prepared by Ernst & Young, the text of which is set out in Appendix IA to this Prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024;
- (d) the accountants’ report of Golden Star Resources for the year ended December 31, 2021 and the one month ended January 31, 2022 prepared by Ernst & Young, the text of which is set out in Appendix IB to this Prospectus;
- (e) the report on unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix IIA to this Prospectus;
- (f) the letters from Ernst & Young and the Sole Sponsor relating to the profit estimate of our Group for the year ended December 31, 2024, the text of which is set out in Appendix IIB to this Prospectus;
- (g) the written consents referred to in the paragraph headed “D. Other Information — 7. Consent of Experts” in Appendix VII to this Prospectus;
- (h) the service contracts and letters of appointment referred to in the paragraph headed “C. Further Information about our Directors, Supervisors and Substantial Shareholders — 2. Particulars of Directors’ Service Contracts and Letters of Appointment” in Appendix VII to this Prospectus;

- (i) the material contracts referred to in the paragraph headed “B. Further Information about our Business — 1. Summary of our Material Contracts” in Appendix VII to this Prospectus;
- (j) the legal opinion issued by Beijing Tian Yuan Law Firm, our legal advisor as to PRC laws, in respect of certain aspects of the PRC operations and property interests of our Group;
- (k) the legal opinion issued by REM Law Consultancy, our legal advisor as to Ghana laws, in respect of certain aspects of the Ghana operations of our Group;
- (l) the legal opinion issued by ZICOLaw (Laos) Sole Co., Ltd., our legal advisor as to Laos laws, in respect of certain aspects of the Laos operations of our Group;
- (m) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed “Industry Overview” in this Prospectus;
- (n) the Competent Person’s Report for the PRC Mines prepared by SRK Consulting (China) Ltd., the texts of which are set out in Appendix IIIA to this Prospectus;
- (o) the Competent Person’s Report for the Sepon Gold and Copper Mine prepared by SRK Consulting (China) Ltd., the texts of which are set out in Appendix IIIB to this Prospectus;
- (p) the Competent Person’s Report for the Wassa Gold Mine prepared by SRK Consulting (China) Ltd., the texts of which are set out in Appendix IIIC to this Prospectus;
- (q) the Competent Person’s Report for the Sepon Rare Earth Element and Mengkham Rare Earth Element Projects in Lao People’s Democratic Republic prepared by SRK Consulting (China) Ltd., the texts of which are set out in Appendix IIID to this Prospectus;
- (r) the terms of the ESOPs; and
- (s) the PRC Company Law, the PRC Securities Law, the Guidelines on the Bylaws of Listed Companies, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for Articles of Association, together with unofficial English translations thereof.



赤峰吉隆黃金礦業股份有限公司
Chifeng Jilong Gold Mining Co., Ltd.