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Perennial Energy Holdings Limited

久泰邦達能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2798)

**MAJOR TRANSACTION
IN RESPECT OF THE PROPOSED CAPITAL INCREASE
IN THE TARGET COMPANY**

A letter from the Board is set out on pages 7 to 28 of this circular.

The Proposed Capital Increase has been approved by written shareholders' approval from a Shareholder holding more than 50% of the issued share capital of the Company pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

12 March 2026

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Appendix I — Financial Information of the Group	I-1
Appendix II — Accountants' Report	II-1
Appendix III — Management Discussion and Analysis on the Target Company	III-1
Appendix IV — Unaudited Pro Forma Financial Information of the Enlarged Group	IV-1
Appendix V — Competent Persons' Report	V-1
Appendix VI — Valuation Report	VI-1
Appendix VII — Report from the Reporting Accountants Regarding the Profit Forecast	VII-1
Appendix VIII — Letter from the Board Regarding the Profit Forecast	VIII-1
Appendix IX — General Information	IX-1

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Asset Transfer Agreement”	the assets transfer agreement dated 20 January 2026 entered into between Jiutai Bangda (as the beneficial owner of The Xiejiahegou Assets) and the Target Company in relation to the transfer of the Xiejiahegou Assets to the Target Company pursuant to the Capital Increase Agreement
“Board”	the board of Directors of the Company
“Capital Contribution Completion”	the completion of the capital contribution by Jiutai Bangda to the Target Company under the Capital Increase Agreement by way of the transfer and delivery of, and/or completion of registration procedures in respect of, the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets (as applicable), in accordance with the Capital Increase Agreement
“Capital Contribution Date”	the date on which Capital Contribution Completion takes place
“Capital Increase Agreement”	the agreement dated 20 January 2026 entered into between Jiutai Bangda, Panzhou Hengding, Guizhou Tianjian, Guizhou Zhonghang and the Target Company
“Capital Increase Conditions Precedent”	the condition(s) precedent of Jiutai Bangda transferring the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company, as set out in the paragraph headed “II. The Proposed Capital Increase – 1. The Capital Increase Agreement – Conditions Precedent to the Proposed Capital Increase” in this circular
“Company”	Perennial Energy Holdings Limited (久泰邦達能源控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Competent Person”	BAW Mineral Partners Limited, a competent person engaged by the Company to prepare the Competent Person’s Report

DEFINITIONS

“Competent Persons’ Report”	a competent persons’ report in relation to the Xiejiahegou Coal Mine, Youyi Coal Mine and Jieji Coal Mine issued by the Competent Person, details of which are set out in Appendix V to this circular
“Completion Conditions Precedent”	the condition(s) precedent to Registration Completion (and therefore to Completion of the Capital Increase) under the Capital Increase Agreement, as set out in the paragraph headed “II. The Proposed Capital Increase – 1. The Capital Increase Agreement – Conditions Precedent to the Registration Completion” in this circular
“Completion Date”	the date on which Completion of the Capital Increase takes place
“Completion of the Capital Increase”	the completion of the Proposed Capital Increase under the Capital Increase Agreement, being the point in time when both (i) Capital Contribution Completion and (ii) Registration Completion have occurred in accordance with the terms of the Capital Increase Agreement
“Deemed Disposal”	the reduction of the Group’s aggregate equity interest in the Xiejiahegou Business from 100% to 51% upon the Capital Contribution Completion
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group upon Completion of the Capital Increase
“Group”	the Company and its subsidiaries
“Guizhou Tianjian”	Guizhou Tianjian Energy Investment Co., Ltd.* (貴州天健能源投資有限公司), a company established in the PRC with limited liability and is owned as to 51% by Mr. Song Shengli (宋勝利) and 49% as to Mr. Fu Pinzhou (傅品州)
“Guizhou Zhonghang”	Guizhou Zhonghang Investment Co., Ltd.* (貴州中杭投資有限公司), a company established in the PRC with limited liability and is owned as to 70% by Mr. Yao Chuanyi (姚傳宜) and 30% by Mr. Yao Zongjin (姚宗金)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Indicated Resource”	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
“Inferred Resource”	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
“Jieji Coal Mine”	Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Yingwu Village Jieji Coal Mine* (貴州華能佳源煤業有限公司盤縣英武鄉捷吉煤礦), an underground coal mine wholly owned by the Target Company, located at longitudes from 104°45’09”E to 104°47’49”E, and latitudes from 25°45’10”N to 25°46’12”N in Panzhou City, Guizhou Province, the PRC
“Jiutai Bangda”	Guizhou Jiutai Bangda Energy Development Co., Ltd.* (貴州久泰邦達能源開發有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Latest Practicable Date”	27 February 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Measured Resource”	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
“Mining Right Transfer Agreement”	the Mining Right Transfer Agreement dated 20 January 2026 entered into between Jiutai Bangda (as the sole operator and beneficial owner of Xiejiahegou Coal Mine) and the Target Company in relation to the transfer of the mining right of the Xiejiahegou Coal Mine to the Target Company pursuant to the Capital Increase Agreement
“Mt”	million tonnes
“Original Shareholders”	collectively referring to Panzhou Hengding, Guizhou Tianjian and Guizhou Zhonghang

DEFINITIONS

“Panzhou Hengding”	Panzhou Hengding Coal Co., Ltd.* (盤州恒鼎煤業有限公司) is owned as to 90% by Mr. Han Chuang (韓闖) and 10% by Mr. Tie Kunlun (鐵昆倫)
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Probable Reserve”	the economically mineable part of an Indicated, and in some circumstances, a Measured Resource, with a lower degree of confidence in the modifying factors including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors
“Property Transfer Agreement”	the property transfer agreement dated 20 January 2026 entered into between Jiutai Bangda (as the beneficial owner of the Xiejiahegou Property) and the Target Company in relation to the transfer of the Xiejiahegou Property to the Target Company pursuant to the Capital Increase Agreement
“Proposed Capital Increase”	the proposed capital increase of RMB114,489,795.92 in the registered capital of the Target Company by Jiutai Bangda pursuant to the Capital Increase Agreement
“Proposed Consolidation”	the consolidation of the coal resources of both Xiejiahegou Coal Mine and Youyi Coal Mine
“Proved Reserve”	the economically mineable part of a Measured Resource, with a higher degree of confidence in the modifying factors including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors
“Registration Completion”	the completion of all industrial and commercial registration and other procedural steps with the relevant PRC authorities in respect of the Proposed Capital Increase under the Capital Increase Agreement, and the issuance of the renewed business licence of the Target Company showing Jiutai Bangda as a shareholder of the Target Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	holder(s) of the issued Share(s) from time to time

DEFINITIONS

“Spring Snow”	Spring Snow Management Limited, the controlling shareholder (as defined in the Listing Rules) of the Company which directly holds 864,000,000 Shares, representing approximately 54% of the total issued share capital of the Company
“sq.km.”	square kilometres
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guizhou Huaneng Jiayuan Coal Co., Ltd* (貴州華能佳源煤業有限公司), a company incorporated in the PRC with limited liability, which is owned as to 42.1% by Panzhou Hengding, 29.9% by Guizhou Tianjian and 28% by Guizhou Zhonghang
“Target Group”	Target Company and its subsidiaries
“Valuation”	the valuation of the Xiejiahegou Business and the 100% equity interest in the Target Company as at 30 November 2025 as assessed by the Valuer
“Valuation Report”	the valuation report prepared by the Valuer in respect of the Xiejiahegou Business and 100% equity interest in the Target Company as at 30 November 2025
“Valuer”	Win Bailey Valuation and Advisory Limited, an independent valuer engaged by the Company
“Xiejiahegou Assets”	certain assets of Jiutai Bangda (excluding the mining rights or property interests related to Xiejiahegou Coal Mine) operated by Jiutai Bangda at the Xiejiahegou Coal Mine, including machinery, office and electronic equipment, motor vehicles and the underground construction in progress
“Xiejiahegou Business”	business of exploration and mining of coking coal at Xiejiahegou Coal Mine including the Xiejiahegou Assets, the Xiejiahegou Property and the mining rights of the Xiejiahegou Coal Mine owned by Jiutai Bangda

DEFINITIONS

“Xiejiahegou Coal Mine”	Pan County Yangchang Village Xiejiahegou Coal Mine* (盤縣羊場鄉謝家河溝煤礦), an underground coal mine indirectly-wholly owned by the Company, located at longitudes from 104°47’7.65”E to 104°47’23.71”E, and latitudes from 25°56’21.88”N to 25°56’51.47”N in Panzhou City, Guizhou Province, the PRC
“Xiejiahegou Property”	(1) the land-use rights over two parcels of land with a total site area of approximately 32,813.32 sq.m., and three buildings in Panzhou City with a total site area of approximately 15,917.23 sq.m., mainly used for the mining operations at Xiejiahegou Coal Mine; and (2) the property interests over five temporary buildings and structures of approximately 1,839.92 sq.m.
“Yiqi Coal Mine”	Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Yiqi Coal Mine* (貴州華能佳源煤業有限公司盤州市雞場坪鎮椅棋煤礦), an underground coal mine under an affiliation (掛靠) arrangement to the Target Company, located at longitudes from 104°40’30”E to 104°41’20”E and latitudes from 25°56’52”N to 25°57’16” N in Panzhou City, Guizhou Province, the PRC
“Youyi Coal Mine”	Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Youyi Coal Mine* (貴州華能佳源煤業有限公司盤縣有益煤礦), an underground coal mine wholly owned by the Target Company, located at longitudes from 104°45’41”E to 104°47’23”E and latitudes from 25°56’14”N to 25°57’15”N in Panzhou City, Guizhou Province, the PRC
“%”	per cent.

In this circular, the terms “connected person”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

English translations for the Chinese names of the PRC entities, authorities or facilities in this circular are for reference only. In the event of any discrepancies between the Chinese names of these PRC entities, authorities or facilities and their respective English translations, the Chinese version shall prevail.

LETTER FROM THE BOARD

Perennial Energy Holdings Limited

久泰邦達能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2798)

Executive Directors:

Mr. Yu Bangping
Mr. Yu Zhilong
Mr. Li Xuezhong
Mr. Lau Kai Ming
Mr. Yu Xiao

Independent non-executive Directors:

Mr. Fong Wai Ho
Mr. Punnya Niraan De Silva
Mr. Si Zeyu
Ms. Yau Shu Shan

Registered office:

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

*Principal place of business in
Hong Kong:*

Unit A1, 25th Floor
NCB Innovation Centre
888 Lai Chi Kok Road
Kowloon
Hong Kong

12 March 2026

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RESPECT OF THE PROPOSED CAPITAL INCREASE IN THE TARGET COMPANY

I. INTRODUCTION

Reference is made to the announcements of the Company dated 28 October 2025 and 20 January 2026. The purpose of this circular is to provide you with, among other things, (i) the major terms of the Capital Increase Agreement and implementation agreements, where applicable; (ii) further details of the Target Company and the Proposed Consolidation (including the Xiejiahegou Assets, mining rights of Xiejiahegou Coal Mine and Xiejiahegou Property); (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the Valuation Report; (vi) a competent person's report on the Xiejiahegou Coal Mine, Youyi Coal Mine and Jieji Coal Mine; and (vii) such other information as required under the Listing Rules.

LETTER FROM THE BOARD

II. THE PROPOSED CAPITAL INCREASE

In connection with the implementation of the Proposed Consolidation, on 20 January 2026 (after trading hours), Jiutai Bangda, an indirect wholly-owned subsidiary of the Company, the Original Shareholders and the Target Company entered into the Capital Increase Agreement, pursuant to which Jiutai Bangda agreed to acquire 51.00% equity interests in the Target Company by contributing registered capital of RMB114,489,795.92 into the Target Company, which shall be settled by way of the transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company. The Target Company holds the mining rights to the Youyi Coal Mine and Jieji Coal Mine as at the Latest Practicable Date. As the transaction involves both contractual arrangements among the parties and subsequent regulatory procedures in the PRC, the Proposed Capital Increase will be implemented in two principal stages under the Capital Increase Agreement: (i) Capital Contribution Completion, being the completion of the capital contribution by Jiutai Bangda to the Target Company through the transfer and/or registration of the Xiejiahegou Coal Mine mining rights, the Xiejiahegou Property and the Xiejiahegou Assets; and (ii) Registration Completion, being the completion of the relevant industrial and commercial registration procedures and the issuance of a renewed business licence of the Target Company showing Jiutai Bangda as a shareholder. References in this circular to “Completion of the Capital Increase” (本次增資完成) refers to the point in time when both (i) Capital Contribution Completion and (ii) Registration Completion have occurred in accordance with the Capital Increase Agreement.

1. The Capital Increase Agreement

Date	20 January 2026
Parties	(1) Jiutai Bangda; (2) The Original Shareholders; and (3) The Target Company

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Original Shareholders and the Target Company and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Proposed Capital Increase

As at the date of the Latest Practicable Date, the Target Company has a total amount of registered capital of RMB110,000,000 which has been fully paid up. Pursuant to the Capital Increase Agreement, the total registered capital of the Target Company will be increased from RMB110,000,000 to RMB224,489,795.92, and subject to the fulfilment and/or waiver of conditions as set out in below section headed “Conditions Precedent to the Proposed Capital Increase”, Jiutai Bangda agreed

LETTER FROM THE BOARD

to acquire 51.00% equity interests in the Target Company by contributing RMB114,489,795.92 by way of the transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company.

Basis of the Proposed Capital Increase

The Parties agree that Jiutai Bangda shall subscribe for the increased registered capital of the Target Company by contributing the Xiejiahegou Business with a preliminary appraised value of RMB1.0 billion.

The amount of Proposed Capital Increase was based on normal commercial terms and determined after arm's length negotiations between Jiutai Bangda and the Original Shareholders with reference to a number of factors, including but not limited to, (i) the preliminary valuation of the 100% equity interest in the Target Company of approximately RMB1.2 billion as at 30 November 2025; (ii) the preliminary valuation of approximately RMB1.0 billion of the Xiejiahegou Business to be contributed by Jiutai Bangda as at 30 November 2025; (iii) the expected synergetic effects between the consolidation of the coal resources of Xiejiahegou Coal Mine and Youyi Coal Mine; and (iv) the future potential profitability of Xiejiahegou Coal Mine upon the completion of the Proposed Consolidation.

The preliminary valuation of the 100% equity interest in the Target Company as at 30 November 2025 was approximately RMB1.2 billion, while the preliminary valuation of the Xiejiahegou Business as at the same date was approximately RMB1.0 billion. These preliminary valuations were prepared by the Valuer, an independent valuer, using the income approach, specifically the discounted cash flow method. For further information of the valuation approach, please refer to the section headed "IV. Information about the Valuation".

Upon Completion of the Capital Increase, the Company will acquire approximately 51% of the equity interest in the Target Company. Given that the preliminary valuation of the Xiejiahegou Business is lower than the preliminary valuation of the 100% equity interest in the Target Company and that the Company will obtain a controlling interest in the Target Company, the Board is of the view that the Proposed Capital Increase and the transactions contemplated thereunder constitute a bargain acquisition. The Board further considers that the transaction is expected to create potential long-term value for the Shareholders due to the expected synergetic effects of the consolidated coal mine and future potential profitability of Xiejiahegou Coal Mine.

LETTER FROM THE BOARD

The Company anticipates synergies arising from the integration of the Xiejiahegou Coal Mine with the Youyi Coal Mine, including:

- enhanced resource allocation efficiency by reducing overlapping and duplicated costs through the consolidation of transportation, storage, and processing facilities, thereby lowering overall operating expenses;
- improved capacity utilisation by enabling more flexible deployment of manpower, equipment, and production planning under a unified management structure, which minimises idle capacity, optimises production scheduling, and strengthens overall production stability and reliability;
- expanded coal reserves and output to enhance market competitiveness, allowing the Enlarged Group to secure more favourable supply contracts with downstream customers, broaden its customer base in the regional coking coal market, and enhance bargaining power in negotiations;
- long-term operational and financial benefits, including centralised procurement of materials and services for cost savings, implementation of standardized safety protocols and environmental management systems across the integrated operations, and improved financing capability due to a larger and more diversified asset base, which may lead to better access to capital and lower funding costs.

Conditions precedent to the Proposed Capital Increase

Upon satisfaction of the following conditions precedent, Jiutai Bangda shall, as soon as practicable, complete the capital increase in the Target Company from Jiutai Bangda to the Target Company:

- (a) Jiutai Bangda completed the due diligence on the Target Company and is satisfied with the relevant results;
- (b) the Target Company has obtained the relevant compliance certificates or non-penalty confirmations from the competent government authorities regarding any historical non-compliances identified in Jiutai Bangda's due diligence (if applicable);
- (c) the Company has obtained all necessary approvals, registrations and filings for the Proposed Capital Increase in accordance with the applicable listing rules and the regulations of regulatory bodies in the relevant jurisdictions, including but not limited to, the approval of the shareholders' meeting of the Company or the written approval from the Company's controlling shareholder (if applicable) and the approval from the Stock Exchange (if applicable);

LETTER FROM THE BOARD

- (d) the Proposed Capital Increase has been approved by the shareholders' meeting of Jiutai Bangda;
- (e) the Proposed Capital Increase has been approved by the shareholders' meeting of the Target Company;
- (f) this Capital Increase Agreement has been duly executed by all parties and becomes effective;
- (g) up to the Capital Contribution Date, there has been no material adverse change in the business, operations, assets, or financial condition of the Target Company, including but not limited to, the mining rights owned by the Target Company remains valid and not being revoked, suspended, or restricted, the assets of the Target Company being free from any encumbrances such as mortgages, pledges, or third-party rights, and there being no ownership dispute or litigation concerning the assets of the Target Company; and
- (h) the representations and warranties made by the Original Shareholders and the Target Company have been complied with and remain true, accurate, complete and not misleading as at the Capital Contribution Date.

Jiutai Bangda has the right, at any time at its sole discretion and by written notice, to waive any of the Capital Increase Conditions Precedent other than those set out in paragraphs (b) to (f) above. The Original Shareholders and the Target Company shall not be entitled to waive any of the Capital Increase Conditions Precedent. For any Capital Increase Conditions Precedent waived by Jiutai Bangda, Jiutai Bangda shall be entitled to require the Original Shareholders and/or the Target Company to continue to fulfil or assist Jiutai Bangda in fulfilling such condition after Jiutai Bangda has made its capital contribution in the Target Company.

The Directors confirm that as at the Latest Practicable Date, except for condition (f) which has been fulfilled, none of the above Capital Increase Conditions Precedent has been fulfilled.

Following the Capital Contribution Completion, the Target Company will establish a board of directors comprising three members, all of whom will be nominated by Jiutai Bangda. Accordingly, Jiutai Bangda will hold the majority control of the board of directors of the Target Company.

LETTER FROM THE BOARD

The Registration

Conditions Precedent to the Registration Completion

The Registration Completion is conditional upon the satisfaction of the following:

- (a) Jiutai Bangda completed the due diligence on the Target Company and is satisfied with the relevant results;
- (b) the Target Company has obtained the relevant compliance certificates or non-penalty confirmations from the competent government authorities regarding any historical non-compliances identified in Jiutai Bangda's due diligence (if applicable);
- (c) the Target Company has obtained approval(s) from the competent government authorities of the Guizhou Province regarding the Proposed Consolidation;
- (d) the Company has obtained all necessary approvals, registrations and filings for the Proposed Capital Increase in accordance with the applicable listing rules and the regulations of regulatory bodies in the relevant jurisdictions, including but not limited to, the approval of the shareholders' meeting of the Company or the written approval from the Company's controlling shareholder (if applicable) and the approval from the Stock Exchange (if applicable);
- (e) the Proposed Capital Increase has been approved by the shareholders' meeting of Jiutai Bangda;
- (f) the Proposed Capital Increase has been approved by the shareholders' meeting of the Target Company;
- (g) the Capital Increase Agreement has been duly executed by all parties and becomes effective;
- (h) the Target Company has completed the renewal procedures for the mining license of the Jieji Coal Mine and obtained the renewed mining license issued by the relevant competent government authorities;
- (i) the Target Company has terminated the affiliation arrangement for the Yiqi Coal Mine, Jichangping Town, Panzhou City (盤州市雞場坪鎮椅棋煤礦), and completed the registration procedures for the transfer of the mining rights to a third party;

LETTER FROM THE BOARD

- (j) up to the Completion Date, there has been no material adverse change in the business, operations, assets, or financial condition of the Target Company, including but not limited to, the mining rights owned by the Target Company remains valid and not being revoked, suspended, or restricted, the assets of the Target Company being free from any encumbrances such as mortgages, pledges, or third-party rights, and there being no ownership dispute or litigation concerning the assets of the Target Company; and
- (k) the representations and warranties made by the Original Shareholders and the Target Company have been complied with and remain true, accurate, complete and not misleading as at the Completion Date.

Jiutai Bangda has the right, at any time at its sole discretion and by written notice, to waive any of the Completion Conditions Precedent other than those set out in paragraphs (c) to (i) above. The Original Shareholders and the Target Company shall not be entitled to waive any of the Completion Conditions Precedent. For any Completion Conditions Precedent waived by Jiutai Bangda, Jiutai Bangda shall be entitled to require the Original Shareholders and/or the Target Company to continue to fulfil or assist Jiutai Bangda in fulfilling such condition after the Registration Completion.

The Directors confirm that as at the Latest Practicable Date, except for condition (g) which has been fulfilled, none of the above Completion Conditions Precedent has been fulfilled.

Completion Date

In the event that any of the Completion Conditions Precedent is not fulfilled or waived by Jiutai Bangda on or before 31 March 2026:

- (a) Jiutai Bangda and the Original Shareholders may negotiate to postpone the Registration Completion to a date not later than 30 June 2026;
- (b) Jiutai Bangda may waive part of the Completion Conditions Precedent and proceed to Registration Completion to a date not later than 30 June 2026; or
- (c) Jiutai Bangda may terminate the Capital Increase Agreement immediately. Upon termination, the Original Shareholders and the Target Company shall reimburse Jiutai Bangda for any consideration paid by Jiutai Bangda pursuant to the Capital Increase Agreement (if any). If Jiutai Bangda has made its capital contribution to the Target Company by way of transfer of the Xiejiahegou Coal Mine mining rights, the Xiejiahegou Property and/or the Xiejiahegou Assets prior to such termination, the Original Shareholders and the Target Company shall use their best endeavours to procure that all such assets contributed by Jiutai Bangda shall be restored to Jiutai Bangda

LETTER FROM THE BOARD

(including the re-transfer and/or re-registration of the relevant rights and interests in favour of Jiutai Bangda). Jiutai Bangda has the right to require the Original Shareholders and/or the Target Company to compensate Jiutai Bangda for all costs incurred and losses suffered by it in connection with the Proposed Capital Increase and the restoration of the assets to the pre-transaction state, as well as payment of liquidated damages.

Registration Completion

The Registration Completion shall take place after the fulfilment (or waiver) of all of the Completion Conditions Precedent. Upon completion of all legal formalities contemplated under the Capital Increase Agreement including the change in industrial and commercial registration and update of the business license, Jiutai Bangda shall become a shareholder of the Target Company.

Upon Registration Completion, Panzhou Hengding, Guizhou Tianjian, Guizhou Zhonghang and Jiutai Bangda will hold approximately 20.63%, 14.65%, 13.72% and 51.00% equity interest in the Target Company, respectively. Accordingly, the Company will indirectly hold 51% of the Target Company and the Target Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into those of the Group and the coal resources of both Xiejiahegou Coal Mine and Youyi Coal Mine will be consolidated. The consolidated coal mine will maintain and utilise the existing approved production scale as well as existing facilities and equipment of Xiejiahegou Coal Mine.

No guarantee or other security has been given or is required to be given by the Company or any member of the Group as part of or in connection with the Proposed Capital Increase.

III. INFORMATION ON THE TARGET GROUP

The Target Group is principally engaged in the business of exploration, development and mining of coking coal through its two coking coal projects located in Guizhou Province, PRC, including Youyi Coal Mine and Jieji Coal Mine. As at the Latest Practicable Date, the Target Company is owned as to 42.1% by Panzhou Hengding, 29.9% to Guizhou Tianjian and 28% by Guizhou Zhonghang. As at the Latest Practicable Date, the Target Company owns Youyi Coal Mine and Jieji Coal Mine, both of which are currently idle and remain undeveloped, with no mining operations commenced to date and maintains an affiliation (掛靠) arrangement in respect of Yiqi Coal Mine.

Youyi Coal Mine, which is wholly owned by the Target Company, obtained a mining right licence (licence number: C5200002014121120136551) which carries an approved annual production capacity of 450,000 tonnes. The current mining right licence is valid from December 2014 to December 2034 covers a mining area of 2.8631 sq.km. Youyi Coal Mine is located in the southwestern part of Guizhou Province, the PRC. As at 30 November 2025, Youyi Coal Mine

LETTER FROM THE BOARD

had Measured Resources of 7.68 Mt, Indicated Resources of 50.49 Mt, Inferred Resources of 50.59 Mt, Proved and Probable Reserves of 43.69 Mt.

Jieji Coal Mine, which is wholly owned by the Target Company, obtained a mining right licence (licence number: C5200002013061120133333) which carries an approved annual production capacity of 300,000 tonnes. The current mining right licence is valid from June 2013 to June 2023 covers a mining area of 3.248 sq.km. Jieji Coal Mine is located in the southwestern part of Guizhou Province, the PRC. As at 30 November 2025, Jieji Coal Mine had Indicated Resources of 22.64 Mt, Inferred Resources of 23.37 Mt, Probable Reserves of 18.52 Mt.

Set out below is the summary of the unaudited financial information of the Target Group for the two financial years ended 31 December 2024 and the eleven months ended 30 November 2025:

	For the year ended		For the eleven months	
	31 December		ended 30 November	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–	–	–
Loss before taxation	(9,431)	(10,519)	(9,709)	(7,376)
Loss and total comprehensive expense for the year/period	(9,431)	(10,519)	(9,709)	(7,376)

The unaudited asset value of the Target Group as at 31 December 2024 and 30 November 2025 amounted to approximately RMB315,820,000 and RMB315,028,000, respectively.

The Target Company was valued at approximately RMB1.2 billion as at 30 November 2025 by the Valuer, by way of income approach.

Risk Factors

The Proposed Capital Increase involves investment in a coal mining project in the PRC. In addition to the other information contained in this circular, the Shareholders should carefully consider the following risk factors before deciding whether to approve the Proposed Capital Increase. The occurrence of any of these events may have a material adverse effect on the Xiejiahegou Business, the Target Company and/or the Group. Additional risks and uncertainties not presently known to the Directors or that the Directors currently deem immaterial may also have a material adverse effect.

Further details of technical, operational and other risks relating to the Xiejiahegou Business are set out in the section headed “13. Risk Assessment” in the Competent Persons’ Report in Appendix V to this circular.

LETTER FROM THE BOARD

1. Expiry and non-renewal risk of the Jieji Mining Licence

The Xiejiahegou Business includes the Jieji Coal Mine. As disclosed in this circular and in the Competent Person's Report, the existing mining licence for the Jieji Coal Mine has expired and had not been renewed as at the Latest Practicable Date. The relevant local authority has recommended that the expired licence not be renewed until after completion of the merger of the Xiejiahegou Business into the Target Company.

There is no assurance that, following Completion of the Capital Increase and the relevant reorganisation and merger, the Jieji Mining Licence will be renewed in a timely manner, on terms acceptable to the Target Company or at all. Any delay in or failure to renew the Jieji Mining Licence could adversely affect the ability of the Jieji Coal Mine to continue or resume production, may result in suspension or cessation of mining activities and could have a material adverse effect on the revenue, profitability and financial position of the Target Company and, as a result, the Enlarged Group.

According to the Guizhou Provincial Department of Natural Resources, which is the competent authority responsible for approving mining licences, the renewal of mining rights licence may be processed upon the receipt of the approval of the overall development plan of Jieji Coal Mine by the People's Government of Liupanshui City. Upon receipt of such approval, the Target Company will carry out the following procedures for the renewal of mining licence:

- (i) application to the Guizhou Provincial Department of Natural Resources for initial registration and execution of the mining rights contract, which is expected to be completed within 45 business days from the submission of the required documents;
- (ii) application for renewal (or change) of the mining rights, which is expected to be completed within 45 business days; and
- (iii) application for registration of the mining permit, which is expected to be completed within 45 business days.

The overall renewal process is therefore anticipated to take no more than 135 business days. The Board is of the view that the renewal process will be completed in due course, assuming there is timely approval of the overall development plan and no material delays in administrative review of the required documents. The Company and the Target Company have formulated the action plan based on the above indicative timetable and will closely monitor the progress of each stage.

Although the mining rights licence of Jieji Coal Mine has expired, the Guizhou Provincial Department of Natural Resources has indicated a positive response to its renewal application.

LETTER FROM THE BOARD

2. PRC regulatory and policy risks relating to coal and environmental compliance

The Xiejiahegou Business is subject to extensive and evolving PRC laws, regulations and policies governing, among others, the coal industry, mining rights, work safety, land use, environmental protection, energy conservation and emission reduction. The PRC government has in recent years strengthened its supervision over coal mining operations, including through mine safety consolidations, capacity control, environmental inspections and the closure or suspension of non-compliant mines.

There can be no assurance that the current regulatory framework or government policies will not be further tightened or otherwise changed in a way that is adverse to coal mining enterprises. Changes in laws, regulations and policies, or in their interpretation or enforcement, may result in additional investment requirements, higher compliance and operating costs, unexpected capital expenditures (including for environmental protection, safety improvements or relocation), delays in approvals, reduced permitted capacity, suspension or closure of mining operations, or the imposition of penalties. Any of these could materially and adversely affect the Xiejiahegou Business and, in turn, the Enlarged Group.

3. Operational and safety risks associated with high-gas underground coal mining

The Jieji Coal Mine and the Xiejiahegou Coal Mine are underground coal mines, and certain seams are classified as high-gas or coal and gas outburst-prone. Coal mining operations are inherently hazardous and subject to a wide range of operational and safety risks, including but not limited to:

- gas explosions and coal and gas outbursts;
- roof falls, collapses and other ground control failures;
- fires, spontaneous combustion and flooding;
- equipment failures and power outages; and
- accidents causing injury or death.

Although the Xiejiahegou Business is subject to PRC safety laws and regulations and has implemented various safety management systems and measures, there can be no assurance that accidents will not occur or that all potential hazards can be eliminated. Serious accidents or safety incidents may result in loss of life, significant property damage, suspension of operations, regulatory sanctions, fines or criminal liability and reputational harm, any of which could have a material adverse effect on the Xiejiahegou Business and the Enlarged Group.

LETTER FROM THE BOARD

4. Environmental and rehabilitation obligations

Coal mining operations have significant environmental impacts, including land disturbance, waste rock and tailings generation, water and air pollution and noise and dust emissions. The Xiejiahegou Business is subject to environmental laws and regulations which require, among other things, that it obtain and comply with environmental impact assessment approvals, implement environmental protection measures and undertake mine closure and land rehabilitation.

Future changes in environmental laws, regulations, policies or enforcement practices may impose more stringent standards, require additional mitigation measures or rehabilitation works, or increase environmental taxes or fees. The actual costs of current and future environmental protection and rehabilitation obligations may be higher than currently estimated and may need to be recognised earlier than expected. If the Xiejiahegou Business fails to comply with applicable environmental requirements, it may face penalties, orders to rectify, suspension or closure of operations or other enforcement actions, which could materially and adversely affect the Xiejiahegou Business and the Enlarged Group.

5. Market and price volatility of coking coal and coke

The Xiejiahegou Business is exposed to market and price risks relating to coal and coke. Prices of coking coal and coke are influenced by numerous factors beyond the control of the Target Company and the Group, including PRC and global economic conditions, steel and related downstream demand, domestic and international supply, transportation and logistics constraints, exchange rates, alternative energy prices, inventory levels, government policies and market expectations.

Coking coal and coke prices have historically been volatile and may continue to fluctuate significantly. A sustained decline in the prices or demand for coking coal or coke, or the loss or deterioration of key sales arrangements, could adversely affect the revenue, profitability and cash flows of the Xiejiahegou Business and the Enlarged Group. On the other hand, short-term price spikes may not be fully captured if the Xiejiahegou Business is unable to promptly adjust production or sales arrangements.

6. Risks associated with litigation

The Xiejiahegou Business is susceptible to the risks associated with litigation, including potential legal claims and disputes. The extent of the impact from such litigation is uncertain and may or may not be significant. The potential litigation may adversely affect the operational performance, financial position and future prospects of the Xiejiahegou Business and the Enlarged Group.

LETTER FROM THE BOARD

Indemnity and historical arrangements

In connection with the implementation of the Proposed Capital Increase, such affiliation (掛靠) arrangement in respect of Yiqi Coal Mine is not intended to form part of the Group's operations following the Registration Completion, and the Target Company will procure the termination of such affiliation arrangement and completion of the relevant procedures prior to Registration Completion.

Pursuant to the Capital Increase Agreement, the Original Shareholders and the Target Company have undertaken to rectify any historical business, financial or legal defects and/or non-compliance issues of the Target Company identified prior to Completion of the Capital Increase and to procure, where applicable, the relevant compliance certificates or non-penalty confirmations from the competent PRC authorities. The Original Shareholders have agreed to fully indemnify Jiutai Bangda and the Target Company against any losses, expenses or other costs suffered or incurred by Jiutai Bangda and/or the Target Company arising from such historical defects and/or non-compliance issues prior to Completion of the Capital Increase. The Original Shareholders have further undertaken that any outstanding indebtedness of the Target Company incurred prior to Completion of the Capital Increase and included in the valuation results of the Target Company will be settled by the Target Company, whereas any such indebtedness not so included shall be fully settled and discharged by the Original Shareholders, who will indemnify Jiutai Bangda and/or the Target Company in relation thereto. Any indemnity amounts payable to Jiutai Bangda shall be settled within 20 business days after receipt of the relevant demand.

The Competent Person has confirmed that there has been no material changes occurred since the effective date of the Competent Persons' Report.

IV. INFORMATION ABOUT THE VALUATION

1. Background and purpose of the Valuation

In connection with the Proposed Capital Increase and the Proposed Consolidation, the Company engaged the Valuer to prepare an independent Valuation of:

- the 100% interest in the Xiejiahegou Business; and
- the 100% equity interest in the Target Company, whose principal assets are Youyi Coal Mine and Jieji Coal Mine.

The Valuation was prepared as at 30 November 2025 to assist the Company and the Original Shareholders in determining the consideration and the basis of the Proposed Capital Increase and the Proposed Consolidation, and to provide information to the Shareholders.

LETTER FROM THE BOARD

Based on the Valuation, the fair market value as at 30 November 2025 was:

- approximately RMB1,000,000,000 for the 100% interest in the Xiejiahegou Business; and
- approximately RMB1,200,000,000 for the 100% equity interest in the Target Company.

These results, together with the expected synergies from consolidating the coal resources of Xiejiahegou Coal Mine and Youyi Coal Mine and the development potential of the consolidated mine, formed an important basis for determining the amount of the Proposed Capital Increase (RMB114,489,795.92) and the resulting 51.0% equity interest in the Target Company to be held by Jiutai Bangda upon Registration Completion.

The full text of the Valuation Report is set out in Appendix VI to this circular.

2. Scope and basis of the Valuation

For the Xiejiahegou Business, the Valuation covered:

- the mining rights of Xiejiahegou Coal Mine;
- the Xiejiahegou Property; and
- the Xiejiahegou Assets.

For the Target Company, the Valuation covered its 100% equity interest, principally reflecting the values of Youyi Coal Mine and Jieji Coal Mine. As at 30 November 2025, both Youyi Coal Mine and Jieji Coal Mine were at the development stage and had not commenced commercial production. The current mining licence of Jieji Coal Mine expired in June 2023; as disclosed in the Competent Person's Report, the relevant authority has recommended that the renewal be pursued after the proposed consolidation, and the Company agrees with such approach.

The Valuation was prepared on a fair market value basis and on a going concern premise, in accordance with Chapter 18 of the Listing Rules and the VALMIN Code (2015 Edition).

3. Valuation methodology and principal assumptions

The Valuer considered the market approach, the cost approach and the income approach. Having regard to the characteristics of Xiejiahegou Coal Mine, Youyi Coal Mine and Jieji Coal Mine, the limited number of directly comparable market transactions and the importance of future cash flows over long mine lives, the Valuer and the Directors concur that the income approach using a discounted cash flow method is the most appropriate.

LETTER FROM THE BOARD

In summary:

- Production profiles, mine lives and reserves were based on the Competent Person's Report, feasibility studies and the approved production capacities. As at 30 November 2025, the Probable Reserves were 8.13 Mt for Xiejiahegou Coal Mine, Proved and Probable Reserves were 43.69 Mt for Youyi Coal Mine and Probable Reserves were 18.52 Mt for Jieji Coal Mine.
- Production schedules assumed:
 - o Xiejiahegou Coal Mine: approximately 35,000 tonnes of raw coal in December 2025 and 450,000 tonnes per annum thereafter;
 - o Youyi Coal Mine: construction from 2025 to 2028, then 450,000 tonnes per annum from 2029;
 - o Jieji Coal Mine: construction from 2025 to 2028, then 300,000 tonnes per annum from 2029.
- Raw coal is assumed to be processed into clean coal, middling coal and sludge coal, with selling prices and product splits derived from historical and prevailing coking coal prices, coal quality and management's assessment of long-term trends. On this basis, steady-state annual revenue was estimated at approximately RMB403.5 million for Xiejiahegou Coal Mine and Youyi Coal Mine each, and approximately RMB269.0 million for Jieji Coal Mine.
- Operating costs, capital expenditure and working capital requirements were based on historical operating data (for Xiejiahegou Coal Mine), project feasibility studies (for Youyi Coal Mine and Jieji Coal Mine), industry benchmarks and management's plans.
- The Valuer applied a WACC of 7.17% for the Xiejiahegou Business and 7.56% for the Target Company, determined with reference to the PRC risk-free rate, equity market risk premium, capital structure and beta of comparable listed coal companies, size premium and appropriate project-specific risk adjustments.
- A discount for lack of marketability of 14.4% was applied to both the Xiejiahegou Business and the Target Company, having regard to market studies of unlisted interests in the mining sector.

For the Target Company, the Valuer first derived the enterprise values of Youyi Coal Mine and Jieji Coal Mine, then adjusted for non-operating assets and liabilities and non-controlling interests to arrive at the equity value, before applying the discount for lack of marketability.

LETTER FROM THE BOARD

4. Valuation results

On the above basis, the Valuer concluded that, as at 30 November 2025:

- the fair market value of the 100% interest in the Xiejiahegou Business was approximately RMB1,000.0 million (after a 14.4% discount for lack of marketability applied to an enterprise value of approximately RMB1,175.8 million); and
- the fair market value of the 100% equity interest in the Target Company was approximately RMB1,200.0 million (after a 14.4% discount for lack of marketability applied to an equity value of approximately RMB1,449.5 million).

Sensitivity analyses performed by the Valuer indicate that the Valuation is sensitive to changes in the discount rate, but remains within a reasonable range when the discount rate is varied by $\pm 10\%$.

The Valuation is subject to the usual risks and limitations for mining asset valuations, including uncertainties in resources and reserves, commodity prices, operating and capital costs, permitting and regulatory approvals (including renewal of the Jieji Coal Mine mining licence and approvals for the Proposed Consolidation and capacity expansion) and general economic conditions. It reflects facts and circumstances as at 30 November 2025 and has not been updated for subsequent events.

5. Profit Forecast implications and reporting accountants' work

As the Valuation is based on discounted forecast cash flows, it constitutes a "profit forecast" (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules.

Deloitte Touche Tohmatsu, the Company's reporting accountants, have been engaged to report on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised). Their work was limited to checking the mathematical accuracy of the compilation of the Profit Forecast based on the underlying assumptions. They did not review or opine on the reasonableness of those assumptions and did not perform an independent valuation.

The text of the reporting accountants' assurance report is set out in Appendix II to the announcement dated 20 January 2026 and is reproduced in Appendix VII to this circular. The Board has also issued a letter, reproduced in Appendix VIII to this circular, confirming that the Profit Forecast has been made after due and careful enquiry.

LETTER FROM THE BOARD

6. Directors' views on the Valuation and the Proposed Capital Increase

The Directors have reviewed the Valuation Report and the Competent Person's Report, discussed the methodologies, key assumptions and parameters with the Valuer and management, and considered the professional qualifications and experience of the Valuer and the reporting accountants.

Having taken into account:

- the income-based approach adopted by the Valuer and the reasons for not adopting the market approach or cost approach as the primary basis;
- the Valuation conclusions of approximately RMB1.0 billion for the Xiejiahegou Business and approximately RMB1.2 billion for the Target Company; and
- the expected synergies and long-term development potential arising from the consolidation of the coal resources of Xiejiahegou Coal Mine and Youyi Coal Mine,

the Directors are of the view that:

- the basis and principal assumptions adopted in the Valuation are fair and reasonable; and
- the amount of the Proposed Capital Increase and the terms of the Capital Increase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the Valuation and the Profit Forecast do not represent a forecast of future profits of the Group, but were prepared solely for the purpose of assessing the fair market value of the Xiejiahegou Business and the Target Company as at 30 November 2025 and should be read together with the full text of the Valuation Report in Appendix VI to this circular.

V. FINANCIAL EFFECTS OF THE PROPOSED CAPITAL INCREASE ON THE COMPANY

Upon Registration Completion, Panzhou Hengding, Guizhou Tianjian, Guizhou Zhonghang and Jiutai Bangda will hold approximately 20.63%, 14.65%, 13.72% and 51.00% equity interest in the Target Company, respectively. Accordingly, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into those of the Group and the coal resources of both Xiejiahegou Coal Mine and Youyi Coal Mine will be consolidated. The consolidated coal mine will maintain and utilise the existing approved production scale as well as existing facilities and equipment of Xiejiahegou Coal Mine.

LETTER FROM THE BOARD

Earnings

As shown in Appendix II to this circular, the Target Group did not record any revenue for each of the three years ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025. The loss and total comprehensive expense attributable to owners of the Target Company were approximately RMB16.5 million, RMB9.4 million, RMB10.5 million and RMB7.4 million for the years ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025, respectively.

Given that Youyi Coal Mine and Jieji Coal Mine are currently at the development stage and have not commenced commercial production, it is expected that, after Completion of the Capital Increase, the Target Group will initially contribute losses and negative cash flows to the Enlarged Group until commercial production commences, but is expected to contribute positively to the earnings of the Enlarged Group in the longer term following commencement and ramp-up of production.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as shown in Appendix IV to this circular, and assuming Completion of the Capital Increase had taken place on 30 June 2025:

- the consolidated total assets of the Enlarged Group would have increased from approximately RMB4,778.4 million to approximately RMB6,671.6 million; and
- the consolidated total liabilities of the Enlarged Group would have increased from approximately RMB1,619.5 million to approximately RMB2,064.5 million.

On this basis, the consolidated net assets of the Enlarged Group would have increased from approximately RMB3,158.9 million to approximately RMB4,607.2 million.

Further details of the financial effects of the Capital Increase together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix IV to this circular.

VI. INFORMATION ON JIUTAI BANGDA AND THE ORIGINAL SHAREHOLDERS

Jiutai Bangda is an indirect wholly-owned subsidiary of the Company. The Group through Jiutai Bangda, is principally engaged in the exploration and mining of coking coal and coal refinery in the PRC.

LETTER FROM THE BOARD

Among the Original Shareholders:

- Panzhou Hengding is a limited liability company established in the PRC and is owned as to 90% by Mr. Han Chuang (韓闖) and 10% by Mr. Tie Kunlun (鐵昆倫) as at the Latest Practicable Date. Panzhou Hengding is principally engaged in coal product sales and freight packaging services.
- Guizhou Tianjian is a limited liability company established in the PRC and is owned as to 51% by Mr. Song Shengli (宋勝利) and 49% as to Mr. Fu Pinzhou (傅品州) as at the Latest Practicable Date. Guizhou Tianjian is principally engaged in energy project investment.
- Guizhou Zhonghang is a limited liability company established in the PRC and is owned as to 70% by Mr. Yao Chuanyi (姚傳宜) and 30% by Mr. Yao Zongjin (姚宗金) as at the Latest Practicable Date. Guizhou Zhonghang is principally engaged in energy project investment.

Xiejiahegou Coal Mine, which is wholly owned by Jiutai Bangda, obtained a mining right licence (licence number: C5200002014071120135031) which carries an approved annual production capacity of 450,000 tonnes. The current mining right licence is valid from January 2020 to September 2039 covers a mining area of 1.0135 sq.km. Xiejiahegou Coal Mine is located in the southwestern part of Guizhou Province, the PRC. As at 30 November 2025, Xiejiahegou Coal Mine had Indicated Resources of 13.93 Mt, Inferred Resources of 9.52 Mt and Probable Reserves of 8.13 Mt.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Original Shareholders and their respective beneficial owners is a third party independent of the Company and its connected persons.

As at 30 November 2025, the amounts due from shareholders of the Target Company amounted to approximately RMB122.1 million. The balances comprise approximately RMB55.8 million due from Panzhou Hengding, approximately RMB29.9 million due from Guizhou Tianjian, and approximately RMB36.5 million due from Guizhou Zhonghang.

The amounts due from shareholders are non-trade nature, unsecured, interest-free and repayable on demand. The Original Shareholders had subsequently settled approximately RMB92.7 million, and the remaining balance of the amounts due from shareholders of the Target Company amounted to approximately RMB29.4 million as at the Latest Practicable Date. The Board considers the credit risk associated with the remaining outstanding balance to be low, having regard to the substantial portion of the amounts already repaid; the financial strength and repayment capacity of the Original Shareholders; the ongoing communication maintained by the Company with the Original Shareholders regarding repayment arrangements; and the undertaking of the Original Shareholders to repay their respective outstanding balance no later than 15 business days from the date of Registration Completion. The Company will continue to closely

LETTER FROM THE BOARD

monitor the repayment progress and maintain ongoing communication with the Original Shareholders.

VII. REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL INCREASE AND PROPOSED CONSOLIDATION

The Directors are of the view that the Proposed Capital Increase is strategically designed to revitalise dormant coal assets. The Target Company currently holds and wholly owns two inactive coal mines, namely Youyi Coal Mine and Jieji Coal Mine, which have no ongoing operations. The injection of resources and assets under Xiejiahegou Coal Mine is intended to activate and consolidate these assets under a unified operational platform. The Proposed Consolidation is expected to enable resource integration and generate operational synergies. Xiejiahegou Coal Mine and Youyi Coal Mine are located in close proximity, which provides the potential for integration into a single operational unit, allowing for shared infrastructure, streamlined logistics, and coordinated development planning. Furthermore, the revitalisation of Youyi Coal Mine and Jieji Coal Mine, together with the Proposed Consolidation, is expected to promote local employment and stimulate economic activity in the surrounding region. The Proposed Consolidation is anticipated to contribute to industrial revitalisation and social stability by creating new job opportunities and enhancing regional development.

Upon Registration Completion, the Company will gain control of three coal mines, thereby strengthening its strategic positioning. This will enhance the Company's resource portfolio and long-term production capacity, in line with its broader strategy to consolidate high-potential coal assets and improve operational efficiency through targeted investment and restructuring.

Accordingly, the Directors believe that the Proposed Consolidation is in the interests of the Company and its shareholders as a whole, supporting the Company's long-term growth objectives while delivering positive socio-economic impact in the region.

The Directors consider that the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement is in the Group's ordinary and usual course of business and are fair and reasonable and in the interests of the Company and the Shareholders as a whole and, if a general meeting were to be convened, would recommend the Shareholders to vote in favour of the relevant resolutions.

VIII. LISTING RULES IMPLICATIONS

Pursuant to the Capital Increase Agreement, Jiutai Bangda agreed to acquire 51.00% equity interests in the Target Company by the transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company.

LETTER FROM THE BOARD

The transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company constitutes a deemed disposal of 49% of the interest in the Xiejiahegou Business as the Group's equity interest in the Xiejiahegou Business will be diluted from 100% to 51% immediately upon the Capital Contribution Completion.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Deemed Disposal and the Proposed Capital Increase exceed 25% but are less than 100%, as such, the Deemed Disposal and the Proposed Capital Increase constitute a major transaction for the Company and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Completion of the Capital Increase (本次增資完成) will take place upon satisfaction or, where applicable, waiver of the Completion Conditions Precedent and upon Registration Completion in accordance with the Capital Increase Agreement.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, neither the Original Shareholders nor any of their associates hold any Shares. As no Shareholder is required to abstain from voting on the Proposed Capital Increase, there is no Shareholder who is required to abstain from voting and who controls, or is entitled to exercise control over, the voting rights in respect of any Shares and, accordingly, there are no voting trusts, other agreements or arrangements, obligations or entitlements, or discrepancies in voting rights falling within Rule 2.17 of the Listing Rules. Accordingly, no Shareholder would be required to abstain from voting at the Company's general meeting for the approval of the Proposed Capital Increase and written shareholders' approval will be accepted in lieu of convening a general meeting on the condition that the accountants' report of the Target Business contains no qualified opinion by the reporting accountants pursuant to Rules 14.44 and 14.86 of the Listing Rules. Otherwise, the Company will convene a general meeting for the Shareholders to consider and, if thought fit, to pass the resolutions to approve the Proposed Capital Increase.

The Company has obtained written Shareholder's approval from Spring Snow, holding 864,000,000 Shares, representing approximately 54.0% of the issued share capital of the Company, to approve the Proposed Capital Increase and the transactions contemplated thereunder.

For Shareholders' reference, the Directors are of the view that the entering into of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole, and would have recommended the Shareholders to vote in favour of such resolutions based on the reasons set out in this letter if the Company were to convene an extraordinary general meeting for the approval of the Proposed Capital Increase and voting was required.

LETTER FROM THE BOARD

IX. ADDITIONAL INFORMATION

The Directors, after seeking relevant legal advice from the PRC legal advisor, are of the view that the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement are not subject to the filing requirements under the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (境內企業境外發行證券和上市管理試行辦法) and related guidelines issued by the China Securities Regulatory Commission.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
By order of the Board
Perennial Energy Holdings Limited
Yu Bangping
Chairman and Executive Director

* *The English translation of the name is for reference only.*

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2024 and the six months ended 30 June 2025 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.perennialenergy.hk). Please refer to the hyperlinks as stated below:

- Annual report of the Company for the year ended 31 December 2022 published on 25 April 2023 (pages 102 to 208):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500429.pdf>

- Annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 104 to 200):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501392.pdf>

- Annual report of the Company for the year ended 31 December 2024 published on 23 April 2025 (pages 106 to 200):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042301985.pdf>

- Interim report of the Company for the six months ended 30 June 2025 published on 11 September 2025 (pages 27 to 49):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0911/2025091100358.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of the business on 31 January 2026, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding indebtedness of RMB1,321,039,000 consisting of:

- (i) unsecured and unguaranteed bank and other borrowings of RMB269,375,000;
- (ii) secured and unguaranteed bank and other borrowings of RMB225,100,000, secured by the bills receivables of the Enlarged Group;
- (iii) unsecured and guaranteed bank and other borrowings of RMB20,000,000, guaranteed by related parties of the Enlarged Group; and
- (iv) secured and guaranteed bank borrowings of RMB806,564,000, secured by bank deposits and certain mining rights and guaranteed by related parties of the Enlarged Group.

Save as disclosed above, and apart from intra-group liabilities, at the close of business on 31 January 2026, the Enlarged Group did not have any other outstanding debts securities, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Taking into account the present internal resources and the available credit facilities of the Enlarged Group, and considering the effect of the Proposed Capital Increase and the Proposed Consolidation, the Directors, after due and careful enquiry, are of the opinion that the Enlarged Group will have available sufficient working capital for the Enlarged Group's present requirements, that is for at least 12 months from the date of this circular.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

Reference is made to the profit warning announcement of the Company dated 4 August 2025 (the "**Profit Warning Announcement**") in relation to the Group's unaudited results for the six months ended 30 June 2025 (the "**Period**"). The Profit Warning Announcement disclosed an expected decline in net profit after tax of the Group for the Period, mainly due to the significant decline in clean coal market prices, geological complexities encountered at the underground work face of Hongguo Coal Mine and Baogushan Coal Mine which triggered operational delays, reduced coal mine and increase in compliance-related costs driven by surging safety management costs, land compensation for expansion and the development of compliant waste landfill sites during the Period.

The Board has carefully considered the matters disclosed in the Profit Warning Announcement. The Board is of the view that, since 31 December 2024, save for the continuing volatility in clean coal market prices, the other factors as disclosed in the Profit Warning Announcement were primarily short-term or transitional in nature and have not resulted in any ongoing material adverse impact on the Group's financial position or trading position as at the Latest Practicable Date. While fluctuations in clean coal market prices continue to influence the Group's performance, the Board believes that the Group's business fundamentals remain solid, supported by its established operational capabilities, resource base and cost control measures.

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up).

5. EFFECTS OF THE PROPOSED CAPITAL INCREASE AND PROPOSED CONSOLIDATION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Upon Completion of the Capital Increase, the coal resources of both Xiejiahegou Coal Mine (which is indirectly-wholly owned by the Company) and Youyi Coal Mine (which is wholly owned by the Target Company) will be consolidated. The consolidated mine will then operate under the name of Xiejiahegou Coal Mine and Youyi Coal Mine will cease to exist.

The following sets out, for illustrative purpose only, the key financials of the Group and the pro forma financial information of the Enlarged Group upon Completion of the Capital Increase as if the Proposed Capital Increase had been completed as at 30 June 2025 for pro forma consolidated statement of financial position. The pro forma financial information of the Enlarged Group has been prepared based on the judgements and assumptions of the Directors for illustrative purposes only. It may not reflect the true financial position of the Enlarged Group as at 30 June 2025 or any future date due to its hypothetical nature. Please refer to Appendix IV to this circular for the “Unaudited Pro Forma Financial Information of the Enlarged Group” and the basis of preparation thereon.

(a) Earnings

As shown in Appendix II to this circular, the Target Group did not generate any revenue for the year ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025, respectively, while the loss and total comprehensive expense attributable to the Target Company were approximately RMB10.1 million, RMB9.4 million, RMB10.5 million and RMB7.4 million for the year ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025, respectively. As such, it is expected that, after Completion of the Capital Increase, the Target Company would contribute to the revenue and the results of the Enlarged Group.

(b) Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as shown in Appendix IV to this circular, assuming Completion of the Capital Increase had taken place on 30 June 2025, the consolidated total assets and total liabilities of the Enlarged Group shall be increased from approximately RMB4,778.4 million to approximately RMB6,671.6 million and from approximately RMB1,619.5 million to approximately RMB2,064.5 million, respectively.

6. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is principally engaged in the exploration and mining of coking coal as well as coal refinery operations in the PRC, while the Target Company is primarily engaged in coal production and mining. The Target Company currently holds and wholly owns two inactive coal mines, namely the Youyi Coal Project and the Jieji Coal Project, both of which are predominantly coking coal assets but have no ongoing operations.

China's steel industry remains the primary driver of coking coal demand, accounting for the majority of domestic consumption. Under the government's 2025–2026 Steel Industry Growth Plan, the sector is expected to achieve 4% annual value-added growth, with a strategic shift from scale expansion to quality improvement and efficiency. The plan emphasizes ultra-low emissions upgrades, capacity discipline, and the adoption of electric arc furnaces (EAF) and hydrogen metallurgy, which will gradually reshape the demand profile for coking coal. More than 80% of steel capacity is anticipated to complete ultra-low emissions upgrades by the end of 2025, while the industry's inclusion in the national carbon emissions trading scheme will further incentivize investment in green transition technologies.

Against this policy backdrop, the proposed injection of resources and assets from the Xiejiahegou Coal Mine is intended to activate and consolidate the Target Company's inactive assets under a unified operational platform. In accordance with the Consolidation Plan, the integration will be carried out with Youyi Coal Mine as the principal operating entity. The mining rights of Xiejiahegou Coal Mine will be cancelled, and its resources merged into Youyi Coal Mine. The mining rights, assets and properties will be transferred to Youyi Coal Mine as capital contribution. Upon completion of the consolidation, operations will be conducted under the name of Youyi Coal Mine, and the Company intends to apply for an expansion of annual production capacity to approximately 1.2 million tonnes.

The geographic proximity of Xiejiahegou Coal Mine and Youyi Coal Mine provides a natural basis for integration into a single operational unit. Such adjacency supports shared infrastructure, streamlined logistics and coordinated development planning, thereby enhancing operational efficiency. The elimination of redundant functions, optimization of production capacity and improvement of transportation networks are expected to reduce costs and improve margins. At the same time, the consolidation ensures compliance with national and local environmental standards, ultra-low emission policies and just transition frameworks, thereby mitigating regulatory and social risks.

The Enlarged Group will benefit from access to high-quality coal reserves, expanded production capacity and an integrated supply chain, strengthening its competitive positioning in the domestic market. From a financial perspective, the realization of cost synergies, improved capital efficiency and diversified revenue streams are expected to enhance profitability and resilience through market cycles. Furthermore, investment in technology, environmental upgrades and workforce support will position the Enlarged Group for long-term adaptation to China's energy transition and carbon neutrality goals.

While market risks remain, particularly demand contraction, price volatility and regulatory uncertainty, the Enlarged Group is expected to be well-positioned to capture opportunities through operational synergies, policy incentives and strategic integration. The Consolidation is consistent with prevailing industry trends and ongoing sector reforms, and provides a solid foundation for the Enlarged Group to achieve sustainable growth and create long-term value in China's coking coal industry.

The following is the text of the accountants' report set out on pages II-1 to II-33 received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Target Company, for the purpose of incorporation in this circular



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUIZHOU HUANENG JIAYUAN CO., LTD AND ITS SUBSIDIARY TO THE DIRECTORS OF PERENNIAL ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Guizhou Huaneng Jiayuan Coal Co., Ltd* (貴州華能佳源煤業有限公司) (the "Target Company") and its subsidiary (together, the "Target Group") as set out on pages II-4 to II-33, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 November 2025, the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 30 November 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2024 and the eleven months ended 30 November 2025 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-33 forms an integral part of this report, which has been prepared for inclusion in the circular of Perennial Energy Holdings Limited (the "Company") dated 12 March 2026 (the "Circular") in connection with the Proposed Capital Increase in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target 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 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

* *The English translation of the name is for reference only.*

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 (the "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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 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 of the Target Company, 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 Target Group's and the Target Company's financial position as at 31 December 2022, 2023 and 2024 and 30 November 2025 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eleven months ended 30 November 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Group are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410

“Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. 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 Hong Kong 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 Stub Period 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 3 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 II-4 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 March 2026

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("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 AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Eleven months ended 30 November	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Administrative expenses		(1,923)	(934)	(1,941)	(1,759)	(338)
Share of results of an associate		(923)	(350)	(1,361)	(1,345)	(454)
Finance costs on other borrowings		(7,196)	(7,196)	(7,196)	(6,584)	(6,584)
Other gains and losses	6	(52)	(951)	(21)	(21)	–
Loss and total comprehensive expense for the year/period	8	(10,094)	(9,431)	(10,519)	(9,709)	(7,376)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At
		2022	2023	2024	30 November
	Notes	RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Investment in an associate	11	7,415	7,065	5,704	5,250
Property and equipment	12	1,225	244	216	190
Mining rights	13	186,703	186,703	186,703	186,703
		<u>195,343</u>	<u>194,012</u>	<u>192,623</u>	<u>192,143</u>
Current assets					
Other receivables	14	470	536	655	739
Amounts due from shareholders	15	43,799	23,819	122,541	122,145
Cash and cash equivalents	16	102	6	1	1
		<u>44,371</u>	<u>24,361</u>	<u>123,197</u>	<u>122,885</u>
Current liabilities					
Other payables	17	231,840	101,102	77,124	77,124
Amount due to a shareholder	15	–	111,632	–	–
Amount due to an associate	15	7,100	7,100	7,100	7,100
Other borrowings	18	97,262	104,458	152,654	159,238
		<u>336,202</u>	<u>324,292</u>	<u>236,878</u>	<u>243,462</u>
Net current liabilities		<u>(291,831)</u>	<u>(299,931)</u>	<u>(113,681)</u>	<u>(120,577)</u>
Total assets less current liabilities		<u>(96,488)</u>	<u>(105,919)</u>	<u>78,942</u>	<u>71,566</u>
Non-current liability					
Other borrowings	18	–	–	195,380	195,380
Net liabilities		<u>(96,488)</u>	<u>(105,919)</u>	<u>(116,438)</u>	<u>(123,814)</u>
Capital and reserves					
Paid-in capital	19	110,000	110,000	110,000	110,000
Reserves		<u>(206,488)</u>	<u>(215,919)</u>	<u>(226,438)</u>	<u>(233,814)</u>
Equity attributable to owners of the Target Company		<u>(96,978)</u>	<u>(106,409)</u>	<u>(116,928)</u>	<u>(124,304)</u>
Non-controlling interests		<u>490</u>	<u>490</u>	<u>490</u>	<u>490</u>
Total equity		<u>(96,488)</u>	<u>(105,919)</u>	<u>(116,438)</u>	<u>(123,814)</u>

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	At 31 December			At
		2022	2023	2024	30 November
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Investment in a subsidiary	24	48,590	48,590	48,590	48,590
Investment in an associate	11	7,415	7,065	5,704	5,250
Property and equipment	12	1,225	244	216	190
Mining rights	13	186,703	186,703	186,703	186,703
		<u>243,933</u>	<u>242,602</u>	<u>241,213</u>	<u>240,733</u>
Current assets					
Other receivables	14	470	536	655	739
Amounts due from shareholders	15	43,799	23,819	122,541	122,145
Cash and cash equivalents	16	102	6	1	1
		<u>44,371</u>	<u>24,361</u>	<u>123,197</u>	<u>122,885</u>
Current liabilities					
Other payables	17	231,840	101,102	77,124	77,124
Amount due to a subsidiary	15	49,500	49,500	49,500	49,500
Amount due to a shareholder	15	–	111,632	–	–
Amount due to an associate	15	7,100	7,100	7,100	7,100
Other borrowings	18	97,262	104,458	152,654	159,238
		<u>385,702</u>	<u>373,792</u>	<u>286,378</u>	<u>292,962</u>
Net current liabilities		<u>(341,331)</u>	<u>(349,431)</u>	<u>(163,181)</u>	<u>(170,077)</u>
Total assets less current liabilities		<u>(97,398)</u>	<u>(106,829)</u>	<u>78,032</u>	<u>70,656</u>
Non-current liability					
Other borrowings	18	–	–	195,380	195,380
Net liabilities		<u>(97,398)</u>	<u>(106,829)</u>	<u>(117,348)</u>	<u>(124,724)</u>

		At 31 December			At
		2022	2023	2024	30 November
	Notes	RMB'000	RMB'000	RMB'000	2025
					RMB'000
Capital and reserves					
Paid-in capital	19	110,000	110,000	110,000	110,000
Reserves	25	<u>(207,398)</u>	<u>(216,829)</u>	<u>(227,348)</u>	<u>(234,724)</u>
Total equity		<u><u>(97,398)</u></u>	<u><u>(106,829)</u></u>	<u><u>(117,348)</u></u>	<u><u>(124,724)</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company				Non-controlling interests	Total
	Paid-in capital	Capital reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	110,000	8	(196,892)	(86,884)	490	(86,394)
Loss and total comprehensive expense for the year	–	–	(10,094)	(10,094)	–	(10,094)
At 31 December 2022	110,000	8	(206,986)	(96,978)	490	(96,488)
Loss and total comprehensive expense for the year	–	–	(9,431)	(9,431)	–	(9,431)
At 31 December 2023	110,000	8	(216,417)	(106,409)	490	(105,919)
Loss and total comprehensive expense for the year	–	–	(10,519)	(10,519)	–	(10,519)
At 31 December 2024	110,000	8	(226,936)	(116,928)	490	(116,438)
Loss and total comprehensive expense for the period	–	–	(7,376)	(7,376)	–	(7,376)
As at 30 November 2025	<u>110,000</u>	<u>8</u>	<u>(234,312)</u>	<u>(124,304)</u>	<u>490</u>	<u>(123,814)</u>
As at 1 January 2024	110,000	8	(216,417)	(106,409)	490	(105,919)
Loss and total comprehensive expense for the period (unaudited)	–	–	(9,709)	(9,709)	–	(9,709)
As at 30 November 2024 (unaudited)	<u>110,000</u>	<u>8</u>	<u>(226,126)</u>	<u>(116,118)</u>	<u>490</u>	<u>(115,628)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Eleven months ended 30 November	
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2024 <i>RMB'000</i> (unaudited)	2025 <i>RMB'000</i>
OPERATING ACTIVITIES					
Loss for the year/period	(10,094)	(9,431)	(10,519)	(9,709)	(7,376)
Adjustments for:					
Depreciation of property and equipment	132	65	28	26	26
Loss on disposals of property and equipment	5	916	–	–	–
Share of results of an associate	923	350	1,361	1,345	454
Finance costs on other borrowings	7,196	7,196	7,196	6,584	6,584
Operating cash flows before movements in working capital	(1,838)	(904)	(1,934)	(1,754)	(312)
Increase in other receivables	(406)	(66)	(119)	(219)	(84)
(Decrease) increase in other payables	(8,715)	4,149	(4,178)	(4,159)	–
Net cash (used in) generated from operations	(10,959)	3,179	(6,231)	(6,132)	(396)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(10,959)	3,179	(6,231)	(6,132)	(396)
INVESTING ACTIVITIES					
Repayment from shareholders	11,004	19,980	–	–	396
Advance to shareholders	–	–	(57,722)	(16,821)	–
Settlements of payables for acquisition of mining rights	–	(134,887)	(19,800)	(19,800)	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	11,004	(114,907)	(77,522)	(36,621)	396

	Year ended 31 December			Eleven months ended 30 November	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
FINANCING ACTIVITIES					
Advance from a shareholder	–	111,632	–	–	–
Repayment to a shareholder	–	–	(111,632)	(111,632)	–
Other borrowings raised	–	–	195,380	154,380	–
	<u>–</u>	<u>–</u>	<u>83,748</u>	<u>42,748</u>	<u>–</u>
NET CASH FROM FINANCING ACTIVITIES	<u>–</u>	<u>111,632</u>	<u>83,748</u>	<u>42,748</u>	<u>–</u>
Net increase (decrease) in cash and cash equivalents	45	(96)	(5)	(5)	–
Cash and cash equivalents at the beginning of the year/period	<u>57</u>	<u>102</u>	<u>6</u>	<u>6</u>	<u>1</u>
Cash and cash equivalents at the end of the year/period	<u><u>102</u></u>	<u><u>6</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Target Company is a private company established in the People's Republic of China (the "PRC") on 4 August 2008. The shareholders of the Target Company are HengDing Coal Company Limited, Guizhou Tianjian Energy Investment Company Limited and Guizhou Zhonghang Investment Company Limited who hold equity interests of 42.1%, 29.9% and 28%, respectively. The address of registered office and principal place of business of the Target Company is Room 2, 3rd Floor, Unit 3, Building B, Guoqiang Mansion, Fengming Road, Yizi Street, Panzhou City, Liupanshui, Guizhou Province, the PRC.

The Target Company is principally engaged in the business of exploration, development and mining of coking coal through its two coking coal projects located in Guizhou Province, the PRC, including Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Youyi Coal Mine* (貴州華能佳源煤業有限公司盤縣有益煤礦) ("Youyi Coal Mine") and Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Yingwu Village Jieji Coal Mine* (貴州華能佳源煤業有限公司盤縣英武鄉捷吉煤礦) ("Jieji Coal Mine"), both of which are currently idle and remain undeveloped, with no mining operations commenced as of the date of this report.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company.

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2025 throughout the Relevant Periods.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Target Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature- dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Target Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

* The English translation of the name is for reference only.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1 “Presentation of Financial Statements”, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Target Group is in the process of assessing the detailed impact of HKFRS 18 on the Target Group’s Historical Financial Information.

3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users.

No statutory financial statements of the Target Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

As at 30 November 2025, the Target Group had net current liabilities of RMB120,577,000, net liabilities of RMB123,814,000 and accumulated losses of RMB234,312,000. In view of this, the directors of the Target Company has performed a cash flow projection for the next twelve months. After taking into account of the facts or views that the financial support will be provided by Perennial Energy Holdings Limited, the directors of the Target Company believe that the Target Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of this report. Accordingly, the directors of the Target Company consider that it is appropriate that the consolidated financial statements is prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and entities controlled by the Target Company and its subsidiary. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target 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 listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Target Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Company at cost less any identified impairment loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in a subsidiary and an associate, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Investment in an associate

An associate is an entity over which the Target Group 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes. Property and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining rights

Mining rights are carried at cost less subsequent accumulated amortisation and subsequent accumulated impairment loss. Mining right includes the cost of acquiring mining licenses. Amortisation for mining right is provided using the units of production method based on the actual production volume over the total proven and probable reserves of the coal mine concerned.

A mining right is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of a mining right, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property and equipment and mining rights

At the end of the reporting period, the Target Group reviews the carrying amounts of its property and equipment and mining rights to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment (if any). Mining rights not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment and mining rights are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Target Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of a group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or a group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or a group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include cash on hand and demand deposits.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding

the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Target Group perform impairment assessment under expected credit loss (“ECL”) model on financial assets (including other receivables, amounts due from shareholders and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the

debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target 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. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default (i.e. no default history), (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities (including other payables, amount due to a shareholder, amount due to a subsidiary and amount due to an associate) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 3, the directors of the Target Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for amounts due from shareholders

Amounts due from shareholders with significant balances and credit-impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. Volatility or disruptions in financial markets and economic environment of the PRC could led to increased credit default rates.

The information about the ECL and the Target Group's amounts due from shareholders are disclosed in Notes 15 and 22.

Estimated impairment of mining rights

Determining whether mining rights is impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which mining rights has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Target Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2022, 2023, 2024 and 30 November 2025, the carrying amount of the mining rights was RMB186,703,000. Given that the recoverable amount derived from the net present value of future cash flows is higher than the carrying value, no impairment losses were recognised in respect of the mining rights during the Relevant Periods.

5. SEGMENT INFORMATION

For the purpose of resource allocation and assessment of performance, the directors of the Target Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Target Group as a whole. Accordingly, the Target Group has only one single operating and reportable segment and no further analysis of the single segment is presented.

The Target Group's operations and non-current assets are located in the PRC.

6. OTHER GAINS AND LOSSES

	Year ended 31 December			Eleven months ended 30 November	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss on disposals of property and equipment	(5)	(916)	–	–	–
Others	(47)	(35)	(21)	(21)	–
	<u>(52)</u>	<u>(951)</u>	<u>(21)</u>	<u>(21)</u>	<u>–</u>

7. TAXATION

No provision for Enterprise Income Tax (the “EIT”) during the Relevant Periods as the Target Group has no accessible profit.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory EIT rate of the Target Company and its subsidiary are 25%.

The taxation charge for the Relevant Periods can be reconciled to the loss for the year/period per the consolidated statements of profit or loss and other comprehensive expense as follows:

	Year ended 31 December			Eleven months ended 30 November	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the year/period	(10,094)	(9,431)	(10,519)	(9,709)	(7,376)
Tax at the domestic income tax rate of 25%	(2,524)	(2,358)	(2,630)	(2,427)	(1,844)
Tax effect of tax losses not recognised	2,524	2,358	2,630	2,427	1,844
Taxation of the year/period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

At the end of the Relevant Periods, the Target Group has unused tax losses of approximately nil, RMB4,178,000, RMB4,796,000 and RMB12,172,000 as at 31 December 2022, 2023 and 2024 and 30 November 2025, respectively, available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be brought forward no more than 5 years.

There were no other significant timing differences arising during the Relevant Periods or at the end of each reporting periods.

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD

Loss for the year/period has been arrived at after charging:

	Year ended 31 December			Eleven months ended 30 November	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Auditors' remuneration	-	-	-	-	-
Directors' emoluments	-	-	-	-	-
Staff costs					
– Salaries and other benefits	24	33	27	27	38
Depreciation of property and equipment	132	65	28	26	26
	<u>132</u>	<u>65</u>	<u>28</u>	<u>26</u>	<u>26</u>

9. LOSS PER SHARE

No loss per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

10. DIVIDEND

No dividend was proposed or paid by the Target Company in respect of the Relevant Periods.

11. INVESTMENT IN AN ASSOCIATE**The Target Group and the Target Company**

	As at 31 December			As at 30 November
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in an associate under equity method	7,415	7,065	5,704	5,250
	<u>7,415</u>	<u>7,065</u>	<u>5,704</u>	<u>5,250</u>

Details of the Target Group's and Target Company's associate at the end of each reporting periods are as follows:

Name of entity	Place of establishment	Shareholding/equity interest attributable to the Target Company as at				Principal activity
		31 December 2022	31 December 2023	31 December 2024	30 November 2025	
Liupanshui Huaneng Coal Gasification Co., Ltd* (六盤水華能製 氣煤業有限公 司)	The PRC	45%	45%	45%	45%	Leasing of coal related machinery and equipment

Pursuant to equity transfer agreement signed on 4 January 2026, the Target Company agreed to sell entire equity interests in an associate at consideration of RMB5,250,000.

* *The English translation of the name is for reference only.*

12. PROPERTY AND EQUIPMENT

The Target Group and the Target Company

	Owned properties <i>RMB'000</i>	Machinery <i>RMB'000</i>	Office and electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
At 1 January 2022	1,450	1,527	336	3,230	6,543
Disposals	—	(81)	—	—	(81)
At 31 December 2022	1,450	1,446	336	3,230	6,462
Disposals	(857)	(1,446)	(336)	(3,230)	(5,869)
At 31 December 2023 and 2024 and 30 November 2025	593	—	—	—	593
ACCUMULATED DEPRECIATION					
At 1 January 2022	392	1,450	266	3,073	5,181
Provided for the year	65	48	1	18	132
Eliminated on disposals	—	(76)	—	—	(76)
At 31 December 2022	457	1,422	267	3,091	5,237
Provided for the year	60	4	1	—	65
Eliminated on disposals	(168)	(1,426)	(268)	(3,091)	(4,953)
At 31 December 2023	349	—	—	—	349
Provided for the year	28	—	—	—	28
At 31 December 2024	377	—	—	—	377
Provided for the period	26	—	—	—	26
At 30 November 2025	403	—	—	—	403
CARRYING VALUES					
At 31 December 2022	993	24	69	139	1,225
At 31 December 2023	244	—	—	—	244
At 31 December 2024	216	—	—	—	216
At 30 November 2025	190	—	—	—	190

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives and after taking into account of their estimated residual values, using straight-line method, at the following years:

Owned properties	Shorter of lease term or 20 years
Machinery	2 to 10 years
Office and electronic equipment	3 to 10 years
Motor vehicles	2 to 5 years

13. MINING RIGHTS

The Target Group and the Target Company

The mining rights are not yet available for use and hence no amortisation has been recognised during the Relevant Periods.

14. OTHER RECEIVABLES

The Target Group and the Target Company

	As at 31 December			As at
	2022	2023	2024	30 November
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Value-added tax recoverable	470	536	579	580
Others	–	–	76	159
	<u>470</u>	<u>536</u>	<u>655</u>	<u>739</u>

15. AMOUNTS DUE FROM/TO SHAREHOLDERS/TO AN ASSOCIATE/TO A SUBSIDIARY

The Target Group and the Target Company

(a) Amounts due from shareholders

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

Details of credit risk of amounts due from shareholders are set out in Note 22.

(b) Amount due to a shareholder

The amount is non-trade nature, unsecured, interest-free and repayable on demand.

(c) Amounts due to an associate and a subsidiary

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

16. CASH AND CASH EQUIVALENTS

The Target Group and the Target Company

Cash at banks earns interest at floating rates based on daily bank deposit rates.

17. OTHER PAYABLES

The Target Group and the Target Company

	As at 31 December			As at
	2022	2023	2024	30 November
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Payables for acquisition of mining rights	154,687	19,800	–	–
Staff cost payables	2,176	2,176	–	–
Provision for late payment surcharge (Note)	72,418	72,418	72,418	72,418
Others	2,559	6,708	4,706	4,706
	<u>231,840</u>	<u>101,102</u>	<u>77,124</u>	<u>77,124</u>

Note: The amount represented provision for late payment surcharges relating to acquisition of mining right in prior years, of which RMB36,504,000 and RMB35,914,000 related to the Jieji Coal Mine and Youyi Coal Mine, respectively.

18. OTHER BORROWINGS

The Target Group and the Target Company

	As at 31 December			As at
	2022	2023	2024	30 November
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Unsecured and unguaranteed:				
– fixed rate at 8% per annum (Note a)	97,262	104,458	111,654	118,238
– interest-free (Note b)	–	–	236,380	236,380
Total	<u>97,262</u>	<u>104,458</u>	<u>348,034</u>	<u>354,618</u>
The carrying amounts of the above borrowings are repayable:				
On demand or within one year	97,262	104,458	152,654	159,238
Within a period more than one year but not exceeding two years	–	–	–	195,380
Within a period more than two years but not exceeding five years	–	–	195,380	–
Less: Amounts due within one year shown under current liabilities	<u>(97,262)</u>	<u>(104,458)</u>	<u>(152,654)</u>	<u>(159,238)</u>
Amounts shown under non-current liability	<u>–</u>	<u>–</u>	<u>195,380</u>	<u>195,380</u>

Notes:

- (a) Subsequent to 30 November 2025, the Target Group and the lender entered into a supplementary agreement and mutually agreed that the amount will be repayable by five installments within the period from 30 December 2025 to 20 June 2029.
- (b) The amounts include:
 - (i) an amount of RMB41,000,000 due to an independent third party, which was borrowed by the Target Group at the shareholder's request, with the relevant proceeds remitted directly to the shareholder and included in amounts due from shareholders. Subsequent to 30 November 2025, the amount has been fully repaid to an independent third party.
 - (ii) an amount of RMB195,380,000 originally representing consideration received from an independent third party (the "Purchaser"), a potential purchaser of a mining right owned by the Target Group. This transaction had not been approved by the relevant government authority, and pursuant to relevant loan agreements signed between the Target Group and the Purchaser in June and July 2024, this amount was reclassified as other borrowings with repayment period of within more than two years but not exceeding five years.

Subsequent to 30 November 2025, the Target Group and the Purchaser entered into a supplementary agreement and mutually agreed that the amount will be repayable by seven installments within the period from 20 December 2027 to 20 December 2030.

19. PAID-IN CAPITAL

The amount represents the fully paid-in capital of the Target Company.

20. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

The table below details changes in Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's statements of cash flows as cash flows from financing activities.

	Amount due to a shareholder <i>RMB'000</i>	Other Borrowings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	–	90,066	90,066
Finance costs recognised	–	7,196	7,196
At 31 December 2022	–	97,262	97,262
Financing cash flows	111,632	–	111,632
Finance costs recognised	–	7,196	7,196
At 31 December 2023	111,632	104,458	216,090
Financing cash flows	(111,632)	195,380	124,748
Other non-cash transaction (as disclosed in note 18)	–	41,000	41,000
Finance costs recognised	–	7,196	7,196
At 31 December 2024	–	348,034	348,034
Finance costs recognised	–	6,584	6,584
At 30 November 2025	–	354,618	354,618
At 1 January 2024	111,632	104,458	216,090
Financing cash flows (unaudited)	(111,632)	154,380	83,748
Other non-cash transaction (as disclosed in note 18) (unaudited)	–	41,000	41,000
Finance costs recognised (unaudited)	–	6,584	6,584
At 30 November 2024 (unaudited)	–	306,422	306,422

21. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of net debt, which includes other payables, amount due to a shareholder, amount due to an associate and other borrowings, as disclosed in respective notes, net of cash and cash equivalents and equity attributable to owners of the Target Group, comprising capital and other reserves.

The directors of the Target Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risk associated with the capital, and will take appropriate actions to balance its overall capital structure.

22. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 November
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial assets at amortised cost	43,901	23,825	122,542	122,146
Financial liabilities at amortised cost	259,049	242,990	355,134	361,718

The Target Company

	As at 31 December			As at
	2022	2023	2024	30 November
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial assets at amortised cost	43,901	23,825	122,542	122,146
Financial liabilities at amortised cost	308,549	292,490	404,634	411,218

b. Financial risk management objectives and policies

The Target Group's and Target Company's major financial instruments include amounts due from shareholders, amount due to a subsidiary, other payables, other borrowings, amount due to an associate and amount due to a shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk**Interest rate risk*

The Target Group's and Target Company's fair value interest rate risk relates primarily to its fixed rate other borrowings. The Target Group and Target Company currently does not have policy on cash flow hedges of interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Credit risk

The Target Group's and Target Company's credit risk is primarily attributable to amounts due from shareholders and bank balances as at 31 December 2022, 2023, 2024 and 30 November 2025. The carrying amounts of financial assets at amortised cost stated in consolidated and Company's financial statements represented the Target Group's and Target Company's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Target Group and Target Company due to failure to discharge an obligation by the counterparties.

Amounts due from shareholders

The director of the Target Company reviews the impairment assessment of amounts due from shareholders as at 31 December 2022, 2023, 2024 and 30 November 2025 to ensure that adequate impairment losses under ECL model are made. The directors of the Target Company consider the credit risks are limited with reference to historical default record and forward-looking information. No loss allowance is recognised during the Relevant Periods as the amount is considered as insignificant.

Other than concentration of credit risk on amounts due from shareholders, the Target Group and Target Company has no significant concentration of credit risk.

Liquidity risk

In managing the liquidity risk, the Target Group and Target Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Target Group's and Target Company's operations and mitigate the effects of unexpected fluctuations in cash flows through financial support from Perennial Energy Holdings Limited.

The directors of the Target Company have performed an assessment of the Target Group and Target Company future liquidity and cash flows, taking into account the financial support from Perennial Energy Holdings Limited, the directors of the Target Company consider that the Target Group and Target Company will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the Historical Financial Information.

The following table details the remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group and Target Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The Target Group

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2022						
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other payables	N/A	154,687	-	-	154,687	154,687
Other borrowings	8%	97,262	-	-	97,262	97,262
		<u>259,049</u>	<u>-</u>	<u>-</u>	<u>259,049</u>	<u>259,049</u>
31 December 2023						
Amount due to a shareholder	N/A	111,632	-	-	111,632	111,632
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other payables	N/A	19,800	-	-	19,800	19,800
Other borrowings	8%	104,458	-	-	104,458	104,458
		<u>242,990</u>	<u>-</u>	<u>-</u>	<u>242,990</u>	<u>242,990</u>
31 December 2024						
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other borrowings	0% to 8%	152,654	-	195,380	348,034	348,034
		<u>159,754</u>	<u>-</u>	<u>195,380</u>	<u>355,134</u>	<u>355,134</u>
30 November 2025						
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other borrowings	0% to 8%	159,238	195,380	-	354,618	354,618
		<u>166,338</u>	<u>195,380</u>	<u>-</u>	<u>361,718</u>	<u>361,718</u>

The Target Company

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2022						
Amount due to a subsidiary	N/A	49,500	-	-	49,500	49,500
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other payables	N/A	154,687	-	-	154,687	154,687
Other borrowings	8%	97,262	-	-	97,262	97,262
		<u>308,549</u>	<u>-</u>	<u>-</u>	<u>308,549</u>	<u>308,549</u>
31 December 2023						
Amount due to a subsidiary	N/A	49,500	-	-	49,500	49,500
Amount due to a shareholder	N/A	111,632	-	-	111,632	111,632
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other payables	N/A	19,800	-	-	19,800	19,800
Other borrowings	8%	104,458	-	-	104,458	104,458
		<u>292,490</u>	<u>-</u>	<u>-</u>	<u>292,490</u>	<u>292,490</u>
31 December 2024						
Amount due to a subsidiary	N/A	49,500	-	-	49,500	49,500
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other borrowings	0% to 8%	152,654	-	195,380	348,034	348,034
		<u>290,254</u>	<u>-</u>	<u>195,380</u>	<u>404,634</u>	<u>404,634</u>
30 November 2025						
Amount due to a subsidiary	N/A	49,500	-	-	49,500	49,500
Amount due to an associate	N/A	7,100	-	-	7,100	7,100
Other borrowings	0% to 8%	159,238	195,380	-	354,618	354,618
		<u>215,838</u>	<u>195,380</u>	<u>-</u>	<u>411,218</u>	<u>411,218</u>

Fair value of financial instruments

The directors of the Target Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

23. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the Accountants' Report, the Target Group has no other material transactions with related parties during the Relevant Periods.

24. PARTICULARS OF A SUBSIDIARY

During the Relevant Periods and as at the date of this report, the Target Company has equity interests in the following subsidiary:

Name of a subsidiary	Place and the date of establishment	Registered capital RMB'000	Shareholding/equity interest attributable to the Target Company as at				The date of this report	Principal activities
			31 December 2022	31 December 2023	31 December 2024	30 November 2025		
Guizhou Jielida Mining Co., Ltd* (贵州捷利達礦業股份有限公司)	The PRC, 17 December 2009	50,000	99%	99%	99%	99%	99%	Inactive

* *The English translation of the name is for reference only.*

The subsidiary is limited liability company and has adopted 31 December as its financial year end date. No audited financial statements has been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirement.

25. RESERVES OF THE COMPANY**Movement in the Target Company's reserves**

	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2022	8	(197,312)	(197,304)
Loss and total comprehensive expense for the year	—	(10,094)	(10,094)
At 31 December 2022	8	(207,406)	(207,398)
Loss and total comprehensive expense for the year	—	(9,431)	(9,431)
At 31 December 2023	8	(216,837)	(216,829)
Loss and total comprehensive expense for the year	—	(10,519)	(10,519)
At 31 December 2024	8	(227,356)	(227,348)
Loss and total comprehensive expense for the period	—	(7,376)	(7,376)
As at 30 November 2025	8	(234,732)	(234,724)

26. EVENT AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the Accountants' Report, there were no material events taken place subsequent to 30 November 2025.

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, the Target Company or its subsidiary have been prepared in respect of any period subsequent to 30 November 2025.

The following is the management discussion and analysis of the Target Company for the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2025. The financial information below is prepared based on the financial information of the Target Company set out in the Accountant's Report in Appendix II to this circular.

BUSINESS REVIEW AND PROSPECTS

The Target Company is a private company established in the People's Republic of China (the "PRC") on 4 August 2008. Its principal business is the exploration, development and mining of coking coal in the PRC. The Target Company holds mining rights licences for the Youyi Coal Mine and the Jieji Coal Mine. Currently both mines are inactive, with no ongoing operations or development activities. Looking ahead, the Target Group will continue to monitor market conditions and regulatory developments in the PRC coal industry. Subject to improvements in demand for coking coal and the availability of suitable financing, the Target Group may consider resuming development activities at its existing mines or exploring potential strategic partnerships. In the meantime, management of the Target Group remains focused on preserving the value of its mining rights, maintaining compliance with relevant regulations, and evaluating opportunities that could enhance shareholder value over the longer term.

FINANCIAL REVIEW

(a) Administrative expenses

Administrative expenses primarily comprises staff costs and benefits of staff who are not directly involved in the coal mining operations, travelling and communication expenses, depreciation and office expenses.

For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2024 and 2025, the Target Group's administrative expenses was approximately RMB1.9 million, RMB0.9 million, RMB1.9 million, RMB1.8 million and RMB0.3 million, respectively. The initial decrease of administrative expenses in 2023 to the subsequent increase in 2024 was due to increase in litigation-related expenses and other tax expenses.

(b) Share of results of an associate

The amounts of share of results of an associate represent the Company's share of losses attributable to its associate, 六盤水華能製氣煤業有限公司 (Liupanshui Huaneng Gasification Coal Industry Co., Limited) ("**Huaneng Gasification**"). For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2024 and 2025, the share of results of an associate was approximately RMB0.9 million, RMB0.4 million, RMB1.4 million, RMB1.3 million and RMB0.5 million, respectively. The losses incurred by Huaneng Gasification reflect its current operating, as the associate remains in a loss-making position with limited scale of operations.

(c) Financial costs on other borrowings

The Target Group's finance costs comprised interest expenses on other borrowings. For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2024 and 2025, the financial costs was approximately RMB7.2 million, RMB7.2 million, RMB7.2 million, RMB6.6 million and RMB6.6 million, respectively. The amount is relative stable during the Relevant Periods.

(d) Other gains and losses

Other gains and losses primarily comprise settlement payments, penalties, and asset disposal gains/losses of the Target Group.

For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2024 and 2025, the Target Group recorded a loss of approximately RMB0.1 million, RMB1.0 million and RMB21,000, respectively. The significant increase in other gains and losses from 2022 to 2023 was primarily attributable to the loss incurred on the disposal of property and equipment during 2023. For the eleven months ended 30 November 2024 and 2025, the Target Group recorded a loss of approximately RMB21,000 and nil, respectively.

(e) Loss and total comprehensive expenses for the year/period

As a result of the foregoing, the Target Group recorded a net loss of approximately RMB10.1 million, RMB9.4 million, RMB10.5 million, RMB9.7 million and RMB7.4 million in 2022, 2023, 2024 and the eleven months ended 30 November 2024 and 2025, respectively.

(f) Capital structure, liquidity and financial resources

During the three years ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025, there was no material change in the capital structure of the Target Group. The Target Group mainly financed its operations by cash flow from its shareholders.

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group's net liabilities were approximately RMB96.5 million, RMB105.9 million, RMB116.4 million and RMB123.8 million, respectively. As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group's bank balances and cash were approximately RMB0.1 million, RMB6,000, RMB1,000 and RMB1,000, respectively. Changes in net assets, bank balances and cash were mainly due to acquisition of mining rights during the Relevant Periods.

(g) Other borrowings

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group recorded borrowings of RMB97.3 million, RMB104.5 million, RMB348.0 million and RMB354.6 million, respectively.

(h) Gearing ratio

The gearing ratio is normally calculated as the other borrowings divided by the total equity of the Target Group at the end of each reporting period. However, since the Target Group was in net liabilities position at the end of each reporting period, the calculation of gearing ratio is not applicable.

Upon completion, the Group intends to finance the Target Company's operations by cash generated from the Target Company operating activities and internal resources of the Group.

(i) Contingent liabilities

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group had no contingent liabilities.

(j) Financial risk management

For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months 30 November 2025, the Target Group was principally exposed to credit, liquidity and interest-rate risks arising in the ordinary course of business. For the same periods, as the Target Group's operations were primarily based in the PRC, its major assets (including cash and cash equivalents), liabilities and business transactions are mainly denominated in RMB. As such, the Target Group considers that it has no material exposure to foreign exchange fluctuations and has not adopted any hedging measures.

(k) Financing and financial policy

The Target Group adopts a prudent financial management policy. It closely monitors its working capital position to ensure that the composition of its assets, liabilities and other commitments meets funding requirements.

(l) Capital commitment

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group had no capital expenditure.

(m) Significant investments

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group did not hold any significant investments.

(n) Asset pledges

As at 31 December 2022, 2023 and 2024 and 30 November 2025, the Target Group had no asset pledges.

(o) Employees and remuneration policy

As at 31 December 2022, 2023 and 2024 and 30 November 2024 and 2025, the Target Group had 3, 4, 5, 5 and 5 employees, respectively. For the three years ended 31 December 2022, 2023 and 2024 and for the eleven months ended 30 November 2024 and 2025, the total remuneration paid to employees of the Target Group was approximately RMB24,000, RMB33,000, RMB27,000, RMB27,000 and RMB38,000, respectively. Employee remuneration is determined with reference to individual performance, experience and current market conditions.

(p) Future plans and prospects

As at the Latest Practicable Date, the Target Group had no plans to commence new businesses or to carry out any material investments or capital asset acquisitions.

(q) Acquisition or disposal of subsidiary

During the three years ended 31 December 2022, 2023 and 2024 and the eleven months ended 30 November 2025, the Target Group did not have any significant acquisition or disposal of any subsidiary or associated company.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

I. BASIS OF PREPARATION

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “Unaudited Pro Forma Financial Information”) which have been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Proposed Capital Increase in the Target Group on the Group’s consolidated statement of assets and liabilities as at 30 June 2025.

The Unaudited Pro Forma Financial Information is prepared based on information on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 which has been extracted from the published interim report of the Company for the six months ended 30 June 2025, and (ii) the audited consolidated statement of financial position of the Target Group as at 30 November 2025 which has been extracted from the accountants’ report set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the notes below based on a number of assumptions, estimates, uncertainties and currently available information. The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated statement of assets and liabilities of the Enlarged Group had the Proposed Capital Increase in the Target Company been completed on 30 June 2025, or at any future dates.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2025, the accountants’ report of the Targe Group as set out in Appendix II to this circular and the other financial information included elsewhere in the Circular.

For the purpose of the Unaudited Pro Forma Financial Information, assumptions and estimates underlying the unaudited pro forma adjustments set forth in the Unaudited Pro Forma Financial Information are described in the accompanying notes.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2025

The Unaudited Pro Forma Financial Information as at 30 June 2025 is presented in RMB and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

	The Group as at 30 June 2025 RMB'000 Note (a) (unaudited)	The Target Group as at 30 November 2025 RMB'000 Note (b) (audited)	Unaudited pro forma adjustments			Unaudited pro forma financial information of the Enlarged Group as at 30 June 2025 RMB'000 (unaudited)
			RMB'000 Note (c)	RMB'000 Note (d)	RMB'000 Note (e)	
ASSETS						
Non-current assets						
Property, plant and equipment	2,451,936	190	-	-	-	2,452,126
Investment properties	46,200	-	-	-	-	46,200
Mining rights	818,500	186,703	1,572,107	6,119	-	2,583,429
Restricted bank deposits	7,009	-	-	-	-	7,009
Deferred tax asset	59,203	-	-	-	-	59,203
Rental deposits	39	-	-	-	-	39
Deposits, prepayments and other receivables	4,814	-	-	-	-	4,814
Deposits for acquisition of property, plant and equipment	7,270	-	-	-	-	7,270
Deposit for acquisition of mining rights	-	-	-	-	-	-
Investment in an associate	494,836	5,250	-	-	-	500,086
Total non-current assets	3,889,807	192,143	1,572,107	6,119	-	5,660,176
Current assets						
Inventories	39,750	-	-	-	-	39,750
Trade and bills receivables	667,460	-	-	-	-	667,460
Deposits, prepayments and other receivables	26,900	739	-	-	-	27,639
Amounts due from shareholders	-	122,145	-	-	(122,145)	-
Amounts due from non-controlling interests	-	-	-	-	122,145	122,145
Restricted bank deposits	7,539	-	-	-	-	7,539
Bank balances and cash	146,934	1	-	-	-	146,935
Total current assets	888,583	122,885	-	-	-	1,011,468
Total assets	4,778,390	315,028	1,572,107	6,119	-	6,671,644

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	The Group as at 30 June 2025 <i>RMB'000</i> <i>Note (a)</i> (unaudited)	The Target Group as at 30 November 2025 <i>RMB'000</i> <i>Note (b)</i> (audited)	Unaudited pro forma adjustments			Unaudited pro forma financial information of the Enlarged Group as at 30 June 2025 <i>RMB'000</i> (unaudited)
			<i>RMB'000</i> <i>Note (c)</i>	<i>RMB'000</i> <i>Note (d)</i>	<i>RMB'000</i> <i>Note (e)</i>	
LIABILITIES						
Non-current liabilities						
Bank and other borrowings	210,000	195,380	-	-	-	405,380
Provision for restoration costs	64,557	-	-	-	-	64,557
Deferred tax liabilities	16,041	-	-	-	-	16,041
Total non-current liabilities	290,598	195,380	-	-	-	485,978
Current liabilities						
Trade payables	143,166	-	-	-	-	143,166
Other payables and accrued charges	238,207	77,124	-	6,119	-	321,450
Amounts due to an associate	-	7,100	-	-	-	7,100
Tax payables	10,057	-	-	-	-	10,057
Bank and other borrowings	937,503	159,238	-	-	-	1,096,741
Total current liabilities	1,328,933	243,462	-	6,119	-	1,578,514
Total liabilities	1,619,531	438,842	-	6,119	-	2,064,492
Net assets (liabilities)	3,158,859	(123,814)	1,572,107	-	-	4,607,152
EQUITY						
Share capital/paid-in capital	14,136	110,000	(110,000)	-	-	14,136
Reserves	3,144,723	(234,304)	320,899	-	-	3,231,318
Equity attributable to owners of the Company	3,158,859	(124,304)	210,899	-	-	3,245,454
Non-controlling interests	-	490	1,361,208	-	-	1,361,698
Total equity	3,158,859	(123,814)	1,572,107	-	-	4,607,152

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

- a. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Company for the six months ended 30 June 2025.
- b. The financial information of the Target Group as at 30 November 2025 is extracted from the Historical Financial Information as set out in Appendix II to this circular.
- c. The amounts represent (1) fair value adjustments related to mining rights of the Target Group; (2) elimination of paid-in capital and reserves of the Target Group; and (3) the adjustment to reserves and non-controlling interests arising from the acquisition of the 51% equity interests in the Target Company by way of the transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets to the Target Company without losing control, which is classified as an equity transaction. The directors of the Target Group have estimated the fair values of the identifiable assets, based on a draft valuation report prepared by an independent valuer, and have applied it as the fair value of the identifiable assets in preparing the Unaudited Pro Forma Financial Information of the Enlarged Group. Since the fair value of identifiable net assets at the completion date of the Proposed Capital Increase to the Target Company may substantially be different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets to be recognised in connection with the Proposed Capital Increase to the Target Company may be different from the amounts presented above.
- d. The adjustment represents the estimated transaction costs of RMB6,119,000 related to the Proposed Capital Increase to the Target Company.
- e. The adjustment represents the reclassification from amounts due from shareholders to amounts due from non-controlling interests.
- f. Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025 for the purpose of preparation of the Unaudited Pro Forma Financial Information.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Enlarged Group's pro forma financial information for the purpose of this circular.

Deloitte.

德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Perennial Energy Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro-forma financial information of Perennial Energy Holdings Limited (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 unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2025 and related notes as set out on pages IV-2 to IV-4 of the circular issued by the Company dated 12 March 2026 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of Proposed Capital Increased in the Target Company on the Group's consolidated statement of assets and liabilities as at 30 June 2025 as if the transaction had taken place at 30 June 2025. As part of this process, information about the Group's consolidated statement of assets and liabilities has been extracted by the Directors from the Group's consolidated financial statements for the period ended 30 June 2025, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 HKICPA, which is founded on fundamental

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 event or transaction at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited pro forma financial information provide a reasonable basis for

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited 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 event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 March 2026

COMPETENT PERSONS' REPORT
OF
THE XIEJIAHEGOU COAL MINE, YOUYI COAL
PROJECT AND JIEJI COAL PROJECT LOCATED IN
GUIZHOU PROVINCE, THE PEOPLE'S REPUBLIC
OF CHINA

PREPARED
FOR
PERENNIAL ENERGY HOLDINGS LIMITED

PREPARED BY



BAW Mineral Partners

March 2026

PROJECT NO: 079-KL-CPR-2510

March 2, 2026

Board of Directors

Perennial Energy Holdings Limited

Unit A1, 25th Floor

NCB Innovation Centre

888 Lai Chi Kok Road, Kowloon

Hong Kong

Dear Sirs,

BAW Mineral Partners Limited (“BAW”) herewith submits the Competent Persons’ Report (“CPR”) of the Xiejiahegou Coal Mine (“Xiejiehegou Coal Mine”), Youyi Coal Project (“Youyi Coal Project”) and Jieyi Coal Project (“Jieji Coal Project”) (collectively the “Mining Properties”), which are located in Guizhou Province, the People’s Republic of China (“PRC”), pursuant to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (“JORC Code (2012)”) and Chapter 18 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”).

BAW was engaged by Perennial Energy Holdings Limited (“Client” or “Company”) in October 2025 to prepare the CPR for the Mining Properties. Subsequent to BAW’s visit to the Mining Properties, BAW issued the CPR dated March 2026 which covered the resource estimates, reserve estimates and production as of November 30, 2025.

The purpose of this CPR is to provide an independent technical assessment of the mining properties as of November 30, 2025 in relation to its various aspects, in particular, project geology, drilling, sampling, sample preparation, resource estimates, mine planning, past production, reserve estimates, processing strategy, capital costs, operating costs and economic analysis with reference to the requirements of the JORC Code (2012).

BAW believes that this CPR adequately and appropriately describes the technical aspects of the mining properties, our analysis and view as well as addresses issues of significance and risk.

BAW has not undertaken an audit of the Client’s data nor reviewed the tenement status with respect to any legal or statutory issues.

Q1 Mr. Hongbo Liu, Mr. Karfai Leung and Dr Shugang Zhao are responsible for the overall preparation and content of the CPR. In particular, Mr. Hongbo Liu is responsible for Mining and Reserve sections, Dr Shugang Zhao is responsible for Geological Database and Resource sections and Mr. Karfai Leung is responsible for the remaining sections of the CPR.

BAW hereby certifies that neither BAW, nor its directors, shareholders, staffs have any present or prospective interests in the Client or its mining properties. BAW is to receive the professional fee for its services (the work product of which includes this report) at its normal commercial rate and customary payment schedules. The payment of our professional fee is not contingent on the outcome of this report.

Yours faithfully,

For and on behalf of
BAW MINERAL PARTNERS LIMITED

Hongbo Liu
Competent Person

Karfai Leung
Competent Person

Dr Shugang Zhao
Competent Person

DISCLAIMER

This report has been prepared solely in accordance with the specific requirements and instructions of the Client. The opinions expressed in this report have been based on the information supplied to BAW Mineral Partners (BAW) by the client. BAW has exercised all due care in reviewing the supplied information. While BAW has compared the key supplied data with expected value, the accuracy and effectiveness of the results and conclusions from the report are completely dependent on the quality of the supplied data. BAW does not take 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 BAW 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 BAW had no prior knowledge nor had the opportunity to evaluate.

This CPR includes statements that may be considered forward-looking within the meaning of applicable securities laws. These statements, which are not historical facts, involve predictions about future events such as the potential output of the Mining Properties, the feasibility of commercial mining, securing a strategic partner, and the funding of future mine development. Forward-looking statements include, but are not limited to, projections about the Client's plans, the timing of permits, approval of the Environmental Impact Statement, estimated gold production, economic analyses, capital and operating costs, and market conditions like future gold prices and cash flow estimates. While BAW has highlighted key factors that could cause differences, other unanticipated factors may also arise. Readers are cautioned not to place undue reliance on these statements, as actual outcomes may vary significantly. BAW does not commit to updating any forward-looking information.

TABLE OF CONTENT

LIST OF TABLES..... VII

LIST OF FIGURES..... X

1 INTRODUCTION..... 1

1.1 GENERAL BACKGROUND..... 1

1.2 SCOPE OF WORK..... 2

1.3 TEAM MEMBERS..... 2

1.4 SITE INSPECTION..... 5

1.5 TERMS OF REFERENCE, UNITS, ABBREVIATIONS AND CURRENCY..... 6

1.6 REPORTING STANDARD 8

1.7 INDEPENDENCE STATEMENT 8

1.8 CONSENT STATEMENT 9

1.9 INDEMNITIES..... 9

1.10SOURCE OF INFORMATION..... 9

1.11EFFECTIVE DATE..... 10

2 PROPERTY DESCRIPTION AND LOCATION..... 11

2.1 LOCATION 11

2.2 PROPERTY OWNERSHIP..... 12

3 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY 16

3.1 LOCATION, ACCESS AND INFRASTRUCTURE 16

3.2 CLIMATE AND PHYSIOGRAPHY 17

4 HISTORY 19

4.1 PREVIOUS EXPLORATION WORK..... 19

4.1.1 XIEJIAHEGOU COAL MINE 19

4.1.2 YOUYI COAL PROJECT 21

4.1.3 JIEJI COAL PROJECT..... 23

4.2 CONSOLIDATION OF MINING LICENSES 23

4.3 HISTORIC PRODUCTION 24

5 GEOLOGICAL SETTING 26

5.1 REGIONAL GEOLOGY..... 26

5.2 PROPERTY GEOLOGY..... 29

5.2.1 XIEJIAHEGOU COAL MINE 29

5.2.2 YOUYI COAL PROJECT 33

5.2.3	JIEJI COAL PROJECT.....	37
5.3	COAL SEAMS	39
5.3.1	XIEJIAHEGOU COAL MINE	39
5.3.2	YOUYI COAL PROJECT	42
5.3.3	JIEJI COAL PROJECT.....	44
5.4	COAL QUALITY	46
5.4.1	XIEJIEJIAHEGOU COAL MINE.....	46
5.4.2	YOUYI COAL PROJECT	51
5.4.3	JIEJI COAL PROJECT.....	55
5.5	COAL CLASSIFICATION	60
6	GEOLOGICAL DATABASE	61
6.1	GEOLOGICAL DATABASE USED FOR COAL RESOURCES ESTIMATION	61
6.1.1	XIEJIEJIAHEGOU COAL MINE.....	61
6.1.2	YOUYI COAL PROJECT	66
6.1.3	JIEJI COAL PROJECT.....	67
6.2	DRILLING, LOGGING AND SURVEY.....	69
6.2.1	XIEJIEJIAHEGOU COAL MINE.....	69
6.2.2	YOUYI COAL PROJECT	71
6.2.3	JIEJI COAL PROJECT.....	72
6.3	COAL SEAM THICKNESS DETERMINATION	74
6.4	COAL SEAM THICKNESS VERIFICATION.....	75
6.5	SAMPLING, SAMPLE PREPARATION AND ANALYSIS	76
6.5.1	XIEJIEJIAHEGOU COAL MINE.....	76
6.5.2	YOUYI COAL PROJECT	78
6.5.3	JIEJI COAL PROJECT.....	79
6.6	DENSITY MEASUREMENTS.....	79
6.6.1	XIEJAHEGOU COAL MINE	80
6.6.2	YOUYI COAL PROJECT	81
6.6.3	JIEJI COAL PROJECT.....	82
6.7	DISCUSSION.....	82
7	COAL RESOURCES ESTIMATION.....	84
7.1	INTRODUCTION	84
7.2	COAL RESOURCES DEFINITIONS AND CLASSIFICATION.....	85
7.3	METHODOLOGY AND PARAMETERS USED IN COAL RESOURCES ESTIMATION	87
7.3.1	GEOLOGICAL DATABASE.....	88
7.3.2	ESTIMATION PARAMETERS.....	88
7.3.3	MODELLING PROCEDURES.....	89
7.3.4	RESOURCE CATEGORY CLASSIFICATION.....	90
7.4	COAL RESOURCES STATEMENT.....	101
7.4.1	XIEJIEJIAHEGOU COAL MINE.....	102

7.4.2	YOUYI COAL PROJECT	103
7.4.3	JIEJI COAL PROJECT.....	105
8	COAL RESERVES ESTIMATION	107
8.1	COAL RESERVES DEFINITIONS AND CLASSIFICATION.....	107
8.2	XIEJIAHEGOU COAL MINE.....	108
8.2.1	TECHNICAL STUDIES.....	108
8.2.2	ESTIMATION PROCEDURES	109
8.2.3	ESTIMATION PARAMETERS.....	110
8.2.4	COAL RESERVES STATEMENT	111
8.3	YOUYI COAL PROJECT.....	113
8.3.1	TECHNICAL STUDIES.....	113
8.3.2	ESTIMATION PROCEDURES	114
8.3.3	ESTIMATION PARAMETERS.....	116
8.3.4	COAL RESERVES STATEMENT	117
8.4	JIEJI COAL PROJECT.....	120
8.4.1	TECHNICAL STUDIES.....	120
8.4.2	ESTIMATION PROCEDURES	121
8.4.3	ESTIMATION PARAMETERS.....	122
8.4.4	COAL RESERVES STATEMENT	124
9	MINING.....	127
9.1	XIEJIAHEGOU COAL MINE.....	127
9.1.1	INTRODUCTION	127
9.1.2	GEOTECHNICAL CONDITIONS	128
9.1.3	HYDROGEOLOGICAL CONDITIONS	130
9.1.4	INFRASTRUCTURES	131
9.1.5	UNDERGROUND MINE DEVELOPMENT	133
9.1.6	MINING METHOD.....	137
9.1.7	UNDERGROUND FACILITIES	143
9.1.8	MINING EQUIPMENT.....	147
9.1.9	HISTORIC PRODUCTION.....	148
9.1.10	FORECASTED PRODUCTION	148
9.2	YOUYI COAL PROJECT.....	149
9.2.1	INTRODUCTION	149
9.2.2	GEOTECHNICAL CONDITIONS	150
9.2.3	HYDROGEOLOGY CONDITIONS.....	152
9.2.4	INFRASTRUCTURES	153
9.2.5	UNDERGROUND MINE DEVELOPMENT	156
9.2.6	MINING METHOD.....	159
9.2.7	UNDERGROUND FACILITIES	166
9.2.8	MINING EQUIPMENT.....	169
9.2.9	FORECASTED PRODUCTION	170
9.3	JIEJI COAL PROJECT.....	171

9.3.1	INTRODUCTION	171
9.3.2	GEOTECHNICAL CONDITIONS	172
9.3.3	HYDROGEOLOGY CONDITIONS.....	173
9.3.4	INFRASTRUCTURES	174
9.3.5	UNDERGROUND MINE DEVELOPMENT	175
9.3.6	MINING METHOD.....	179
9.3.7	UNDERGROUND FACILITIES	184
9.3.8	MINING EQUIPMENT.....	187
9.3.9	FORECASTED PRODUCTION.....	190
10	COAL PREPARATION	191
10.1	OVERVIEW	191
10.2	RAW COAL SYSTEM.....	192
10.3	COAL WASHING PROCESS	193
10.3.1	OVERVIEW	193
10.3.2	SELECTION OF COAL WASHING PROCESS.....	195
10.3.3	FINE COAL PROCESS AND FLOTATION	196
10.3.4	CLEAN COAL RECOVERY PROCESS.....	199
10.3.5	MIDDLING COAL RECOVERY	199
10.3.6	GANGUE SEPARATION PROCESS.....	199
10.3.7	COAL SLIME SEPARATION PROCESS.....	199
10.3.8	TAILINGS RECOVERY PROCESS	200
10.3.9	MEDIUM RECOVERY PROCESS	200
10.3.10	MEDIUM ADDITION PROCESS	201
10.3.11	SEDIMENTATION AGENT ADDITION PROCESS.....	201
10.3.12	EQUIPMENT AND OPERATION	201
10.4	PRODUCT COAL MANAGEMENT AND GANGUE DISPOSAL	203
10.5	POWER SUPPLY, WATER STORAGE AND MANAGEMENT	204
10.6	INFRASTRUCTURES	205
10.7	MANPOWER	206
10.8	COAL PRODUCTS.....	207
10.9	OPPORTUNITIES FOR IMPROVEMENT.....	208
11	PERMITTING, ENVIRONMENTAL, HEALTH AND SAFETY	211
11.1	OPERATIONAL LICENSES AND PERMITS	211
11.1.1	BUSINESS LICENSE	211
11.1.2	MINING LICENSE	211
11.1.3	EXPLORATION LICENSE	214
11.1.4	SAFETY PRODUCTION PERMIT	214
11.1.5	WATER USE PERMIT	215
11.1.6	TEMPORARY FORESTRY LAND USE PERMITS	215
11.1.7	TEMPORARY LAND USE PERMITS	216
11.1.8	SITE DISCHARGE PERMITS	216
11.2	ENVIRONMENTAL MANAGEMENT	217

11.2.1	SUSTAINABLE DEVELOPMENT PLAN	217
11.2.2	WASTE ROCKS DUMP	218
11.2.3	WATER CONSERVATION	219
11.2.4	SOIL CONSERVATION.....	220
11.2.5	REHABILITATION	221
11.2.6	ENVIRONMENTAL LIABILITIES	222
11.3	OCCUPATIONAL HEALTH AND SAFETY.....	222
11.4	SOCIAL ASPECTS	224
12	ECONOMIC ANALYSIS.....	225
12.1	INTRODUCTION	225
12.2	REVENUE.....	226
12.3	CAPITAL EXPENDITURE	227
12.4	OPERATING EXPENDITURE	228
12.5	TAXATION.....	233
12.6	DISCOUNTED CASHFLOW PROJECTION	233
12.7	SENSITIVITY ANALYSIS	234
13	RISK ASSESSMENT.....	238
14	REFERENCE	243
15	APPENDIX	245
15.1	GLOSSARY AND DEFINITIONS.....	245

LIST OF TABLES

Table 1-1 Terms of Reference, Units, Abbreviations and Currency	6
Table 2-1 License Details of the Xiejiahegou Coal Mine.....	12
Table 2-2 License Details of the Youyi Project.....	13
Table 2-3 License Details of the Jieji Coal Project.....	13
Table 2-4 Mining License Coordinates of the Xiejiahegou Coal Mine.....	14
Table 2-5 Mining License Coordinates of the Youyi Coal Project	14
Table 2-6 Mining License Coordinates of the Jieji Coal Project.....	15
Table 4-1 Recent Production of the Xiejiahegou Coal Mine.....	25
Table 5-1 Stratigraphy exposed in the region of western Guizhou Province	28
Table 5-2 Stratigraphy exposed in the area of the Xiejiahegou Coal Mine.....	29
Table 5-3 Stratigraphy exposed in the area of the Youyi Coal Project.....	33
Table 5-4 Geophysical Characteristics of the Coal-Bearing Strata	36
Table 5-5 Physical Characteristics of the Mineable Coal Seams of the Xiejiahegou Coal Mine....	40
Table 5-6 Physical Characteristics of the the Coal Seams with Mining Potential of the Youyi Coal Project	43
Table 5-7 Coal-Bearing Characteristics of the Longtan Formation.....	45
Table 5-8 Physical Characteristics of the Mineable Coal Seams of the Jieji Coal Project.....	45
Table 5-9 Summary of Raw Coal Quality of the Xiejiehegou Coal Mine.....	50
Table 5-10 Summary of Raw Coal Quality of the Youyi Coal Project	54
Table 6-1: Statistics of Exploration Work Completed by the Previous Exploration Campaigns for the Xiejiehegou Coal Mine	61
Table 6-2 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Xiejiehegou Coal Mine.....	63
Table 6-3 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Youyi Coal Project	66
Table 6-4 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Youyi Coal Project	67
Table 6-5: Coal Quality of Underground Samples collected by BAW for the Xiejiahegou Coal Mine	77
Table 6-6 Density Measurements for the Xiejiahegou Coal Mine	80
Table 6-7 Density Measurements for the Youyi Coal Project.....	81
Table 6-8 Density Measurements for the Jieji Coal Project	82
Table 7-1 Spacing between Points of Observations and Resource Category Classification for the Xiejiehegou Coal Mine	90
Table 7-2 Spacing between Points of Observations and Resource Category Classification for the Youyi Coal Project.....	96
Table 7-3 Spacing between Points of Observations and Resource Category Classification for the Youyi Coal Project.....	99
Table 7-4 Coal Resources Statement for the Xiejiahegou Coal Mine as of November 30, 2025..	102
Table 7-5 Coal Resources Statement for the Youyi Coal Project as of November 30, 2025	104
Table 7-6 Coal Resources Statement for the Jieji Coal Project as of November 30, 2025.....	105
Table 8-1: Mining Recoveries at Working Face of the Xiejiahegou Coal Mine	111

Table 8-2: Coal Reserves Statement for the Xiejiehegou Coal Mine as of November 30, 2025...	112
Table 8-3 Mining Recovery at Planned Working Face of the Youyi Coal Project	116
Table 8-4 Coal Reserves Statement for the Youyi Coal Project as of November 30, 2025	118
Table 8-5 Mining Recovery at Planned Working Face for the Jieji Coal Mine	123
Table 8-6 Coal Reserves Statement for the Jieji Coal Project as of November 30, 2025.....	125
Table 9-1: Type of Roof Support Employed in the Xiejiahegou Coal Mine	129
Table 9-2: Mining Equipment of the Xiejiahegou Coal Mine	147
Table 9-3 Historic Production of the Xiejiahegou Coal Mine.....	148
Table 9-4: Forecasted Annual Production of the Xiejiahegou Coal Mine.....	149
Table 9-5: LOM Analysis for the Xiejiahegou Coal Mine	149
Table 9-6 Key Strata Water-Bearing Information for Youyi Coal Mine.....	152
Table 9-7 Key operational parameters for the Youyi Coal Project	164
Table 9-8 Mining Equipment of the Youyi Coal Project.....	169
Table 9-9 Forecasted Production and Development for the Youyi Coal Project.....	171
Table 9-10 LOM Analysis for the Youyi Coal Project	171
Table 9-11 Technical Parameters of Working Faces of the Jieji Coal Project.....	181
Table 9-12 Underground Extraction and Working Face Equipment for the Jieji Coal Project	188
Table 9-13 Primary Transport, Hoisting, and Utility Equipment for the Jieji Coal Project	188
Table 9-14 Forecasted Production and Development for the Jieji Coal Project.....	190
Table 9-15 LOM Analysis for the Jieji Coal Project	190
Table 10-1 Main Design Consumption Indicators.....	194
Table 10-2 Coal Washing and Separation Size Ranges.....	194
Table 10-3 Main Equipment of the CHPP at the Xiejiahegou Coal Mine.....	201
Table 10-4 Staffing of the CHPP at the Xiejiahegou Coal Mine.....	206
Table 10-5 Product Specification of the CHPP at the Xiejiahegou Coal Mine	207
Table 10-6 Production Summary of the CHPP at the Xiejiahegou Coal Mine.....	208
Table 11-1 Details of the Business License of the Mining Properties.....	211
Table 11-2 Details of the Mining License of the Mining Properties	212
Table 11-3 Details of the Safety Production Permit of the Xiejiahegou Coal Mine.....	214
Table 11-4 Details of the Water Use Permits of the Xiejiahegou Coal Mine.....	215
Table 11-5 Details of the Temporary Land Use Permits of the Xiejiahegou Coal Mine.....	216
Table 11-6 Details of the Site Discharge Permits of the Xiejiahegou Coal Mine	216
Table 11-7 Summary of Injuries and Fatalities at the Xiejiahegou Coal Mine from 2023 to 2025	223
Table 12-1 Forecasted Coal Prices for the Coal Mine.....	226
Table 12-2 Projected CAPEX for the Xuejiahegou Coal Mine (RMB in million).....	227
Table 12-3 Projected CAPEX for the Youyi Coal Project (RMB in million)	227
Table 12-4 Projected CAPEX for the Jieji Coal Project (RMB in million).....	228
Table 12-5 Unit Operating Cash Costs and Unit Production Costs for the Xiejiahegou Coal Mine	229
Table 12-6 Unit Operating Cash Costs and Unit Production Costs for the Youyi Coal Project....	229
Table 12-7 Unit Operating Cash Costs and Unit Production Costs for the Jieji Coal Project.....	231
Table 12-8 Sensitivity Analysis of After-Tax NPV for the Xiejiahegou Coal Mine (RMB in million)	234

Table 12-9 Sensitivity Analysis of After-Tax NPV for the Youyi Coal Project (RMB in million)	
.....	235
Table 12-10 Sensitivity Analysis of After-Tax NPV for the Jieji Coal Project (RMB in million)	235
Table 13-1 Risks Factors in association with the Coal Mine.....	239

LIST OF FIGURES

Figure 2-1 Location map of the Mining Properties in Guizhou Province	11
Figure 5-1 Regional Geological Map of Southwestern Guizhou Province, PRC, published by China Geological Survey	27
Figure 5-2 Geology of the Xiejiahegou Coal Mine	32
Figure 5-3 Cross-sections showing Exploration Line No. 73	33
Figure 6-1 Location Map of Drillholes Completed in the Previous Exploration Campaigns for the Xiejiahegou Coal Mine	65
Figure 7-1 General relationship between Exploration Results, Coal Resources and Coal Reserves	87
Figure 7-2 Plan Map showing Resource Classification for Seam No.15 of the Xiejiehegou Coal Mine	92
Figure 7-3 Plan Map showing Resource Classification for Seam No.17 of the Xiejiehegou Coal Mine	93
Figure 7-4 Plan Map showing Resource Classification for Seam No.18 of the Xiejiehegou Coal Mine	94
Figure 7-5 Selected View of the Three-Dimensional Coal Resources Model of the Xiejiahegou Coal Mine	95
Figure 7-6 Plan Map showing Resource Classification for Seam No.1 of the Youyi Coal Project	97
Figure 7-7 Plan Map showing Resource Classification for Seam No.6-1 of the Youyi Coal Project	97
Figure 7-8 Plan Map showing Resource Classification for Seam No.15 of the Youyi Coal Project	98
Figure 7-9 Plan Map showing Resource Classification for Seam No.1 of the Jieji Coal Project	100
Figure 7-10 Plan Map showing Resource Classification for Seam No.17 of the Jieji Coal Project	100
Figure 7-11 Plan Map showing Resource Classification for Seam No.18 of the Jieji Coal Project	101
Figure 9-1 The infrastructure layout of Xiejiahegou Coal Mine	132
Figure 9-2: Main Decline installed with the main conveyor of the Xiejiahegou Coal Mine .	134
Figure 9-3: Auxiliary Decline of the Xiejiahegou Coal Mine	134
Figure 9-4: Mine Development at Seam No.1 of the Xiejiahegou Coal Mine	136
Figure 9-5: General Layout of Longwall Mining	138
Figure 9-6: Sectional View of Longwall Mining Method	138
Figure 9-7: Longwall retreat mining at the Xiejiehegou Coal Mine	139
Figure 9-8: Sectional View of Overall Mine Design and Mine Development System	140
Figure 9-9: Mine Design and Panel Layout for Seam 6-1 of Xiejiahegou Coal Mine	141
Figure 9-10: Mine Design and Panel Layout for Seam 17 of Xiejiahegou Coal Mine	142
Figure 9-11: Mine Design and Panel Layout for Seam 32 of Xiejiahegou Coal Mine	143
Figure 9-12 Layout of surface facilities of the Youyi Coal Project	155
Figure 9-13 Plan views of the four mining areas for the Youyi Coal Project	157

Figure 9-14 Section views of the four mining areas.....	158
Figure 9-15 General Layout of Longwall Mining	161
Figure 9-16 Schematic Longwall Mining.....	161
Figure 9-17 The Panels of Initial Mining Area recommended by the 450 ktpa Youyi PDS..	162
Figure 9-18 Panel Design for Seam No. 1 of the Youyi Coal Project.....	165
Figure 9-19 Panel Design for Seam No. 26 of the Youyi Coal Project.....	166
Figure 9-20 Mining area and Decline systems of the Jieji Coal Project	178
Figure 9-21 Division of Mining Areas 1 and 2 for Seam No. 9 of the Jieji Coal Project	179
Figure 9-22 Panel Design for Seam No. 9 of Jieji Coal Project.....	182
Figure 9-23 Panel Design for Seam No. 18 of Jieji Coal Project.....	183
Figure 9-24 Panel Design for Seam No. 28 of the Jieji Coal Project	184
Figure 10-1 Schematic flow diagram of the CHPP of the Xiejiahegou Coal Mine.....	198
Figure 12-1 Sensitivity Analysis of After-Tax NPV for the Xiejiahegou Coal Mine	236
Figure 12-2 Sensitivity Analysis of After-Tax NPV for the Youyi Coal Project.....	237
Figure 12-3 Sensitivity Analysis of After-Tax NPV for the Youyi Coal Project.....	237

1 INTRODUCTION

1.1 General Background

BAW Mineral Partners Limited (“BAW”) is an independent, global consulting firm providing solutions and advisory to the mining industry across a wide range of mineral commodities in different regions, including exploration management services, resource estimation, reserve estimation, engineering studies and reporting for public disclosure. BAW’s international team consists of over 60 mining experts and associates with a broad range of expertise. BAW is currently operating in three offices, Hong Kong, Beijing and Toronto.

In October 2025, BAW was commissioned by Perennial Energy Holdings Limited (“Client” or “Company”) to prepare the Competent Persons’ Report (“CPR”) of the Xiejiahegou Coal Mine, Youyi Coal Project and Jieyi Coal Project (collectively “Mining Properties”) which are located in the southwestern part of Guizhou Province, the People’s Republic of China (“PRC”), pursuant to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (“JORC Code (2012)”) and Chapter 18 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). Subsequent to BAW’s visit to the Mining Properties aforementioned, BAW issued the CPR in March 2026 which covered the resource estimates, reserve estimates and development and production schedule as of November 30, 2025.

The purpose of this CPR is to provide an independent technical assessment of the mining properties in relation to its various aspects, in particular, project geology, drilling, sampling, sample preparation, resource estimates, mine planning, past production, reserve estimates, capital costs, operating costs and economic analysis with reference to the requirements of the JORC Code (2012).

1.2 Scope of Work

The scope of work of BAW's engagement includes the following technical aspects:

- Site visit to the Mining Properties
- Review of the available technical information
- Review of geology and database of the resource models
- Preparation of resource estimation
- Preparation of reserve estimation
- Review of mining operation
- Review of capital and operating costs
- Review of health, social and environmental (HSE) impact
- Risk assessment

The Mining Properties covered by this CPR included the Xiejiahegou Coal Mine, Youyi Coal Project and Jieyi Coal Project which are located in Guizhou Province, PRC.

1.3 Team Members

BAW assembled a multidisciplinary team to undertake the CPR. The qualification of the team members is summarized as below.

Mr. Hongbo Liu (M.Sc., MAusIMM) is a Senior Mining Engineer of BAW and the Competent Person ("CP") responsible for Mining and Ore Reserves estimation of the CPR and the overall CPR. He has more than ten years of underground and open pit mining experience in mine operations, constructions, project management, engineering, mine development, ground control,

ventilation, backfill, haulage and technical services. He is familiar with multiple mining software including MineSched, Surpac, Vulcan, Whittle, MapGIS and AutoCAD. He obtained his master's degree in Mining Engineering from China University of Mining and Technology (Beijing) in 2003. Before BAW, he served as a Technical Support and Project Manager at GEMCOM International Software Co. (now Geovia/Dassault Systèmes) (2006.11–2011.9), where he focused on the domestic promotion of digital mining solutions. He holds professional qualifications as a Registered Safety Engineer and has been a member of the Australasian Institute of Mining and Metallurgy (AusIMM) since 2015, as well as a Professional Individual Member of the China Mineral Resources Reserves Association (CIPA) since 2020. He meets all the requirements for “Competent Person” as defined in the Australasian JORC Code and the HKEX Listing Rules for the purpose of mineral resource/ore reserve estimation and reporting.

Mr. Karfai Leung (MPhil, MAusIMM) is the Director of BAW and the CP responsible for HSE and Economic Analysis of the CPR and the overall CPR. He has more than ten years of extensive experience in the mining industry globally including project generation, prospecting, field exploration, mineral resource definition, HSE management, mineral assets valuation, project evaluation, M&A deals and IPO process for energy, base metals, non-ferrous metals and precious metals. He has hands-on and extensive experience in cash-flow modelling, valuation, due diligence, capital raising, M&A deals and IPOs project management. He earned his bachelor's degree in Earth Sciences from the University of Hong Kong in 2001, followed by a master's degree in the same field from the same institution in 2004. He became a member of the Australasian Institute of Mining and Metallurgy (AusIMM) in 2011. He meets all the requirements for “Competent Person” as defined in the Australasian JORC Code and the HKEX Listing Rules for the purpose of mineral resource/ore reserve estimation and reporting.

Dr. Shugang Zhao (PhD, MAusIMM) is the Chief Resource Geologist of BAW and is the CP responsible for Geology and Mineral Resources estimation of the CPR. He has more than ten years of extensive experience in mineral exploration, resource database management, 3D geological and resource modelling, Mineral Resources and Ore Reserves estimation across energy, base metals, non-ferrous metals, and precious metals. His professional experience spans diverse geological settings in China, Canada, Ghana, Colombia, Zambia, South Africa, Ecuador

and other regions of Africa. He earned his bachelor's degree in Mining Safety Engineering from Zhongnan University of Economics and Law in 2011, followed by a master's degree in Mining Engineering from Central South University in 2014. In 2025, he obtained his Doctor of Philosophy (PhD) in Mining Engineering (Mineral Resources and Environment) from Central South University. He became a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) in 2018. He fully meets the requirements for "Competent Person" as defined in the Australasian JORC Code and the HKEX Listing Rules for the purpose of mineral resource/ore reserve estimation and reporting.

Mr Zhaogui Jiang, as a Senior Coal Preparation Engineer of BAW responsible for the coal preparation aspects of this CPR, has more than thirty years of experience in the coal mining industry. He has solid experience and proven track records in planning, development, construction and subsequent management of coal preparation facilities for numerous coal mines in the PRC. He also published numerous technical papers and journals in relation to coal preparation technology.

Mr. Vincent Choi (M.Sc., CPG-AIPG) is a Senior Resource Geologist of BAW and is responsible for data analysis and resource modelling of the CPR in collaboration with the CP. He has more than ten years of extensive experience in the mining industry, including exploration, geology modelling and resource/reserve estimation. He has worked with various mineral commodities worldwide, including gold, silver, base metals, cobalt, tungsten, potash, lithium, and iron. He earned his bachelor's degree in Earth Science from the University of Hong Kong in 2009, followed by a master's degree in Applied Geosciences (Engineering Geology) from the same institution in 2013. He became a Certificated Professional Geologist of American Institute of Professional Geologists (AIPG) in 2023.

Ms Joanna Qiao is a Senior HSE Specialist of BAW and is responsible for data analysis of HSE of all CPRs in collaboration with the CP. She earned her master's degree in environmental science from the University of Toronto. She has more than nine years of experience in the mining industry globally as an environmental specialist, with expertise in the area of hydrology,

hydrogeology, climatology, soil science, geology, environmental risk assessment, remediation and its implementations and site investigation. She has contributed to numerous CPRs and technical due diligence reports for a variety of commodities in China and globally, including coal, copper, gold, iron, zinc, and dimension stones. She is also familiar with permitting, health and safety, and social impacts.

Ms Liping Su is a Senior Environmental Specialist of BAW and is responsible for data analysis of HSE of all CPRs in collaboration with the CP. She has more than ten years of experience in the field of environmental sciences. She worked as an environmental specialist in the Chinese Academy of Environmental Sciences, Beijing University of Science and Technology and environmental consulting firms in North America. Her expertise includes environmental project planning and management, environmental data collection and analysis, environmental impact assessment and atmospheric environmental simulation for multiple industries.

Mr Ming-Tai Chan is a financial analyst of BAW and is responsible for data analysis of Economic Analysis of the CPR in collaboration with the CP. He earned his bachelor's degree in accounting and finance from the City University of Hong Kong. He has more than seven years of experience in the field of financial analysis. He specializes in conducting macro qualitative analysis of investment opportunities, developing robust financial models, and presenting strategic insights to key stakeholders. He has contributed to numerous CPRs and valuation reports for various international mining companies for a wide range of commodities in China and globally, including coking coal, thermal coal, copper, gold, lead and zinc.

1.4 Site Inspection

As part of the CPR preparation, CPs conducted a site visit to the Mining Properties in November 2025 to collect firsthand data and perform critical assessments for accurate resource and reserve estimates. Key activities included geological studies, reviews of drilling and sampling procedures, inspection of underground workings, observation of coal seam exposures,

inspections of existing mining and processing operations, and evaluations of past production and mine planning. Interviews were conducted with technical personnel to further understand operational practices. Independent sampling was also carried out, with samples sent to external laboratories for assay analysis for further validation. Mr Karfai Leung, Mr Hongbo Liu, Dr Shugang Zhou and Mr Zhaogui Jiang completed a site visit to the Mining Properties.

1.5 Terms of Reference, Units, Abbreviations and Currency

Unless otherwise stated:

- All units of measurement in the Report are in metric system
- All costs, revenues and values are expressed in terms of Renminbi (RMB);
- All commodity prices are expressed in terms of Renminbi (RMB);

Table 1-1 Terms of Reference, Units, Abbreviations and Currency

AAS	Atomic Absorption Spectroscopy	COG	Cut-off grade
BAW	BAW Mineral Partners	G&A	General and Administration cost
CAPEX	Capital Cost	HG	High Grade
g/t	Gram per tonne	KTPA or ktpa	thousand tonnes per annum
HQ3	Diamond drilling bit size	LG	Low grade
IDW3	Inverse Distance Weighted Cubed	MT or mt	Million Tonnes
RDDD	Diamond drill holes	MTPA or mtpa	Million tonnes per annum
km	Kilometre	NQ	Diamond drilling bit size
LOM	Life of Mine	OPEX	Operating Capex
m	Meter	PQ3	Diamond drilling bit size
MW	Megawatt	PEA	Preliminary Economic Assessment
NQ3	Diamond drilling bit size	CP	Competent Person
NPV	Net present value	TPA or tpa	tonnes per annum
PQ	Diamond drilling bit size	ROM	Raw Ore Material/Run of Mine
QA/QC	Quality Assurance/Quality Control	tpd	Tonne per day
RL	Reduced Level	TSF	Tailings Storage Facility

JORC	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves	VALMIN	Australasian Code for Public Reporting of technical assessments and valuations of mineral assets
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1.6 Reporting Standard

The reporting standard of the CPR is the VALMIN Code which is Guidelines for Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and updated in 2005 and 2015.

The reporting of Resource and Reserve is referenced to the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia revised in 2012. The JORC Code is a mineral resource/ore reserve classification system that has been widely used and is internationally recognized. It has also been used in independent technical reports for mineral resource and ore reserve statements for the natural resource companies listed on the HKEX.

The VALMIN Code incorporates the JORC Code for the reporting of Mineral Resources and Ore Reserves.

1.7 Independence Statement

BAW certifies that neither BAW, nor its directors, shareholders, staffs have any present or prospective interests in the Client or its mining properties. BAW is to receive the professional fee for its services (the work product of which includes this report) at its normal commercial rate and customary payment schedules. The payment of our professional fee is not contingent on the outcome of this report.

Q5 1.8 Consent Statement

The information in this CPR that relates to Exploration Results, Mineral Resources and Ore Reserves is based on, and fairly represents, information and supporting documentation compiled by Mr. Karfai Leung, Mr. Hongbo Liu and Dr Shugang Zhao, each of whom is a Member of the Australasian Institute of Mining and Metallurgy (“AusIMM”). Each of the aforementioned individuals has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (“JORC Code (2012)”). Each of Mr. Leung, Mr. Liu and Dr. Zhao has consented to the inclusion in this CPR of the matters based on their information in the form and context in which it appears.

1.9 Indemnities

As recommended by the VALMIN Code, the Client has provided BAW with an indemnity under which BAW is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- Which results from BAW’s reliance on material information provided by the Client;
- Which relates to any consequential extension workload through queries, questions or public hearings arising from this CPR.

1.10 Source of Information

Information used to support this CPR was derived from previous technical data and reports prepared previously for the Mining Properties, from the reports and documents listed in the Section of Reference of this CPR, from the technical and financial information provided by the Client.

1.11 Effective Date

The effective date for the Coal Resources and Coal Reserves was November 30, 2025. BAW is not aware of any material changes to the information of the mining properties between the effective date and the signature date of this CPR except that the tonnage of the Coal Resources and Coal Reserves may have been depleted by regular mining activities if any.

2 PROPERTY DESCRIPTION AND LOCATION

2.1 Location

The Mining Properties are located to the east of Panzhou City, southwestern corner of Guizhou Province of the PRC as shown in Figure 2-1 below. The Coal Mines is situated on the border between Guizhou Province and Yunnan Province, as much as 40 kilometres (“km”) east to Panzhou City and 210 km southwest to Guiyang City, the capital of Guizhou Province, and 220 km northeast to Kunming City, the capital of Yunnan Province. The geographic location of the Xiejiahegou Coal Mine, Youyi Coal Project and Jieyi Coal Project covered by the current mining licenses is presented in Section 2.2 of this CPR.

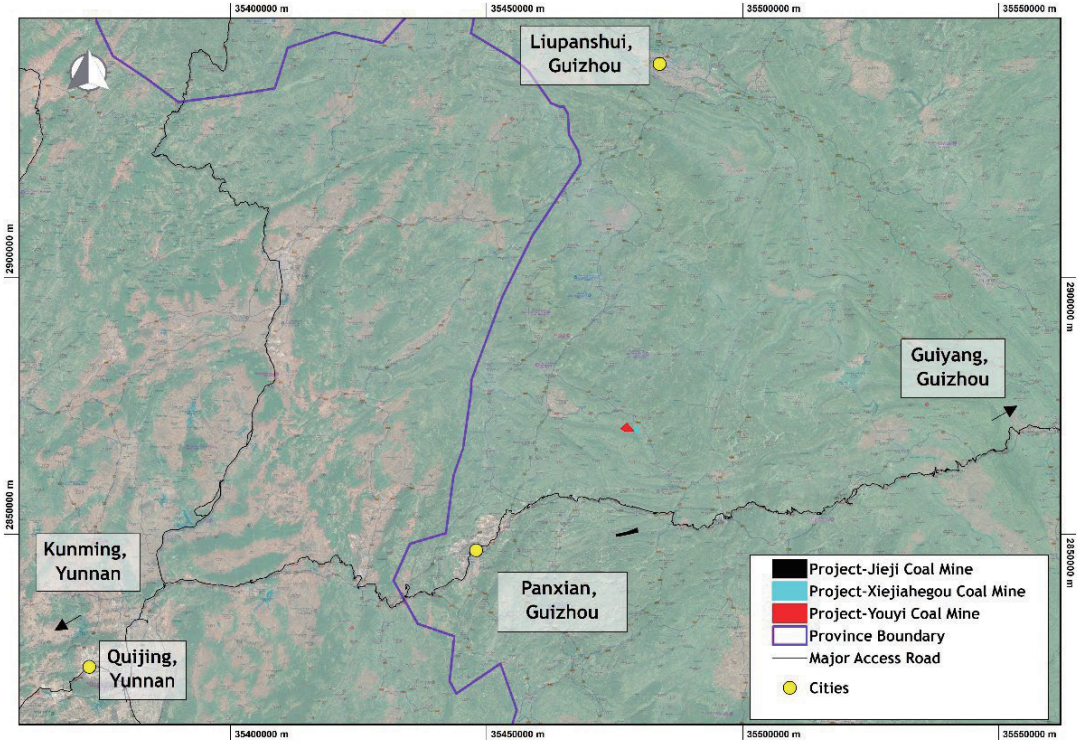


Figure 2-1 Location map of the Mining Properties in Guizhou Province

2.2 Property Ownership

Pursuant to the “Mineral Resource Law of the PRC”, all mineral resources in the PRC are owned by the nation. All types of exploration and mining activities in the PRC generally requires approval from the relevant government agencies in the form of exploration license or mining license granted for a specific area during a specified period of validity. In general, the permits are extendable at the expiration of their period of validity, given that the renewal application is submitted to the relevant state or provincial authorities with sufficient time prior to the expiry date of the permit. To renew an exploration license, all exploration license fees must be settled and the minimum exploration expenditure should have been spent for the area defined by the exploration license. To renew a mining license, all mining license fees, resource taxes, and resource compensation levy must be paid to the state.

BAW understands that the Xiejiahegou Coal Mine is currently 100% owned by the Client whereas the Youyi Coal Project and Jieyi Coal Project are currently 100% owned by Huaneng Jiayuan Coal Mining Co., Ltd. The license of the Mining Properties was provided by the Client for our review. The license details such as license ID, effective date, area, valid period, permitted production capacity and coordinates of license vertex of the mining property are summarized in Table 2-1 to Table 2-3 and Table 2-4 to Table 2-6 respectively below.

Table 2-1 License Details of the Xiejiahegou Coal Mine

Mining License Holder	Guizhou Dejia Investment Co Ltd
Name of Property	Panxian Yangchang County Xiejiahegou Coal Mine
License Type	Mining
License ID	C5200002014071120135031
Area (km²)	1.0135
Elevation (m)	1,020-1,660

Permitted Production Capacity	450,000 tons per annum (“ktpa”)
Type of Commodities	Coal
Mining Method	Underground
Valid Period	January 2020 to September 2039

Table 2-2 License Details of the Youyi Project

Mining License Holder	Huaneng Jiayuan Coal Mining Co., Ltd.
Name of Property	Panxian Youyi Coal Project
License Type	Mining
License ID	C5200002014121120136551
Area (km²)	2.8631
Elevation (m)	750 – 1,800
Permitted Production Capacity	450,000 ktpa
Type of Commodities	Coal
Mining Method	Underground
Valid Period	December 2014 to December 2034

Table 2-3 License Details of the Jieji Coal Project

Mining License Holder	Huaneng Jiayuan Coal Mining Co., Ltd.
Name of Property	Panxian Yingwu County Coal Project
License Type	Mining

License ID	C5200002013061120133333
Area (km²)	3.248
Elevation (m)	1,000 – 1,600
Permitted Production Capacity	300,000 ktpa
Type of Commodities	Coal
Mining Method	Underground
Valid Period	June 2013 to June 2023

Table 2-4 Mining License Coordinates of the Xiejiahegou Coal Mine

Vertex	Xian 80 Coordinate System	
	Easting	Northing
1	2870576.926	35478543.035
2	2871046.925	35479163.036
3	2870872.925	35479473.037
4	2870704.923	35479634.038
5	2870522.906	35479643.039
6	2869776.905	35479881.043
7	2869762.909	35478999.041
8	2870136.909	35478989.038

Table 2-5 Mining License Coordinates of the Youyi Coal Project

Vertex	Xian 80 Coordinate System	
	Easting	Northing
1	2869918.514	35478859.462

2	2870133.515	35478842.462
3	2870593.519	35478382.461
4	2870648.519	35478462.462
5	2871233.525	35477737.459
6	2871486.526	35477760.460
7	2871778.529	35477422.459
8	2870598.526	35476032.448
9	2869918.519	35477032.452

Table 2-6 Mining License Coordinates of the Jieji Coal Project

Vertex	Xian 80 Coordinate System	
	Easting	Northing
1	2850324.401	35479620.414
2	2849691.404	35476924.397
3	2849432.407	35475269.387
4	2849976.410	35475190.388
5	2850501.407	35477420.402
6	2851316.407	35479490.416

It is worth to point out that BAW did not undertake any legal due diligence review of the mining license of the Mining Properties, which is outside the current scope of this CPR. BAW relied upon the Client's advice as to the validity of the mining license. BAW understands that the legal due diligence review of the mining license has been undertaken by the Client's PRC legal Q3 adviser. The CPs are not aware of any legal claims or proceedings that may have an influence on its rights to explore or mine.

3 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

3.1 Location, Access and Infrastructure

The Mining Properties are located in the mountainous area of the southeastern part of Shuicheng District of Liupanshui City, Guizhou Province, the PRC, with a linear distance of around 41 km northeast to the Township of Hongguo, an administration centre of Panzhou City. Access to the mining property can be easily made through the Provincial Highway G320 which is located 40 km south to the Mining Properties through a paved road. The Songhe Railway Station is located around 23 km west to the Mining Properties.

The road distance via the Shanghai–Kunming Expressway G60 between the Xiejiahegou Coal Mine and Guiyang, the capital city of Guizhou Province to the east, is approximately 270 km, and road distance to Kunming, the capital city of Yunnan Province to the west, is approximately 280km. Nearby airports are in Kunming and Guiyang. High-speed railway is available from Guiyang to Kunming. The Panzhou Station for the high-speed railroad is located in Lianghe.

Power supply in Panzhou City is generally sufficient to support the mining operation since there are two major coal-fired power plants in the city plus numerous hydro power plants in southwestern Guizhou Province. At present, electricity for the mining property is currently supplied by the Luna 35kV substation and Yuni 35kV substation as dual circuit power lines.

Water supply is abundantly available from the catchment basin of the Luoxi River. On the southern side of the property is located a semi-permanent stream, Shangwugou, with an average flow rate of 32.4 litres per second (“L/s”) whereas on the eastern side of the property is located another semi-permanent stream, Maguogou, with an average flow rate of 43.0 L/s. These streams flow into the Luoxi River. These streams can generally provide sufficient water for operation.

3.2 Climate and Physiography

The Mining Properties are located in a moderately mountainous area in the Yunnan-Guizhou Plateau and locally situated in the mountainous region of Panzhou City, which has a total area of 4,057 square kilometres (“km²”) and a population of approximately 1,053,400 in 2016. In general, mountain ranges in the region strike northwest, controlled by regional tectonic movement. The topography is generally elevated in the northwestern part of the region, ranging from 1,483m along the Luoxi River near the southeastern part of the property to a topographic high of 1,785m near the northwestern part of the property.

The climate of Panzhou City is classified as semi-arid subtropical with distinct dry and wet seasons. Annual precipitation is approximately 1,383 millimeters (“mm”), which mostly occurs during the wet seasons from May to October accounting for more than 85.8% of the total precipitation. The average annual temperature is generally around 15.2°C with a summer high of 35°C and a winter low of 3°C. The average annual relative humidity is 78%. The annual sunshine duration totals 1,555.6 hours.

Drainage systems are widely developed in the region with a major river represented by the Luoxi River. Water supply for mining operation is sufficient. Vegetation is widespread in the region. Forest covers approximately 47% of the surface area in Panzhou City.

Since 1969, there have been 16 earthquakes recorded in Panzhou City, with the maximum magnitude up to 4.4. According to the China Earthquake Networks Center, the latest report of earthquake in the region of Panzhou City was a 3.2-magnitude earthquake recorded on September 26, 2018 with an epicenter of 8 km below the surface.

Panzhou City is a very important coal-producing area in Guizhou Province and China. The major industry in the city includes coal mining, coal preparation, coke production, and electricity generation. The city is a major electricity source for the Guizhou-Electricity-to-

Guangdong programme and is often referred to as the “Capital of Coal and Electricity”. The area is a rural agricultural district. Major crops include corn and rice. Labour and material supplies are readily available in the area. The population consists of Han Chinese, Yi minority and Miao minority.

4 HISTORY

The exploration history, consolidation of the adjacent mining licenses and historic production of the Mining Properties are discussed in this section.

4.1 Previous Exploration Work

4.1.1 Xiejiahegou Coal Mine

The earliest geological reconnaissance campaign for coal resources in the region of Panzhou City was conducted by the Brigade 2 of the former Southwest Coalfield Geological and Exploration Bureau in 1955 which mapped, at the scale of 1:50,000, the lateral extent of the occurrence of coal resources with limited sampling and outlined major geological structures in the region.

During the period between 1964 and 1969, the Brigade 129 of the Southwest Coal Production and Coal Exploration Company carried out further prospecting and exploration work in the region which was documented in “Final Report of Geological Exploration of the Luna Coal Project in Tucheng Mining Area, Panxian Coalfield” and “Final Report on Geological Exploration of the Jincun Coal Project in Tucheng Mining Area, Panxian Coalfield”. According to the report of the Luna Coal Project, the historic exploration program included 35 drill holes totaling 7,951.32m, 30,000 cubic meters (“m³”) of trenching, 6,418 m of geophysical logging, 14 water samples; 220 coal samples and survey of 5 production shafts and workings. Among those 35 drillholes, 20 drillholes were geographically located within the permit of the Coal Mine and were subsequently used for resource estimation in the 2017 exploration program. The total coal resources, estimated in accordance with the historic Chinese resource classification scheme, were reported to be 135,777,000 tonnes (“t”) among which, coking coal accounted for 85,779,000 t.

In November 2007, Geophysical and Geochemical Exploration Institute of Guizhou Bureau of Geology and Mineral Resources carried out resource estimation for the Xiejiahegou Coal Mine. The total coal resources, estimated in accordance with the current Chinese resource classification scheme, were reported to be 10,850,000 t for the Coal Mine. Depleted coal resources were estimated to be 650,000 t. The work was documented in “Verification Report on Coal Resource of the Xiejiahegou Coal Mine in Yangchang Township, Panzhou City, Guizhou Province”.

During the period between August 2009 and August 2010, the 159th Brigade of the Guizhou Coalfield Geology Bureau carried out the resource estimation for the Luna Coal Project. The total coal resources, estimated in accordance with the current Chinese resource classification scheme, were reported to be 188,981,000 t for the Xiejiahegou Coal Mine. Depleted coal resources were estimated to be 2,169,000 t. The work was documented in “Verification Report on Coal Resource of Luna Coal Project in Panzhou City, Guizhou Province”.

In May 2016, the 113th Brigade of the Guizhou Coalfield Geological Bureau was commissioned to carry out an exploration program in accordance with the national coal exploration requirements. The exploration program was officially completed in July 2017 including historic data compilation, additional and infill drilling (five additional drill holes) totaling 2,352.8 m, 1.50 km² of topographic survey and geological mapping, 2,289 m of geophysical logging, 31 samples for geotechnical testworks, five hydrogeological holes, core logging, sampling and resource estimation. The total coal resources, estimated in accordance with the current Chinese resource classification scheme, were reported to be 34,650,000 t for the Xiejiahegou Coal Mine. The work was documented in “Verification Report and Exploration Report on Coal Resource of Xiejiahegou Coal Mine in Panzhou City, Guizhou Province, 2017-2018”.

In August 2018, in order to expand the production capacity from 150 ktpa to 450 ktpa, the Xiejiahegou Coal Mine commissioned Guizhou Coal Institute to carry out an engineering study for detailed mine planning and production scheduling to achieve a production capacity of 450 ktpa (“450 ktpa Engineering Study”), based on the resource estimates for the area defined by

the consolidated mining license. The work was documented in “Preliminary Design (Production Scale; 450 ktpa) of Xiejiahegou Coal Mine (Merger and Reorganization) in Yangchang Township, Panzhou City, Guizhou Province”. Such 450 ktpa Engineering Study was reviewed by and subsequently approved by the joint task force formed by Guizhou Provincial Energy Bureau and Guizhou Coal Supervision Bureau in March 2019.

In October 2018, in order to provide the latest geological information for the 450 ktpa Engineering Study, the Xiejiahegou Coal Mine further commissioned Guizhou Tianyin Mining Technology Limited Company to carry out a supplemental exploration program including detailed geological mapping, detailed hydrogeological survey, sampling and survey for historic workings. The work was documented in “Production Geological Report of the Xiejiahegou coal mine in Yangchang Township, Panzhou City”.

BAW is given to understand that no further exploration drilling was attempted for resource estimation purpose after the 2016 exploration campaign.

At the time of the acquisition of the Xiejiahegou Coal Mine in 2019, the Client engaged BAW to prepare the “*Competent Persons' Report for the Xiejiahegou Coal Mine in Guizhou Province, PRC*” (the “2019 CPR”) for public disclosure purpose. Accordingly, BAW prepared JORC-compliant Coal Resource and Reserve estimation for Xiejiahegou Coal Mine within the 2019 CPR in accordance with the historic drill program, coal resource estimation, detailed mine plan and production schedule provided by the mine management.

4.1.2 Youyi Coal Project

In July 1955, the 2nd sampling team of the former Southwest Coalfield Geological Exploration Bureau conducted regional coal quality sampling in areas like Panxian, Puan, Qinglong, and Xingren, compiling a 1:50,000 geological map. This provided an outline understanding of coal distribution, coal quality, and geological structure.

In August 1966, the 129th Team of the former Southwest Coal Mine Construction Command's Geological Exploration Company conducted exploration in the Tucheng mining area at Cijia. The Luna Coalfield was previously part of the Cijia Coalfield and had undergone minor construction work. However, due to structural and developmental reasons, the Luna Coalfield was later designated as a separate small mine for exploration. Following research collaboration between the former Southwest Coal Mine Construction Command Geological Exploration Company and the original Shuicheng Coal Mine Design Institute, the final geological exploration report for the Luna Coalfield in the Tucheng mining area was submitted for approval. The approval authority was the temporary leadership group for production of the "Grasp Revolution, Promote Production" initiative in Liupanshui, with document number Liupanshui Linsheng Coal (70143). The approved resources/reserves amounted to 135.77 million tons ("mt"), including 85.79 mt of coking coal.

In 2011, the 113th Brigade of the Guizhou Coalfield Geological Bureau was commissioned to carry out an exploration program in accordance with the national coal exploration requirements so as to support subsequent feasibility study and preliminary design. The local geology primarily features exposed Carboniferous, Permian, and Triassic strata, identifying fourteen main minable coal seams (1, 3, 6-1, 6-3, 12, 15-1, 16, 17, 18, 25, 26, 27-1, 29-2, 32) with a simple structure. The field work included 6 km² of control surveying, 4.50 km² of geological and hydrogeological mapping, 3,812.29 m of drilling across 5 holes, 1 pumping test and 3,774.20 m of logging across 5 holes. A total of 6,845 mt of coal resources were delineated and documented in "Coal Exploration Geological Report of the Youyi Coal Project, Panxian County, Guizhou Province, 2011" ("2011 Youyi Report").

4.1.3 Jieji Coal Project

From 1960 to 1961, the 159th Team of the former Guizhou Province Coal Mine Management Bureau Geological Exploration Company conducted work in the Dazhai exploration area, compiling 1:10,000 and 1:5,000 topographical geological maps and submitting a geological survey report. In early 1970, the 198th Team began simultaneous geological surveying and exploration work, conducting extensive trenching and drilling three boreholes.

In 1970, the surveying team remeasured the Dazhai exploration area to address deficiencies in the earlier geological survey report from the 159th Team. From February 1970 to September 1973, the 159th Team conducted a comprehensive exploration of the Dazhai area, submitting the "Geological Survey Report for the Old Puan Syncline Dazhai Exploration Area in Pan County, Guizhou Province" in October 1973. This report was approved by the former Liupanshui Regional Coalfield Geological Exploration Company on November 21, 1973, under document number Coal Exploration 73 Geology No. 18. According to the range document obtained by the Jieji Coal Mine, the mining area roughly corresponds to the western section of the Dazhai exploration area. The scope of this investigation essentially interpolated three exploration lines between the 8th and 6th exploration lines in the Dazhai exploration area, with three boreholes positioned on each line.

In 2008, Geological Exploration Research Institute of Guizhou Coalfield Geological Bureau was commissioned to undertake exploration work for the Jieji Coal Project. A total of 61 mt of coal resources has been delineated and documented in "Coal Exploration Geological Report of the Jieji Coal Project, Panxian County, Guizhou Province, 2009" ("2009 Jieji Report").

4.2 Consolidation of Mining Licenses

In order to better regulate the coal mining industry and improve coal mine productivity, mine production safety and environmental protection, the Chinese government started a coal mine

consolidation program in the beginning of the 21st century and this consolidation program is still on-going.

The current mining license of the Xiejiahegou Coal Mine was resulted from twice consolidation of multiple mining licenses throughout the history. The first consolidation of mining licenses took place in September 2007 which combined two mining licenses with a smaller production capacity, namely, Xiejiahegou Coal Mine (license no.: 5200000140527 and production capacity: 30 ktpa) and Songshuwan Coal Mine (license no.: 5200000140526 and production capacity: 30 ktpa). The consolidated mining license was subsequently assigned with a new license no. of C5200002014071120135031 with a validity from July 2014 to September 2018. The new production capacity and new area were subsequently granted to be 150 ktpa and 0.5966 km² respectively.

The second consolidation of mining licenses took place in 2015 which combined two mining licenses with a smaller production capacity, namely, Xiejiahegou Coal Mine (license no.: C5200002014071120135031 and production capacity: 150 ktpa) and Dalazhai Coal Mine (license no.: C5200002012011120122952 and production capacity: 60 ktpa). The consolidated mining license was subsequently assigned with the original license no. of C5200002014071120135031 with a validity from September 2018 to December 2019. The new production capacity and new area were subsequently granted to be 450 ktpa and 1.0135 km² respectively.

4.3 Historic Production

Since the second consolidation of the mining licenses in 2015, the Xiejiahegou Coal Mine has been continuously producing raw coal as summarized in Table 4-1 below. Prior to the second consolidation, the production records have not been made available for our review. The elevated production in 2017 was mainly due to the recovery of demand of coal and thus coal prices in the PRC.

Table 4-1 Recent Production of the Xiejiahegou Coal Mine

Year	Raw Coal Mined (t)	Clean Coal Output (t)	Middlings Output (t)	Coal Slime Output (t)
2020	499,410.2	339,885.4	59,236.7	n/a
2021	409,766.7	264,722.7	39,845.6	39,975.9
2022	409,508.0	235,455.7	45,602.2	54,160.2
2023	423,228.5	259,319.0	54,552.3	40,097.3
2024	449,949.2	259,077.0	86,102.8	36,430.0
2025 (Jan–Nov)	306,741.2	161,842.7	48,697.4	58,824.7

As of to date, the Youyi and Jieji Coal Projects are in the stage of development and thus have no production.

5 GEOLOGICAL SETTING

5.1 Regional Geology

The Mining Properties are situated in the Panxian Coalfield which is a major coal-forming, interactive marine and terrestrial sedimentary basin formed during the Late Permian Period in western Guizhou Province of South China in modern times, which is one of the major coal-producing area in the PRC.

The Panxian Coalfield is approximately 79.7 km long from north to south and 59.5 km wide from east to west, covering an area of 4,742 km² as shown in Figure 5-1. Numerous coal deposits of the Panxian Coalfield are the primary mining targets for all the coal mines in Panzhou City as well as the surrounding areas.

The stratigraphy exposed in the region over a wide span, from the Carboniferous, Permian, Triassic, Jurassic and Paleogene to the Quaternary, comprising mainly the Lower Permian Qixia Formation flint limestones and Maokou Formation limestones, the Upper Permian Emeishan Basalt and Xuanwei Formation coal-bearing sandstones, siltstones and mudstones, the Lower Triassic Feixianguan Formation silty mudstones, siltstones with bioclastic limestone interbeds and Yongningzhen Formation limestones, the Middle Triassic Guanling Formation dolomites and limestones and Quaternary sediments. Among the sequences, the Permian and Triassic successions are the most widely distributed. The main coal-bearing strata were formed in the Late Permian (Yang et al., 2019).

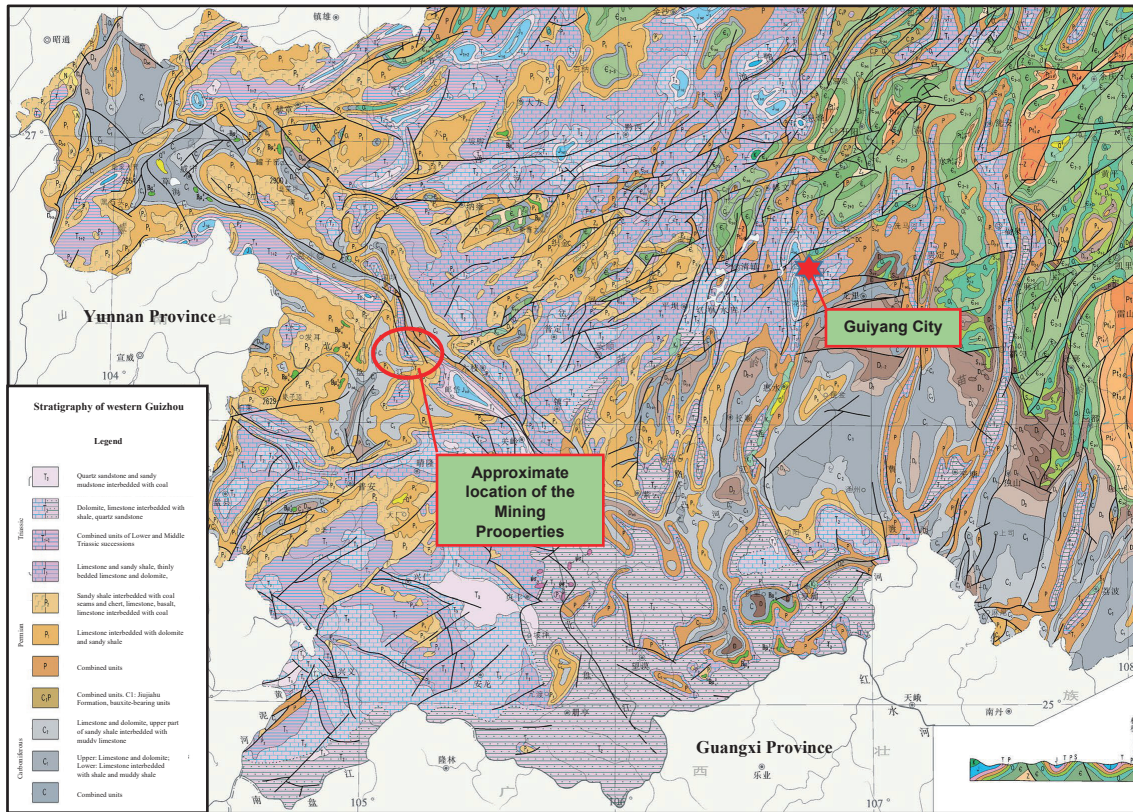


Figure 5-1 Regional Geological Map of Southwestern Guizhou

Table 5-1 Stratigraphy exposed in the region of western Guizhou Province

Period	Epoch	Formation	Thickness (m)
Quaternary			0–10
Jurassic	Middle		1330
	Lower		220-280
Triassic	Upper	?	145-205
	Middle	Falang Fm	100-153
		Guanling Fm	310-613
	Lower	Yongningzhen Fm	300-480
		Feixianguan Fm	440-550
	Permian	Upper	Xuanwei and Longtan Fm
Emeishan Basalt			180-250
		Maokou Fm	100-230
Middle		Qixia Fm	200-460
		Liangshan Fm	80-187
Carboniferous	Upper	Maping Fm	45-600
		Baizuo Fm	4-582
	Lower	Datang Fm	51-524
		Yanguan Fm	100-310
Devonian	Upper	Wanchengbo Fm	90-158

Among the sequences, the Permian and Triassic successions are the most widely distributed whereas the Late Permian succession are the key coal-bearing strata in the region (Yang et al., 2019). The Upper Permian Xuanwei Formation is a lacustrine deposit; it gradually changes laterally to the Upper Permian Longtan Formation which is interactive marine and terrestrial sediments to the east. The Upper Permian Xuanwei Formation and Longtan Formation are widely distributed and are the primary coal-bearing strata in the region. The Upper Permian Emeishan Basalt is classified as the massive flood basalt resulted from the large mantle plume volcanic eruptions that occurred during the Permian in southwestern China, geologically known as Emeishan Large Igneous Province. The flood basalt distributes widely in western Guizhou Province and forms the base for the coal-bearing sediments.

5.2 Property Geology

5.2.1 Xiejiahegou Coal Mine

Stratigraphy exposed in the area surrounding the Xiejiahegou Coal Mine consists of the Upper Permian Emeishan Basalt, consists of the Upper Permian Emeishan Basalt to the Lower Triassic Feixianguan Formation as tabulated below in Table 5-2.

Table 5-2 Stratigraphy exposed in the area of the Xiejiahegou Coal Mine

Age	Formation	Main Lithology	Average Thickness (m)
Quaternary	-	Alluvium and colluvium	0-40
Lower Triassic	Feixianguan Formation	Sandstone and mudstone with subordinate limestone	570-690
Upper Permian	Longtan Formation	Grey to dark-grey muddy siltstone, siltstone, sandstone, mudstone and coal seams	356-425

	Emeishan Basalt	Dark-grey to greyish-green basalt and tuff	430
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The Upper Permian Emeishan Basalt is dark-grey to greyish-green, massive basalt with some basaltic tuff interbeds, vesicular and amygdaloidal texture and columnar joints, being the oldest stratigraphic unit outcropped in the property. Its thickness in the area is about 430 m. The Emeishan Basalt is unconformably underlying the coal-bearing successions in the area.

The Upper Permian Longtan Formation is the clastic sedimentary succession dominantly represented by grey mudstone and siltstone interbedded with multiple coal seams. Its thickness ranges from 356m to 425m. The Formation is widely distributed and is the primary coal-bearing strata in Panzhou City. 51 layers of coal seams have been identified. The combined thickness of the coal seams is 38.3m to 60.4m, with an average thickness of 55.8m. There are 18 layers of recoverable coal seams. The average thickness of recoverable coal seams is 38.6m. It underlies conformably with the overlying successions.

The rock types of the Lower Triassic Feixianguan Formation are mainly sandstone and mudstone with subordinate limestone with a thickness between 570m to 690m. The Formation is divided into two sections. The Lower Section consists of gray, greyish green mudstone, silty mudstone and sandstone and has an average thickness of about 171.9m. The Upper Section is dominated by purple-red muddy siltstone and siltstone with a thickness estimated to be about 400m to 520m. Exploration programs around the property did not drill through the entire Formation.

The Quaternary sediments are generally distributed in the gentle slope areas and valleys, consisting of eluvial and locally alluvial clays, silty clays with some gravels. Their thickness generally less than 40 m.

The Xiejiahegou Coal Mine is located in the northern limb of the northwest-trending Baikuai Syncline. The stratigraphy generally trends 340°, dipping towards southwest at dip angles from 12° to 22°. Fault structures are not extensively developed in the property. A total of 10 faults was identified to date through surface mapping and drilling, including 7 normal faults and 3 reverse faults. Most of the faults are located in the northwestern corner and south of the property, with displacement generally between 5m to 20m. Through field mapping and drill program, the structural characteristics of the property have been effectively delineated. These faults generally will not have a big impact in working face design for coal mining, but they can cause local mining dilution and local reduction in coal recovery to a certain extent when the coal mining working faces intercept with these faults.

The geology of the Xiejiahegou Coal Mine is shown in Figure 5-2. Cross-sections along certain exploration lines together with the coal seams are shown in Figure 5-3.

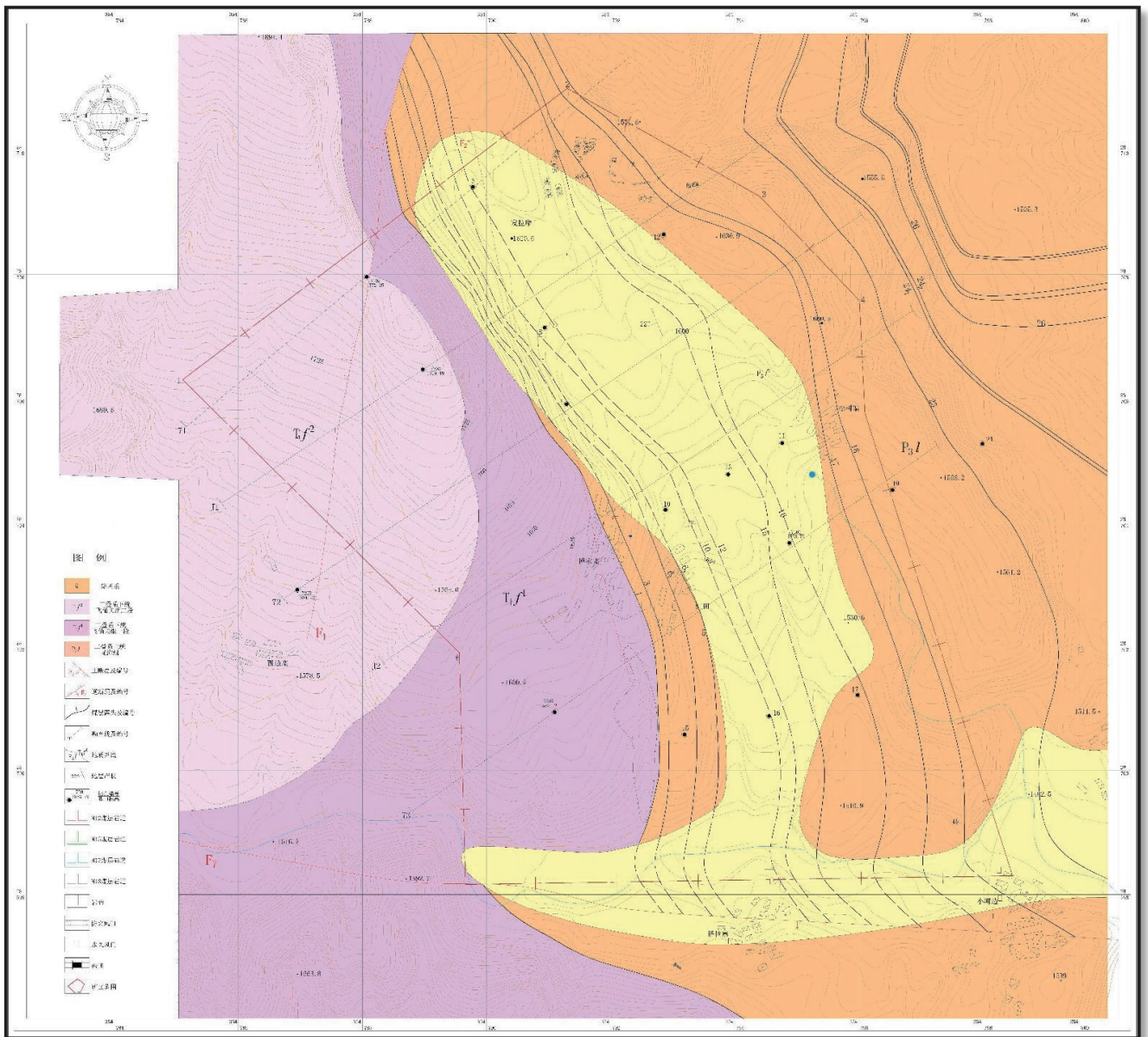


Figure 5-2 Geology of the Xiejiahegou Coal Mine

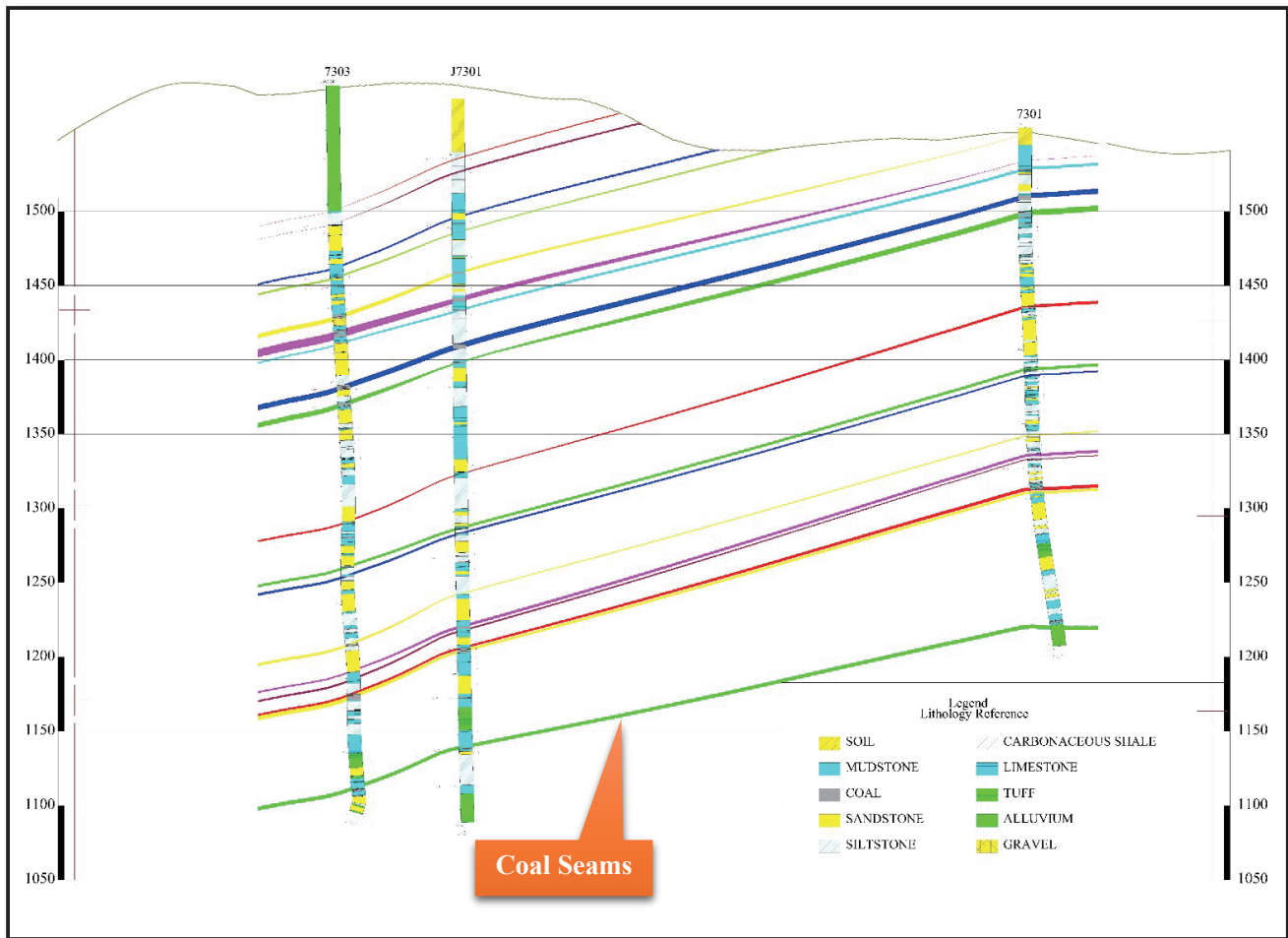


Figure 5-3 Cross-sections showing Exploration Line No. 73

5.2.2 Youyi Coal Project

The strata exposed within and around the project area range from the Upper Permian Emeishan Basalt Group up to the Lower Triassic Yongningzhen Formation. The simplified stratigraphic sequence is presented in the table below.

Table 5-3 Stratigraphy exposed in the area of the Youyi Coal Project

Boundary/Era	System	Group/Formation/Member	Brief Description of Lithology	Min-Max Thickness (m)	Average Thickness (m)
Cenozoic	Quaternary (Q)	Deposits	Alluvial, residual, colluvial deposits, etc.	0—20	

Mesozoic	Triassic (T)	Lower Series (T1)	Yongningzhen Formation	Grey, light grey argillaceous limestone and limestone.	Greater than 150
			Feixianguan Formation- Second Member	Grey-purple, purple-red thin rock dominated by sandstone and mudstone, interbedded with small amounts of limestone.	Greater than 211.86
			Feixianguan Formation- First Member	Grey-green calcareous siltstone, argillaceous siltstone, and thin-bedded muddy limestone.	143.95~192.99
Palaeozoic	Permian (P)	Upper Series (P3)	Longtan Formation	Grey to dark grey argillaceous siltstone, siltstone, fine sandstone, muddy limestone, mudstone, and coal seams.	356.01~424.81
			Emeishan Basalt Group - Upper Member	Dark grey, deep grey tuff, sandstone, coal seams, limestone.	

Upper Permian Emeishan Basalt Group

This group is distributed in the eastern and northeastern periphery of the mine, with no boreholes within the mining area having penetrated it. Regionally, the formation is approximately 430 m thick and is composed of deep grey to dark grey-green basalt, tholeiitic basalt, and tuff. The Upper Member has an average thickness of 42.38 m and consists of grey-green and grey-purple tuff in the upper part, transitioning to sandy mudstone and siltstone in the lower part. This member contains 3 to 4 coal seams, with 1 minable seam (No. 32). The Lower Member measures approximately 400 m in thickness, primarily consisting of grey-green basalt and tuff. The contact with the overlying Longtan Formation is characterized as a paraconformity.

Upper Permian Longtan Formation

This formation represents a marine-terrestrial transitional sedimentary facies dominated by fine clastic rocks, averaging 387.52 meters in thickness (with a range from 356.01 to 424.81 m). It contains an average of 46 coal seams (ranging from 43 to 57), with a total coal seam thickness averaging 47.12 m. Among these seams, there are 14 minable coal seams within the coal-bearing strata (13 from Longtan and 1 from the Emeishan Basalt Group), with an average minable thickness of 24.62 m in the Longtan Formation. The upper part of this formation is rich in animal fossils (including brachiopods, gastropods, and bivalves), while the middle part predominantly features plant fossils. The lower section contains additional brachiopod fossils. The Longtan Formation conformably integrates with the overlying strata.

Lower Triassic Feixianguan Formation

This is the most widely distributed stratum in the area, composed mainly of sandstone and mudstone, interbedded with small amounts of limestone. Its thickness ranges from 570 to 690 m and is divided into upper and lower sections. The Lower Member averages 171.89 m in thickness (with a range from 143.95 to 192.99 m) and consists of grey-green calcareous siltstone, argillaceous siltstone, fine sandstone, and silty mudstone. The Upper Member has thickness data suggesting a range of 400 to 520 m, averaging 445 m, while exploration boreholes reveal a maximum thickness of 211.86 m.

Lower Triassic Yongningzhen Formation

This formation is located in the southwestern corner of the project area, with the exposed section mainly composed of thin-to-medium-thick muddy limestone and limestone, in shades of grey and dark grey. It exceeds a thickness of 150 m and is notable for its abundant animal fossils, including brachiopods, bivalves, gastropods, scaphopods, and corals.

Quaternary Deposits

The Quaternary deposits are widely distributed across most low-lying and relatively gentle terrains, with thicknesses ranging from 0 to 20 m. These deposits primarily consist of colluvial/residual clay, sub-clay, and sand, followed by alluvial sand and gravel. They display an unconformable contact with the underlying strata.

Coal-Bearing Strata

The primary coal-bearing strata are found in the Longtan Formation and the Upper Member of the Emeishan Basalt Group, which collectively contain 14 minable coal seams. The lithological characteristics of these coal-bearing strata are dominated by siltstone, silty mudstone, fine sandstone, and mudstone. Additional components include coal seams, siderite, argillaceous siltstone, bauxite, and muddy limestone. The rock colors vary, with the lower part predominantly exhibiting dark grey and grey-black tones, while the upper part is mainly grey and dark grey. Paleontologically, the strata are rich in animal fossils, such as brachiopods, bivalves, and fusulinids, which are primarily located in limestone and marine mudstone. Plant fossils, including Gigantopteris and Pecopteris, are mostly well-preserved in the siltstone, argillaceous siltstone, and mudstone that form the roof of the coal seams.

Table 5-4 Geophysical Characteristics of the Coal-Bearing Strata

Rock Type	Resistivity	Density	Natural Gamma
Coal Seams	Medium (generally higher than surrounding rock)	Low (high anomaly readings)	Low amplitude (upper part), High amplitude (lower part)
Limestone	High (generally higher than coal seams)	High	Lowest value
Sandstone	Medium to High	Relatively high	Often low
Mudstone	Lowest value	Small	High amplitude
Argillaceous Siltstone/Silty Mudstone	Between Sandstone and Mudstone	Between Sandstone and Mudstone	Between Sandstone and Mudstone

5.2.3 Jieji Coal Project

The strata exposed within and around the mining area include formations from the Upper Permian to the Lower Triassic, along with scattered Quaternary deposits.

Upper Permian

The Emeishan Basalt Group is approximately 500 m thick, composed of deep grey to dark grey-green basalt, tholeiitic basalt, and tuff. The upper section of this group, about 120 m thick, mainly consists of tuff interbedded with siltstone and silty mudstone. This upper section contains 5 unstable coal seams, which are locally minable, though difficult to correlate. The contact between the Emeishan Basalt Group and the overlying Longtan Formation is characterized as a paraconformity.

The Longtan Formation is the main coal-bearing strata and the primary focus of the current exploration, representing a marine-terrestrial transitional depositional environment. This formation is discontinuously exposed in valleys and hillsides, generally forming an east-west trending strip. Its thickness varies significantly, being approximately 500 m near Shagu in the west but abruptly thinning eastward to about 300 m, with an average thickness of 285 m. Lithologically, it is composed of grey sandstone, fine sandstone, grey-black silty mudstone, mudstone, and coal seams, interbedded with minor muddy limestone. The formation contains widespread bedded, nodular, or tuberous siderite (ferrous carbonate) and disseminated pyrite, with a total of 28–32 coal seams. Fossils are abundant, featuring plant fossils such as Gigantopteris and Pecopteris, while animal fossils (including brachiopods, bivalves, gastropods, and ammonites) are concentrated mainly in the Upper Coal Member (between coal seams No. 1–10). The contact with the overlying strata is conformable.

The Longtan Formation is divided into three segments, marked by the B1 (muddy limestone) at the top and B6 (grey-white aluminous mudstone) at the base:

- **Lower Segment (P311):** Thickness of 93–127 m (average 110 m), containing 13–18 (average 16) coal seams. Characterized by fewer marine layers and rich plant fossils.
- **Middle Segment (P312):** Thickness of 50–80 m (average 65 m), containing 4 coal seams. Rich in plant fossils, with animal fossils found in the middle and bottom.
- **Upper Segment (P313):** Thickness of 91–130 m (average 110 m), containing 6–8 (average 7) coal seams. Characterized by relatively more marine layers, abundant animal fossils, and good coal seam continuity.

Lower Triassic

The Feixianguan Formation has a thickness of 550 m and is divided into Upper and Lower segments. The Lower Segment has a thickness of 130 m, with the upper part consisting of purple-grey/green-grey siltstone with fine sandstone and the lower part comprising grey-green thick-bedded fine sandstone/siltstone. The Upper Segment has a thickness of 420 m and is further subdivided into three sub-members, largely composed of purple-red/grey-purple siltstone and fine sandstone interbedded with silty mudstone.

The Yongningzhen Formation has a thickness of approximately 640 m and is distributed outside the project area. The exposed First Member is primarily made up of grey thick-bedded limestone and green-grey muddy limestone, rich in animal fossils.

Quaternary

The Quaternary deposits have thicknesses generally ranging from 0 to 20 m, consisting of residual and colluvial deposits, including gravelly soil and clay. These deposits unconformably overlie the older strata.

5.3 Coal Seams

5.3.1 Xiejiahegou Coal Mine

Coal seams of the Xiejiahegou Coal Mine are dominantly hosted in the Upper Permian Longtan Formation and Upper Permian Emeishan Basalt. The Longtan Formation is the clastic sedimentary succession which comprises mainly of mudstone, siltstone and sandstone with a thickness between 356 m and 425 m. The Longtan Formation contains 11 to 24 coal seams with a total seam thickness of 11.1 m to 32.5m, resulting in a coal-bearing coefficient of 10.1% to 20.4%. Among those 24 coal seams, 18 coal seams are considered as having mining potential. The total thickness of the 18 coal seams with mining potential ranges from 7.7 m to 14.1 m, resulting in a potentially minable coal-bearing coefficient of 6.4% to 13.5%.

The Emeishan Basalt contains 2 to 5 coal seams with a total seam thickness of 1.9 m to 8.2 m, resulting in a coal-bearing coefficient of 7.5%. Among those 5 coal seams, only one coal seam is considered as having mining potential. The thickness of the coal seam with mining potential ranges from 0.8 m to 7.4 m, resulting in a potentially minable coal-bearing coefficient of 6.3%.

The mining potential is generally defined by a minimum true seam thickness of 0.6 m to 0.7 m for the seams that produce metallurgical coal in the area of Panzhou City, a parameter specified by relevant government agencies.

The 18 coal seams with mining potential in the Longtan Formation are numbered, in stratigraphically descending order, as Seams No.1, No.3, No.6-1, No.6-2, No.10, No.12, No.15, No.16, No.17, No.18, No.23, No.24-1, No.24-2, No.26, No.27-1, No.27-2, No.29-1 and No.29-2. These coal seams generally are roofed by silty mudstone and muddy siltstone and floored by mudstone and muddy siltstone. The only coal seam with mining potential in the Emeishan Basalt is Seam No. 32 which is roofed by silty mudstone and floored by silty mudstone, muddy siltstone and siltstone. The physical characteristics of each coal seam reported by the 113th Brigade of the Guizhou Coalfield Geological Bureau is summarized in Table 5-4 below.

Table 5-5 Physical Characteristics of the Mineable Coal Seams of the Xiejiahegou Coal Mine

Coal Seam	Location	Coal Seam Thickness (m)	Coal Seam Average Thickness (m)	No of Partings
1	First coal seam	0.36-1.66	1.21	1-2
3	8.15-14.90m below Seam No.1 (average: 13.16m)	0.77-1.19	1.1	0-1
6-1	29.04-33.63m below Seam No.3 (average: 31.51m)	0.58-2.36	1.62	1-2
6-2	4.89-11.20m below Seam No.6-1 (average: 10.27m)	0.46-1.29	1.05	0-1
10	18.36-38.29m below Seam No.6-2 (average: 30.67m)	0.71-2.55	1.73	0-3
12	4.37-21.65m below Seam No.10 (average: 15.56m)	1.12-5.47	2.77	0-3
15	8.77-30.96m below the boundary of the Upper Member of the Longtan Formation (average: 17.56m)	1.29-11.43	4.9	1-3
16	1.61-8.12m below Seam No.15 (average: 5.35m)	0.7-3.88	1.39	0-1
17	13.65-28.32m below Seam No.16 (average: 20.06m)	2.44-4.93	3.47	2-3
18	4.93-17.17m below Seam No.17 (average: 8.43m)	1.6-6.02	3.26	2-4
23	53.43-82.44m below Seam No.18 (average: 58.64m)	0.36-2.22	1.07	0-2
24-1	34.74-44.15m below the boundary of the Middle Member of the Longtan Formation (average: 38.00m)	0.44-1.89	1.11	0-1

Coal Seam	Location	Coal Seam Thickness (m)	Coal Seam Average Thickness (m)	No of Partings
24-2	1.81-4.03m below Seam No.24-1 (average: 2.93m)	0.56-1.32	0.91	0-1
26	22.46-43.73m below Seam No.24-2 (average: 37.60m)	0.5-2.16	1.22	0-1
27-1	12.06-21.08m below Seam No.26 (average: 18.12m)	0.44-1.66	0.89	0
27-2	0.21-4.86m below Seam No.27-1 (average: 1.41m)	0.91-3.52	1.39	0-2
29-1	4.82-23.69m below Seam No.27-2 (average: 13.88m)	0.77-2.13	1.31	0-2
29-2	0.22-6.11m below Seam No.29-1 (average: 1.89m)	0.83-3.02	1.68	0-2
32	21.08-29.74m below the base of the Longtan Formation (average: 27.9m)	0.84-4.19	2.5	0-3

In each cell of the table, values above the line show the parameter range; the first number below the line shows the number of measurements made for the parameter whereas the second number in parentheses below the line shows the number of data point. In the column of coal seam spacing, the value represents the spacing of the coal seam and another coal seam beneath it.

Coal seam correlation between drill holes is generally based on a number of marker units, fossil assemblages, geophysical profile characteristics and coal seam characteristics in the coal-bearing successions.

5.3.2 Youyi Coal Project

The main coal-bearing strata in the area are the Upper Permian Longtan Formation and the Upper Member of the Emeishan Basalt Group.

Longtan Formation

The thickness of the Longtan Formation ranges from 356.01 m to 424.81 m, with an average thickness of 387.52 m. It contains between 43 and 57 coal seams, averaging 47 seams. The total thickness of these coal seams ranges from 43.67 m to 50.61 m, averaging 47.12 m, leading to a coal-bearing coefficient of 12.16%. Within this formation, there are 13 minable coal seams (out of a total of 14 minable seams in the area). The total minable coal thickness varies from 18.03 m to 30.92 m, averaging 24.62 m, with a minable coal-bearing coefficient of 6.35%.

Emeishan Basalt Group Upper Member ()

The Upper Member of the Emeishan Basalt Group generally has an average thickness of 42.38 meters. It contains between 2 and 5 coal seams, averaging 3 seams, with a total coal thickness that ranges from 1.69 m to 5.48 meters, averaging 4.16 m. This member has a coal-bearing coefficient of 9.82%. It features 1 minable coal seam, numbered 32, with a total minable coal thickness ranging from 1.21 m to 4.19 m, averaging 2.95 m. The minable coal-bearing coefficient for this member is 6.96%.

In total, the coal-bearing strata in the area includes 14 minable coal seams, which are numbered as follows: No.1, No.3, No.6-1, No.6-3, No.12, No.15-1, No.16, No.17, No.18, No.25, No.26, No.27-1, No.29-2 and No.32. These seams are developed across the upper, middle, and lower parts of the formations.

Table 5-6 Physical Characteristics of the the Coal Seams with Mining Potential of the Youyi Coal Project

Coal Seam No.	Spacing (m) (Min–Max/Average)	Coal Thickness (m) (Min–Max/Average)	Parting (No. of layers, General)	Adopted Thickness (m) (Min–Max/Average)	Minability Status	Structural Complexity	Stability Degree
1	To T1f 1 bottom: 0	1.53~2.00 / 1.77	1~2 / 1 ~2	1.18~1.78 / 1.48	Minable throughout the area	Simple	Stable
3	Up to 1: 11.75 ~15.74 / 12.71	0.36~1.63 / 1.08	0~2 / 0 ~1	0.35~1.4 / 0.98	Largely minable	Simple	Relatively Stable
6-1	Up to 3: 29.65 ~43.16 / 35.58	0.35~2.19 / 1.25	0~3 / 0 ~2	0.32~1.85 / 0.93	Largely minable	Simple	Relatively Stable
6-3	Up to 6-1: 9.29~16.03 / 10.56	0.83~1.81 / 1.30	0~1 / 0 ~1	0.81~1.77 / 1.26	Minable throughout the area	Simple	Relatively Stable
12	Up to 6-3: 35.08~70.11 / 53.20	1.11~4.67 / 2.14	0~3 / 0 ~2	1.07~3.64 / 1.83	Minable throughout the area	Relatively Simple	Relatively Stable
15-1	Up to 12: 19.47~24.33 / 21.57	1.32~6.69 / 4.26	0~3 / 0 ~2	1.19~5.65 / 3.46	Minable throughout the area	Relatively Simple	Relatively Stable
16	Up to 15-1: 3.29~14.95 / 8.00	0.79~1.8 / 1.12	0~3 / 0 ~1	0.75~1.52 / 1.05	Minable throughout the area	Relatively Simple	Relatively Stable
17	Up to 16: 13.06~28.00 / 19.62	3.46~6.90 / 4.26	0~3 / 0 ~2	2.97~6.66 / 3.92	Minable throughout the area	Relatively Simple	Relatively Stable
18	Up to 17: 6.19 ~17.89 / 10.11	2.70~6.13 / 3.69	0~5 / 0 ~3	2.61~5.35 / 3.05	Minable throughout the area	Complex	Stable
25	Up to 24: 34.43~60.63 / 41.90	0.67~1.53 / 1.17	0~2 / 0 ~1	0.57~1.16 / 0.89	Largely minable	Simple	Relatively Stable
26	Up to 25: 13.96~45.49 / 37.28	0.93~1.65 / 1.34	0~1 / 0 ~1	0.90~1.41 / 1.17	Minable throughout the area	Simple	Stable

27-1	Up to 26: 16.26~25.13 / 20.08	0.82~1.81 / 1.09	0~1 / 0 ~1	0.79~1.35 / 0.93	Minable throughout the area	Simple	Relatively Stable
29-2	Up to 27-1: 7.51~45.48 / 21.38	0.79~5.18 / 2.43	0~3 / 0 ~2	0.76~4.12 / 1.95	Minable throughout the area	Relatively Simple	Relatively Stable
32	Up to B5: 29.48~60.57 / 53.56	1.21~5.79 / 2.95	0~3 / 0 ~2	1.13~2.01 / 1.47	Minable throughout the area	Relatively Simple	Relatively Stable

(Note: Coal Seam 25 is listed in the Minability Status column as "Largely minable". Coal Seam 32 belongs to the Emeishan Basalt Group, while the rest listed belong to the Longtan Formation.)

5.3.3 Jieji Coal Project

The Longtan Formation is the primary coal-bearing strata in this area, representing a marine-terrestrial interbedded layer sequence. It is composed of grey and dark grey argillaceous siltstone, siltstone, argillaceous siltstone, carbonaceous mudstone, and coal seams.

Longtan Formation

The thickness of the Longtan Formation ranges from 261.20 m to 300.56 m, with an average thickness of 285.00 m. It contains between 24 and 32 coal seams, with a total coal thickness ranging from 28.09 m to 33.74 m, averaging 31.69 m. The overall coal-bearing coefficient is 11.1%. The formation includes 10 minable coal seams, specifically numbered as No.1, No.2, No.9, No.11, No.17-1, No.18, No.22-2, No.23, No.24 and No.28.. The total minable coal thickness averages 27.86 m, ranging from 23.60 m to 31.42 m, and the minable coal-bearing coefficient stands at 9.8%.

The Longtan Formation is further divided into three segments: Lower, Middle and Upper. These divisions are marked by characteristic layers, such as the Grey Muddy Limestone (B1) at the top, and the Grey-White Alumite Mudstone at the base, which separates the Longtan Formation from the underlying Emeishan Basalt Group. The characteristics of the coal content within these segments are summarized in the table below.

Table 5-7 Coal-Bearing Characteristics of the Longtan Formation

Stratum Code	Average Thickness (m)	Total Seams (layers)	Average Total Thickness (m)	Coal Coeff (%)	Minable Seams	Average Minable Thickness (m)	Minable Coal Coeff (%)
P31	285	32	31.69	11.1	17	27.86	9.8
P313	110	9	7.50	7	4	7.50	6.8
P312	65	6	12.50	19	5	11.20	17.2
P311	110	17	11.50	10.5	8	9.00	8.2

The Upper Segment features more marine layers, rich and abundant animal fossils, and good coal seam continuity. The Middle Segment is rich in plant fossils and contains animal fossils in the middle and bottom. The Lower Segment has relatively fewer marine layers and is rich in plant fossils.

Based on existing and previous geological data, ten coal seams (No. 1, 2, 9, 11, 17-1, 18, 22-2, 23, 24 and 28) are identified as minable within the Longtan Formation. Physical characteristics of the minable coal seams are summarized as below.

Table 5-8 Physical Characteristics of the Mineable Coal Seams of the Jieji Coal Project

Coal Seam No.	Total Thickness (m) (Min–Max/Avg)	Minable Thickness (m) (Min–Max/Avg)	Seam Spacing (m) (Min–Max/Avg)	Seam Structure	Seam Stability Degree	Seam Roof Lithology	Seam Floor Lithology	Minability Extent
1	0.10–2.41 / 0.92	0.10–2.41 / 0.81	10.83 to No. 2 Seam	Simple	Relatively Stable	Muddy Limestone	Muddy Siltstone	Largely Movable
2	0.22–2.64 / 1.29	0.22–2.05 / 1.05	79.23 to No. 9 Seam	Simple	Relatively Stable	Silty Mudstone	Silty Mudstone	Largely Movable

9	0.34–1.21 / 0.91	0.34–1.21 / 0.91	24.72 to No. 11 Seam	Simple	Relatively Stable	Argillaceous Siltstone	Silty Mudstone	Largely Minable
11	0.80–3.61 / 2.17	0.71–3.40 / 1.97	17.94 to No. 17-1 Seam	Relatively Simple	Relatively Stable	Mudstone	Mudstone	Minable throughout the area
17-1	2.30–5.36 / 3.69	2.17–5.13 / 3.24	27.24 to No. 18 Seam	Complex	Relatively Stable	Argillaceous Siltstone	Mudstone	Minable throughout the area
18	1.58– 15.58 / 7.25	0.41– 13.57 / 6.63	64.70 to No. 22-2 Seam	Complex	Relatively Stable	Silty Mudstone	Mudstone	Minable throughout the area
22-2	0.66–4.09 / 1.74	0.66–3.10 / 1.43	10.00 to No. 23 Seam	Relatively Simple	Relatively Stable	Argillaceous Siltstone	Silty Mudstone	Minable throughout the area
23	0.78–3.13 / 1.82	0.73–2.65 / 1.61	6.46 to No. 24 Seam	Simple	Relatively Stable	Argillaceous Siltstone	Silty Mudstone	Minable throughout the area
24	0.84–3.04 / 1.84	0.77–2.72 / 1.66	23.80 to No. 28 Seam	Simple	Relatively Stable	Argillaceous Siltstone	Silty Mudstone	Minable throughout the area
28	0.71–3.57 / 1.91	0.63–2.61 / 1.46	N/A	Simple	Relatively Stable	Argillaceous Siltstone	Silty Mudstone	Minable throughout the area

5.4 Coal Quality

The coal quality of the raw coal samples reported in multiple technical reports generally includes physical, chemical characteristics and washability. The coal chemical characteristics, which provides a strong basis for coal classification, include various parameters, such as, moisture, ash content, volatile content, fixed carbon, sulphur content, calorific value, caking index, harmful elements, radioactive elements, sulphur phase, ash chemical composition. The analytical results of moisture, ash content, volatile content, fixed carbon, sulphur content, calorific value, caking index and harmful elements are summarized in section 5.4.1 to 5.4.3 for the Mining Properties.

5.4.1 Xiejiejahegou Coal Mine

Moisture

The raw coal moisture content on an air-dried basis for all raw coal samples ranges from 0.62% to 3.95% with an average of 1.21% (208 samples).

Ash Content

The ash content on an air-dried basis for all samples in the area ranges from 8.99% to 49.93% with an average of 21.05%. According to the criteria set in “Coal Quality Classification Part I: Ash Content” (GB/T15224.1-2010), Seams No.10, No.12, No.15, No.17, No.18 and No.23 are classified as low-ash coal whereas all other seams as moderate ash coal.

Volatile Content

The volatile content on a dry-ash-free basis for all samples ranges from 10.06% to 32.14% with an average of 20.24% (206 samples). According to the criteria set in “Coal Volatile Content Classification” (MT/T849-2000), Seams No.1, No.3, No.6-1, No.6-3, No.10, No.12 and No.15 are classified as moderate volatile coal whereas all other coal seams as low volatile coal.

Fixed Carbon

The fixed carbon content on a dry basis for all samples ranges from 42.00% to 73.87% with an average of 63.17% (206 samples). According to the criteria set in “Coal Fixed Carbon Classification” (MT/T561-2008), Seams No. 1, No.6-3, No.10, No.12, No.16, No.24-1, No.24-2, No.26, No.27-1, No.27-2, No.29-1, No.29-2 and No.32 are classified as moderate fixed carbon coal, Seams No. 3 and No.6-1 as low fixed carbon coal and Seams No.15, No.17, No.18 and No.23 as moderately high fixed carbon coal.

Calorific Value

The gross calorific value on dry basis for all samples ranges from 15.30 to 33.02 megajoule per kilogram (“MJ/kg”) with an average of 27.26 MJ/kg (67 samples). According to the criteria set in “Coal Quality Classification Part III: Calorific Value” (GB/T15224.3-2010), Seams No.1,

No.15, No.16, No.17, No.18, No.23, No.24-2 and No.32 are classified as high calorific value coal, Seams No.3, No.6-1, No.6-3, No.12, No.24-1, No.26, No.27-1, No.27-2, No.29-1 and No.29-2 as moderately high calorific value coal and Seams No.10 as ultra-high calorific value coal.

Sulfur Content

The total sulfur content on dry basis for all samples ranges from 0.10% to 9.52% with an average of 2.58% (207 samples). According to the criteria set in “Coal Quality Classification Part II: Sulfur Content” (GB/T15224.2-2010), Seams No.6-1, No.6-3, No.24-1, No.26, No.27-2, No.29-1, No.29-2 and No.32 are classified as high sulfur coal, Seam No.1, No.3, No.10, No.27-1 as moderately high sulfur coal, Seams No.12, No.18, No.23, No.24-2 as moderate sulfur coal, Seam No. 16 as low sulfur coal and Seams No.15 and No.17 as extremely low sulfur coal.

Sulfur phase analysis of 75 samples taken from different coal seams indicates that the majority of the sulfur occurs as inorganic sulfides and sulfates in coal seams (accounting for 88.37% of all sulphur) with relatively high total sulfur values, indicating that the majority of the sulfur in these seams can be removed in the coal preparation process.

Caking Index

The caking index for all samples ranges from 73 to 99 with an average of 85 (68 samples). The caking index, as a very important parameter in the Chinese coal classification system, measures the suitability of the coal for coke making. The caking index values for the coal seams in the Coal Mine indicate that the coal generally has a good caking property and is suitable for coke production.

The range, average and number of samples analysed for each parameter reported by the 113th Brigade of the Guizhou Coalfield Geological Bureau are summarized in Table 5-4 by each coal

seam. In each cell of the table, values above the line show the parameter range; the first number below the line shows the parameter average and the second number in parentheses below the line shows the number of analytical determinations made for that parameter.

Table 5-9 Summary of Raw Coal Quality of the Xiejiehegou Coal Mine

Coal Seam	Moisture air-dried basis, %	Ash Content air-dried basis, %	Volatile Content dry-ash-free basis, %	Fixed Carbon dry basis, %	Sulphur Content dry basis, %	Calorific Value dry basis, MJ/kg	Caking Index (GRI)	Y, mm
1	$\frac{0.68 \sim 1.82}{0.85 (5)}$	$\frac{15.12 \sim 31.87}{24.90 (5)}$	$\frac{18.14 \sim 30.28}{24.58 (5)}$	$\frac{47.50 \sim 68.48}{56.85 (5)}$	$\frac{1.35 \sim 3.63}{2.70 (5)}$	$\frac{26.16 \sim 30.45}{28.31 (2)}$	$\frac{95 \sim 95}{95 (2)}$	$\frac{14.0 \sim 23.5}{18.9 (4)}$
3	$\frac{0.62 \sim 1.71}{1.11 (9)}$	$\frac{19.43 \sim 39.96}{27.15 (9)}$	$\frac{22.52 \sim 29.41}{25.62 (9)}$	$\frac{42.38 \sim 61.08}{54.26 (9)}$	$\frac{1.23 \sim 4.63}{2.51 (9)}$	$\frac{24.88 \sim 27.94}{26.09 (3)}$	$\frac{93 \sim 94}{93 (3)}$	$\frac{11.5 \sim 23.5}{18.4 (7)}$
6-1	$\frac{0.66 \sim 1.40}{1.06 (8)}$	$\frac{18.15 \sim 34.23}{27.70 (8)}$	$\frac{21.71 \sim 28.19}{24.50 (8)}$	$\frac{49.74 \sim 62.35}{54.60 (8)}$	$\frac{2.30 \sim 8.28}{4.22 (8)}$	$\frac{24.01 \sim 25.72}{24.87 (2)}$	$\frac{81 \sim 97}{89 (2)}$	$\frac{14.5 \sim 17.5}{16.0 (4)}$
6-3	$\frac{0.89 \sim 2.02}{1.26 (9)}$	$\frac{15.48 \sim 32.21}{24.50 (9)}$	$\frac{22.72 \sim 25.80}{24.48 (9)}$	$\frac{50.66 \sim 65.32}{57.05 (9)}$	$\frac{2.01 \sim 4.49}{3.43 (9)}$	25.19	95	$\frac{12 \sim 19}{15.8 (9)}$
10	$\frac{0.77 \sim 1.43}{1.16 (8)}$	$\frac{9.20 \sim 38.11}{17.14 (8)}$	$\frac{20.08 \sim 32.14}{23.02 (8)}$	$\frac{42.00 \sim 72.57}{64.08 (8)}$	$\frac{1.53 \sim 6.23}{2.84 (8)}$	33.02	94	$\frac{13.5 \sim 20}{16.2 (6)}$
12	$\frac{0.62 \sim 1.44}{1.08 (13)}$	$\frac{10.29 \sim 30.09}{17.60 (13)}$	$\frac{20.76 \sim 23.94}{22.11 (13)}$	$\frac{53.54 \sim 70.75}{64.20 (13)}$	$\frac{0.10 \sim 4.76}{1.38 (13)}$	25.43	$\frac{87 \sim 98}{94 (3)}$	$\frac{13.5 \sim 21.5}{16.5 (11)}$
15	$\frac{0.67 \sim 3.95}{1.42 (20)}$	$\frac{8.99 \sim 35.60}{16.19 (20)}$	$\frac{18.85 \sim 25.67}{21.03 (20)}$	$\frac{47.87 \sim 73.36}{66.26 (20)}$	$\frac{0.13 \sim 1.39}{0.30 (20)}$	$\frac{25.94 \sim 31.21}{29.18 (4)}$	$\frac{86 \sim 96}{91 (5)}$	$\frac{13.0 \sim 17.0}{15.0 (4)}$
16	$\frac{0.79 \sim 2.31}{1.38 (18)}$	$\frac{10.17 \sim 42.64}{22.62 (18)}$	$\frac{13.94 \sim 25.20}{20.23 (18)}$	$\frac{49.36 \sim 73.20}{61.70 (18)}$	$\frac{0.11 \sim 3.06}{0.55 (18)}$	$\frac{22.23 \sim 32.22}{28.04 (4)}$	$\frac{82 \sim 90}{87 (4)}$	$\frac{12 \sim 20.5}{15.5 (11)}$
17	$\frac{0.68 \sim 2.42}{1.30 (23)}$	$\frac{9.82 \sim 19.36}{13.63 (23)}$	$\frac{18.02 \sim 23.66}{19.35 (23)}$	$\frac{61.80 \sim 73.38}{69.68 (23)}$	$\frac{0.14 \sim 1.38}{0.35 (23)}$	$\frac{29.37 \sim 32.24}{30.88 (4)}$	$\frac{84 \sim 95}{90 (5)}$	$\frac{9 \sim 20}{12.9 (20)}$
18	$\frac{0.64 \sim 2.27}{1.12 (22)}$	$\frac{9.44 \sim 33.49}{16.34 (22)}$	$\frac{17.63 \sim 20.88}{18.90 (22)}$	$\frac{52.62 \sim 72.96}{67.88 (22)}$	$\frac{0.24 \sim 6.59}{1.61 (22)}$	$\frac{22.52 \sim 31.93}{28.03 (5)}$	$\frac{82 \sim 94}{87 (6)}$	$\frac{9 \sim 17}{12.4 (17)}$
23	$\frac{0.91 \sim 1.45}{1.18 (6)}$	$\frac{13.12 \sim 26.02}{17.71 (6)}$	$\frac{16.86 \sim 18.24}{17.43 (6)}$	$\frac{61.21 \sim 71.90}{67.93 (6)}$	$\frac{0.33 \sim 3.04}{1.59 (6)}$	$\frac{26.23 \sim 31.38}{29.42 (3)}$	$\frac{87 \sim 91}{89 (3)}$	$\frac{8 \sim 13.0}{10.4 (4)}$
24-1	$\frac{0.88 \sim 1.33}{1.07 (5)}$	$\frac{14.31 \sim 38.54}{26.05 (5)}$	$\frac{16.78 \sim 22.34}{18.86 (5)}$	$\frac{47.73 \sim 70.03}{60.14 (5)}$	$\frac{1.91 \sim 9.52}{4.28 (5)}$	$\frac{19.97 \sim 30.37}{25.74 (5)}$	$\frac{81 \sim 91}{84 (4)}$	

Coal Seam	Moisture air-dried basis, %	Ash Content air-dried basis, %	Volatile Content dry-ash-free basis, %	Fixed Carbon dry basis, %	Sulphur Content dry basis, %	Calorific Value dry basis, MJ/kg	Caking Index (GRI)	Y, mm
24-2	<u>0.91~1.27</u> 1.01 (4)	<u>10.03~32.88</u> 20.54 (4)	<u>16.57~23.48</u> 18.82 (4)	<u>51.36~73.87</u> 64.69 (4)	<u>0.28~2.90</u> 1.75 (4)	<u>23.03~32.42</u> 28.15 (4)	<u>78~92</u> 86 (4)	
26	<u>0.91~2.38</u> 1.33 (12)	<u>18.67~46.72</u> 25.98 (12)	<u>16.85~20.14</u> 17.98 (11)	<u>58.11~67.53</u> 62.27 (10)	<u>0.79~7.35</u> 3.01 (11)	<u>26.04~26.89</u> 26.51 (4)	<u>73~91</u> 83 (3)	<u>8~14.0</u> 10.6 (5)
27-1	<u>0.63~2.75</u> 1.26 (8)	<u>12.53~43.21</u> 27.28 (8)	<u>10.06~19.90</u> 17.45 (8)	<u>51.08~71.37</u> 59.86 (8)	<u>0.30~3.90</u> 2.09 (8)	<u>24.77~31.10</u> 27.20 (4)	<u>82~88</u> 86 (4)	<u>6~20.0</u> 13.7 (3)
27-2	<u>0.68~1.46</u> 1.14 (9)	<u>17.35~34.81</u> 23.50 (9)	<u>15.36~21.42</u> 18.59 (9)	<u>52.41~68.44</u> 62.34 (9)	<u>0.93~8.25</u> 3.74 (9)	<u>22.72~28.77</u> 26.57 (5)	<u>79~88</u> 85 (5)	<u>4~16.0</u> 8.6 (6)
29-1	<u>0.77~1.62</u> 1.15 (8)	<u>15.30~44.94</u> 25.47 (8)	<u>16.96~19.57</u> 18.41 (8)	<u>59.95~69.52</u> 63.08 (7)	<u>1.87~8.77</u> 4.03 (8)	<u>25.27~30.06</u> 27.18 (5)	<u>78~85</u> 82 (5)	5.0
29-2	<u>0.77~2.55</u> 1.33 (14)	<u>12.47~35.05</u> 23.02 (14)	<u>15.36~20.77</u> 18.16 (14)	<u>51.46~70.94</u> 63.02 (14)	<u>0.28~7.78</u> 3.85 (14)	<u>24.93~30.06</u> 27.55 (5)	<u>76~99</u> 85 (4)	<u>0~5</u> 2.9 (5)
32	<u>0.82~1.23</u> 0.98 (7)	<u>21.21~49.93</u> 30.19 (7)	<u>10.69~19.28</u> 17.13 (7)	<u>44.72~66.16</u> 57.64 (7)	<u>2.73~8.57</u> 5.28 (7)	<u>15.30~26.29</u> 22.96 (5)	<u>76~79</u> 78 (2)	
All	<u>0.62~3.95</u> 1.21 (208)	<u>8.99~49.93</u> 21.05 (208)	<u>10.06~32.14</u> 20.24 (206)	<u>42.00~73.87</u> 63.17 (206)	<u>0.10~9.52</u> 2.58 (207)	<u>15.30~33.02</u> 27.26 (67)	<u>73~99</u> 85 (68)	<u>0~23.5</u> 13.5 (118)

5.4.2 Youyi Coal Project

Moisture

Raw Coal Moisture: The coal seam 25 has the lowest moisture, averaging 0.62%; the 32nd coal seam has the highest moisture, averaging 1.07%. Float Coal Moisture: The coal seam 6-1 has the lowest moisture, averaging 0.80%; the coal seam 16 has the highest moisture, averaging 1.56%.

Ash Content

The ash content for the minable coal seams of the Youyi Coal Project varies significantly depending on whether the raw coal or the processed float coal is measured. For raw coal, the average ash content across all minable seams ranges from a low of 14.91% (No. 17 seam) to a high of 33.85% (No. 25 seam), generally classifying the raw coal as low-ash to high-ash coal based on the Chinese standard (GB/T15224.1—2004). Specifically, seams No. 17 and No. 18 are classified as low-ash, while seams No. 6-1, 25, 26, 27-1, and 29-2 are high-ash; the rest are medium-ash. In contrast, the ash content for the float coal (cleaned coal) shows marked improvement, averaging between 5.89% (No. 18 seam) and 10.96% (No. 3 seam), classifying it as special low-ash to medium-ash coal according to the standard for coking metallurgical coal. This wide difference between raw coal and float coal ash content indicates that the coal requires washing and separation (desulphurisation and de-ashing) before coking use to maximize its economic value.

Volatile Content

The average volatile matter content for raw coal ranges from a maximum of 27.17% (No. 1 seam) down to a minimum of 16.41% (No. 27-1 seam). Classification of the coal rank, however, is based on the dry ash-free volatile matter yield of the float coal (*Vdaf*), which averages between 14.13% (No. 32 seam) and 24.04% (No. 1 seam). According to the Chinese standard (MT/T849—2000), the minable seams fall into two categories: Medium Volatile Matter coal, including seams No. 1, 3, 6-1, 6-3, 12, and 15-1, and Low Volatile Matter coal, including seams No. 16, 17, 18, 24, 25, 26, 27-1, 29-2, and 32. The overall range of float coal *Vdaf* is less than 30% (specifically, 12.90% to 29.13%).

Calorific Value

The dry basis gross calorific value (*Qgr,d*) for the raw coal across all procurable seams ranges from 33.69 to 36.28 MJ/Kg, with the average calorific value recorded at 35.55 MJ/kg. Specific average values reported for the seams include 34.61 MJ/Kg for both seam 1 and seam 3, 36.28 MJ/Kg for seam 6-3, 35.68 MJ/Kg for seam 16, 36.01 MJ/Kg for seam 17, and 36.03 MJ/Kg for seam 25. Based on the standard Classification of Coal Quality (Calorific Value)

(GB/T15224.3—2004), all analyzed coal seams (1, 3, 6-1, 6-3, 12, 15-1, 16, 17, 18, 24, 25, 27-1, 29-2, and 32) are consistently classified as belonging to the Super High Heat Value Coal (SHQ) category.

Total Sulfur

The Total Sulphur (*St,d*) content of the raw, run-of-mine coal across the area's mineable seams shows significant variability, ranging from 0.57% to 7.93%. When categorized according to the Classification of Coal Quality (Sulfur Content) (GB/T15224.1—2004) standard, the raw coal includes classifications ranging from Low Sulphur Coal (LS) for seams 15-1 and 16, up through Medium Sulphur Coal (MS) and Medium-High Sulphur Coal (MHS), culminating in High Sulphur Coal (HS) for seams like 1, 6-1, 25, 27-1, 29-2, and 32.

However, the analysis of floating coal shows notably lower sulphur levels, ranging from a minimum of 0.46% to a maximum of 2.59%. For the washed product, the sulphur classifications are improved, with many seams falling into the Low Sulphur (LS) or Medium-Low Sulphur (MLS) categories. Seams 25, 26, and 32 remain classified as High Sulphur Coal (HS) even after washing.

Crucially, the raw coal contains three types of sulphur: Pyritic Sulphur (*Sp,d*), which is the dominant form, averaging 0.75% to 13.06% and accounting for 45% to 60% of the total sulphur content. Organic Sulphur (*So,d*) is present in lesser amounts, ranging from 0.04% to 0.57% (2.55% to 5.01% of total sulphur), while Sulphate Sulphur (*Ss,d*) is minimal, ranging from 0% to 0.17% (0.3% to 0.6% of total sulphur). Because the sulphur primarily exists in the form of pyritic sulphur, the coal is considered relatively easy to desulphurise, demonstrated by an average desulphurisation rate of 57% across the seams. This indicates that washing is an effective method for reducing the sulphur content before utilisation.

Caking Index

The Caking Index (G) for all relevant coal seams (1, 3, 6-1, 6-3, 12, 15-1, 16, 17, 18, 25, 26, 27-1, 29-2, and 32) is greater than 65. This finding, combined with the fact that the maximum thickness of the plastic layer is less than 25 and the dry ash-free volatile matter content is generally below 28%, determines the coal type. Therefore, according to the Chinese Coal Classification Standard (GB 5751-86), the sampled coal seams in the area are all classified as Coking Coal.

Harmful Element

The analysis of Harmful Elements in the raw coal of the Youyi mine area confirms that while the coal contains several elements of environmental concern, most fall within low classification categories according to Chinese standards. Specifically, phosphorus (P) content averages 0.016%, classifying the coal as low phosphorus (LP) coal. Arsenic (As) content averages 4.91×10^{-6} (ranging from 0.2×10^{-6} to 14.2×10^{-6}), which places it in the second class (IIAs) of arsenic-containing coal. Fluorine (F) content averages 83.47×10^{-6} (ranging from 36×10^{-6} to 232×10^{-6}), classifying it as low fluorine (LF) coal. Finally, Chlorine (Cl) content averages 0.011% (ranging from 0.007% to 0.016%), making it special low chlorine (LCl) coal. The carbonate carbon dioxide (CO₂, d) content in the area is less than 2%. Despite these low ratings, the report highlights that the sulfur content is a major concern, as several seams (1, 6-1, 25, 26, 27-1, 29, and 32) are classified as high sulfur coal in their raw state. The presence of these harmful elements, particularly the high sulfur content, means that coal utilization must involve corresponding environmental protection measures, as the discharge of sulfur, arsenic, and other elements can cause environmental pollution and pose health risks.

Table 5-10 Summary of Raw Coal Quality of the Youyi Coal Project

Seam	Moisture (%)	Ash Content (%)	Volatile Content (%)	Total Sulfur (%)	Pyritic Sulfur (%)	Sulphate Sulphur (%)	Organic Sulphur (%)	Calorific Value (MJ/kg)	Caking Index (GRI)
1	<u>0.58-1.77</u>	<u>21.3-29.75</u>	<u>24.5-29.68</u>	<u>1.89-6.79</u>	<u>0.37-0.57</u>	<u>0.01-0.20</u>	<u>0.25-0.76</u>		95-96
	0.88 (5)	25.61 (4)	27.17 (4)	3.56 (5)	0.40 (5)	0.16 (5)	0.57 (5)		
3	<u>0.73-0.91</u>	<u>24.19-30.99</u>	<u>24.67-28.94</u>	<u>1.29-3.2</u>	<u>0.30-0.76</u>	<u>0-0</u>	<u>0.50-0.81</u>	34.6104	88-98
	0.83 (4)	26.9 (4)	26.84 (4)	2.23 (4)	0.50 (4)	0 (4)	0.60 (4)		

6-1	<u>0.66-1.44</u>	<u>26.31-36.54</u>	<u>23.7-29.95</u>	<u>0.2-8.28</u>	<u>1.57-2.71</u>	<u>0.01-0.13</u>	<u>0.26-0.45</u>	86-95
	1.01 (5)	30.94 (5)	25.74 (5)	3.70 (5)	2.16 (5)	0.08 (5)	0.30 (5)	
6-3	<u>0.69-0.9</u>	<u>15.48-26.07</u>	<u>22.72-25.4</u>	<u>1.62-4.06</u>	<u>2.24-3.44</u>	<u>0-0.14</u>	<u>0.24-0.98</u>	36.2824 86-95
	0.80 (5)	21.79 (5)	24.36 (5)	2.87 (5)	2.80 (5)	0.10 (5)	0.63 (5)	
12	<u>0.72-0.81</u>	<u>10.83-28.89</u>	<u>21.45-23.94</u>	<u>0.34-2.17</u>	<u>2.03-2.28</u>	<u>0.01-0.02</u>	<u>0.19-0.42</u>	91-95
	0.80 (8)	19.20 (8)	22.62 (7)	1.38 (8)	2.05 (8)	0.01 (8)	0.35 (8)	
15	<u>0.58-1.17</u>	<u>7.89-23.84</u>	<u>21.04-25.67</u>	<u>0.17-2.17</u>	<u>0.84-1.69</u>	<u>0.02-0.04</u>	<u>0.33-0.46</u>	33.6908 90-98
	0.89 (5)	17.58 (5)	22.14 (5)	0.53 (5)	1.50 (5)	0.03 (5)	0.37 (5)	
16	<u>0.54-1.19</u>	<u>13.08-30.26</u>	<u>19.94-23.56</u>	<u>0.14-1.73</u>	<u>1.16-1.31</u>	<u>0-0.03</u>	<u>0.38-0.42</u>	35.68466 89-98
	0.99 (5)	20.80 (5)	21.16 (5)	0.57 (5)	1.20 (5)	0.02 (5)	0.39 (5)	
17	<u>0.79-1.19</u>	<u>11.6-15.99</u>	<u>18.55-21.59</u>	<u>0.2-1.32</u>	<u>0.75</u>	<u>0</u>	<u>0.51</u>	36.0107 91-95
	1.00 (5)	14.91 (5)	20.01 (5)	0.44 (5)				
18	<u>0.86-1.09</u>	<u>9.44-20.31</u>	<u>18.55-21.87</u>	<u>0.30-3.06</u>	<u>1.04-1.34</u>	<u>0.02-0.08</u>	<u>0.28-0.38</u>	35.53 89-93
	0.97 (5)	15.51 (5)	19.55 (5)	1.49 (5)	1.27 (5)	0.06 (5)	0.35 (5)	
24	<u>1.23</u>	<u>16.95-31.12</u>	<u>17.33-20.08</u>	<u>1.77-3.1</u>	<u>2.88</u>	<u>0.01</u>	<u>0.21</u>	35.9898 79
		22.88 (5)	18.55 (5)	2.55 (5)				
25	0.62	<u>33.85</u>	<u>21.86</u>	<u>0.9-7.93</u>	<u>7.65</u>	<u>0.01</u>	<u>0.27</u>	36.0316 76
				3.64 (5)				
26	<u>0.7-1.17</u>	<u>20.65-46.72</u>	<u>17.33-21.86</u>	<u>2.25-13.06</u>	<u>3.95-6.05</u>	<u>0.02-0.12</u>	<u>0.41-0.84</u>	35.8644 88-98
	0.94 (5)	31.7 (5)	19.1 (5)	5.99 (5)	4.82 (5)	0.06 (5)	0.85 (5)	
27	<u>0.79-1.23</u>	<u>21.92-36.62</u>	<u>12.9-18.34</u>	<u>0.28-7.78</u>	<u>1.85-12.75</u>	<u>0-0.12</u>	<u>0.19-0.40</u>	35.8644 72-78
	1.01 (5)	31.97 (5)	16.41 (5)	4.85 (5)	4.82 (5)	0.06 (5)	0.25 (5)	
29-2	<u>0.59-1.29</u>	<u>12.47-43.39</u>	<u>12.95-20.77</u>	<u>5.41-6.51</u>	<u>6.42-6.65</u>	<u>0.02-0.09</u>	<u>0.06-0.13</u>	35.26248 68-69
	0.94 (5)	30.31 (5)	17.87 (5)	5.54 (5)	6.50 (5)	0.06 (5)	0.09 (5)	
32	<u>1.07</u>	<u>15.26-39.4</u>	<u>15.62-21.85</u>	<u>4.551-8.86</u>	<u>8.69</u>	<u>0.04</u>	<u>0.13</u>	35.53 77
		26.93 (5)	17.83 (5)	6.02 (5)				

**Value stated in the table including the range of the value and the average value*

5.4.3 Jieji Coal Project

Moisture Content

The moisture content of raw coal, measured on an air-dried basis, ranges from 0.49% to 1.78%, with an average of 1.09%. The averages for specific coal seams are as follows: Seam 1 has an average of 1.03%, Seam 2 has 1.93%, Seam 9 has 1.21%, Seam 11 has 1.18%, Seam 17-1 has 1.17%, Seam 18 has 1.20%, Seam 22-2 has 0.97%, Seam 23 has 0.95%, Seam 24 has 0.86%, and Seam 28 has 1.15%.

Ash Content

The ash content of raw coal on a dry basis ranges from 10.20% to 38.07%, with an average of 24.28%. Specific seam averages include Seam 1 at 29.31%, Seam 2 at 19.57%, Seam 9 at 24.85%, Seam 11 at 26.70%, Seam 17-1 at 25.39%, Seam 18 at 23.33%, Seam 22-2 at 20.84%, Seam 23 at 22.12%, Seam 24 at 19.32%, and Seam 28 at 28.89%.

The ash content of float coal ranges from 4.25% to 10.98%, averaging 7.09%. Averages for specific seams are as follows: Seam 1 at 8.52%, Seam 2 at 8.62%, Seam 9 at 7.29%, Seam 11 at 7.96%, Seam 17-1 at 6.25%, Seam 18 at 7.00%, Seam 22-2 at 6.40%, Seam 23 at 6.19%, Seam 24 at 6.34%, and Seam 28 at 6.55%.

Volatile Content

The volatile content content of raw coal on a dry, ash-free basis ranges from 10.11% to 21.49%, with Seam 1 averaging 20.09% and classified as medium volatile coal (MV), while Seams 2, 9, 11, 17-1, 18, 22-2, 23, 24, and 28 are classified as low volatile coal (LV). The dry, ash-free volatile matter content ranges from 9.49% to 18.96%, averaging 14.81%. The low calorific value ($Q_{net,ar}$) of raw coal varies from 17.77 to 29.43 MJ/kg, averaging 25.62 MJ/kg. Seams exhibit varying averages, with Seam 2 at 27.67 MJ/kg, and Seams 9 and 11 at 26.14 MJ/kg and 24.00 MJ/kg, respectively.

Additionally, the high calorific value of raw coal ranges from 18.24 to 32.54 MJ/kg, averaging 26.40 MJ/kg, with Seam 2 averaging 28.53 MJ/kg and Seam 1 averaging 24.18 MJ/kg. For float

coal, the high calorific value ranges from 32.74 to 34.65 MJ/kg, with an average of 33.80 MJ/kg, and Seam 1 averaging 33.52 MJ/kg. In terms of classification under the "Coal Quality Classification" standards, Seams 1 and 28 are classified as medium calorific value coal (MQ), while the others are classified as high calorific value coal (HQ)

Total Sulfur

The total sulfur content of raw coal on a dry basis ranges from 0.26% to 8.78%, with an average of 2.78%. Specifically, Seam 1 averages 0.96%, Seam 2 averages 3.14%, Seam 9 averages 2.11%, and Seam 11 averages 1.19%. Other seams, such as 22-2 and 28, have higher averages at 5.06% and 4.61%, respectively. Float coal has a lower sulfur content, ranging from 0.25% to 5.92%, with an average of 1.11%. The classification of sulfur content according to the "Coal Quality Classification, Part 2: Sulfur Content" (CTB/T15224.2-2004) indicates that Seams 1 and 11 are medium sulfur coal (MS), while Seams 2, 9, 17-1, 18, and 23 are medium-high sulfur coal (MHS). Seams 22-2, 24, and 28 are classified as high sulfur coal (HS).

Desulfurization rates for the various coal seams indicate that Seams 2, 9, 11, 17-1, 23, 24, and 28 have desulfurization potential above 55%, indicating they are easy to desulfurize, whereas Seams 1, 18, and 22-2 yield lower desulfurization rates, making them more challenging. The average total sulfur content across 23 samples tested is 2.78%, with the majority existing as inorganic sulfur (86.70%) compared to organic sulfur (13.31%), which suggests that the sulfur is readily removable.

Fixed Carbon

The fixed carbon content of raw coal ranges from 48.00% to 72.40%, averaging 61.92%. Notably, Seam 1 has a fixed carbon percentage of 55.91%, while Seams 22-2 and 24 have higher averages of 67.44% and 69.46%. According to the "Coal Fixed Carbon Classification" (MT/T561-1996), Seams 1, 2, 9, 11, 17-1, 18, and 28 are categorized as medium fixed carbon (MFC), while Seams 22-2, 23, and 24 are classified as medium-high fixed carbon (MHFC).

Caking Index

The overall range for the caking index (GRI), which is a key indicator of coal's agglutinating properties, in the float coal samples across the exploration area is 0 to 95. The average caking index value for the entire area is 60, calculated from 33 samples. This range of values, along with the average volatile matter content (Vdaf), confirms the coal belongs to the bituminous coal rank, primarily consisting of coking coal (JM), followed by lean coal (PM), with occasional presence of semi-lean coal (PSM) and fat coal (SM).

Several major recoverable coal seams exhibit moderate to high caking capability. The 1 coal seam shows a caking index ranging from 0 to 95, with an average of 57 (based on 3 samples). The 9 coal seam ranges from 26 to 82, averaging 67 (5 samples). The 11 coal seam records values between 45 and 92, resulting in an average of 69 (2 samples). For the 17-1 coal seam, the index falls between 17 and 80, averaging 59 (6 samples). The 18 coal seam, a significant recoverable layer, exhibits a range of 0 to 86, averaging 53 (4 samples). Additionally, the 4 coal seam, which has isolated recoverable points, shows a GRI range of 67 to 89, averaging 79 (3 samples). In contrast, other recoverable seams registered a caking index of 0, indicating non-caking or lean properties. These include the 23 coal seam, the 24 coal seam, and the 28 coal seam. The test results for these seams (23, 24, and 28) align with their classification as lean coal.

Harmful Element

The arsenic (As) content in raw coal varies from 0.4 to $15.6 \times 10^{-4}\%$, averaging $3.6 \times 10^{-4}\%$. Specific seams show different concentrations: Seam 2 has $2.5 \times 10^{-4}\%$, Seam 9 has $4.0 \times 10^{-4}\%$, and Seam 11 has $1.9 \times 10^{-4}\%$, among others. Notably, coal sample from Seam 1 at drill hole J703 has a significantly higher arsenic content of $61.0 \times 10^{-4}\%$. According to the "Arsenic Content Classification in Coal" (MT/T803-1999), Seams 2, 9, 11, 17-1, 18, 24, and 28 are classified as first-grade arsenic coal, while Seams 22-2 and 23 are classified as second-grade arsenic coal.

The fluorine (F) content ranges from 15 to $128 \times 10^{-4}\%$, averaging $68 \times 10^{-4}\%$. Specific concentrations include Seam 1 at $59 \times 10^{-4}\%$ and Seam 18 at $84 \times 10^{-4}\%$. Per the "Fluorine Content Classification in Coal" (MT/T966-2005), Seams 1, 2, 9, 11, 17-1, 22-2, 23, and 24 are categorized as special low-fluorine coal (SLF), while Seams 18 and 28 are considered low-fluorine coal (LF).

The phosphorus (P) content ranges from 0.005% to 0.052%, averaging 0.015%. Various seams show different values, with Seam 1 at 0.015% and Seam 2 at 0.005%. According to the "Phosphorus Content Classification in Coal" (MT/T562-1996), Seams 2 and 24 are categorized as special low-phosphorus coal (SLP), while Seams 1, 9, 11, 17-1, 18, 22-2, 23, and 28 are classified as low-phosphorus coal (LP).

The chlorine (Cl) content ranges from 0.007% to 0.013%, averaging 0.011%. All seams fall under the special low-chlorine coal (SLCl) category according to the "Chlorine Content Classification in Coal" (MT/T597-1996).

5.5 Coal Classification

The volatile content of ash-free coal on dry basis of the coal seam ranges from 12.31% (No. 29-2 coal seam) to 25.25% (No. 1 coal seam), being less than 28%. The caking index is greater than 65. The maximum thickness of the colloidal layer (Y) is less than 25. According to the China Coal Classification Standard (GB/T 5751-2009), the coal seams of the Xiejiehegou Coal Mine are all classified as coking coal (JM).

The volatile matter content of float coal from the extractable coal seams in the area ranges from 16.41% to 27.17%, which is less than 28%. The caking index for Seams 1, 3, 6-1, 6-3, 12, 15-1, 16, 17, 18, 25, 26, 27-1, 29-2, and 32 is greater than 65, with the maximum thickness of the agglomerate layer being less than 25. According to the China Coal Classification Standard (GB/T 5751-2009), the coal seams of the Youyi Coal Project are all classified as coking coal (JM).

The volatile matter content of the floating coal in the coal seams ranges from 9.49% to 18.96%, the caking index varies from 0 to 92%, and the thickness of the plastic layer ranges from 6.5mm to 13.5mm. According to the China Coal Classification Standard (GB/T 5751-2009), the coal seams of the Jieji Coal Project numbered 1, 2, 9, 11, 17-1, 18, 22-2, 23, 24, and 28 are primarily classified as coking coal (JM), followed by lean coal (PM).

6 GEOLOGICAL DATABASE

6.1 Geological Database used for Coal Resources Estimation

In the PRC, exploration programs and the associated geological databases used for resource estimation are conducted by independent, licensed exploration entities and/or by the mining companies, in accordance with the guidelines specifying the appropriate sampling, sample preparation and assaying techniques and procedures for different types of mineral deposits issued by the relevant government authorities. The databases used for Coal Resources estimation for the Mining Properties are generally prepared in compliance with these guidelines.

6.1.1 Xiejiehegou Coal Mine

The exploration data collected from the previous exploration campaigns for the Xiejiehegou Coal Mine was provided to the CPs for review, comprising, drillhole survey, downhole survey, downhole geophysical logging, coal quality, relative density and underground coal seam thickness measurements. Samples for coal quality analysis and density measurement were collected from drill core and from underground workings. The drillhole data includes 23 drillholes totalling 6,209.57 m from the previous two exploration campaigns which are spatially located both inside and outside of the current mining license. Among the 23 drillholes, 10 drillholes totalling 4,836.37 m were incorporated into the geological database and utilized for subsequent resource estimation presented in this CPR. Geophysical logging of 5 drillholes conducted during the 2017 exploration campaign totalling 2,352.78 m was validated and used for subsequent resource category classification. Table 6-1 summarizes the exploration work completed by the previous exploration campaigns for the Coal Mine.

Table 6-1: Statistics of Exploration Work Completed by the Previous Exploration Campaigns for the Xiejiehegou Coal Mine

Exploration Work	1966 Exploration Campaign	2017 Exploration Campaign

No. of Drillholes	18	5
Drilling Meterage	3,856.79	2,352.78
No. of Drillholes with Geophysical Logging Recovered	0	5
No. of Samples Submitted for Analysis	148	90
No. of Density Measurement	12	43

Note: Geophysical logging was performed for all drillholes during the previous exploration campaigns whereas a comprehensive map showing drillhole location was provided. However, the original record of geophysical logging can only be recovered from the 2017 drillholes.

In the previous exploration campaigns, a total of 23 drillholes which were located inside or outside of the current mining license is summarized in Table 6-2 and is shown in Figure 6-1 below. The total meterage of those 23 drillholes was 6,209.57 m.

Table 6-2 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Xiejiehegou Coal Mine

Drillhole ID	Easting	Northing	Elevation (mRL)	Depth of Hole (m)	Geophysical Logging	Seam Grids	Coal Resource Estimation	Resource Category Classification
J7101	35478665.94	2870608.49	1700.22	608.35	•	•	•	•
J7102	35479081.1	2871186.64	1632.65	358.28	•	•	•	•
J7201	35479088.08	2870366.27	1645.21	488.74	•	•	•	•
J7202	35479237.84	2870652.62	1597.89	398.53	•	•	•	•
J7301	35479173.63	2870153.225	1585.6892	498.88	•	•	•	•
7105	35478806.83	2870796.135	1772.95	574.69		•		
7203	35478897.34	2870646.625	1759.49	556.80		•		
7205	35478695.19	2870291.545	1624.92	511.14		•		
7301	35479488.35	2870366.925	1553.79	350.15		•		
7303	35479110.08	2870094.325	1582.24	490.81		•		
ZK6	35478978.52	2870961.135	1626.73	102.31				
ZK8	35479093.69	2870714.275	1609.75	94.28				
ZK9	35479129.11	2870590.845	1607.00	103.58				
ZK10	35479288.78	2870420.335	1569.07	111.26				
ZK11	35479476.64	2870527.965	1563.16	103.42				
ZK12	35479285.6	2870864.715	1622.43	112.85				
ZK13	35479389.72	2870477.655	1567.45	107.85				
ZK15	35479319.02	2870057.955	1538.62	99.52				
ZK16	35479455.6	2870087.835	1520.35	108.42				
ZK17	35479598.34	2870121.595	1520.04	100.88				
ZK18	35479726.51	2870163.595	1514.56	108.88				

Drillhole ID	Easting	Northing	Elevation (mRL)	Depth of Hole (m)	Geophysical Logging	Seam Grids	Coal Resource Estimation	Resource Category Classification
ZK19	35479654.8	2870452.305	1543.65	103.51				
ZK21	35479799.6	2870527.065	1501.94	116.44				

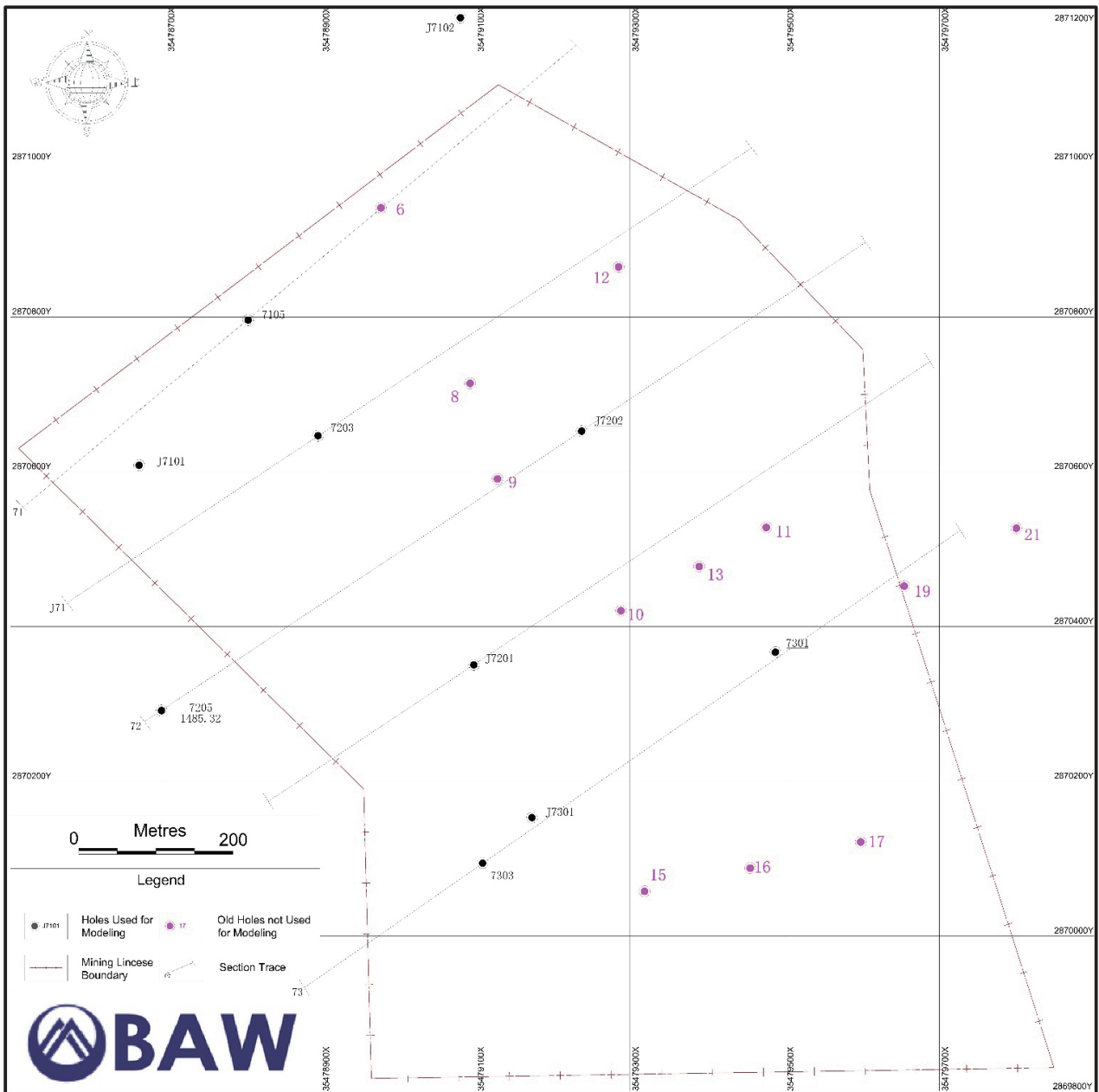


Figure 6-1 Location Map of Drillholes Completed in the Previous Exploration Campaigns for the Xiejiahegou Coal Mine

6.1.2 Youyi Coal Project

The exploration data collected from the previous exploration campaigns for the Youyi Coal Project was provided to the CPs for review, comprising, drillhole survey, downhole survey, downhole geophysical logging, coal quality, relative density and coal seam thickness measurements. Samples for coal quality analysis and density measurement were collected.

The drillhole data includes 10 drillholes totalling 6,056.24 m from the previous two exploration campaigns which are spatially located both inside and outside of the concession. Among the 10 drillholes, 8 drillholes totalling 4,836.37 m were incorporated into the geological database and utilized for subsequent resource estimation presented in this CPR. Geophysical logging of 5 drillholes conducted during the 2011 exploration campaign totalling 3,755 m was validated and used for subsequent resource category classification. The details of the holes contributed, including geophysics logging, seam grid or resource estimation etc., in the current CPR.

Table 6-3 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Youyi Coal Project

Drillhole ID	Period of Exploration	Easting	Northing	Elevation (mRL)	Depth of Hole Depth (m)
6701	2011	35477422.3	2871426.61	1780.148	712
6702	2011	35477117.5	2871092.67	1923.055	835
6805	Pre-2011	35477913	2871309.83	1899.58	489.45
6806	2011	35477738.2	2870930.39	1936.72	554
7005	Pre-2011	35478598.2	2871066.37	1834.43	531.11
6807	2011	35477481	2870690.61	1745.528	835
7106	2011	35478321.4	2870270.75	1664.706	670
7007	Pre-2011	35478145.1	2870805.55	1730.86	375.68

7105	Pre-2011	35478695.2	2870818.8	1772.95	554
7205	Pre-2011	35478583.5	2870314.21	1624.92	500

6.1.3 Jieji Coal Project

The exploration data collected from the previous exploration campaigns for the Jieji Coal Project was provided to the CPs for review, comprising, drillhole survey, downhole survey, downhole geophysical logging, coal quality, relative density and coal seam thickness measurements. Samples for coal quality analysis and density measurement were collected.

The drillhole data includes 30 drillholes totalling 9,853.48 m from the previous two exploration campaigns which are spatially located both inside and outside of the current mining license. Among the 30 drillholes, 10 drillholes totalling 4,836.37 m were incorporated into the geological database and utilized for subsequent resource estimation presented in this CPR. Geophysical logging of 9 drillholes conducted during the 2009 exploration campaign totalling 3,690 m was validated and used for subsequent resource category classification. The details of the holes contributed, including geophysics logging, seam grid or resource estimation etc., in the current CPR.

Table 6-4 Drillholes Completed in the Previous Exploration Campaigns and Adopted in Coal Resource Estimation for the Youyi Coal Project

Drillhole ID	Period of Exploration	Easting	Northing	Elevation (mRL)	Depth of Hole Depth (m)
601	Pre-2009	35479760.1	2850297.68	1563.43	284.86
602	Pre-2009	35479723.4	2850612.67	1638.62	542.77
603	Pre-2009	35479700.3	2850862.15	1600.28	597.15
801	Pre-2009	35477945.7	2849951.51	1474.96	347.81
802	Pre-2009	35477938.7	2850141.2	1421.74	324.49

804	Pre-2009	35477922.2	2850359.61	1405.57	605.18
1001	Pre-2009	35476271.3	2849942.83	1414.77	577.49
1003	Pre-2009	35476291.6	2849707.69	1420.74	586.02
1004	Pre-2009	35476320.3	2849494.65	1443.7	454.48
1005	Pre-2009	35476333.9	2849386.42	1457.71	501.33
1006	Pre-2009	35476288.3	2849602.02	1425.29	543.03
1	Pre-2009	35475653.2	2849663.17	1516.25	74.8
2	Pre-2009	35475662.8	2849618.9	1510.08	69.42
3	Pre-2009	35475664.6	2849599.71	1505.04	48.26
4	Pre-2009	35475674.8	2849573.23	1499.16	75.4
5	Pre-2009	35475684.7	2849477.96	1495.27	79.84
6	Pre-2009	35475692.1	2849505.08	1492.55	80.19
7	Pre-2009	35475702.2	2849467.47	1490.7	81.02
8	Pre-2009	35475716	2849417.4	1501.25	82.6
9	Pre-2009	35475718.8	2849383.32	1497.31	84.63
10	Pre-2009	35475729.2	2849357.51	1499.85	80.2
J601	2009	2850310.57	35479318.6	1494.41	156.94
701	2009	2850194.75	35478855.8	1480.99	570.51
702	2009	2850476.49	35478851.9	1530.99	658.64
703	2009	2850775.87	35478815.2	1622.92	103
J602	2009	2850614.91	35479303.6	1659.29	422.29
J603	2009	2850915.07	35479213.1	1613.11	772.34
J701	2009	2850146.96	35478423.6	1494.95	211.56
J702	2009	2850331.21	35478409.3	1465.12	372.53
J703	2009	2850590.31	35478417.4	1459.14	464.7

6.2 Drilling, Logging and Survey

Surface diamond drilling was the principal exploration and sampling tool for the Mining Properties during the previous exploration campaigns.

6.2.1 Xiejiejahegou Coal Mine

During the 1966 exploration campaign, 18 drillholes totaling 3,856.79 m were completed by the Brigade 129 of the Southwest Coal Production and Coal Exploration Company. During the 2017 exploration campaign, five drillholes totaling 2,352.78m were completed by 113th Brigade of the Guizhou Coalfield Geological Bureau. The coal resources were drilled out on six northeast-trending exploration lines with a line spacing ranging from 250 m to 500 m whereas the hole spacing on the exploration lines ranging from less than 200 m to more than 350 m. The 2017 drillholes were drilled vertically with a depth of more than 350m.

Drillhole coordinates, downhole survey, coal quality, geological logging and geophysical logging were collected and visually verified by the CPs. Down hole geophysical loggings were conducted for each drillhole, however, the original geophysical logging record can only be recovered from the 2017 drillholes. The CPs consider that the drillholes formed a reasonable basis for our coal resource modelling and estimation for the Coal Mine. Seam grids are generated based on the ten drill holes shown in Table 6-2 above, while coal quality, tonnage and classification are reported based on the 2017 drillholes.

Drilling was conducted using Chinese-made drill rigs. The 1966 drillholes were drilled using Chinese drilling technology that met the Chinese coal industrial drilling standards at that time. The 2017 holes were drilled using the Chinese wireline diamond drilling technology that meets the current Chinese coal industrial drilling standards. The drill hole size was generally 127 mm diameter at the top, reducing to 110 mm and 77 mm to the bottom of the hole. Core recovery was relatively poor for the 1966 drillholes because of the limitations of the drilling technology at that time. The core recoveries of the 1966 drillholes were above 80% for 130 coal seam intercepts, 60-80% for 47 coal seam intercepts, and below 60% for 174 coal seam intercepts.

The core recoveries of the 2017 drillholes improved significantly, with a core recovery being above 80% for 117 coal seam intercepts, 60-80% for 51 coal seam intercepts, and below 60% for 50 coal seam intercepts. The core recovery of non-coal-bearing strata ranges from 4% to 100%, among which 92% of the drill cores have a core recovery above 80%. The core recovery of coal seam ranges from 19% to 100%, averaging approximately 80%.

Drill hole collar locations were surveyed and down-hole deviation was generally measured using down hole survey techniques. Drill cores were geologically and geotechnically logged in details by geologists before sampling. Recoveries are determined by measuring the core length recovered versus the amount drilled, and all data is recorded on hard-copy drill logs by geologists. Drillhole number, collar coordinates, total depth, drilling dates, drill hole size structure, drill run/stratigraphic unit length and core recovery, rock quality designation (“RQD”), rock and coal types with its detailed description, coal seam intercept thickness and dip angle, stratigraphic unit designation and sampling information were recorded on the drill logs. BAW reviewed the drill logs against the drill core photos and visually verified the drill logs with sections using the computer-aided modelling software. The drill core logging was generally done correctly in compliance with the industrial standards in the PRC.

All drill cores for the 2017 exploration campaign were stored in covered storage areas in the Xiejiahegou Coal Mine after logging and sampling. A photo of each core box was taken before sampling. BAW has not been able to inspect the core storage during the site visit, while a review of the core photos for all the 2017 drillholes was performed. However, drill core and core photos for the 1966 exploration campaign is no longer available for BAW’s inspection.

According to the standard procedure for coal drilling in the PRC, detailed geophysical logging was conducted for all cores drilled during the 1966 exploration campaign and the 2017 exploration campaign. Detailed original geophysical logging of the 1966 exploration campaign is not available, while the geophysical logging of the 2017 exploration campaign geophysical logging has been well archived and is used for the resource category classification and Coal Resources estimation in this CPR. The geophysical logging consists of three lateral resistivity

(“LL3”), long spaced gamma gamma (“GG”), natural gamma (“GR”) and spontaneous potential (“SP”) with a logging data density of 0.05m. The instrument used for geophysical logging was calibrated regularly and also before the geophysical logging process according to the industrial standards in the PRC to ensure the accuracy of the geophysical logging results.

The CPs that no resource drilling were attempted for the Xiejiahegou Coal Mine after the 2017 exploration campaign.

6.2.2 Youyi Coal Project

During the 2011 exploration campaign, a total of five drillholes with an aggregate drilled length of 3,812.29 m were completed by the 113th Brigade of the Guizhou Coalfield Geology Bureau. Geophysical logging was conducted over a total length of 3,755 m. Drillhole collar coordinates, downhole survey data, coal quality information, geological logs, and geophysical logs were collected and visually verified by the CPs. Based on our review, these drillholes provide a reasonable and adequate basis for coal resource modelling and estimation for the Youyi Coal Project.

Drillhole collar locations were surveyed, and downhole deviation was generally measured using standard downhole survey techniques. Drill cores were geologically and geotechnically logged in detail by qualified geologists prior to sampling. Core recovery was determined by comparing the length of core recovered with the length drilled, and all information was recorded on hard-copy drill logs by the logging geologists.

The drill logs include drillhole identification number, collar coordinates, total depth, drilling dates, drillhole size and structure, drill run and stratigraphic unit lengths, core recovery, rock quality designation (“RQD”), lithological and coal type descriptions, coal seam intercept thickness and dip angle, stratigraphic unit designation, and sampling information. The CPs reviewed the drill logs and visually verified them against cross-sections using computer-aided

geological modelling software. Overall, the drill core logging was conducted appropriately and in compliance with applicable industry standards in the PRC.

In accordance with standard coal drilling procedures in the PRC, detailed geophysical logging was conducted on all drillholes, properly archived, and utilized for coal resource estimation. The geophysical logging suite comprised three lateral resistivity (“LL3”), long-spaced gamma–gamma (“GG”), natural gamma (“GR”), and spontaneous potential (“SP”) measurements, with a logging interval of 0.05 m. The geophysical logging instruments were calibrated regularly and prior to logging operations in accordance with PRC industry standards to ensure the accuracy and reliability of the results.

The CPs understand that no additional drilling or resource delineation programs have been undertaken for the Youyi Coal Project subsequent to the 2011 exploration campaign.

6.2.3 Jieji Coal Project

In prior to 2009, historical exploration program showed that 21 boreholes were documented in the Dazhai Exploration Area Survey Report. Of these, eight boreholes (1, 2, 3, 4, 802, 804, 1001, and 1003) are located within the mining area, while the remaining thirteen boreholes (5, 6, 7, 8, 9, 10, 601, 602, 603, 801, 1004, 1005, and 1006) are situated outside the concession. All 21 boreholes were completed as core-drilling boreholes, comprising 11 deep boreholes and 10 shallow boreholes.

The total drilled meterage for the deep boreholes is 5,364.61 m, while the shallow boreholes account for 756.36 m, resulting in a combined drilling footage of 6,120.97 m. With the exception of Borehole 801, which was not rated, the remaining 20 boreholes were assessed in accordance with the drilling quality standards and rating methods issued by the former Ministry of Coal. The assessment suggested that the drill program conducted during the survey was

considered to be of acceptable quality and suitable for use in the exploration report, with all 21 boreholes and the full drilling footage of 6,120.97 m utilized in the evaluation.

During the 2009 exploration campaign, a total of nine drillholes with an aggregate drilled length of 3,732.51 m were completed by the Geological Exploration Research Institute of the Guizhou Province Coalfield Geological Bureau. Geophysical logging was carried out over a total length of 3,690 m. Drillhole collar coordinates, downhole survey data, coal quality information, geological logs, and geophysical logs from these drillholes were collected and verified by the CPs. In the CPs' opinion, the drillholes provide a reasonable and adequate basis for coal resource modelling and estimation for the Jieji Coal Project.

Drillhole collar locations were surveyed, and downhole deviation was generally measured using standard downhole survey techniques. Drill cores were geologically and geotechnically logged in detail by qualified geologists prior to sampling. Core recovery was determined by comparing the length of core recovered with the length drilled, and all information was recorded on hard-copy drill logs.

The drill logs record drillhole identification numbers, collar coordinates, total depth, drilling dates, drillhole size and structure, drill run and stratigraphic unit lengths, core recovery, rock quality designation ("RQD"), lithological and coal type descriptions, coal seam intercept thickness and dip angle, stratigraphic unit designations, and sampling information. The CPs reviewed the drill logs and visually verified them against geological sections using computer-aided geological modelling software. Overall, the drill core logging was conducted appropriately and in compliance with applicable industry standards in the PRC.

In accordance with standard coal drilling procedures in the PRC, detailed geophysical logging was conducted on all drillholes, properly archived, and used for coal resource estimation. The geophysical logging suite comprised three lateral resistivity ("LL3"), long-spaced gamma-

gamma (“GG”), natural gamma (“GR”), and spontaneous potential (“SP”) measurements, with a logging interval of 0.05 m. The geophysical logging instruments were calibrated regularly and prior to logging operations in accordance with PRC industry standards to ensure the accuracy and reliability of the geophysical logging results.

The CPs understand that no resource drilling and thus no resource delineation programs were attempted after the 2009 exploration campaign.

6.3 Coal Seam Thickness Determination

Coal seam thickness is the most important parameter for Coal Resources estimation when the coal quality has been determined to meet the industrial specification. Coal seam thickness is generally determined from the combined information from drill core logging and drill hole geophysical logging.

With respect to the previous exploration campaigns for the Mining Properties, coal seam thickness was generally determined by actual drill core length if the core recovery was considerably high, the recovered core was coherent and its length could be measured accurately. The geophysical logs were calibrated with the actual coal seam thicknesses in these instances.

However, the geophysical logs were used to determine the coal seam thickness in the case that the seam thickness could not be determined accurately and reasonably from drill core due to a low core recovery and/or incoherent core. Two or three methods of geophysical log were used while the average of the coal seam thickness determined by each method was used as the determined thickness for a particular coal seam.

The CPs reviewed the coal seam thickness determinations and consider that they have been done correctly in accordance with the industrial standard. The seam thicknesses determined from good geophysical logs are generally considered as acceptable evidence of seam thickness for Coal Resources estimation in the coal mining industry.

6.4 Coal Seam Thickness Verification

Considering the importance of coal seam thickness which serves as a critical parameter for the geological database, resource modelling and thus Coal Resources estimation, the CPs verified the coal seam thickness determined from geological logging against with geophysical logging, as part of the effort for quality assurance of the geological database and resource modelling.

Coal in general responds well to most geophysical methods given that its physical properties contrast with those of other lithologies commonly found in coal bearing sequences. For instance, coal has a lower density, a higher electrical resistivity and low radioactivity (gamma) compared with typical coal bearing sequences as show in Figure 6-2 below. Moreover, geophysical logging can objectively and accurately reflect coal intersections, which is commonly used to verify the coal seam thickness in the coal mining industry.

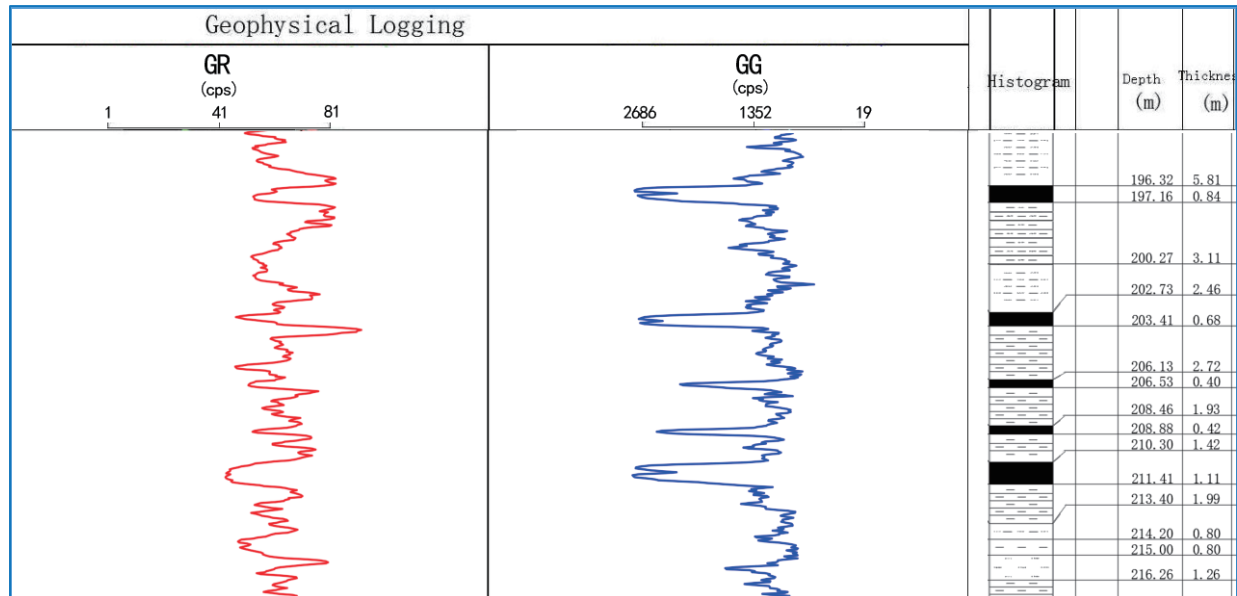


Figure 6-2 Comparison of Coal Seam Thickness Determined from Geological and Geophysical Logging

6.5 Sampling, Sample Preparation and Analysis

Samples were taken for all coal seam intervals with sufficient uncontaminated coal for all the drillholes during the historic exploration campaigns pursuant to the national coal sampling procedures. The entire uncontaminated coal core for each seam interval was generally taken as a single sample and was sealed in plastic bag for sample submission.

6.5.1 Xiejiejahegou Coal Mine

A total of 90 coal samples were taken during the 2017 exploration campaign and were sent to Guizhou Coal field Geology Bureau Laboratory for analysis, which is a state-owned authenticated analytical laboratory, located in Guiyang, Guizhou Province. Sample preparation and analysis were conducted by the analytical laboratories according to the industrial standard of sample preparation procedures and analytical methods. Coal samples were analysed for

moisture, ash, volatile, sulfur and fixed carbon contents, a number of harmful elements, calorific value, caking index and many other parameters. Quality of the analytical results were reported to be ensured by including internal checks and external checks. Analytical results for coal quality have been summarised previously in Chapter 5 of this CPR. The CPs verified and adopted the analytical results for subsequent Coal Resources estimation.

In addition, during BAW's visit to the Xiejiahegou Coal Mine, the CPs collected three coal seam samples from the underground working faces of Seams No. 15, No.17 and No.18 as part of the verification of analytical results. Five, four and five trench samples were cut from the working faces of Seams No.15, No.17 and No.18 respectively. Those trench samples were then composited to form one sample for each coal seam and were sent to SGS laboratory in Tianjin for analysis of raw coal quality, clean coal quality and washability recovery. SGS is an international accredited laboratory for coal sample analysis and is commonly used for coal analysis by the global mining industry.

The analytical result, which serves as part of the effort for external checks, indicated that the raw coal samples which the CPs collected from underground working faces are generally consistent with the analytical results of the previous exploration campaigns as shown in Table 6-3.

Table 6-5: Coal Quality of Underground Samples collected by BAW for the Xiejiahegou Coal Mine

Coal Seam	Moisture air-dried basis, %	Ash Content air-dried basis, %	Volatile Content dry-ash-free basis, %	Fixed Carbon dry basis, %	Sulphur Content dry basis, %	Calorific Value dry basis, MJ/kg	Caking Index
15	0.78	20.14	17.48	62.38	0.19	28.53	86
17	0.78	18.95	16.34	64.71	0.18	28.72	68

Coal Seam	Moisture air-dried basis, %	Ash Content air-dried basis, %	Volatile Content dry-ash-free basis, %	Fixed Carbon dry basis, %	Sulphur Content dry basis, %	Calorific Value dry basis, MJ/kg	Caking Index
18	0.78	20.81	16.15	63.04	0.31	28.25	82

Furthermore, the Xiejiahegou Coal Mine has been in commercial production for more than 6 years since the Client's acquisition, suggesting that the raw coal produced is in sufficient quality to meet the typical commercial coal quality requirements in the PRC.

6.5.2 Youyi Coal Project

The 2011 exploration program collected a total of 158 samples of coal core samples, rock mechanics samples, gas samples, and water samples. Specifically, 96 coal core samples were collected from drillholes, primarily targeting mineable coal seams. Nearly all coal core samples met or exceeded the qualified standards for both sample length and weight recovery.

In addition, 29 coalbed methane gas samples were collected, all of which were rated as 100% qualified. Samples for coal dust explosivity (21 samples) and coal spontaneous combustion tendency (33 samples) were also collected and tested.

All samples were promptly delivered to accredited laboratories for analysis. Laboratory testing comprised comprehensive analyses of coal properties, water quality, and rock mechanics parameters. The test results were considered reliable, with an overall check-sample qualification rate of 98.95%, providing a high level of confidence in the accuracy and reliability of the data used to determine coal type and associated characteristics.

6.5.3 Jieji Coal Project

The 2009 exploration program collected a total of 235 samples across the concession. These comprised 89 coal core samples, primarily obtained from coal seams designated for resource estimation (55 samples), all of which were assessed as qualified. Sample recovery rates were generally high, with an average coal core weight recovery of 72% and an average length recovery of 82%.

In addition, 20 gas samples were collected for methane content and compositional analysis, of which 15 samples were rated as qualified. Further sampling included 14 coal dust explosivity samples, 33 mud testing samples for assessing the stability of roof and floor strata, 40 rock physical and mechanical test groups, and 10 water samples.

All samples were submitted to accredited laboratories for analysis. Strict adherence to applicable standards and testing protocols ensured that the resulting coal quality, gas, hydrogeological, and rock mechanics data are accurate, reliable, and suitable for use in the geological report.

6.6 Density Measurements

Both true relative density (“TRD”) and apparent relative density (“ARD”) were determined for the samples. TRD measurement does not consider the voids in coal, and is generally determined by the pycnometer method on crushed or grounded samples. ARD measurement considers the voids in coal, and is generally determined by the wax-coating water-immersion method on coal core or rock samples. ARD, or the approximate bulk density of the coal in the ground, is the value used in coal resource and coal reserve estimation. TRD value can be used to check the ARD value as the TRD of a coal sample should generally be slightly higher than its ARD value.

6.6.1 Xiejahegou Coal Mine

A total of 73 samples from the coal samples taken from the Xiejahegou Coal Mine were used for density determination. The TRD and ARD measurements for the Xiejahegou Coal Mine is summarized in Table 6-4below.

Table 6-6 Density Measurements for the Xiejahegou Coal Mine

Coal Seam	No. of Samples	TRD (g/cm ³)			No. of Samples	ARD (g/cm ³)		
		Min	Max	Avg		Min	Max	Avg
207	2	1.49	1.52	1.51	2	1.44	1.45	1.45
206	2	1.42	1.54	1.48	2	1.38	1.48	1.43
205	2	1.62	1.66	1.64	2	1.55	1.58	1.57
203b	3	1.38	1.54	1.47	3	1.34	1.48	1.39
203a	2	1.36	1.41	1.39	2	1.32	1.37	1.35
202	2	1.54	1.76	1.65	2	1.48	1.67	1.58
104	3	1.42	1.6	1.54	3	1.38	1.53	1.48
103c	4	1.44	1.96	1.60	4	1.39	1.85	1.53
103b	2	1.49	1.5	1.5	2	1.44	1.44	1.44
103a	4	1.46	1.8	1.68	4	1.41	1.71	1.60
102c	2	1.50	1.66	1.58	2	1.44	1.58	1.51
101d	3	1.53	1.78	1.62	3	1.47	1.69	1.55
101c	3	1.53	1.90	1.67	3	1.47	1.79	1.59

The CPs are of the opinion that the average ARD adopted is reasonable and appropriate and can be used as in-situ relative density to estimate the in-situ coal tonnage of the Coal Mine, given that coking coal generally is characterized with a high coalification, high carbon content and low porosity.

6.6.2 Youyi Coal Project

TRD and ARD measurements for the Youyi Coal Project is summarized in Table 6-5 below.

Table 6-7 Density Measurements for the Youyi Coal Project

Coal Seam	TRD (g/cm ³)	ARD (g/cm ³)
1	1.54	1.45
3	1.56	1.45
6-1	1.52	1.45
6-3	1.58	1.45
12	1.54	1.40
15-1	1.48	1.40
16	1.48	1.40
17	1.49	1.40
18	1.51	1.40
24	1.53	1.45
25	1.79	1.45
26	1.72	1.45
27-1	1.82	1.45
29	1.83	1.45
32	1.87	1.45

The CPs are of the opinion that the average ARD adopted is reasonable and appropriate and can be used as in-situ relative density to estimate the in-situ coal tonnage of the Youyi Coal Project.

6.6.3 Jieji Coal Project

TRD and ARD measurements for the Jieji Coal Project is summarized in Table 6-6 below.

Table 6-8 Density Measurements for the Jieji Coal Project

Coal Seam	TRD (g/cm ³)	ARD (g/cm ³)
1	1.68	1.50
2	1.53	1.50
9	1.56	1.45
11	1.63	1.35
17-1	1.61	1.35
18	1.62	1.40
22-2		1.55
23	1.40	1.45
24	1.49	1.55
28		1.55

The CPs are of the opinion that the average ARD adopted is reasonable and appropriate and can be used as in-situ relative density to estimate the in-situ coal tonnage of the Jieji Coal Project.

6.7 Discussion

It is clear that the latest exploration work was carried out a few years ago before BAW's engagement for this CPR. As such, the CPs were not able to observe the work during the course

of drilling, density measurements, sampling, sample preparation and coal quality analysis. However, the CPs reviewed the protocol applied and considers that the methods to be generally conformable with industry practice. The CPs are of the opinion that the overall geological database is fair, reasonable and conformable with the industry practice and appropriate for subsequent use in Coal Resources and Coal Reserves estimation in accordance with the requirement of the JORC Code (2012).

7 COAL RESOURCES ESTIMATION

7.1 Introduction

The previous estimation of Coal Resources for the Xiejiehegou Coal Mine was conducted in 2017 by the Brigade 113 of the Guizhou Coalfield Geological Bureau, which is an independent, licensed, government-owned exploration entity in the PRC, adopted the polygonal estimation method in accordance with the national coal exploration requirements. Such estimation, principally based on pre-defined deposit industrial parameters according to the Chinese “Code of Mineral Geological Exploration – Coal” (DZ/T0215-2020), Solid Mineral Resources/Reserves Classification (GB/T 17766-2020), General Rules for Geological Exploration of Solid Minerals (GB/T13908-2020), reported a total of 34,650,000 t of coal resources for the Xiejiehegou Coal Mine pursuant to the current PRC resource classification scheme.

The previous estimation of Coal Resources for the Youyi Coal Project was conducted in 2008 by the 113th Brigade of the Guizhou Coalfield Geological Bureau, which is an independent, licensed, government-owned exploration entity in the PRC, adopted the polygonal estimation method in accordance with the national coal exploration requirements. Such estimation, principally based on pre-defined deposit industrial parameters according to the Chinese “Code of Mineral Geological Exploration – Coal” (DZ/T0215-2002) and Solid Mineral Resources/Reserves Classification (GB/T 17766-1999), reported a total of 99.6 mt of coal resources for the Youyi Coal Project pursuant to the PRC resource classification scheme.

The previous estimation of Coal Resources for the Jieji Coal Project was conducted in 2009 by the Coalfield Geology Geological Exploration Institute of the Guizhou Coalfield Geological Bureau, which is an independent, licensed, government-owned exploration entity in the PRC, adopted the polygonal estimation method in accordance with the national coal exploration requirements. Such estimation, principally based on pre-defined deposit industrial parameters according to the Chinese “Code of Mineral Geological Exploration – Coal” (DZ/T0215-2002) and Solid Mineral Resources/Reserves Classification (GB/T 17766-1999), reported a total of

61 mt of coal resources for the Jieji Coal Project pursuant to the PRC resource classification scheme.

The classification, reporting and estimation of Coal Resources for the Mining Properties, presented in this CPR are made in conformity with the requirements of the JORC Code (2012) which is conformable with the requirements for the natural resource companies listed on the HKEX.

7.2 Coal Resources Definitions and Classification

The JORC Code is a mineral resource/ore reserve classification system that has been widely used and is internationally recognized. It has also been used in independent technical reports for Coal Resources and Coal Reserves statements for natural resources companies listed on the HKEX. In accordance with the JORC Code (2012), the definitions and classification of Coal Resources are summarized as below.

- *A 'Coal Resource' defined in the JORC Code as 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. The location, quantity, grade, geological characteristics and continuity of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge. Coal Resources are sub-divided, in order of increasing geological confidence, into Measured, Indicated and Inferred categories.*
- *A 'Measured Coal Resource' is that part of a Coal 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.*

The locations are spaced closely enough to confirm geological and grade continuity.

- *An 'Indicated Coal Resource' is that part of a Coal 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.*
- *An 'Inferred Coal Resource' is that part of a Coal 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.*

The general relationships between exploration results, Coal Resources and Coal Reserves under the JORC Code (2012) are illustrated below.

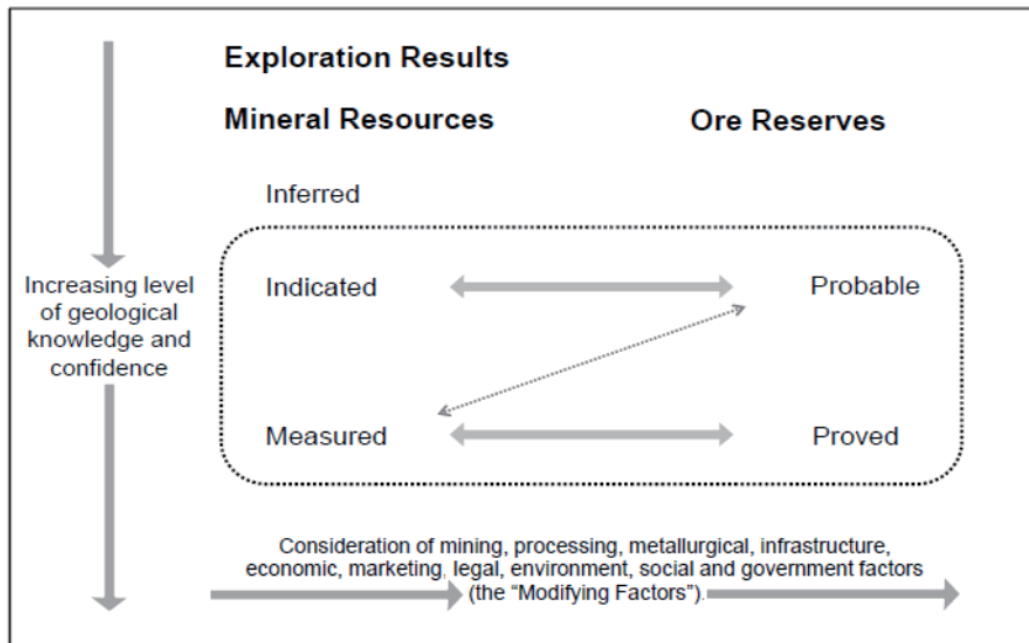


Figure 7-1 General relationship between Exploration Results, Coal Resources and Coal Reserves

Generally, Coal Reserves can be presented as part of the total Coal Resources or as additional to the Coal Resources. In this CPR, all of the Coal Reserves are included within the Coal Resources. The Ore Reserves estimations for the Mining Properties are reported in Chapter 8 of this CPR.

7.3 Methodology and Parameters Used in Coal Resources Estimation

To perform a Coal Resource estimation for the Mining Properties, the CPs generated a three-dimension coal resource model using computer-aided coal modelling software based on the geological database which consists of the topographic surface, the structure roof and structure floor grids of each coal seam, and a composited seam quality model.

7.3.1 Geological Database

Exploration data provided to the CPs consists of drillhole data, collar survey, downhole survey, coal quality, relative density, core recovery and lithology, which were results of previous exploration campaigns spatially located both inside and outside of the current mining license. All the drillholes were incorporated into the geological database and utilized for subsequent resource estimation presented in this CPR. Geophysical logging of the drillholes conducted during the previous exploration campaign were validated and used for subsequent resource category classification. The CPs validated and compiled all drillhole data, geological data, coal seam structure and coal quality into a geological database from which the resource model is subsequently derived.

7.3.2 Estimation Parameters

Parameters and 'cut-offs' are applied in order for the resource estimates to meet the criteria for reasonable prospects for eventual economic extraction pursuant to the JORC Code (2012). The parameters and criteria applied are in line with the current contemporary expectations of the industry and current and planned mining practices utilized on site, including:

- Minimum coal seam thickness: 0.5 m for the Xiejiehegou Coal Mine and 0.7 m for the Youyi Coal Project and Jieji Coal Project
- Maximum ash content: 40%
- Minimum calorific value: 17 MJ/kg
- Maximum sulphur content: 3%
- Coal Resources are constrained to the mining license or exploration license held by the Mining Properties
- Digital terrain model (DTM) applied as a topographic constraint. Materials within 30 m to 50 m from fault zones were generally downgraded to Inferred Resource.
- Coal Resources are depleted by mined out tonnage.

- Coal Resources are estimated based on the topographic survey and mined-out data made available as of November 30, 2025.

The CPs noted that a number of coal seams have an average total sulphur content higher than 3% and are classified as high sulfur coal. However, sulfur phase analysis indicates that the majority of the sulfur occurs as inorganic sulfides and sulfates in coal seams, indicating that the majority of the sulfur in these seams can be removed by the coal preparation process. Therefore, those seams are included in the current resource estimation.

7.3.3 Modelling Procedures

A coal resource model was developed using computer-aided coal software which is widely used for the global mining industry primarily for sedimentary-style coal deposits and is proven to be reasonably accurate when compared with manual resource estimations.

The modelling algorithms for developing the resource model include the growth technique method which is widely used by the coal mining industry for its reasonable reflection of structural features of a coal deposit. The modelling procedures comprise the following tasks.

- The CPs compiled and validated all drillhole data, geological data, coal seam structure and coal quality into a geological database. Invalid data was removed from the geological database and the use of the model wherever necessary.
- The boundary of the mining license was verified.
- Verifying coal quality and coal seam, the CPs reviewed and verified exploration data visually through the generation of stratigraphic columnar sections using cross-section analysis to validate coal seam correlations.
- After establishing consistent seam correlations or determining that edits to coal seam correlations were needed, coal seams were then included and identified in the

geological database.

- Appropriate modelling parameters were selected to generate the geological database based on which the coal seam grid and resource model were subsequently established.
- Seam grids, including seam thickness roof and floor grids, plus the topographic surfaces were generated for individual coal seams. Base-of-coal-seam structure and topographic surface grids were generated in order to determine the intersection between the projected coal seams and topography of the mining license. Coal seam outcrop boundaries were generated at the intersection points of these grid files, defining the limits of coal deposits which were eroded by dendritic patterned erosional valleys.
- Measured, Indicated and Inferred Resources were classified based on the geological complexity and confidence level.

7.3.4 Resource Category Classification

Xiejiehegou Coal Mine

Based on the geological complexity, confidence level and availability of exploration data, BAW classified the coal resources into categories based on the spacing between points of observations (drillhole) on a seam-by-seam basis for the Xiejiehegou Coal Mine. The relationship of spacing between points of observations and resource category classification for the Xiejiehegou Coal Mine is summarized in below.

Table 7-1 Spacing between Points of Observations and Resource Category Classification for the Xiejiehegou Coal Mine

Resource Category	Spacing between Points of Observations (Drillhole)		Radius of Influence
	Lower Limit	Upper Limit	
Measured	0	250 m	0-250 m

Indicated	250 m	500 m	125 m - 250 m
Inferred	500 m	1,000 m	250 m - 500 m

After validating the drillholes from the previous exploration campaigns, the CPs utilized a total of 10 drillholes to construct the geological database and subsequently to generate the coal seam grids and resource model. However, original geophysical logging record is only available for 5 of those 10 drillholes for our review. The CPs are of the opinion that the coal seam continuity will be further enhanced if the geophysical profiles can be recovered for those 5 drillholes, presumably leading to an upgrade of the current resource category classification for the Coal Mine accordingly.

Plan Maps showing the resource classification for Seams No.15, No.17 and No.18 are illustrated in Figure 7-2, 7-3 and 7-4 below. Selected view of the three-dimensional coal resources model is shown in Figure 7-5.

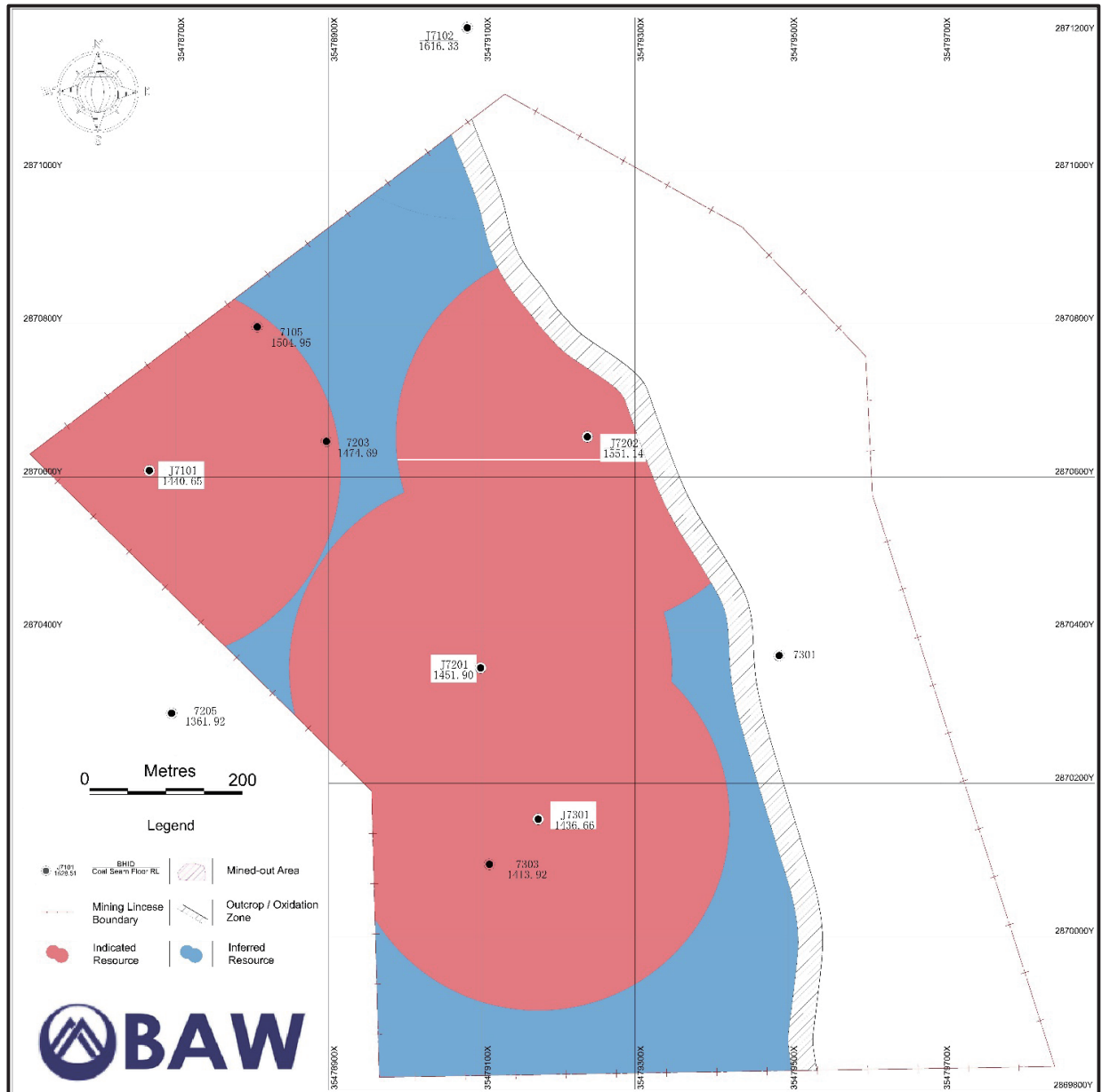


Figure 7-2 Plan Map showing Resource Classification for Seam No.15 of the Xiejiehegou Coal Mine

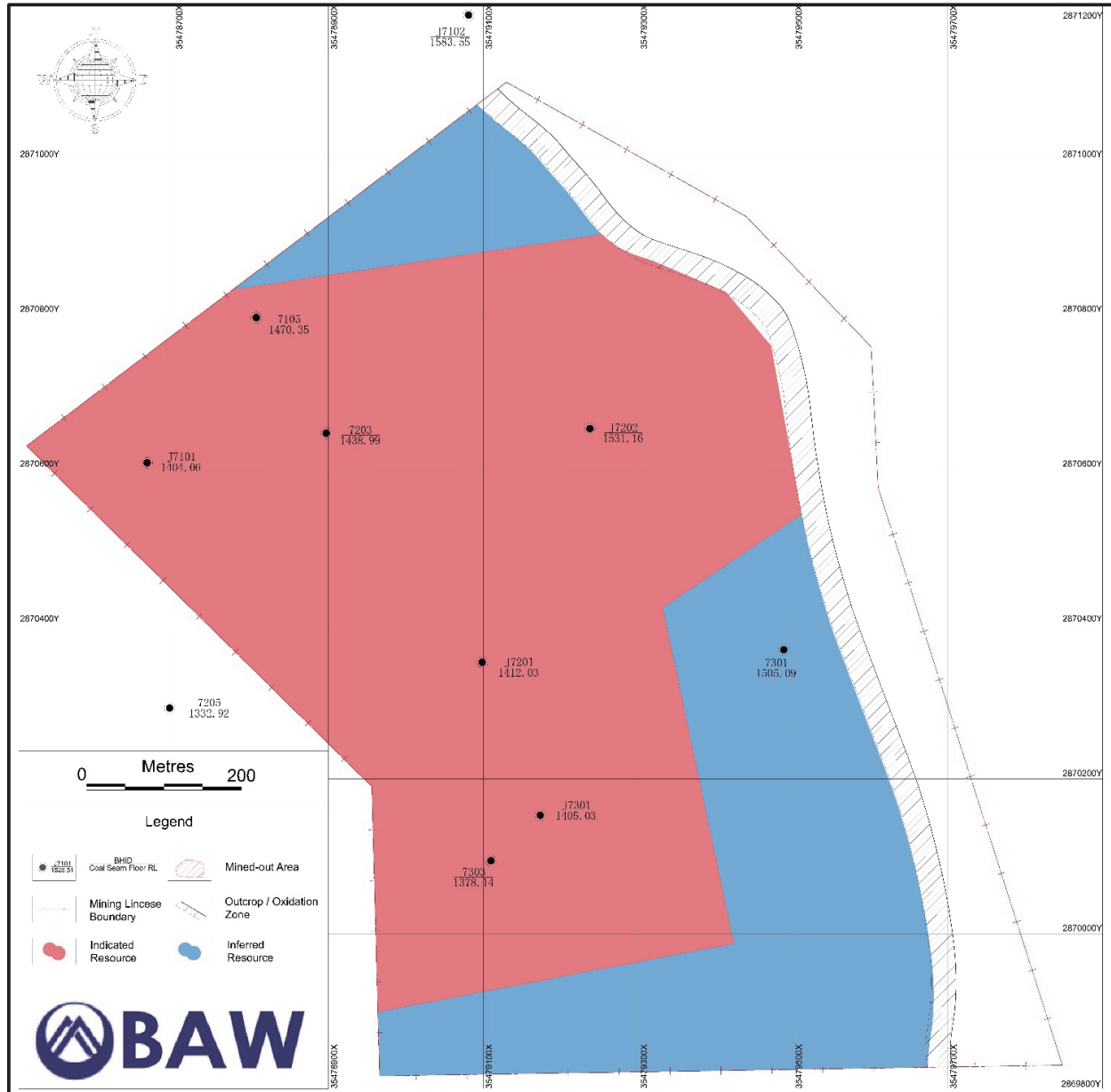


Figure 7-3 Plan Map showing Resource Classification for Seam No.17 of the Xiejiehegou Coal Mine

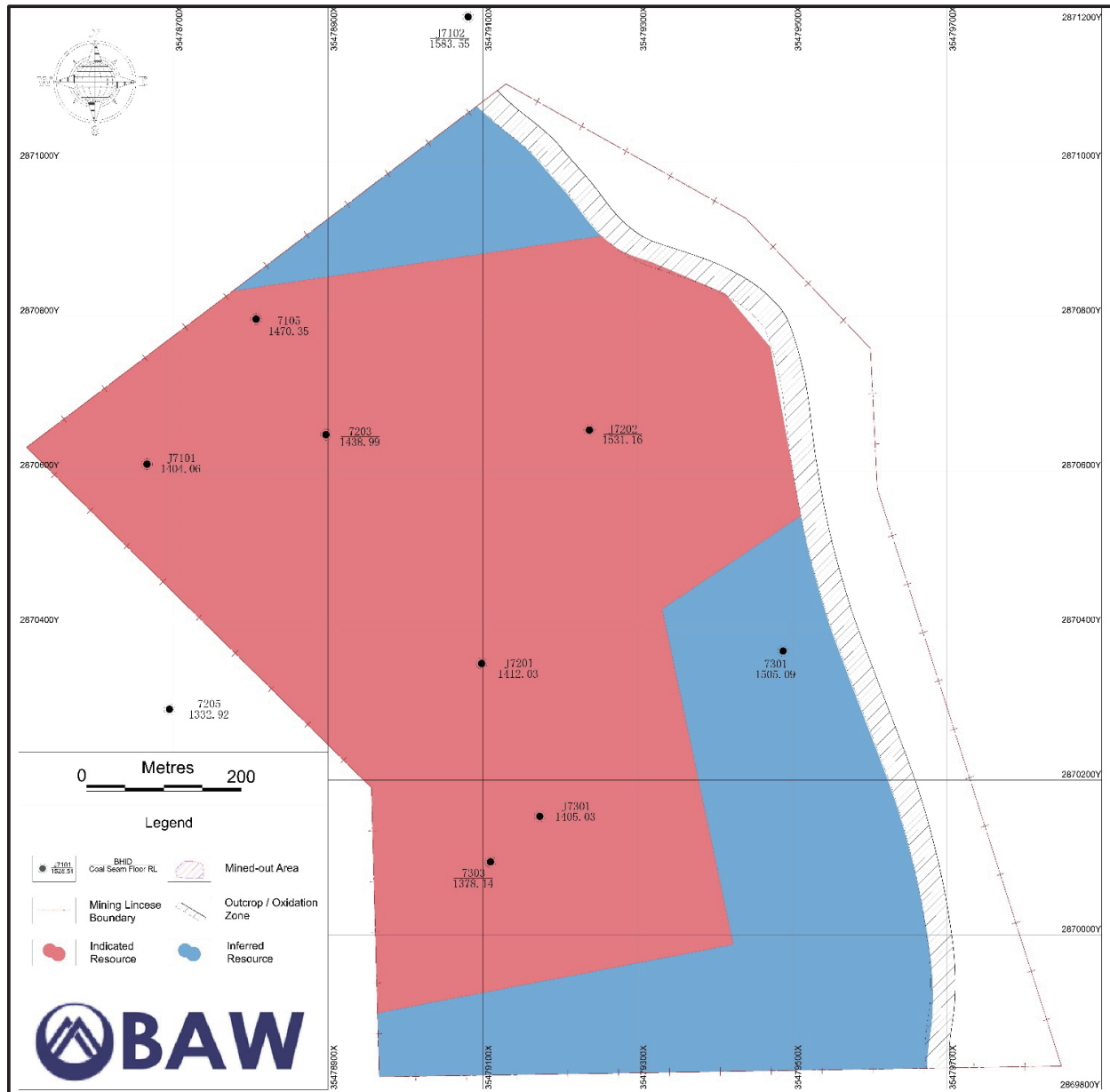


Figure 7-4 Plan Map showing Resource Classification for Seam No.18 of the Xiejiehegou Coal Mine

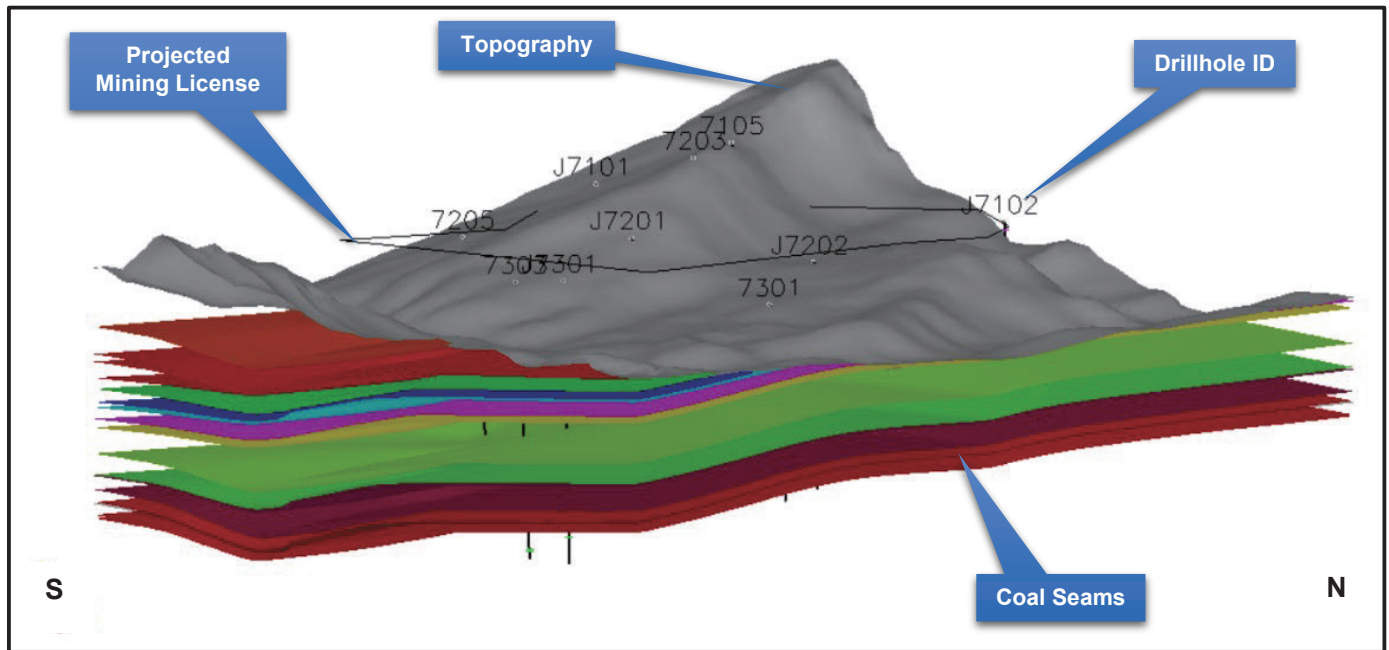


Figure 7-5 Selected View of the Three-Dimensional Coal Resources Model of the Xiejiahegou Coal Mine

Youyi Coal Project

The Coal Resource classification for the Youyi Coal Project has been completed in accordance with the requirements of the JORC Code (2012). The classification takes into account drillhole data density, coal seam continuity, and structural complexity. Drillholes with complete downhole geophysical logging were used as the primary Points of Observation for resource classification.

Resource categories were defined using a drillhole spacing and radius-of-influence approach, based on radial distance from coal seam intersections. In areas where coal seam continuity is supported by multiple drillholes with geophysical logging control, the following criteria were applied:

Table 7-2 Spacing between Points of Observations and Resource Category Classification for the Youyi Coal Project

Resource Category	Spacing between Points of Observations (Drillhole)		Radius of Influence
	Lower Limit	Upper Limit	
Measured	0	250 m	0-250 m
Indicated	250 m	500 m	125 m - 250 m
Inferred	500 m	1,000 m	250 m - 500 m

Structural complexity was explicitly considered in the resource classification process. Major faults interpreted and modelled from historical exploration data were applied as classification constraints. Coal Resources within 30 m of major fault zones were excluded from the resource estimate, and Coal Resources within 30–50 m of fault zones was downgraded to Inferred Resources, irrespective of drillhole spacing.

Plan Maps showing the resource classification for Seams No.1, 6-1 and 15 are illustrated in Figure 7-6, 7-7 and 7-8 below.

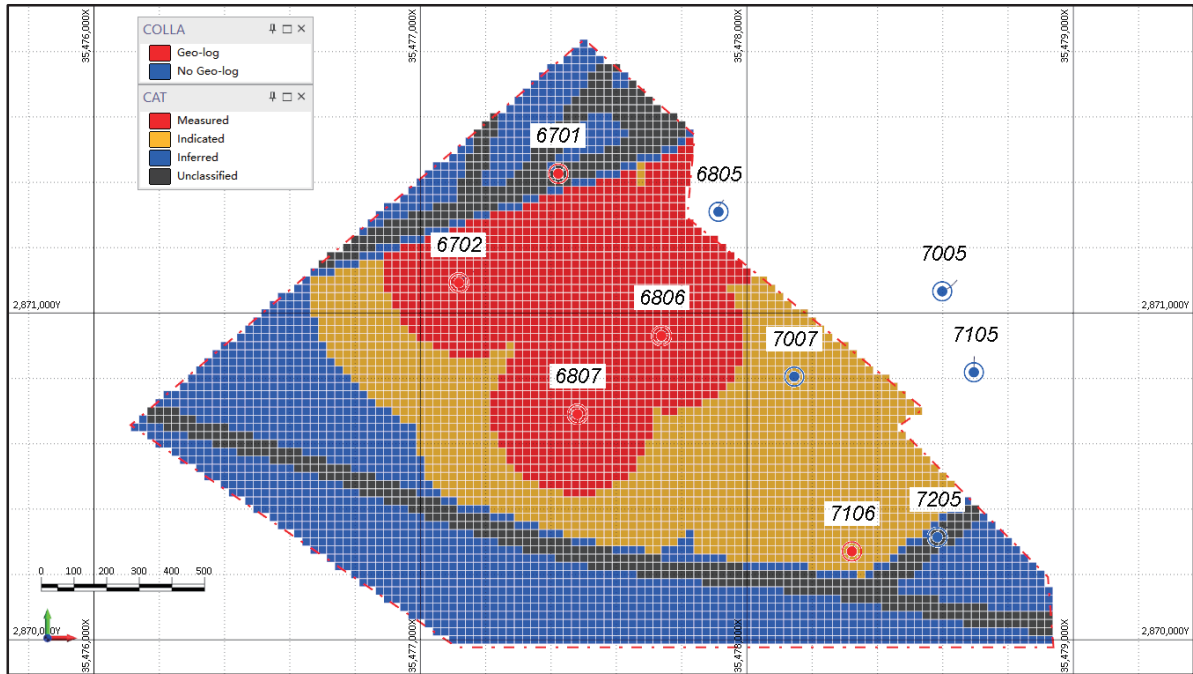


Figure 7-6 Plan Map showing Resource Classification for Seam No.1 of the Youyi Coal Project

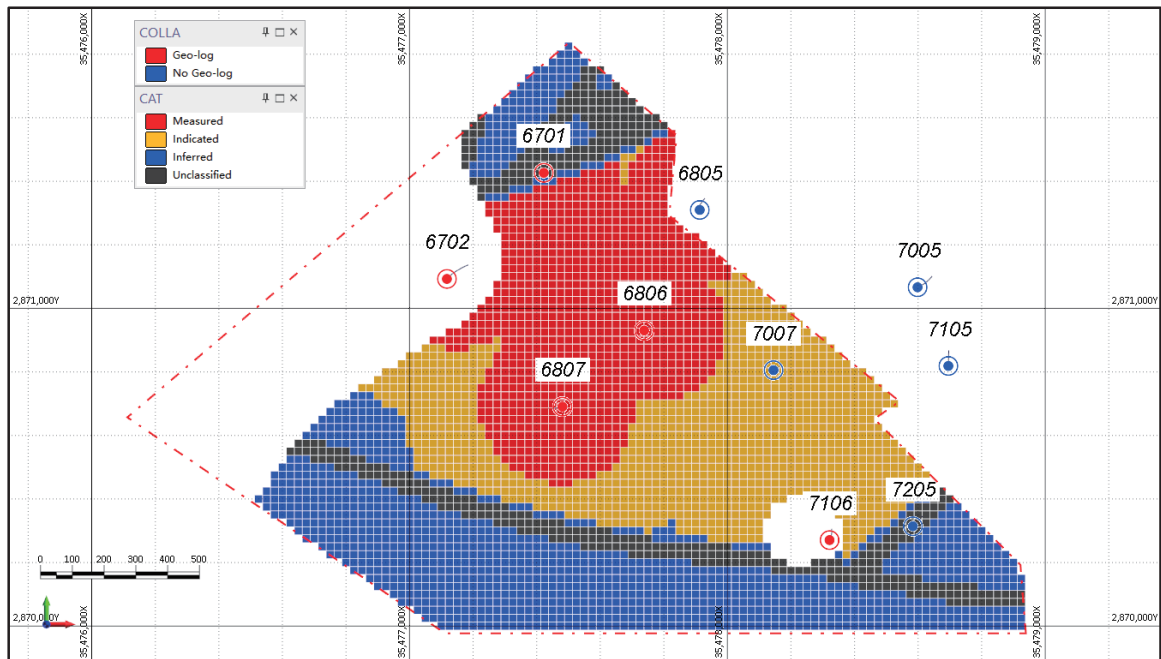


Figure 7-7 Plan Map showing Resource Classification for Seam No.6-1 of the Youyi Coal Project

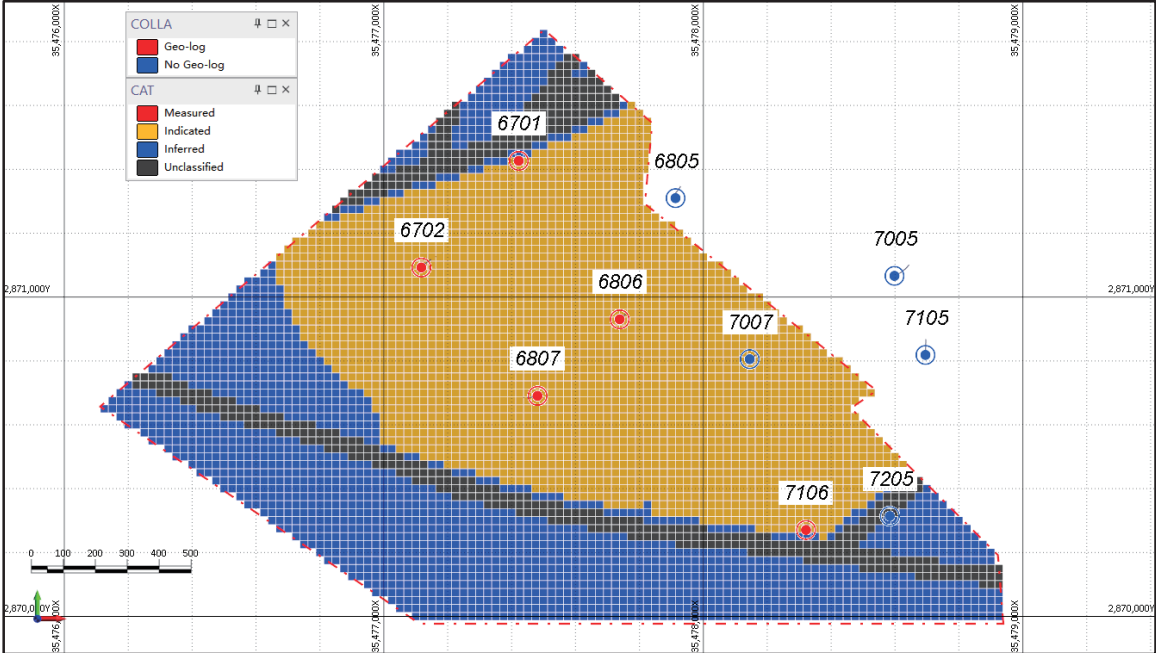


Figure 7-8 Plan Map showing Resource Classification for Seam No.15 of the Youyi Coal Project

This classification approach ensures that the reported Coal Resources appropriately reflect the level of geological confidence based on drillhole control, seam continuity and structural conditions.

Jieji Coal Project

The Coal Resource classification for the Jieji Coal Project has been completed in accordance with the requirements of the JORC Code (2012). The classification takes into account drillhole data density, coal seam continuity, and structural complexity. Drillholes with complete downhole geophysical logging were used as the primary Points of Observation for resource classification. Drillholes without geophysical logging were not used to define higher confidence resource categories.

Resource categories were defined using a drillhole spacing and radius-of-influence approach, based on radial distance from coal seam intersections. In areas where coal seam continuity is supported by multiple drillholes with geophysical logging control, the following criteria were applied:

Table 7-3 Spacing between Points of Observations and Resource Category Classification for the Youyi Coal Project

Resource Category	Spacing between Points of Observations (Drillhole)		Radius of Influence
	Lower Limit	Upper Limit	
Measured	-	-	-
Indicated	250 m	500 m	125 m - 250 m
Inferred	500 m	1,000 m	250 m - 500 m

No Measured Resources have been defined for the Jiejie Coal Project due to the level of drillhole density and the current stage of exploration.

Structural complexity was explicitly considered in the resource classification process. The central part of the Jiejie mining area is characterised by more intense fault development, resulting in reduced confidence in coal seam continuity. Accordingly, Coal Resources in structurally complex areas were downgraded where appropriate.

Coal Resources within 30 m of major fault zones were excluded from the resource estimate. Coal Resources within 30–50 m of fault zones were downgraded to Inferred Resources, irrespective of drillhole spacing, to reflect increased geological uncertainty.

Plan Maps showing the resource classification for Seams No.1, 17 and 18 are illustrated in Figure 7-9, 7-10 and 7-11 below.

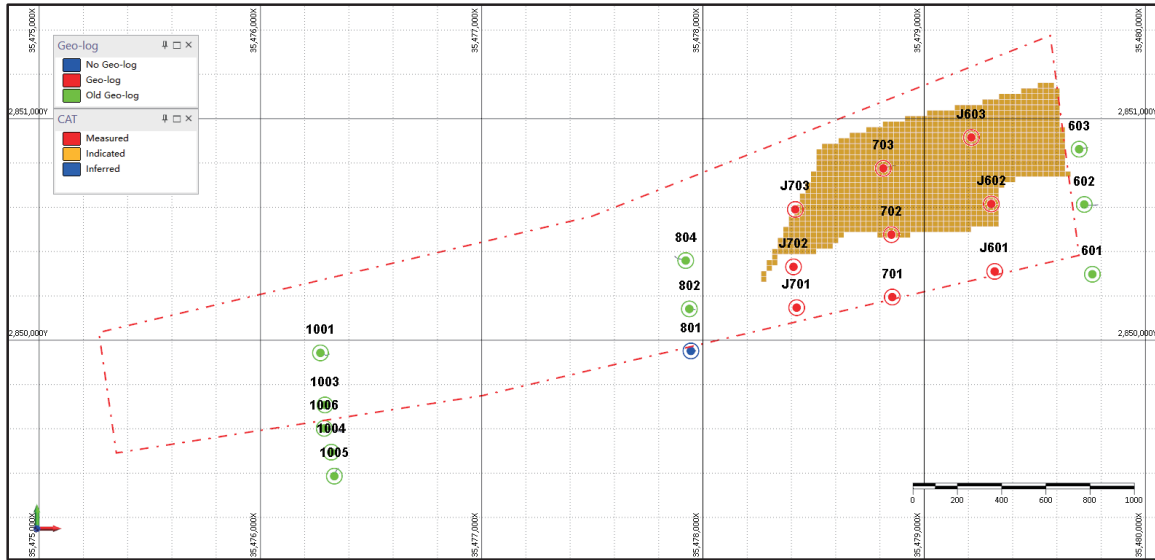


Figure 7-9 Plan Map showing Resource Classification for Seam No.1 of the Jieji Coal Project

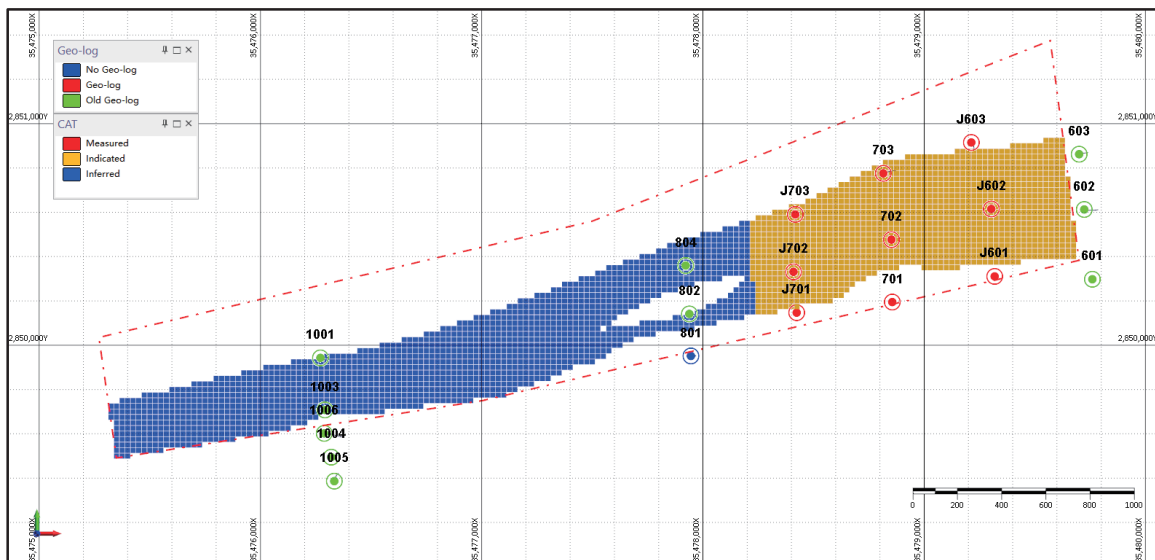


Figure 7-10 Plan Map showing Resource Classification for Seam No.17 of the Jieji Coal Project

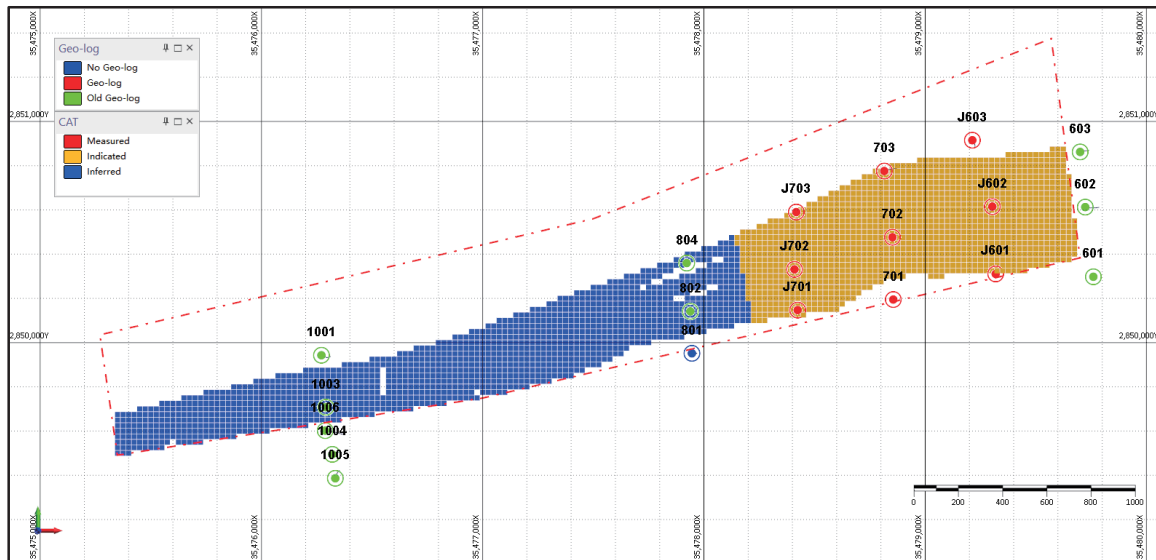


Figure 7-11 Plan Map showing Resource Classification for Seam No.18 of the Jieji Coal Project

This classification methodology ensures that the reported Coal Resources appropriately reflect the level of geological confidence supported by drillhole control, coal seam continuity and structural conditions.

7.4 Coal Resources Statement

The Coal Resources of the Mining Properties were estimated as of November 30, 2025, with following key assumptions:

- The estimation of the Coal Resources may be materially affected by environmental, permitting, legal title, taxation, socio-political, marketing, or other relevant issues and therefore, Coal Resources which are not defined as Coal Reserves may not have demonstrated economic viability;
- The quantity and grade of the Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define the Inferred Resources as

an Indicated or Measured Resources and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Resources category;

- The Coal Resources are estimated on an in-situ basis (i.e. as an in-situ tonnage and not adjusted for mining recovery);
- Totals may not add up due to rounding; and
- Volumes are converted to tonnages using laboratory relative density analytical results converted to an estimated basis.

7.4.1 Xiejiehegou Coal Mine

The Coal Resources estimation in conformity with the requirements of the JORC Code (2012) as of November 30, 2025, defines 13.93 Mt of Indicated Resources and 23.45 Mt of Inferred Resources for the Xiejiehegou Coal Mine, on a dry, in-situ basis. The Coal Resources estimation of each coal seam of the Xiejiehegou Coal Mine is tabulated below.

Table 7-4 Coal Resources Statement for the Xiejiehegou Coal Mine as of November 30, 2025

Coal Seam	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
1	-	0.16	0.14	0.30
3	-	0.21	0.11	0.32
6-1	-	0.64	0.10	0.74
6-3	-	0.11	0.51	0.62
10	-	0.24	0.21	0.45
12	-	0.69	0.54	1.23

15	-	1.16	0.38	1.55
16	-	0.97	0.60	1.57
17	-	0.91	0.73	1.64
18	-	1.37	1.07	2.44
23	-	0.50	0.35	0.85
24-1	-	0.83	0.57	1.40
24-2	-	0.71	0.40	1.11
26	-	0.48	0.37	0.85
27	-	1.10	0.80	1.90
27-2	-	0.24	0.01	0.25
29-1	-	1.08	0.83	1.91
29-2	-	1.09	0.86	1.95
32	-	1.43	0.94	2.37
Total		13.93	9.52	23.45

Q11-v-a *Note:* The information in this CPR relating to Coal Resources is compiled by Dr. Shugang Zhao who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Dr. Zhao consents to the reporting of this information in the form and context in which it appears.

7.4.2 Youyi Coal Project

The Coal Resources estimation in conformity with the requirements of the JORC Code (2012) as of November 30, 2025, defines 7.68 Mt of Measured Resources, 50.49 Mt of Indicated Resources and 50.59 Mt of Inferred Resources for the Youyi Coal Project, on a dry, in-situ

basis. The Coal Resources estimation of each coal seam of the Youyi Coal Project is tabulated below.

Table 7-5 Coal Resources Statement for the Youyi Coal Project as of November 30, 2025

Coal Seam	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
1	2.21	2.52	2.93	7.66
3	1.34	1.25	1.26	3.85
6-1	0.96	1.09	1.30	3.35
6-3	1.38	0.87	0.48	2.74
12	1.80	2.59	3.33	7.72
15-1	-	8.22	4.92	13.15
16	-	2.83	2.48	5.31
17	-	11.84	10.60	22.43
18	-	5.75	3.21	8.96
25	-	2.20	3.21	5.41
26	-	2.11	2.30	4.41
27-1	-	1.09	1.32	2.41
29-2	-	5.56	8.45	14.01
32	-	2.57	4.80	7.37
Total	7.68	50.49	50.59	108.76

Q11-v-a *Note:* The information in this CPR relating to Coal Resources is compiled by Dr. Shugang Zhao who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Dr. Zhao consents to the reporting of this information in the form and context in which it appears.

7.4.3 Jieji Coal Project

The Coal Resources estimation in conformity with the requirements of the JORC Code (2012) as of November 30, 2025, defines 22.64 Mt of Indicated Resources and 23.37 Mt of Inferred Resources for the Jieji Coal Project, on a dry, in-situ basis. The Coal Resources estimation of each coal seam of the Jieji Coal Project is tabulated below.

Table 7-6 Coal Resources Statement for the Jieji Coal Project as of November 30, 2025

Coal Seam	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
1	-	0.96	-	0.96
2	-	2.12	0.16	2.28
4	-	1.12	-	1.12
9	-	0.88	0.65	1.53
11	-	2.47	0.97	3.44
17-1	-	4.05	5.16	9.22
18	-	5.53	13.79	19.32
22-2	-	1.29	0.82	2.11
23	-	1.35	0.66	2.02
24	-	1.60	0.59	2.19
28	-	1.26	0.56	1.82

Total	-	22.64	23.37	46.01
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Q11-v-a *Note:* The information in this CPR relating to Coal Resources is compiled by Dr. Shugang Zhao who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Dr. Zhao consents to the reporting of this information in the form and context in which it appears.

7.4.4 Combined Coal Resources Statement

The combined Coal Resources estimation in conformity with the requirements of the JORC Code 2012 as of November 30, 2025 for the Xiejiahegou Coal Mine, Youyi Coal Project and Jieji Coal Project on a dry, in-situ basis is tabulated below.

Table 7-7 Combined Coal Resources Statement of the Mining Properties as of November 30, 2025

Mining Properties	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
Xiejiahegou Coal Mine	-	13.93	9.52	23.45
Youyi Coal Project	7.68	50.49	50.59	108.76
Jieji Coal Project	-	22.64	23.37	46.01
Total	7.68	87.06	83.48	178.22

Q11-v-a *Note:* The information in this CPR relating to Coal Resources is compiled by Dr. Shugang Zhao who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Dr. Zhao consents to the reporting of this information in the form and context in which it appears.

8 COAL RESERVES ESTIMATION

8.1 Coal Reserves Definitions and Classification

The classification, reporting and estimation of Coal Reserves for the Coal Mine presented in this CPR are made in conformity with the requirements of the JORC Code (2012) which is conformable with the requirements for the natural resource companies listed on the HKEX. In accordance with the JORC Code (2012), the definitions of Coal Reserves and the classification of Coal Reserves are summarized as below.

- *A Coal Reserve is defined in the JORC Code as part of a Measured or Indicated Resource which could be mined and from which valuable or useful minerals could be recovered economically under conditions reasonably assumed at the time of reporting. Coal reserve includes dilution of materials and allow for mining losses which may occur based on engineering studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Modifying Factors are considerations used to convert Coal Resources to Coal Reserves, which include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.*
- *A “Probable Coal 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 Coal Reserve is lower than that applying to a Proved Coal Reserve.*
- *A “Proved Coal Reserve” is the economically mineable part of a Measured Mineral Resource. A Proved Coal Reserve implies a high degree of confidence in the Modifying Factors.*
- *Under the JORC Code, Inferred Mineral Resources are deemed to be too poorly delineated to be transferred into a Coal Reserve category, and therefore no*

equivalent Possible Coal Reserve category is recognized or used.

The general relationships between exploration results, Coal Resources and Coal Reserves under the JORC Code are illustrated in Figure 7-1.

The Coal Reserve estimation generally involves the consideration of the Coal Resource estimation with its associated resource model and the “Modifying Factors” including mine planning, historic production data, reconciliation of resource estimation and production, processing, infrastructures, economic, marketing, legal, environmental, social and governmental factors.

8.2 Xiejiahegou Coal Mine

8.2.1 Technical Studies

The CPs reviewed a number of technical studies reports which are suitable to support Coal Reserve estimation. The technical studies are listed as below:

- Verification and Exploration Report on Mineral Resources and Reserves (Reserved Area) Xiejiahegou Coal Mine, Yangchang Township, Panxian County Guizhou Dejia Investment Co., Ltd., Guizhou Dejia Investment Co., Ltd., November 2017;
- Preliminary Design Study for the Xiejiahegou Coal Mine (Merger and Reorganization) in Yangchang Township, Pan County, by Dejia Investment Co., Ltd., Guizhou Province, Guizhou Province Coal Mine Design and Research Institute Co., Ltd., August 2018 (“450 ktpa Xiejiahegou PDS”);
- Green Development and Utilization Plan for Mineral Resources (Three-in-One) Xiejiahegou Coal Mine, Yangchang Township, Panxian County Guizhou Dejia Investment Co., Ltd., Guizhou Dejia Investment Co., Ltd. May 2019; and
- Competent Persons’ Report for the Xiejiahegou Coal Mine in Guizhou Province, PRC,

BAW Mineral Partners Limited, December 2019 (“2019 CPR”)

These mining studies were prepared by experienced mine design consulting institutes licensed by Chinese government agencies. Based on the review and site visit, the CPs consider that no material technical changes have occurred since the 2019 CPR. Consequently, the Coal Reserve estimation is prepared based on the aforementioned technical studies.

8.2.2 Estimation Procedures

The procedures adopted by the CPs to estimate Coal Reserves for the Xiejiahegou Coal Mine are illustrated as follows:

- Review the coal resource estimation methodology and procedures detailed in the 2019 CPR.
- Review of the Coal Resources model generated or revised by the CPs including estimation procedure and parameters;
- Review of the mining methods and extraction operation;
- Mining recovery and mining dilution at working face were applied to determine raw coal tonnages for each coal seam; to verify the mining recovery and dilution with historical recoveries and mine plans to ensure consistency (where possible) and appropriateness;
- A minimum apparent mining thickness 0.7m was applied based on the proposed equipment, estimated operating costs, coal transport and washing costs (if any), and coal prices. The CPs then generated target areas within each of the mineable coal seams and created panel layouts;
- The raw coal tonnage was estimated for each coal seam on each planned longwall panel mining level. The CPs noted that safety pillars were based on the 450 ktpa Xiejiahegou PDS and were modified based on the historical production where appropriate. Safety pillars, mine pillars, boundary pillars were considered during the process of layout design;

- Modifying factors were applied to incorporate the effects of depth of cover of individual seams and also interburden thickness between seams, and the likely reduction in coal recovery from these two issues;
- The longwall tonnages of each coal seam and the gateroad development tonnages of each coal seam were combined to form the Coal Reserves;
- Review of feasibility studies and the 2019 CPR including the operating description, LOM production plan and capital costs;
- Review of the mining license to ensure Coal Reserves are constrained within the mining license or expansion areas;
- Review of mined-out areas which should be depleted from Coal Reserves; and
- An economic model was generated to incorporate operating and capital costs and revenue. The CPs reviewed the operating and capital cost estimates prior to applying them in the economic model. Additional capital costs were included in the economic model to allow for sustaining capital over the LOM.

8.2.3 Estimation Parameters

Subsequent to a review of the three-dimensional coal resource model, the 450 ktpa Xiejiahegou PDS, the proposed life-of-mine (LOM) production plan, the current mining method, historical and forecast recoveries, and discussions with mine management, the CPs determined the appropriate technical parameters for the estimation of Coal Reserves.

The coal resource model defines Indicated and Inferred Resources for the Xiejiahegou Coal Mine. However, pursuant to the JORC Code (2012), Inferred Resources are not permitted to be used in detailed mine planning and, therefore, are excluded from Coal Reserves estimation due to their lower level of confidence.

According to the Code for Mine Design of Coal Mining Industry (GB 50215-2015), a national standard commonly adopted in the PRC, the mining recoveries at working face with respect to the coal seam thickness are shown in Table 8-1 below.

Table 8-1: Mining Recoveries at Working Face of the Xiejiahegou Coal Mine

Coal Seam	Coal Seam Thickness (m)	Mining Recoveries at Working Face
Thin	0.5-1.3	93%
Medium	1.3-3.5	95%
Thick	>3.5	97%

The CPs noted that the mining recoveries and mining dilution at working face were not mentioned in the 450ktpa Xiejiahegou PDS nor other mine design reports. Based on the industry practice in the PRC and our experience in nearby coal mines in western Guizhou Province, the CPs adopted 95% as the mining recovery factor for the designed working face. Similarly, at the absence of historical dilution record, the CPs estimated the mining dilution at working face based on the estimation procedure of geological resource to mineable coal and adopted 12% as the mining dilution at working face.

8.2.4 Coal Reserves Statement

Coal Reserves of the Xiejiahegou Coal Mine were estimated as of November 30, 2025, with the following key assumptions:

- All of the Coal Reserves are included within the Coal Resources.
- Reserves do not include any Inferred Resources which has been treated as waste (i.e. its mining costs have been covered but no revenue has been assumed for the Inferred Resources);
- Mining method selected is longwall retreat mechanized mining operation;

- Mining recovery at working face: 95%;
- Mining dilution at working face: 12%;
- Coal Reserves are estimated to account for coal and waste that were mined as of November 30, 2025; and
- Totals may not add up due to rounding.

The Coal Reserves estimation for the Xiejiahegou Coal Mine in conformity with the requirements of the JORC Code (2012) as of November 30, 2025 defines 8.13 Mt of Probable Reserves. The Coal Reserves estimation of each coal seam is summarized in Table 8-2 below.

Table 8-2: Coal Reserves Statement for the Xiejiahegou Coal Mine as of November 30, 2025

Coal Seam	Proven Reserves (Mt)	Probable Reserves (Mt)	Total Reserves (Mt)
1		0.15	0.15
3		0.19	0.19
6-1		0.54	0.54
6-3		-	-
10		0.16	0.16
12		0.37	0.37
15		0.47	0.47
16		0.67	0.67
17		0.40	0.40

18	0.62	0.62
23	0.45	0.45
24-1	0.59	0.59
24-2	0.45	0.45
26	0.29	0.29
27	0.71	0.71
27-2	-	-
29-1	0.81	0.81
29-2	0.56	0.56
32	0.70	0.70
Total	8.13	8.13

Q11-v-b *Note:* The information in this CPR relating to Coal Reserves is compiled by Mr. Hongbo Liu who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Mr. Liu consents to the reporting of this information in the form and context in which it appears. All of the Coal Reserves are included within the Coal Resources.

8.3 Youyi Coal Project

8.3.1 Technical Studies

In compliance with the requirements of Ore Reserves estimation outlined in the JORC Code (2012), the CPs reviewed a number of technical studies prepared previously. The confidence level in the Modifying Factors demonstrated in those technical studies are considered by the CPs to be akin to a pre-feasibility study level and are suitable to support Coal Reserve estimation. The technical studies reviewed by the CPs include:

- Mineral Resources Development and Utilization Plan for Panxian Youyi Coal Mine (New Construction), Jiangxi Provincial Coal Mine Design Institute, December 2009;
- Feasibility Study Report for Panxian Youyi Coal Mine of Guizhou Huaneng Jiayuan Coal Industry Co., Ltd., Guizhou Provincial Coal Mine Design and Research Institute, January 2010;
- Preliminary Design Study for Panxian Youyi Coal Mine (Production Scale: 450 ktpa), Panxian County, Guizhou Province, Survey and Design Institute of Guizhou University, July 2012 (“450 ktpa Youyi PDS”); and
- Market Forecast, Investment Estimation and Economic Evaluation Statement Under Current Conditions for the Feasibility Study Report of Panxian Youyi Coal Mine of Guizhou Huaneng Jiayuan Coal Industry Co., Ltd., Shijiazhuang Design and Research Institute Co., Ltd. of Coal Industry, October 2025.

The first three reports were prepared in accordance with industry practices for mining project studies, with progressively increasing levels of technical detail and study standards. However, due to their early publication dates, significant changes have occurred in the economic assumptions and calculations contained within these reports. As a result, the mine management engaged a qualified entity to update the technical and economic aspects of the studies. Overall, these documents provide a foundational basis for coal reserve estimation and project evaluation in compliance with the JORC Code 2012.

8.3.2 Estimation Procedures

The procedures adopted by the CPs to estimate Coal Reserves for the Youyi Coal Project are illustrated as follows:

- Review of the Coal Resources model generated previously by the CPs including seam thickness, stone parting thickness, relative density, raw and product qualities, coal quality (ash, total sulphur, volatile matter, moisture and specific energy);
- Review of the mining methods and extraction operation from the technical study reports as above;

- Review of feasibility studies and engineering design studies including the operating description, LOM production plan and capital costs;
- The raw coal tonnage was estimated for each coal seam on each planned longwall panel mining level. The CPs noted that safety pillars were based on the 450 ktpa Youyi PDS. Safety pillars, mine pillars, boundary pillars were considered during the process of layout design;
- A minimum apparent mining thickness 0.7m was applied based on the proposed equipment, estimated operating costs, coal transport and washing costs (if any), and coal prices. The CPs then generated target areas within each of the mineable coal seams and created panel layouts;
- Mining recovery and mining dilution at working face were applied to determine raw coal tonnages for each coal seam; to verify the mining recovery and dilution with historical recoveries and mine plans to ensure consistency (where possible) and appropriateness;
- Modifying factors were applied to incorporate the effects of depth of cover of individual seams and also interburden thickness between seams, and the likely reduction in coal recovery from these two issues;
- The longwall tonnages of each coal seam and the gateroad development tonnages of each coal seam were combined to form the Coal Reserves;
- Review of the mining license to ensure Coal Reserves are constrained within the mining license or expansion areas; and
- An economic model was generated to incorporate operating and capital costs and revenue. The CPs reviewed the operating and capital cost estimates prior to applying them in the economic model. Additional capital costs were included in the economic model to allow for sustaining capital over the LOM.

8.3.3 Estimation Parameters

Subsequent to review of the three-dimensional coal resource model generated by the CPs, 450ktpa Preliminary Design Study, proposed LOM production plan, current mining method, forecast mining recoveries, mining dilution and discussion with the Coal Mine's management team, the CPs determined appropriate technical parameters for Coal Reserves estimation.

The coal resource model defines Measured Coal Resources, Indicated Coal Resources and Inferred Resources for the Youyi Coal Project whereas Inferred Resources are not permitted to be used in detailed mine planning and hence Coal Reserves estimation due to its lower level of confidence pursuant to the JORC Code (2012).

The CPs are aware that coal resources which are classified as the 333 category under the Chinese resource classification scheme was recognized as mineable coal resources in the 450ktpa Preliminary Design Study. The CPs subsequently revised the layout of the panel in order to estimate Coal Reserves according to the JORC Code (2012).

According to the Code for Mine Design of Coal Mining Industry (GB 50215-2015), a national standard commonly adopted in the PRC, the mining recovery at working face with respect to the coal seam thickness are tabulated as below.

The CPs noted the mining recovery at working faces adopted in the 450ktpa Youyi PDS was further adjusted based on the Chinese standard and experience of adjacent coal mines

Table 8-3 Mining Recovery at Planned Working Face of the Youyi Coal Project

Coal Seam	Thickness (m)	Mining Recovery (%)
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1	1.75	95%
3	1.22	93%
6-1	1.11	93%
6-3	1.10	93%
12	1.96	95%
15-1	3.66	97%
16	1.43	95%
17	5.85	97%
18	2.79	95%
25	1.44	95%
26	1.11	93%
27-1	0.97	93%
29-2	3.16	95%
32	1.79	95%

Based on the industry practice in the PRC and our experience in nearby coal mines in western Guizhou Province, the CPs, at the absence of historical dilution record, adopted 10% as the mining dilution at working face.

8.3.4 Coal Reserves Statement

Coal Reserves of the Youyi Coal Project were estimated as of November 30, 2025 with the following key assumptions:

- All of the Coal Reserves are included within the Coal Resources.

- Coal Reserves do not include any Inferred Coal Resources which has been treated as waste (i.e. its mining costs have been covered but no revenue has been assumed for Inferred Coal Resources);
- The estimation of the coal reserve was constrained within the mining license and the designed panels,
- Mining method selected is longwall retreat mechanized mining operation.
- Mining recovery at working face: 93%-97% depend on the thickness of coal seam.
- Mining dilution at working face: 10%.
- Totals may not add up due to rounding.

The Coal Reserves estimation for the Youyi Coal Project in conformity with the requirements of the JORC Code (2012) as of November 30, 2025, defines 43.69 Mt of Proved and Probable Coal Reserves. The Coal Reserves estimation of each coal seam is summarized in Table 8-4 below.

Table 8-4 Coal Reserves Statement for the Youyi Coal Project as of November 30, 2025

Coal Seam	Category	Reserves (Mt)	Volatile Matter, dry ash-free basis (%)	Ash, air-dried basis (%)	Sulfur, total dry basis (%)
1	Proved	1.93	24.51	28.29	3.57
	Probable	1.73	25.15	29.31	3.43
	Sub-total	3.66	24.81	28.77	3.50
3	Proved	1.12	25.00	29.73	2.01
	Probable	0.84	24.88	31.10	2.67
	Sub-total	1.95	24.95	30.32	2.29
6-1	Proved	0.82	22.83	33.33	3.40
	Probable	0.70	23.71	33.53	4.77

	Sub-total	1.51	23.24	33.43	4.03
6-3	Proved	1.10	22.24	25.47	2.75
	Probable	0.55	22.16	23.99	3.07
	Sub-total	1.65	22.21	24.98	2.86
12	Proved	1.52	20.56	24.18	1.35
	Probable	1.67	20.94	22.44	1.21
	Sub-total	3.19	20.76	23.27	1.28
15	Proved	-	-	-	-
	Probable	6.40	19.77	18.82	0.61
	Sub-total	6.40	19.77	18.82	0.61
16	Proved	-	-	-	-
	Probable	2.22	18.98	21.31	0.70
	Sub-total	2.22	18.98	21.31	0.70
17	Proved	-	-	-	-
	Probable	9.34	18.52	17.28	0.44
	Sub-total	9.34	18.52	17.28	0.44
18	Proved	-	-	-	-
	Probable	4.16	18.27	17.90	1.19
	Sub-total	4.16	18.27	17.90	1.19
25	Proved	-	-	-	-
	Probable	1.68	19.87	37.24	7.21
	Sub-total	1.68	19.87	37.24	7.21
26	Proved	-	-	-	-
	Probable	1.34	17.00	36.97	4.11
	Sub-total	1.34	17.00	36.97	4.11
27-1	Proved	-	-	-	-
	Probable	0.53	14.26	37.78	6.71
	Sub-total	0.53	14.26	37.78	6.71

	Proved	-	-	-	-
29-2	Probable	4.08	15.59	39.46	5.44
	Sub-total	4.08	15.59	39.46	5.44
	Proved	-	-	-	-
32	Probable	1.97	19.86	43.34	8.05
	Sub-total	1.97	19.86	43.34	8.05
	Proved	6.49	23.08	27.74	2.62
Total	Probable	37.20	19.14	25.16	2.41
	Grand Total	43.69	19.74	25.55	2.44

Q11-v-b *Note:* The information in this CPR relating to Coal Reserves is compiled by Mr. Hongbo Liu who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Mr. Liu consents to the reporting of this information in the form and context in which it appears. All of the Coal Reserves are included within the Coal Resources.

8.4 Jieji Coal Project

8.4.1 Technical Studies

In compliance with the requirements of Coal Reserves estimation outlined in the JORC Code (2012), the CPs reviewed a number of technical studies prepared previously. The confidence level in the Modifying Factors demonstrated in those technical studies are considered by the CPs to be akin to a pre-feasibility study level and are suitable to support Coal Reserve estimation. The technical studies reviewed by the CPs include:

- Development and Utilization Plan for the Jieji Coal Project (New Construction), Yingwu Township, Pan County, Guizhou Chenhui Da Mining Engineering Design Co., Ltd, December 2009;
- Feasibility Study Report for the Jieji Coal Project, Yingwu Township, Pan County, Guizhou Provincial Coal Mine Design and Research Institute, March 2010;

- Preliminary Design Study for the Jieji Coal Project (Production Scale: 300 ktpa), Yingwu Township, Guizhou Province, Guizhou Chuangxin Mining and Metallurgical Engineering Development Co., Ltd, October 2014 (“300 ktpa Jieji PDS”); and
- Preliminary Development and Utilization Plan for the Jieji Coal Project, Yingwu Township, Pan County prepared for Guizhou Huaneng Jiayuan Coal Industry Co. Ltd., prepared by Guizhou Provincial Coal Mine Design and Research Institute Co., Ltd., March 2023.

8.4.2 Estimation Procedures

The procedures adopted by the CPs to estimate Coal Reserves for the Jieji Coal Project are illustrated as follows:

- Review of the Coal Resources model generated previously by the CPs including seam thickness, stone parting thickness, relative density, raw and product qualities, coal quality (ash, total sulphur, volatile matter, moisture and specific energy);
- Review of the mining methods and extraction operation from the Feasibility Study Report;
- Review of feasibility studies and engineering design studies including the operating description, LOM production plan and capital costs;
- Review of mined-out areas which should be depleted from Coal Reserves;
- The raw coal tonnage was estimated for each coal seam on each planned longwall panel mining level. The CPs noted that safety pillars were based on the 600ktpa Preliminary Design Study and were modified based on the historical production where appropriate. Safety pillars, mine pillars, boundary pillars were considered during the process of layout design;
- A minimum apparent mining thickness 0.7 m was applied based on the proposed equipment, estimated operating costs, coal transport and washing costs (if any), and coal prices. The CPs then generated target areas within each of the mineable coal seams

and created panel layouts;

- Mining recovery and mining dilution at working face were applied to determine raw coal tonnages for each coal seam; to verify the mining recovery and dilution with historical recoveries and mine plans to ensure consistency (where possible) and appropriateness;
- Modifying factors were applied to incorporate the effects of depth of cover of individual seams and also interburden thickness between seams, and the likely reduction in coal recovery from these two issues;
- The longwall tonnages of each coal seam and the gateroad development tonnages of each coal seam were combined to form the Coal Reserves;
- Review of the mining license to ensure Coal Reserves are constrained within the mining license or expansion areas; and
- An economic model was generated to incorporate operating and capital costs and revenue. The CPs reviewed the operating and capital cost estimates prior to applying them in the economic model. Additional capital costs were included in the economic model to allow for sustaining capital over the LOM.

8.4.3 Estimation Parameters

Subsequent to review of the three-dimensional coal resource model generated by the CPs, 300 ktpa Jieji PDS, proposed LOM production plan, current mining method, historical and forecast recoveries and discussion with the Coal Mine's management, the CPs determined appropriate technical parameters for Coal Reserves estimation.

The coal resource model defines Indicated and Inferred Resources for the Jieji Coal Project whereas Inferred Resources are not allowed to be used in detailed mine planning and hence Coal Reserves estimation due to its lower level of confidence pursuant to the JORC Code (2012).

The CPs are aware that coal resources which are classified as the 333 category under the Chinese resource classification scheme was recognized as mineable coal resources in the 300 ktpa Jieji PDS. The CPs subsequently revised the layout of the panel in order to estimate Coal Reserves according to the JORC Code (2012).

According to the Code for Mine Design of Coal Mining Industry (GB 50215-2015), a national standard commonly adopted in the PRC, the mining recovery at working face with respect to the coal seam thickness are tabulated as below.

The CPs noted the mining recovery at working faces adopted in the 300 ktpa Jieji PDS was further adjusted based on the Chinese standard and experience of adjacent coal mines.

Table 8-5 Mining Recovery at Planned Working Face for the Jieji Coal Mine

Coal Seam	Thickness (m)	Mining Recovery (%)
1	1.13	93
2	1.53	95
4	1.61	95
9	1.00	93
11	2.80	95
17-1	4.46	97
18	5.57	97
22-2	1.38	95
23	1.46	95
24	1.70	95

28

1.67

95

Based on the industry practice in the PRC and our experience in nearby coal mines in western Guizhou Province, the CPs, at the absence of historical dilution record, adopted 10% as the mining dilution at working face.

8.4.4 Coal Reserves Statement

Coal Reserves of the Jieji Coal Project were estimated as of November 30, 2025 with the following key assumptions:

- All of the Coal Reserves are included within the Coal Resources;
- Reserves do not include any Inferred Resources which has been treated as waste (i.e. its mining costs have been covered but no revenue has been assumed for the Inferred Resources);
- Considering the fact that no actual operation has been commenced, all of the Coal Reserves are categorized as Probable Reserves.
- The estimation of the coal reserve was constrained within the mining license and the designed panels,
- Mining method selected is longwall retreat mechanized mining operation;
- Mining recovery at working face: 93%-97% depend on the thickness of coal seam;
- Mining dilution at working face: 10%;
- Coal Reserves are estimated to account for coal and waste that were mined as of November 30, 2025; and
- Totals may not add up due to rounding.

The Coal Reserves estimation for the Jieji Coal Project in conformity with the requirements of the JORC Code (2012) as of November 30, 2025, defines 18.52 Mt of Probable Reserves. The Coal Reserves estimation of each coal seam are summarized in Table 8-6 below.

Table 8-6 Coal Reserves Statement for the Jieji Coal Project as of November 30, 2025

Coal Seam	Category	Reserves (kt)	Volatile Matter, dry ash-free basis (%)	Ash, air-dried basis (%)	Sulfur, total dry basis (%)	Gross Calorific Value, dry basis (MJ/kg)
1	Probable	772	18.62	32.70	0.79	22.92
2	Probable	1,813	17.79	22.05	3.03	25.80
4	Probable	978	18.98	37.03	3.61	20.87
9	Probable	806	17.29	28.61	1.96	21.69
11	Probable	2,207	17.08	28.45	1.02	22.38
17-1	Probable	3,477	16.47	25.05	2.14	23.55
18	Probable	4,568	14.91	23.19	1.64	23.21
22-2	Probable	978	9.71	18.09	3.01	15.02
23	Probable	886	13.31	24.21	3.24	22.16
24	Probable	1,136	11.88	21.64	3.11	23.53
28	Probable	899	13.57	32.05	4.40	20.29
Total	Probable	18,521	15.62	25.53	2.25	22.62

Q11-v-b *Note:* The information in this CPR relating to Coal Reserves is compiled by Mr. Hongbo Liu who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Mr. Liu consents to the reporting of this information in the form and context in which it appears. All of the Coal Reserves are included within the Coal Resources.

8.5 Combined Coal Reserves Statement

The combined Coal Reserves estimation in conformity with the requirements of the JORC Code (2012) as of November 30, 2025 for the Xiejiahegou Coal Mine, Youyi Coal Project and Jieji Coal Project on a dry, in-situ basis is tabulated below.

Table 8-7 Combined Coal Reserves Statement for the Mining Properties as of November 30, 2025

Mining Properties	Proved Reserves (Mt)	Probable Reserves (Mt)	Total Reserves (Mt)
Xiejiahegou Coal Mine	-	8.13	8.13
Youyi Coal Project	6.49	37.20	43.69
Jieji Coal Project	-	18.52	18.52
Total	6.49	63.85	70.34

Q11-v-b *Note:* The information in this CPR relating to Coal Reserves is compiled by Mr. Hongbo Liu who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralization and the type of deposits under consideration and to the activities which he is undertaking to qualify as the Competent Persons as defined in JORC Code (2012). Mr. Liu consents to the reporting of this information in the form and context in which it appears. All of the Coal Reserves are included within the Coal Resources.

9 MINING

9.1 Xiejiahegou Coal Mine

9.1.1 Introduction

The current mining license of the Xiejiahegou Coal Mine resulted from twice consolidations of multiple mining licenses throughout history. The first consolidation of mining licenses took place in September 2007 which combined two mining licenses with a smaller production capacity (Xiejiahegou Coal Mine and Songshuwan Coal Mine). The second consolidation of mining licenses took place in 2015 which combined two mining licenses with a smaller production capacity (Xiejiahegou Coal Mine and Dalazhai Coal Mine). The consolidated mining license was subsequently assigned with the original license no. of C5200002014071120135031 with a validity from September 2018 to December 2019. The new production capacity and new area were subsequently granted to be 450ktpa and 1.0135km² respectively.

The Xiejiahegou Coal Mine is currently in production, with surface facilities and infrastructure in place to support the designed underground production capacity. Production units consist of mechanised longwall retreating underground mining units and semi-mechanised drill-and-blast underground development advancing units.

The Xiejiahegou Coal Mine is planned to operate at the approved production capacity of 450 ktpa of raw coal until the end of LOM from 2017 through two-years of production expansion. Historically, prior to July 2019, mined raw coal was sold directly at the mine site. Starting from August 2019, the Coal Mine has contracted a nearby coal washing service provider for raw coal washing. The supporting proprietary coal preparation plant also commenced its planning and construction in 2021 and officially went into production and operation in 2022. The washed coal consists of clean coal (sold as coking coal), middling coal and sludge coal (sold as feed for local power plants).

9.1.2 Geotechnical Conditions

During the exploration program conducted by Brigade 113 of the Guizhou Coalfield Geological Bureau in 2017, samples were collected from the coal seam roof and floor for a series of geotechnical tests. Based on the geotechnical properties, the rock mass within the Coal Mine was broadly classified into three groups: competent rock, semi-competent rock, and loose rock. The general characteristics of these groups are summarized below.

- **Competent Rock group:** This group comprises Upper Permian Emeishan Basalt and Lower Permian Moukou Formation limestone. These rock types exhibit high strength, good stability, and strong resistance to weathering. The saturated uniaxial compressive strength of this group exceeds 30 MPa.
- **Semi-Competent Rock Group:** This group includes rocks of the Feixianguan Formation and the Longtan Formation, characterized by interbedded muddy siltstone, silty mudstone, siltstone, fine-grained sandstone, mudstone, carbonaceous mudstone, and coal seams. In a fresh state, these rocks generally display moderate to high strength and stability; however, they are susceptible to weathering, which causes disintegration into slabs and sand-like materials and results in a significant reduction in strength and stability. The saturated uniaxial compressive strength of this group ranges from 15 to 30 MPa. Engineering geological issues such as collapse, roof fall, floor heave, dripping, and seepage commonly occur in roadways and working faces where this rock group is present.
- **Loose Rock Group:** The loose rock group is mainly composed of Quaternary eluvial deposits and locally alluvial clays, silty clays, and sandstone fragments, with minor gravels concentrated in the central part of the mining concession. This group exhibits very low strength and poor stability, particularly under saturated conditions. The saturated uniaxial compressive strength ranges from 5 to 15 MPa, and steep slope failure may occur.

During the 2017 exploration program, a total of 31 samples from the coal seam roof and floor were collected for geotechnical testing. The sampled lithologies are predominantly siltstone, muddy siltstone, and fine-grained sandstone. The geotechnical tests included natural uniaxial

compressive strength, tensile strength, bulk density, and water absorption. The natural uniaxial compressive strength of the coal seam roof and floor generally ranges from 17.3 to 56.0 MPa.

Type of Roof Support

Considering that the roof strata overlying the coal seams may locally consist of relatively weak rocks, various types of roof support are necessary to ensure safe production in different sections of the underground roadways and working faces. The types of roof support used in the Coal Mine are summarized in Table 9-1.

Table 9-1: Type of Roof Support Employed in the Xiejiahegou Coal Mine

Type of Roof Support	
Decline Entrance	Concrete support
Declines and Main Access Roadways	Roof bolts and steel mesh with shotcrete and additional friction steel arch support in localized zones for additional support
Longwall Extraction Working Faces, Ventilation Roadways and Transport Roadways	Roof bolts and steel mesh with additional friction steel arch support in localized areas for additional support
Longwall Extraction Working Face	Hydraulic shields with individual hydraulic props

During CPs’ underground inspection, the ground conditions within the decline shafts, levels, and sublevels generally seemed to be in good condition, without any obvious rock strength problems. Most development roadways appeared to be appropriately and sufficiently supported by the roadway support system. However, poor roof conditions might occur in localized areas, causing deformation of the friction steel arch supports. In these areas, the deformed arch supports were properly removed, and the waste rock was also removed.

9.1.3 Hydrogeological Conditions

In the 2017 exploration program implemented by the Brigade 113 of the Guizhou Coalfield Geological Bureau, a hydrogeological survey, encompassing hydrogeological mapping, pumping tests, water flow studies, and hydrogeological monitoring, was conducted to comprehend the hydrogeological conditions of the Xiejiahegou Coal Mine.

Types of predominant groundwater are as follows:

- Pore water contained in loose surface rocks - the groundwater storage within this material is generally low.
- Fracture water hosted in the sedimentary sequences of the Lower Triassic Feixianguan Formation, Upper Permian Xuanwei Formation, and Upper Permian Emeishan Basalt - the rocks in these formations are relatively impermeable and serve as regional aquicludes.

Groundwater Replenishment

The Xiejiahegou Coal Mine is situated in a region where drainage systems are extensively developed, with the Luoxi River being the major river. The average annual precipitation in the region is approximately 1,383 mm, and the majority of it occurs during the wet seasons from May to October, accounting for over 85.8% of the total precipitation. Precipitation is regarded as the main water source in the region, which infiltrates into the rock sequences, including coal seams, through faults and fractures. Meanwhile, the overlying rock sequences may deteriorate into fracture zones and facilitate groundwater migration, especially after mining or the formation of mined - out areas. The main channels for water to enter the Coal Mine include:

- Exposure of decline shafts to local aquifers.
- Intersection of faults and highly fractured zones with mine workings; and
- Connection with old mine workings, including development roadways and longwall mined - out areas. There is significant mining activity from old workings in the shallower coal seams adjacent to seam subcrops.

Water Flow

According to the water flow study, the average inflow and maximum inflow into the Xiejiahegou Coal Mine were estimated to be 1,196 cubic metres per day (“m³/d”) and 2,392 m³/d respectively.

The mine is generally equipped with sufficient pumping capacity to handle the average inflow with one pump in operation and one on standby. The maximum inflow can be managed by using two pumps in operation and one on standby. Repair and maintenance can be addressed by using spare pumps. To ensure safe production, enhanced pre - mining groundwater discharge may also be necessary for deeper levels and sublevels as mining progresses gradually.

9.1.4 Infrastructures

The industrial site is situated on a multi-tiered terraced landscape in Shangwu Village, encompassing 4.1 hectares (“hm²”) of industrial/mining land. The site is strategically divided into three functional zones to optimize the LOM operations:

- **Administration and Living Area:** Centered on the +1608m elevation platform, utilizing the original office building and including two single-person dormitories and a mine rescue team headquarters.
- **Auxiliary Production Area:** Located in the southern sector, this zone houses critical infrastructure, including the 10kV dual-circuit substation, a mechanical repair shop, material warehouses, and worker welfare facilities (bathhouse and lamp room).
- **Production and Logistics Area:** Occupying the central and western sections, this area manages coal flow from the main decline via enclosed belt conveyor corridors to storage bunkers and truck loading yards.

In 2022, the previously planned coal washing plant within the industrial site was fully constructed and commissioned. This facility represents a transition from a raw-coal sales model to an integrated, value-added processing model. The plant processes raw coal into clean coal (coking coal) for metallurgical applications, while middlings and sludge coal are supplied to local power plants. The layout of infrastructures was shown in Figure 9-1.

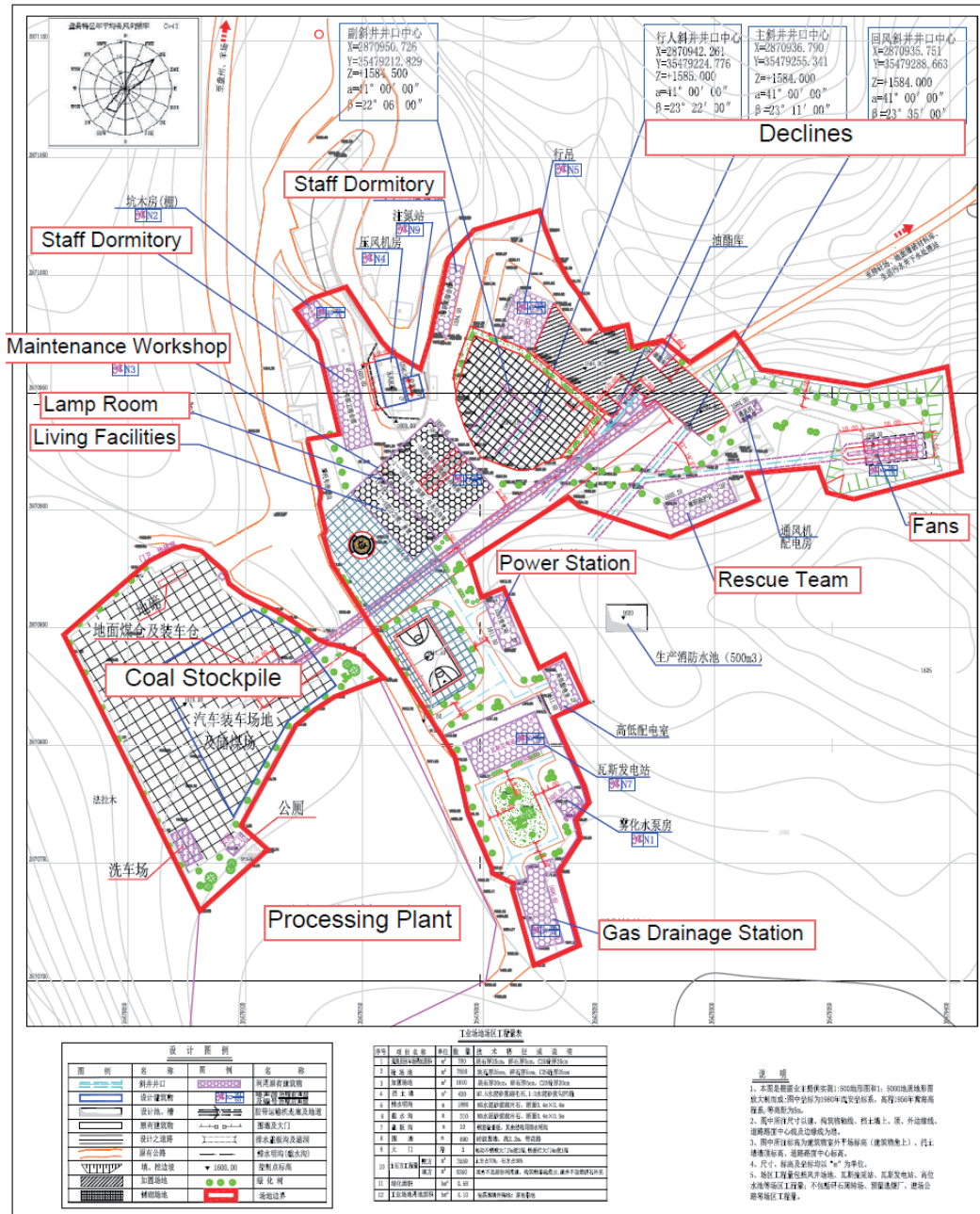


Figure 9-1 The infrastructure layout of Xiejiageou Coal Mine

9.1.5 Underground Mine Development

Mine development generally includes the driving of declines, main headings and gateroads, which are commonly known as primary extraction. Those underground development represents the first stage of mining and are utilized to transport coal, waste material and mining equipment to and from the ground surface.

Declines

Declines provide access to and from the ground surface and the different levels of the mine for transport, conveyors, and mine services. They may be developed in rocks or coal. A decline is commonly designed to last for the LOM, or the life of the district of the mine that they are required to service.

Given the geology, mine design and production capacity, the Xiejiahegou Coal Mine is supported by four declines.

- Main decline: with an inclination of $23^{\circ}11'$, a length of 677 m and a cross sectional area of 6.16 m^2 . The decline is equipped with the main conveyor and serves as an auxiliary air intake.
- Auxiliary decline: with an inclination of $22^{\circ}06'$, a length of 637 m and a cross sectional area of 14.81 m^2 . The decline serves as an auxiliary air intake.
- Pedestrian passage decline: with an inclination of $23^{\circ}22'$, a length of 625m and a cross sectional area of 6.16 m^2 . The decline is served by overhead man-riding device and is tasked with pedestrian passage. It is also an additional air intake.
- A return air decline: with an inclination of $23^{\circ}35'$, a length of 747 m and a cross sectional area of 8.93 m^2 , tasked with return air ventilation.

Typical declines of the Coal Mine are shown in Figure 9-2 and 9-3.



Figure 9-2: Main Decline installed with the main conveyor of the Xiejiahegou Coal Mine



Figure 9-3: Auxiliary Decline of the Xiejiahegou Coal Mine

Main Headings

Main headings are a network of roads that support all the mine services, connecting coal conveyors from the mining areas to the main conveyor for transport to the ground surface. The main mine services such as underground power and water pumping are all managed from the main headings which may be driven in rocks or coal. The various roadways are used for storage of consumables. The life of the main headings is commonly designed to last for the LOM, or as long as it is required to transport supplies and provide mine services to the working faces that they are connected to.

Both declines and main headings additionally provide supplies and services (such as fresh air, water, and compressed air) for mining activities as well as return air roadways, wastewater management (pumping lines and systems).

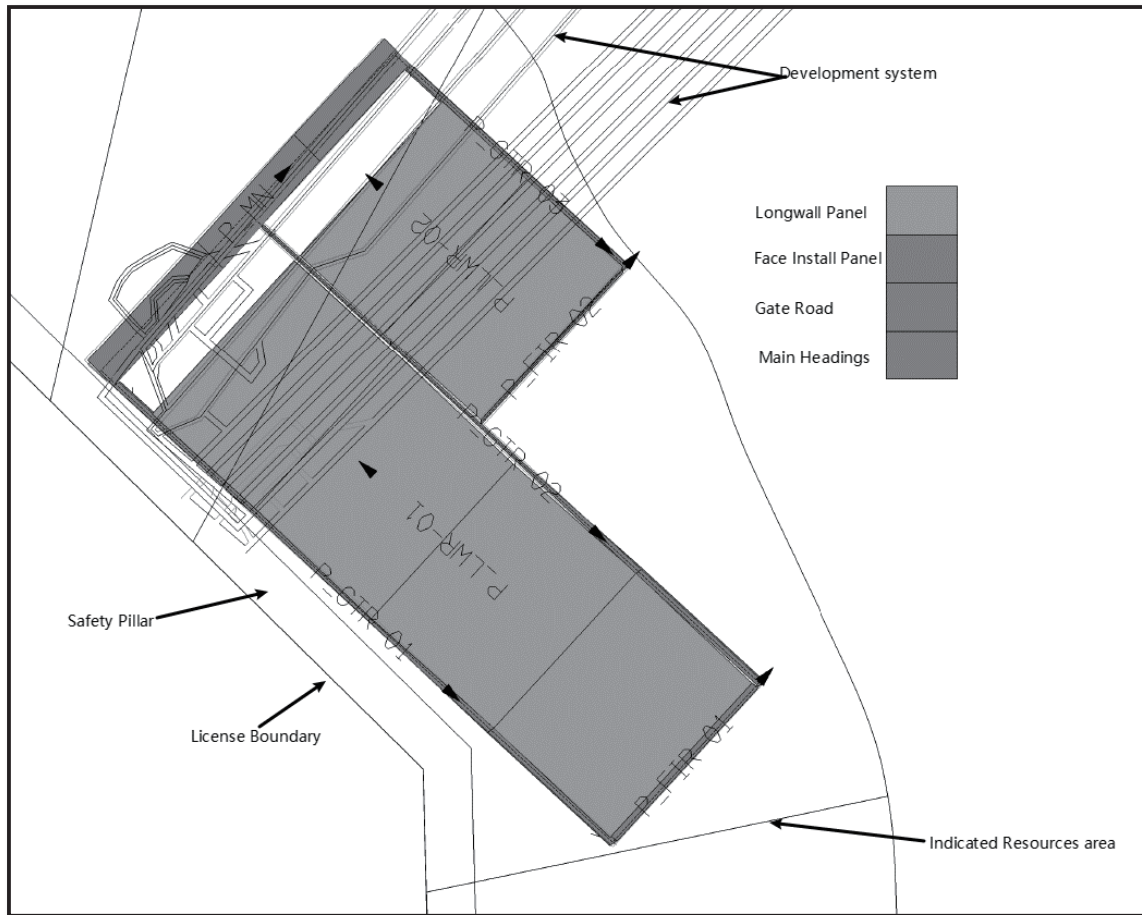


Figure 9-4: Mine Development at Seam No.1 of the Xiejiahegou Coal Mine

Gateroads

Gateroads are developed on either side of a planned longwall panel, designed for supplying services to the longwall, such as conveyors, fresh air, water, consumables, power, compressed air and transport, and additionally providing an escape way for the “return” air (fresh air that has been contaminated by dust and gas as part of the mining process) to pass. Gateroads which may be driven in rocks or coal are usually connected to each other by a “face” road. The life of a gateroad is designed to last for as long as the longwall panel that is planned for production.

9.1.6 Mining Method

Longwall Retreat Mining Method

Historically, the Xiejiahegou Coal Mine used the conventional drill-and-blast technique as the mining and extraction method, which resulted in high operating costs, high maintenance cost, low mining recovery, low production capacity, extensive labour, high safety risk and disrupted production due to blasting. In August 2016, the Xiejiahegou Coal Mine planned to utilize mechanized mining method for coal extraction and carried out necessary engineering work for mining mechanization. In September 2017, mechanized longwall retreat mining was fully adopted at the Coal Mine.

Longwall retreat mining is a mechanized mining method whereby coal is extracted from rectangular blocks of coal seams, and the extracted coal is delivered to the surface via a network of conveyors. This mining method is commonly used in the PRC and is particularly prevalent in Guizhou Province, although the coal seams are generally thin and moderately dipping in the province. The CPs consider that the longwall retreat mining method is reasonable and appropriate for this type of coal deposit.

The preferred sequence of mining is from the upper seams to the lower seams. Typically, longwall extraction panels are 160 m wide (slope length), operate on a seam grade of approximately 20°, with annual retreat length from 900 m to 1,700 m. The sequence of extraction and the potential interseam effects of stress concentration will play a significant role in the success of the longwall operation. A general longwall layout is shown in Figure 9-5, and a sectional view of longwall mining is shown in Figure 9-6.

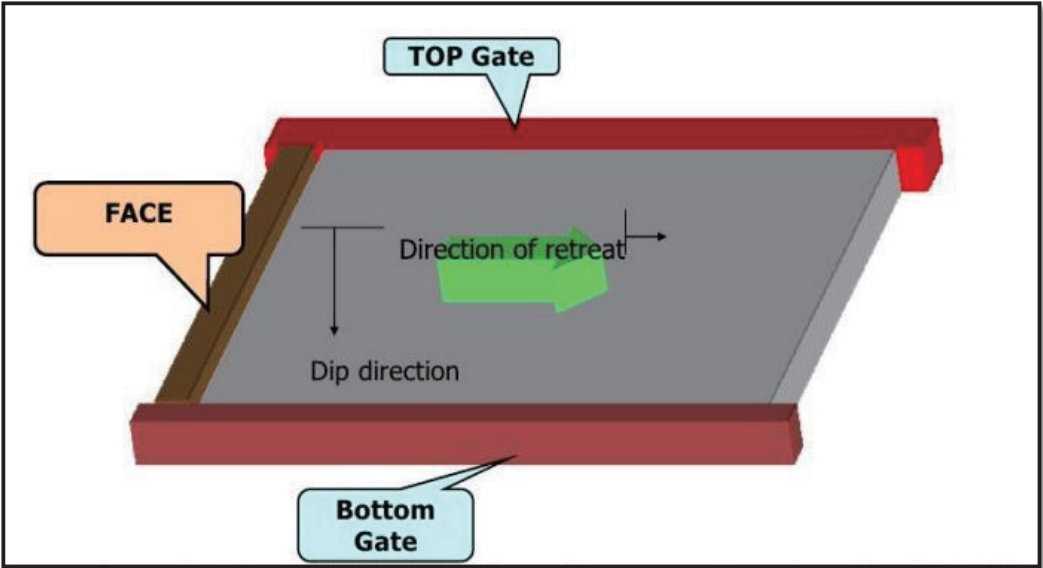


Figure 9-5: General Layout of Longwall Mining

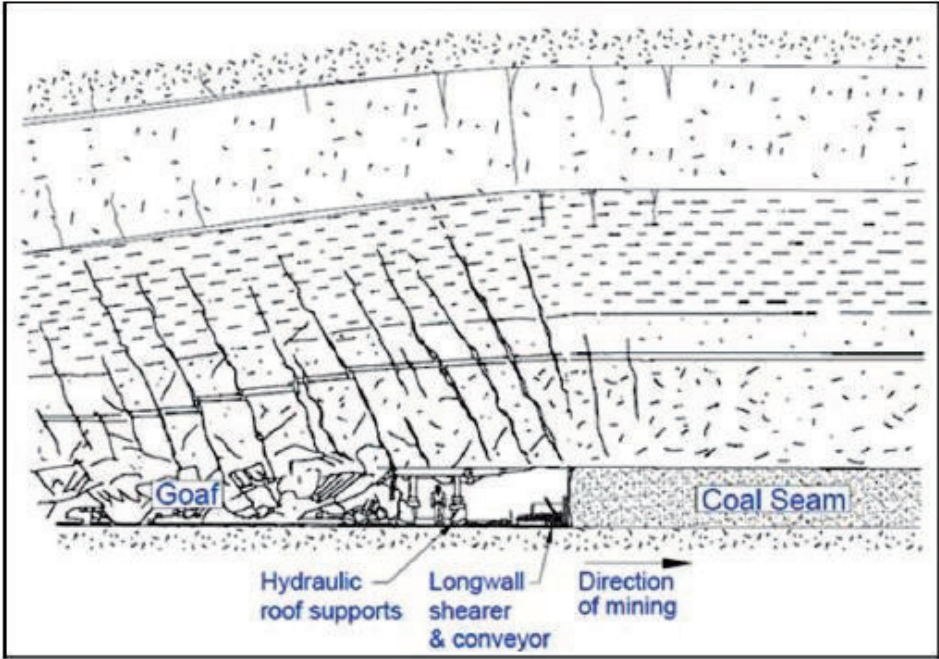


Figure 9-6: Sectional View of Longwall Mining Method

During site visit, the current operating longwall working face was 11510 (mining district 1, seam 15, face 10) whereas mining equipment will be installed on 11707 (mining district 1, seam 17, face 7). A typical section of longwall retreat mining is shown in Figure 9-7 below.



Figure 9-7: Longwall retreat mining at the Xiejiehegou Coal Mine

The Xiejiahegou Coal Mine can be generally divided into three mining districts. Mining District 1 (upper) depletes the Seams No.1, No.3, No.6-1, No.6-3, No.10, No.12, No.15, No.16, No.17 and No.18. The Mining Districts 2 and 3 deplete the Seams No.23, No.26, No.27-1, No.27-2, No.29-1, No.29-2 and No.32 whereas Mining District 2 depletes those coal seams above 1340 m RL and Mining District 3 depletes those coal seams below 1340 m RL.

The overall mine design and mine development system are shown in Figure 9-8. Longwall panel layout of selected coal seams is shown in Figure 9-9 to 9-11.

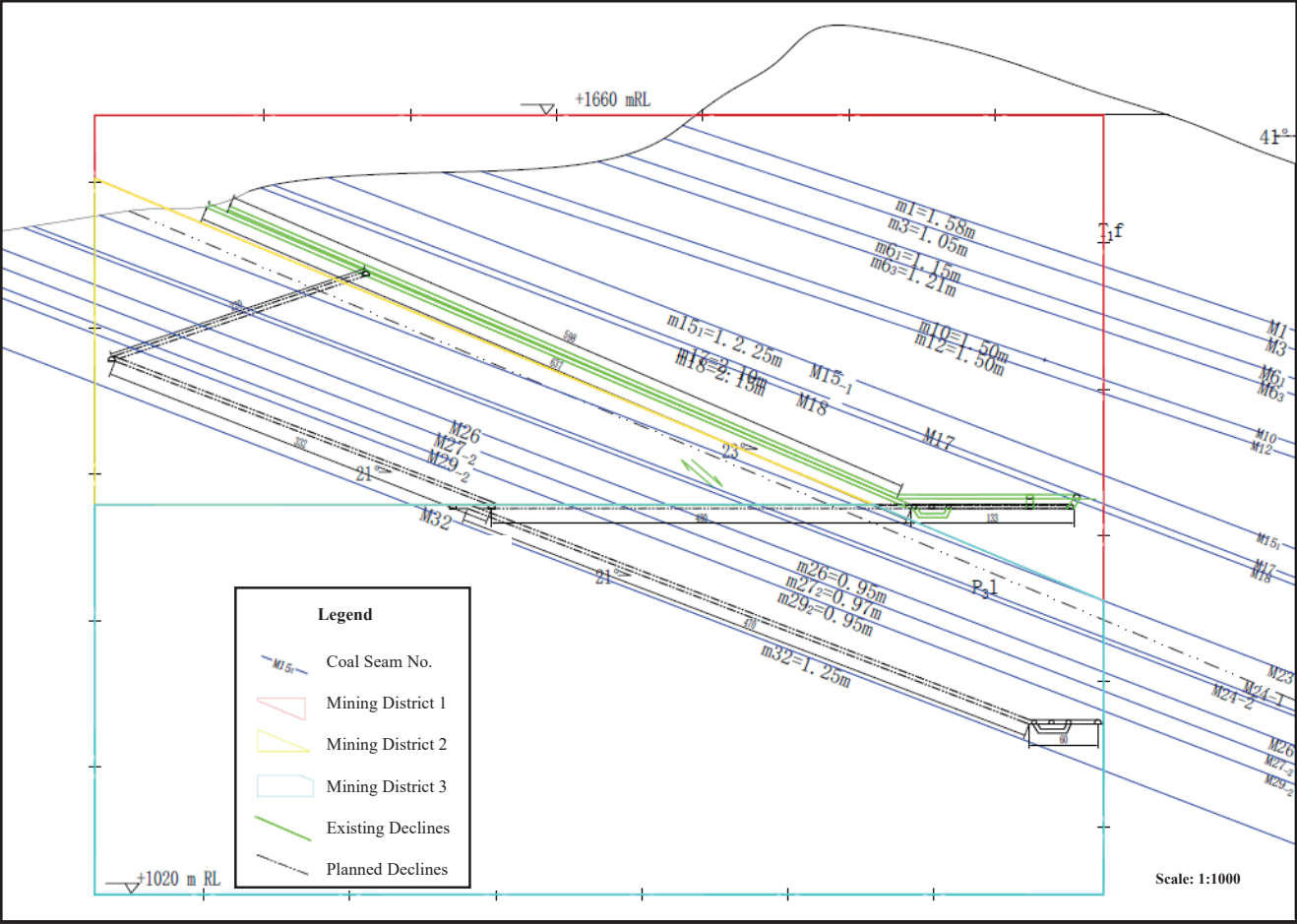


Figure 9-8: Sectional View of Overall Mine Design and Mine Development System

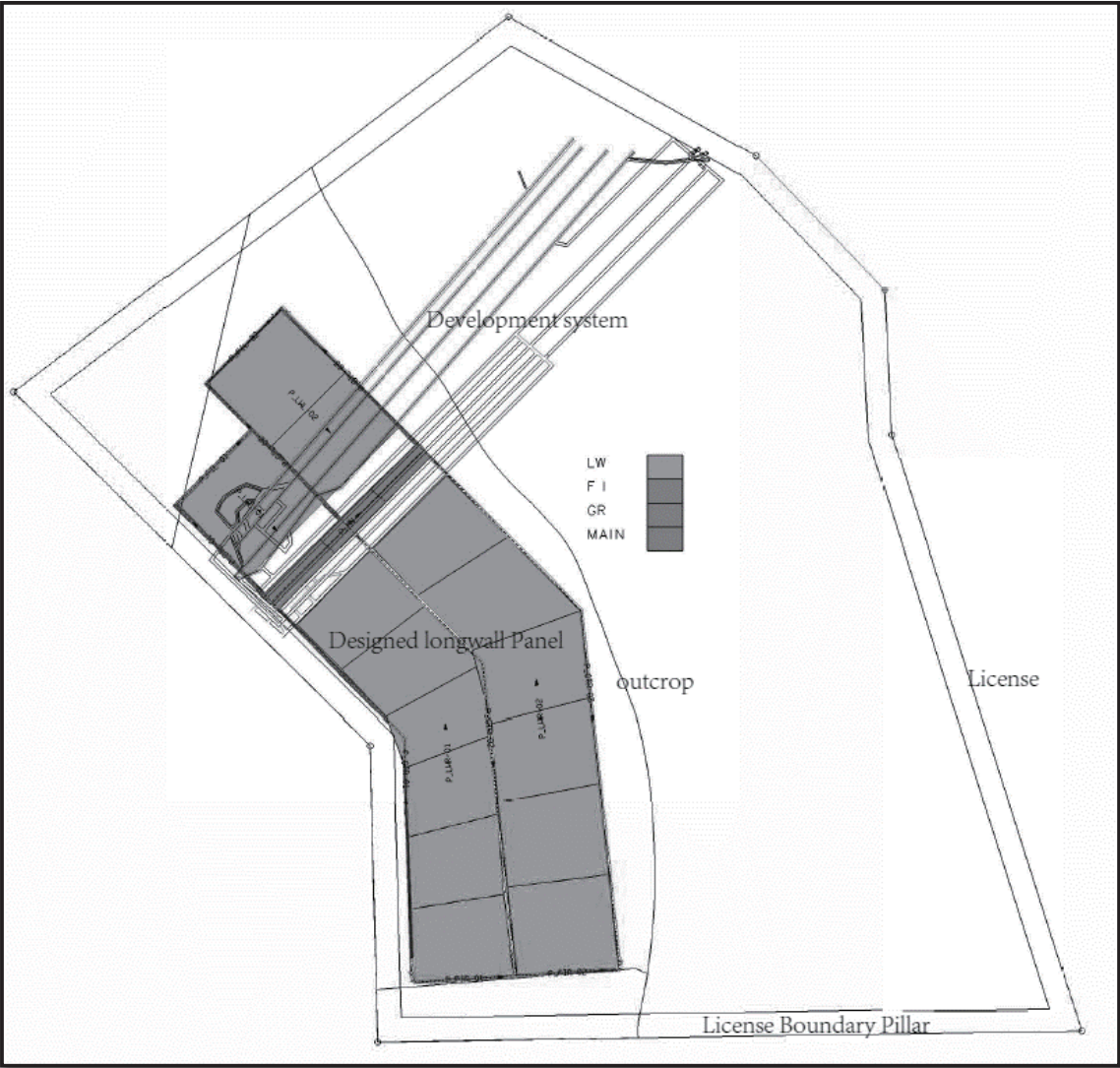


Figure 9-9: Mine Design and Panel Layout for Seam 6-1 of Xiejiahegou Coal Mine

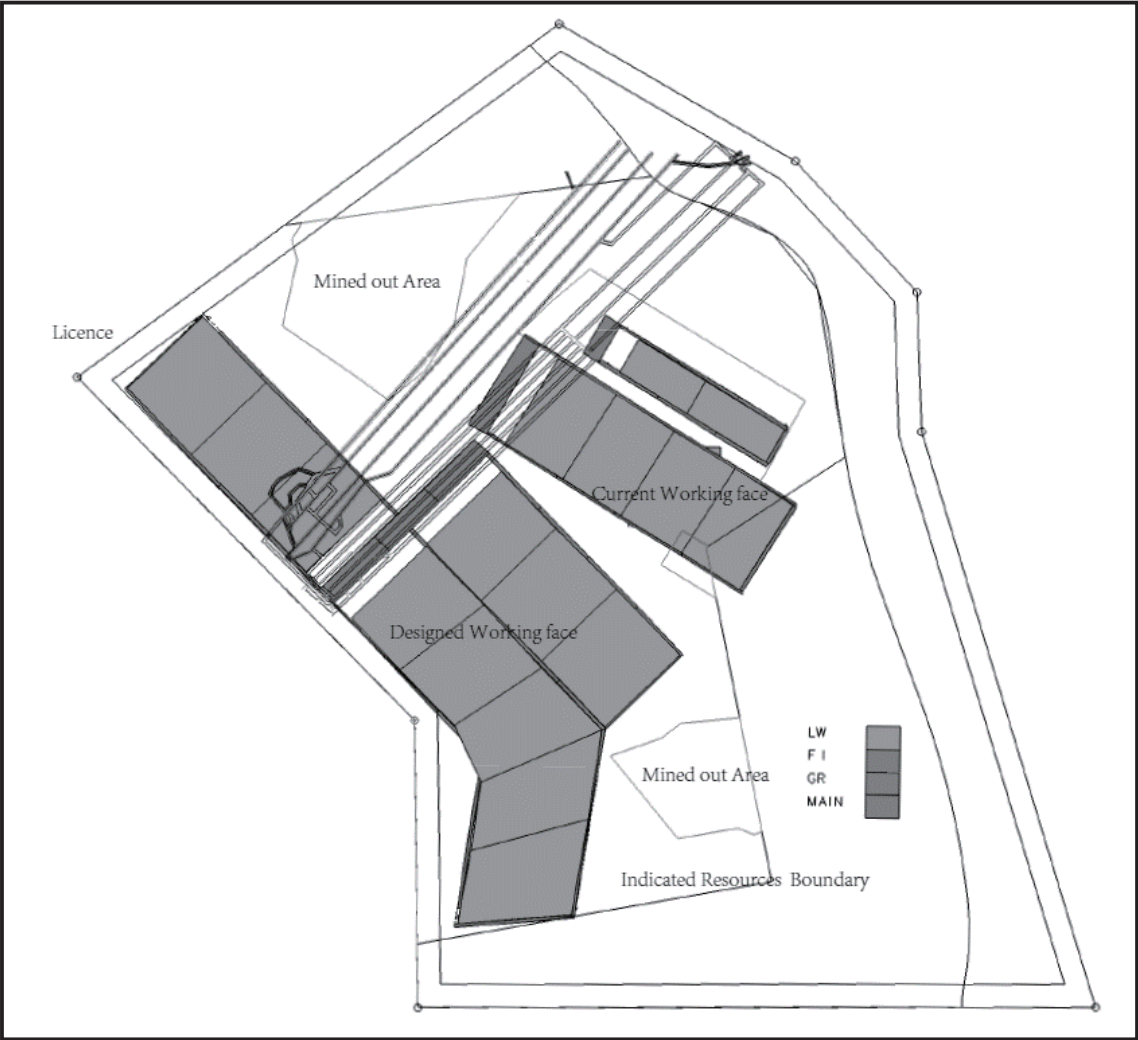


Figure 9-10: Mine Design and Panel Layout for Seam 17 of Xiejiahegou Coal Mine

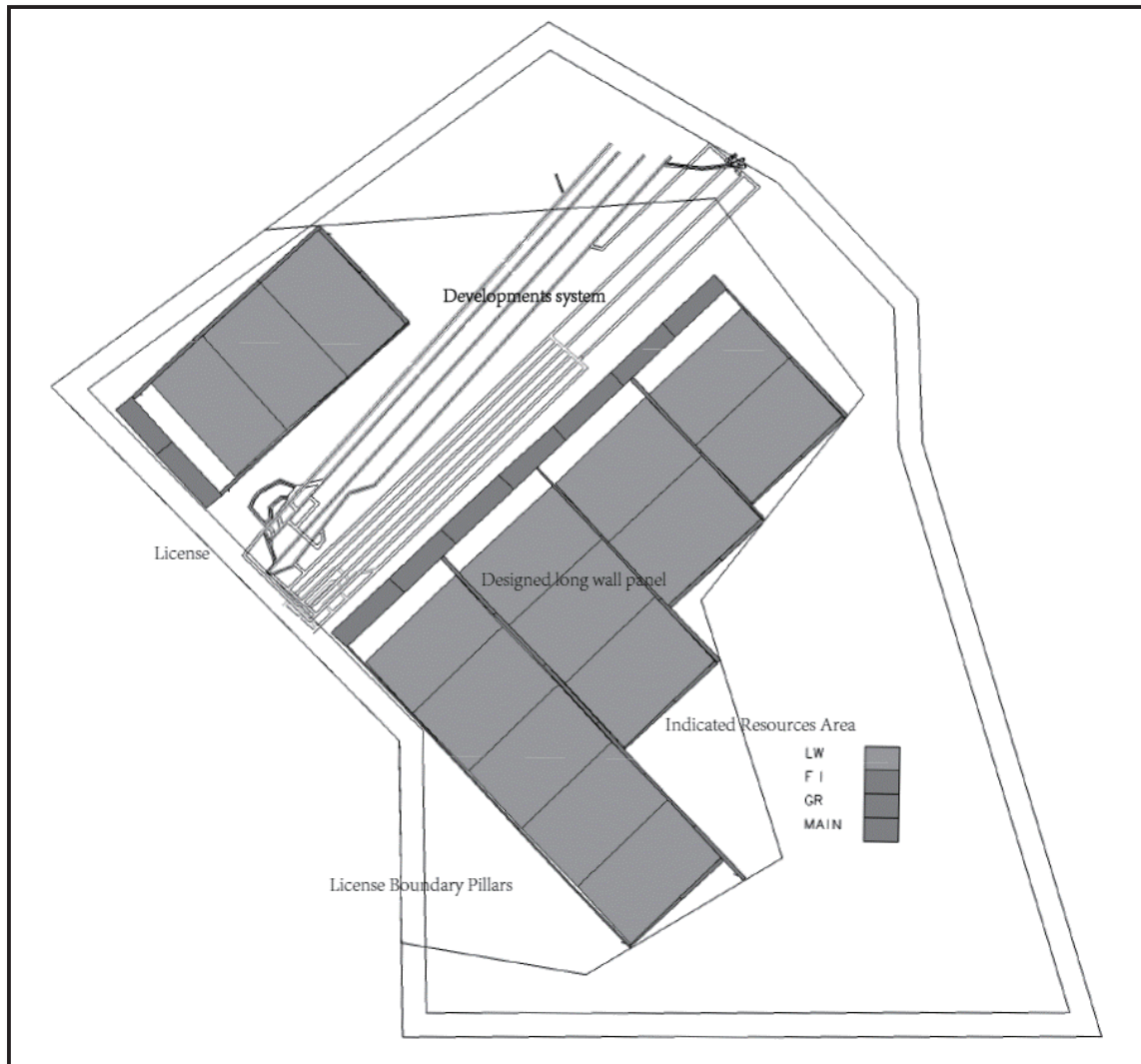


Figure 9-11: Mine Design and Panel Layout for Seam 32 of Xiejiahegou Coal Mine

9.1.7 Underground Facilities

Coal Haulage

Coal haulage from underground working faces to the ground surface is provided by a network of conveyors, including:

- From semi-mechanised development faces by 200 tph scraper conveyor loading onto coal

wagons;

- From a set of rail wagons to the panel and district belt conveyor.
- From mechanised development faces by 200 tph scraper conveyor.
- From the scraper conveyor to the panel and district conveyor.
- From the longwall extraction working face via AFC (scraper conveyor) with 200 tph capacity to stage loader with capacity of 200 tph capacity.
- From stage loader to longwall panel conveyor and then to district conveyor.
- District conveyors are installed in levels and sublevels which are parallel to the strike of the coal seams and therefore level; and
- Coal from district conveyors is then transferred to the main conveyor installed in the main decline. Capacity of the main decline conveyor is 200 tph.

Ventilation

To ensure high productivity of the longwall face, a face velocity of approximately 2.4 meter per second (“m/s”) is required. This velocity effectively controls methane emissions at the working face and minimizes dust exposure for personnel operating at the coal face. The 450 ktpa Xiejiahegou PDS details various ventilation methods, primarily including either a central exhaust ventilation system or a zoned exhaust ventilation system. In general, the main decline and auxiliary decline function as air intakes, while the ventilation decline serves as the air return way.

The mine workings are ventilated via three intake airways (i.e., the main decline, auxiliary decline and pedestrian passage decline). The coal mine is also equipped with one return ventilation decline, which has a ventilation capacity of 62 – 140 cubic meter per second (“m³/s”). Two FBCDZ21/2 × 250 exhaust fans are installed for the return airway.

In accordance with the relevant regulations of the PRC, a coal mine is required to install a standby ventilation fan, operating under a configuration in which one fan is in service while the other remains on standby.

Methane Drainage

Coal mines in Panzhou City are generally characterized by a relatively high gas content, with methane being the predominant component. Elevated methane concentrations can give rise to safety hazards and pose a significant risk of gas ignition as well as coal and gas outbursts. According to the 2017 Exploration Program, the coal seams of the Xiejiehegou Coal Mine have a methane content exceeding 8 cubic meter per tons (“m³ /t”), which is the threshold in-situ gas content for coal mining operations.

The 450 ktpa Xiejiehegou PDS outlines a methane drainage system designed to control gas concentrations in coal seams, surrounding rock strata and old mine workings. Methane is extracted via a network of pumps and pipelines and conveyed to the ground surface, where it is utilized as fuel in a gas-fired power plant. The methane drainage system is equipped with a comprehensive suite of monitoring devices and safety controls to mitigate the risk of gas ignition and explosions.

Within the mining district, methane drainage infrastructure has been installed, incorporating both high and low negative pressure systems. To reduce gas levels in and between coal seams, the high negative pressure system is connected to boreholes drilled in and between seams. This system operates under high negative pressure with a relatively low gas flow rate, enabling the extraction of high-concentration methane. For degassing active working faces and sealed mined-out areas, a low negative pressure system is employed to remove gas from active faces and old workings, thereby preventing methane from migrating into intake airways. This system typically handles a higher gas flow rate with a relatively low methane concentration.

The CPs assess that the methane drainage system complies with the national requirements of the PRC for high-gas coal mines and is suitable for the mine's specific conditions. The CPs further noted that the methane drainage system plays a crucial role in reducing gas concentrations and requires rigorous management to ensure safe mining operations.

Mine Dewatering

Mine dewatering is critical to underground coal mining operations. As such, the Xiejiahegou Coal Mine is equipped with a comprehensive water prevention and control system. Water sumps and pump stations have been established at all major mining levels. Each pump station is typically fitted with three MD85-45×9 pumps, each with a rated dewatering capacity of 85 cubic meter per hour ("m³/h"). The mine has also installed an additional sublevel sump and pump station to reduce the pumping head required for discharging water to the ground surface and lower overall dewatering costs.

Power Supply

The Xiejiahegou Coal Mine is supplied with electricity via dual-circuit power lines from the Luna 35 kV Substation and Yuni 35 kV Substation. The mine is connected to the substations through two separate 10 kV circuits. During BAW's site inspection, the mine management stated that the power supply to the mine is highly reliable with minimal power outages. BAW is of the opinion that the power supply system is adequately sized to meet the electricity demands of mining operations.

Waste Management

During the site visit, BAW noted that the waste rocks from the underground development and production are delivered to the designated waste rocks dump site. Given that the Xiejiahegou Coal Mine is permitted with the Temporary Land Use Permit, Site Discharge Permit and approved with the Environmental Impact Assessment ("EIA"), the dump site is likely to be suitable for the LOM production. However, BAW notes that if the mine plan varies from the 450 ktpa Xiejiahegou PDS, further review is recommended to ensure adequate waste rock dump site is available.

9.1.8 Mining Equipment

Longwall mining equipment used at the Coal Mine consists of Chinese designed and manufactured equipment which are summarized in Table 9-2 below.

Table 9-2: Mining Equipment of the Xiejiahegou Coal Mine

Equipment	Model	Quantity
Belt Conveyor	DSJ100/63/2*110 (A)	1
Hydraulic Powered Support	ZY3000/11/23ZY3000/11/23	132
Emulsion Pump Assembly	Wuxi 315	1
Mining Flameproof Dry-Type Transformer	KBSG-1250/10/1.2KV-0.6 KBSG-1250/10/1.2KV-0.693KV	2
Scraper Conveyor	SGZ764/2*315	1
Reciprocating Feeder	GLW1200/18.5/S	1
Counter-Rotating Local Ventilator	FBDYNO7.1/2*45/1140/660V	2
Coal Mine Hydraulic Grouting Pump	ZBYSB190/32-55	1
Hydraulic Powered Support	ZFY6800/17/32	110
Rear Scraper Conveyor (200m)	SGZ764/2*315	1
Mining Pneumatic Liquid Injection Pump	ZYBQ-3.8/31.5	3
Mining Distributed Laser Fire Detection System	KJ428	1
Advanced Support Hydraulic Powered Support	ZY1800/20/42	15
Hydraulic Powered Support	ZY5000/19/42	100
Shearer	MG500/1170-AWD1	1

BAW considers the listed mining equipment to be suitable for the proposed mining operations and forecast production targets. However, BAW recommends that internationally recognized and commonly used 3D software be adopted to enhance the management, development, and validation of both long-term and short-term production plans, thereby helping to ensure that the planned production rates can be achieved.

9.1.9 Historic Production

The historic production of the Xiejiahegou Coal Mine is summarized in Table 9-3 below.

Table 9-3 Historic Production of the Xiejiahegou Coal Mine

Year	Raw Coal Mined (kt)	Development (km)
2019	440.7	
2020	449.4	
2021	409.8	
2022	409.5	3.7
2023	423.2	3.2
2024	449.9	2.6
2025 (Jan-Nov)	306.7	1.1

Source: historic production record from 2019 to 2025 (Jan-Nov) was provided by the Xiejiahegou Coal Mine

9.1.10 Forecasted Production

Based on the Coal Reserves estimated as at November 30, 2025, BAW has projected the LOM for the Xiejiahegou Coal Mine assuming the mine's permitted annual production capacity. The Coal Reserves estimated in this CPR are sufficient to sustain production at the permitted rate

for approximately 18.06 years. The forecast production schedule for the Xiejiahegou Coal Mine is summarized in Table 9-4, with the corresponding LOM analysis presented in Table 9-5.

Table 9-4: Forecasted Annual Production of the Xiejiahegou Coal Mine

	Unit	Dec 2025	2026-2042	2043 (End of LOM)
Development	km	0.25	3.0	-
Raw Coal Mined	kt	3.75	450	442

Table 9-5: LOM Analysis for the Xiejiahegou Coal Mine

Permitted Annual Production (kt)	Coal Reserves as of November 30, 2025 (Mt)	LOM (Years)
450	8.13	18.06

9.2 Youyi Coal Project

9.2.1 Introduction

The Youyi Coal Project is classified as a fully designed project for which the technical planning phase has been completed; however, construction has not yet commenced. The project was planned as a new operation with a design capacity of 450 ktpa. Foundational geological fieldwork was completed at the end of December 2008, and the final geological report was issued in April 2011, providing the basis for subsequent definitive engineering studies.

The 450ktpa Youyi PDS defines the opening scheme comprising three inclined shafts and three planned mining levels at elevations of +1350 m, +1066 m, and +878 m. The project remains in a pre-construction phase. Initial site preparation works have been carried out, including site leveling and earthworks (approximately 80,500 m³ of excavation for the recommended industrial layout), as well as the need for detailed implementation planning for key infrastructure such as the three main shafts.

In addition, the project is subject to significant technical and safety constraints. The project is classified as a Coal and Gas Outburst Mine, and the coal seams exhibit a Type II spontaneous combustion tendency. The design documentation emphasizes that mandatory safety measures must be completed before mining and construction can commence. These measures include the implementation of regional gas outburst prevention controls, such as pre-drainage of methane to reduce residual gas content to below 8 m³/t, as well as the completion of the requisite safety assessments that were not finalized during the design phase.

9.2.2 Geotechnical Conditions

The lithology of the mining area is classified into three principal engineering rock groups:

1. **Loose rock**, comprising Quaternary slope and residual deposits characterized by low strength and poor stability.
2. **Stratified rock**, consisting mainly of clastic sequences of the Feixianguan and Longtan formations, including interbedded fine-grained sandstone, siltstone, mudstone, and coal seams. These rocks generally form a medium-hard rock mass with overall medium engineering quality.
3. **Soluble salt rock**, represented by the strong and competent limestones of the Yongningzhen Formation and the underlying Emeishan basalt tuff, which generally exhibit superior mechanical properties.

The coal seams are classified as soft rock units, characterized by low mechanical strength and a tendency to soften and swell upon exposure to water, potentially resulting in engineering issues such as floor heave. Excavation through stratified rocks may also result in localized instability, including spalling and roof falls. Overall, the engineering geological complexity of the mining area is assessed as Medium.

Gas and Explosivity Parameters

The occurrence and characteristics of methane (CH₄) represent critical safety considerations for the project:

- **Methane content:** The average methane content across all sampled coal seams is 6.942 ml/g-r, classifying the seams as medium-gas coal seams.
- **Gas zoning:** The majority of the mineable seams (including Nos. 1, 3, 6-3, 12, 15-1, 17, 18, 29-2, and 32) are located within the nitrogen–methane gas zone, with methane concentrations ranging from 20% to 80%.
- **Coal dust explosibility:** Testing of coal samples indicates that the seams do not present a coal dust explosion hazard.
- **Mitigation measures:** Given the overall gas risk profile, the mine should be managed as a coal and gas outburst operation, requiring enhanced gas monitoring and comprehensive gas pre-drainage and extraction measures as mining depth increases.

Spontaneous Combustion and Geothermal Conditions

- **Spontaneous combustion:** The principal mineable coal seams are predominantly classified as Grade II (spontaneous combustion), with certain localized areas classified as Grade I (easily spontaneous combustion). Mining operations must incorporate effective preventive and control measures to mitigate the risk of large-scale spontaneous combustion events.
- **Geothermal gradient:** The mining area is classified as a normal geothermal zone, with an average geothermal gradient of 2.01 °C per 100 m, which is well below the threshold for high-temperature zones.

9.2.3 Hydrogeology Conditions

The regional hydrogeological system comprises two principal groundwater types: 1) karst water, which occurs mainly within the thick Permian Maokou and Triassic Yongningzhen carbonate formations and is characterized by high water yield; and 2) bedrock fissure water, which is hosted in the clastic rocks of the Longtan and Feixianguan Formations. The planned mine area is classified as a Type II, Subtype 1 (Simple Coal Deposit) in hydrogeological terms, indicating that mine water inflow is expected to be derived predominantly from fissures within the coal-bearing bedrock.

Strata Aquifer Classification and Isolation

The key strata are categorized based on their water-bearing properties as shown below. Local faults are generally well cemented and exhibit low hydraulic conductivity, resulting in limited groundwater flow.

Table 9-6 Key Strata Water-Bearing Information for Youyi Coal Mine

Stratum	Water Yield / Function	Key Characteristics
Longtan/ Feixianguan	Weak Aquifers	Fissure water source; poor permeability; $P_3/$ unit inflow (q) is very low (0.00031 l/sm).
Yongningzhen	Medium/Strong Aquifer	Karst water; hydraulically separated from coal measures by the thick Feixianguan Formation.
Emeishan Basalt	Good Aquiclude	Extremely weak water yield; isolates the coal seams from deeper strong karstic aquifers (e.g., Maokou Formation).

Water Inflow Source and Prediction

1. Inflow Source: The primary source of mine inflow is infiltration from atmospheric precipitation recharging shallow bedrock fissure systems.

2. Risk Assessment: Mining activity is expected to generate fracture zones, but predictive calculations suggest these zones will not extend high enough to breach the overlying Feixianguan Formation, thus maintaining weak hydraulic connection with the medium-to-strong Yongningzhen karst aquifer. Inflow is expected mainly through seepage, dripping, and trickling.
3. Predicted Inflow (First Mining Level, +1,300m and above): Based on the analogy method using the adjacent Luoduo Coal Mine:

Maximum Inflow (Wet Season): 2,720 m³/d.

Annual Average Inflow: 1,961 m³/d.

Water Supply

Sufficient local water resources are available for future mine operation. Potential sources include the surface spring point (average flow of 2.95 l/s), suitable for domestic use after testing, and a nearby creek fed by the Emeishan Basalt groundwater, providing a stable production water source (over 1,000 m³/d during the dry season).

9.2.4 Infrastructures

General Layout

Two industrial layout schemes were evaluated in the 450 ktpa Youyi PDS. Scheme 1 for the General Industrial Site Layout is recommended due to its clear functional zoning and effective separation of personnel and material flows. The facilities are located on a gentle slope approximately 480 m west of Xiaying Village. The layout is divided into three distinct functional zones:

1. **Production Area (Central):** This area accommodates the core coal production and logistics facilities. Key components include the main inclined shaft (coal hoisting), associated conveying systems (transfer station and belt conveyors), and the shed-type ground coal storage yard with a truck loading area for outbound transportation.

2. **Auxiliary Production Area (East and West):** This zone concentrates the infrastructure required to support daily operations. Major facilities include the Auxiliary Inclined Shaft portal, Mechanical Repair Workshop, 10 kV Substation, Compressed Air Station, and the Mine Water Treatment Plant, which handles both mine water and domestic sewage.
3. **Administration and Welfare Area (Northwest):** Located on a higher terrace and spatially separated from the production area, this zone provides a favorable environment for administrative and living functions. Facilities include the Office Building (south-facing with an overview of the site), Canteen, Dormitories (single-staff apartments), and a combined Lamp Room and Bathhouse.

This layout prioritizes environmental quality and safety for administrative and residential areas while maintaining a compact arrangement and efficient land utilization.

Ancillary and Integrated Facilities

Key facilities ancillary to, or integrated within, the main industrial site are summarized below:

1. **Ventilation and Safety Facilities**

Ventilation shaft site: The Return Air Inclined Shaft portal and main ventilation facilities are integrated into the eastern portion of the industrial site.

Mine rescue team: A facility for a part-time mine rescue team is planned within the Administration and Welfare Area, occupying approximately 3,000 m².

2. **Explosives Storage:** A dedicated ground explosives magazine is planned approximately 350 m (straight-line distance) to the west–southwest of the industrial site, separated by a hill. The facility is designed to store up to 5 tonnes of explosives and 144,000 detonators, with a land requirement of approximately 0.65 ha.

3. **Waste Management and Resource Utilization**

Gangue management: No dedicated gangue transfer site is included in the design. In the initial stage, gangue will be used for backfilling the industrial site platform and constructing the access road subgrade. Long-term gangue management will require the

mine owner to pursue comprehensive utilization options, such as brick manufacturing, power generation, or backfilling of subsidence areas.

Methane (gas) utilization: A Gas Drainage Station and Gas-fired Power Generation Station are planned within the main mine site, located on the southern side. Associated engineering work are included in the overall budget.

- Water Supply:** The primary water source for both production (supplementary) and domestic use is spring point No. 1 (Q1), located approximately 1.43 km northwest of the mine site.

Details of the proposed infrastructure and site layout, as presented in the 450 ktpa Youyi PDS, are illustrated in Figure 9-12 below.

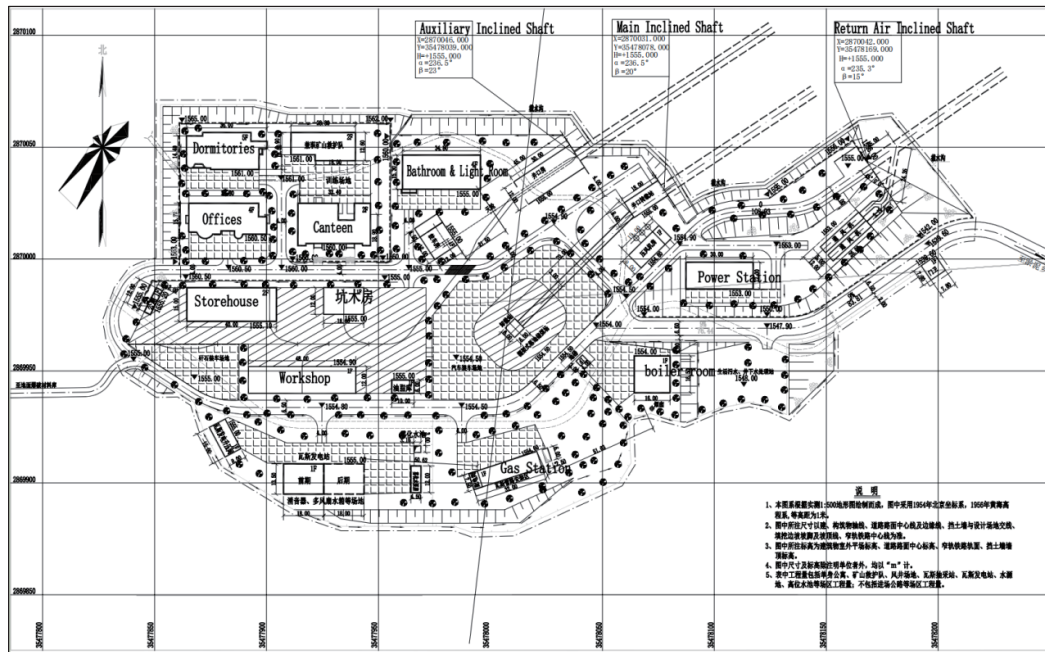


Figure 9-12 Layout of surface facilities of the Youyi Coal Project

9.2.5 Underground Mine Development

The Youyi Coal Project employs an inclined shaft development system with a combined layout, selected as the optimal approach after comparison with alternative methods, primarily due to lower initial excavation volume and reduced drainage costs.

Mine Access

Access to the ore body is achieved through three separate inclined shafts, constructed in the rock strata above the coal seams (top-strata penetration). These inclined shafts are situated at the selected industrial site located south of Maojiaochong, with an elevation of +1,555m at the collars.

- **Main Inclined Shaft:** Dedicated to coal transport via belt conveyor, intake ventilation, and personnel transport using an overhead passenger system. It has an initial length of 590m at an angle of 20 degree, bottoming out at the first main level at +1,350m.
- **Auxiliary Inclined Shaft:** Handles auxiliary hoisting (using a winch system) for waste rock, materials, and equipment. It also serves as an intake airway and houses pipe installations (e.g., drainage, compressed air). Its initial length is 525m at an angle of 23 degree, also bottoming at +1,350m.
- **Ventilation Inclined Shaft:** A dedicated return air system, serving as the main exhaust ventilation pathway and a safety exit during disaster scenarios. Its initial length is 560m at an angle of 15 degree, initially connecting to the system at +1,410m.

All three shafts utilize anchored shotcrete support throughout the bedrock sections, with reinforced support at the collar (30m section) and in weaker rock types.

Level and Panel Division

The Coal Reserves span a vertical range from approximately +1,550m down to +700m (a vertical depth of 850m). The overall mine development system is divided into four mining areas based on three main working levels:

- **Mining Area I:** Defined by the initial bottoming point of the main and auxiliary slopes,

accessing Mining Area I (above +1,350m).

- **Mining Area II:** Defines Mining Area II (between +1,350m and +1,066m).
- **Mining Area III:** Defines Mining Area III (between +1,066m and +878m).
- **Mining Area IV:** Comprises reserves below the +878m level.

The mining areas are shown in Figure 9-13 and 9-14 below

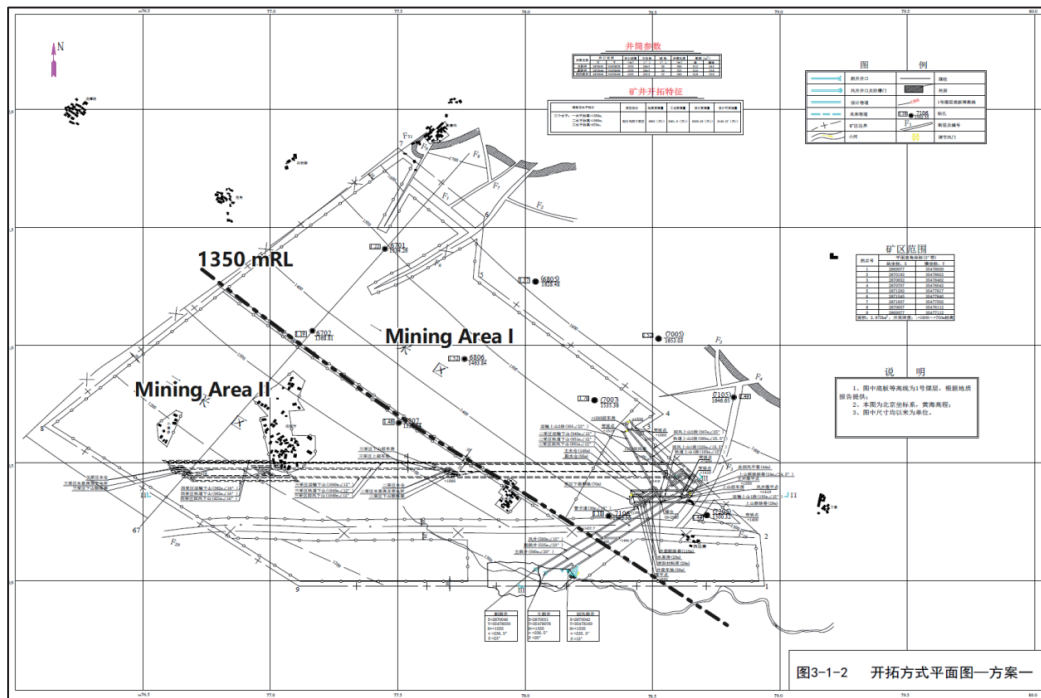


Figure 9-13 Plan views of the four mining areas for the Youyi Coal Project

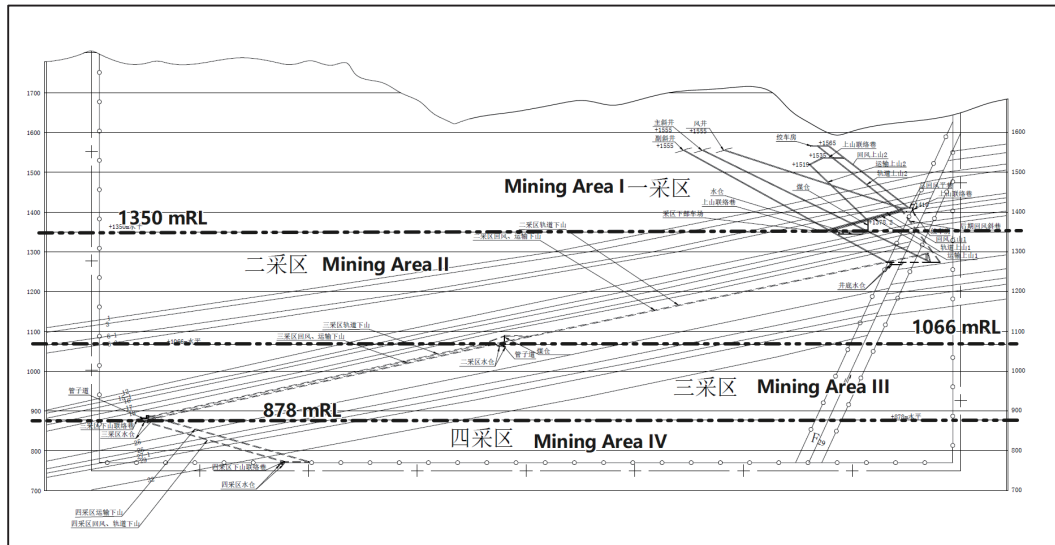


Figure 9-14 Section views of the four mining areas

The planned mine site follows a systematic downward mining logic to maintain structural stability and gas drainage efficacy.

- Extraction will proceed progressively from Mining Area I → Mining Area II → Mining Area III → Mining Area IV.
- Within each mining area, coal seams are extracted from the top layer to the bottom layer.
- Initial commissioning focuses exclusively on Mining Area I, which contains 9 mineable seams (including Seams 1, 3, 6-1, 6-3, 12, 15-1, 16, 17, and 18).

Development Sequence and Key Underground Infrastructures

The mine utilizes a top-down, descending extraction sequence for all coal seams. Future levels (II, III, and IV) are accessed by extending the main shafts and driving internal transportation, rail, and return air slopes from the higher-level infrastructure. Key underground infrastructure constructed primarily at the first main level (+1,350m) includes:

- **Auxiliary Shaft Bottom Station:** A flat station for auxiliary transportation.
- **Pumping Facilities:** A pump room and dual-chamber sumps, designed to hold 8 hours of

normal mine inflow, requiring a total calculated effective capacity of 654 cu.m.

- **Substation:** A central underground substation.
- **Safety Infrastructure:** Permanent refuge chambers (24 m length) and a fire material depot.
- **Hoist Rooms and Storage:** Hoist rooms for internal slope systems and a centralized coal bunker (20 m length) connecting different internal transport sections.

9.2.6 Mining Method

The planned underground operation at the Youyi Coal Project is designed for the exploitation of moderately inclined, thin to medium-thick coal seams. Following analysis of the geological constraints and considering prevailing regulatory requirements, the proposed mining strategy is the Longwall Retiring Method employing Comprehensive Mechanized Mining (CMM) technology. Roof control will be managed using the Total Caving Method. This selection maximizes resource recovery, complies with mandated mechanization levels, and utilizes mature mining technologies suitable for the given seam conditions.

Selection Principles for Mining Method

The selection of the mining method and associated technologies was governed by several key geological and regulatory criteria:

- **Seam Geometry and Inclination:** The recoverable coal seams (a total of 14 seams) exhibit a dip angle ranging from 13 to 20 (with the first mining area having 15 to 20), classifying them as moderately inclined coal seams.
- **Seam Thickness:** The majority of the workable seams are characterized as thin to medium-thick (11 out of 14 seams have an average thickness less than 2.0m), with the extraction methodology designed to mine the full seam height in a single pass.
- **Strata Conditions:** The roof strata primarily consist of argillaceous siltstone and siltstone, classified as medium-hard rock, which, combined with the floor strata characteristics, supports the adoption of the total caving method for roof management.
- **Technological Mandate:** Given the favorable mining conditions (moderately inclined, \geq

0.8m thickness) and compliance with national guidelines, the design mandates a high level of mechanization in extraction and development. The use of CMM technology is justified by its maturity internationally and domestically for medium-thick seams.

- **Geological Complexity:** Although the mining area is designated as having moderate structural complexity with numerous minor faults, the selected mechanized equipment is specified with sufficient power to handle challenging geology, including cutting through rock partings and minor faults.

Long wall Mining Method

A longwall mining system is an efficient mining method which utilises a shearer to cut coal across a mining face. Working faces vary from 30 m to 400 m in width and are generally 1 m to 5 m in height. Coal extracted from a longwall face is conveyed along the face and transported to the surface via a system of belt conveyors.

Upon development of the longwall blocks, the longwall machinery will be installed including shearers, roof support hydraulic shields, and a coal clearance system which is generally a chain conveyor (armoured face conveyor “AFC”) over which the shearer travels up and down the longwall face. As the shearer cuts out the coal, the shields behind the shearers’ direction of travel are lowered and stepped towards the new face and raised to provide positive pressure to the newly exposed roof, and maintain the roof support. Once a full pass is completed, a small notch is cut out at the end of the face the AFC is pushed forward and flush against the face by hydraulic rams connected to the shields. The process then starts again with the shearer cutting out the new section of the face.

BAW considers that the longwall mining method is reasonable and appropriate for this type of coal deposit. A general longwall layout is shown in Figure 9-15, and a sectional view of longwall mining is shown in Figure 9-6 above. Schematic longwall mining is shown in Figure 9-16.

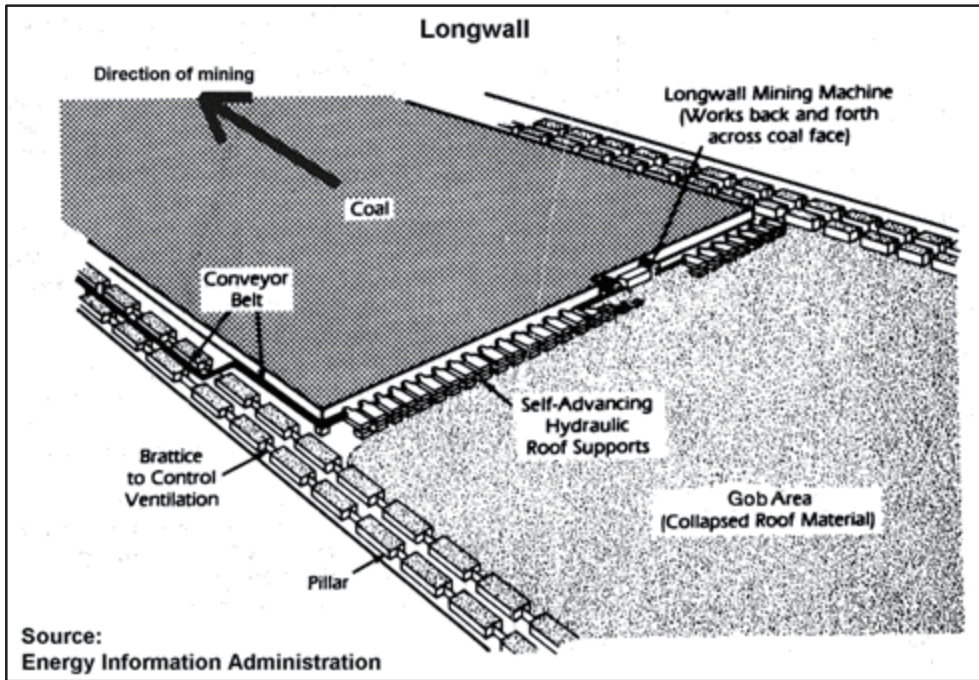


Figure 9-15 General Layout of Longwall Mining

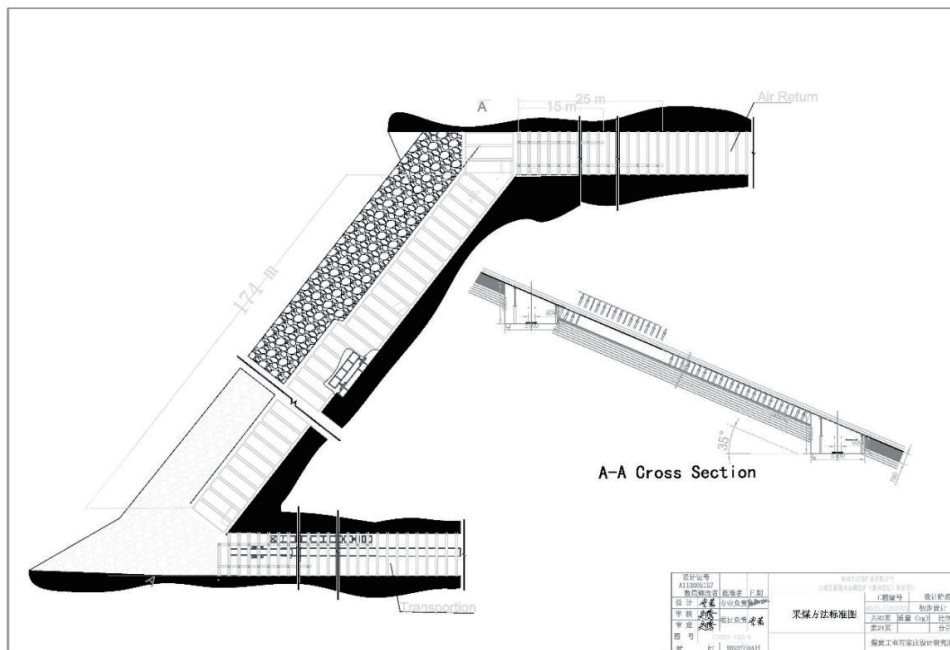


Figure 9-16 Schematic Longwall Mining

The panels designed extracted from the 450 ktpa Youyi PDS was shown in Figure 9-17.

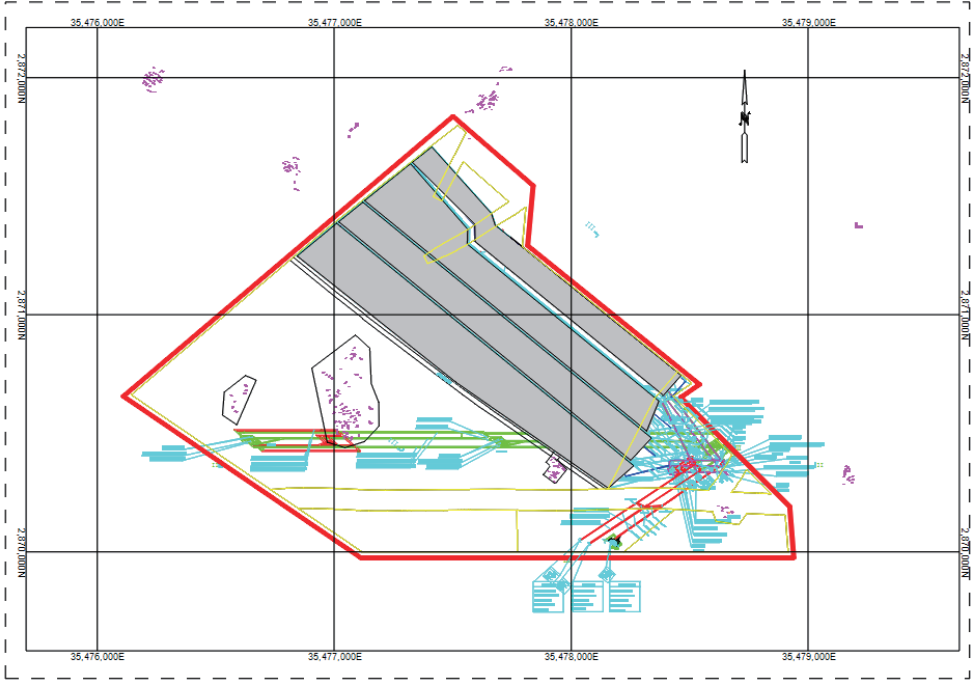


Figure 9-17 The Panels of Initial Mining Area recommended by the 450 ktpa Youyi PDS

As illustrated in Figure 9-17, the shaded grey regions delineate the longwall working face layouts for Seam No.1 in the initial mining district (Mining Area I) as established during the preliminary engineering phase. Aligned with prevailing Chinese national standards and technical regulations for coal mine design, Inferred Resource category (333 Category) were integrated into the initial operational planning to optimize resource utilization and establish the project's design scale.

To achieve alignment with the JORC Code (2012) and regulations of mining industry, the working face configurations for each mineable seam have been recalibrated. This revised layout is strictly constrained within the spatial boundaries of Indicated and Measured Coal Resources of the resources model provided by BAW's geologist, thereby ensuring rigorous compliance with international reserve estimation protocols. Furthermore, the more expansive layout permitted under the domestic regulatory framework serves as a robust baseline that enhances

confidence in long-term production sustainability and validates the geological continuity underlying the broader resource estimates.

Main Extraction Process Flow and Sequence

The primary extraction strategy is based on a Longwall Retiring Mining Method along the seam strike, coupled with Comprehensive Mechanized Mining equipment.

- **Mine Layout and Sequence:** The mine utilizes a Combined Layout. Extraction proceeds using a Descending Panel Mining Sequence. The mining sequence dictates a top-down extraction order within each panel, prioritizing the extraction of higher seams first. In the First Mining Panel (I), the order begins with Seam No. 1, followed sequentially by Seams No. 3, 6-1, 6-3, 12, etc.
- **Extraction Method and Roof Control:** The Comprehensive Mechanized Mining (CMM) process involves continuous cutting by a shearer, supported by actively advancing hydraulic shields, while the void created behind the supports is managed by the Total Caving Method. This method entails allowing the overlying strata to collapse into the mined-out area (goaf), negating the need for artificial supports or backfilling.
- **Transportation and Material Handling:** Coal is extracted via the scraper conveyor on the face (SGZ630/220) and then transferred to extensible belt conveyors (SSJ type) for main haulage within the transport entries and the main shaft. Auxiliary transportation in development roadways employs locomotive haulage initially (using JD-11.4 winches), with plans to upgrade to mechanical transport systems like monorail or cable systems as the distance increases.

Key Operational Parameters

The design supports the operation of one comprehensive mechanized longwall face at the full production stage. Key operational and equipment parameters for the initial longwall face (e.g., 10101 Panel, mining Seam No. 1) are detailed in Table 9-7 below:

Table 9-7 Key operational parameters for the Youyi Coal Project

Category	Item/Description (Model)	Operational Parameter/Specification
Operational Targets	Designed Annual Production Capacity	450 ktpa
	Calculated Annual Panel Capacity (10101 Face)	438 ktpa
Panel Geometry	Face Length (10101 Face)	135 m
	Annual Advance Rate (10101 Face)	1,550 m
Seam Characteristics	Average Mining Height (10101 Face)	1.48 m
	Average Coal Density (γ)	1.54 t/m ³
Shearer	Model (MG375-AW Double-Drum)	375 kW motor power
	Cutting Height Range	1.2 m to 2.6 m
	Calculated Required Traction Speed	1.96 m/min
Hydraulic Support	Model (BY3000/11/28 Shield Type)	Height: 1.2 m to 2.8 m
	Support Resistance/Strength	0.37 MPa to 0.58 MPa
Face Conveyor	Model (SGZ630/220)	Capacity: 450 t/h

To support Coal Reserves estimation, BAW developed representative working face designs, as illustrated in Figures 9-18 and 9-19. These detailed layouts provide the essential engineering substantiation for the mining modifying factors required under the JORC Code (2012), specifically justifying the assumed mining recovery and mining dilution parameters used during course of Coal Reserves estimation. By utilizing these typical designs, BAW established the practical mineability of the Coal Resources, ensuring that the conversion from Coal Resources to Coal Reserves is based on robust mechanized longwall retreat mining practices.

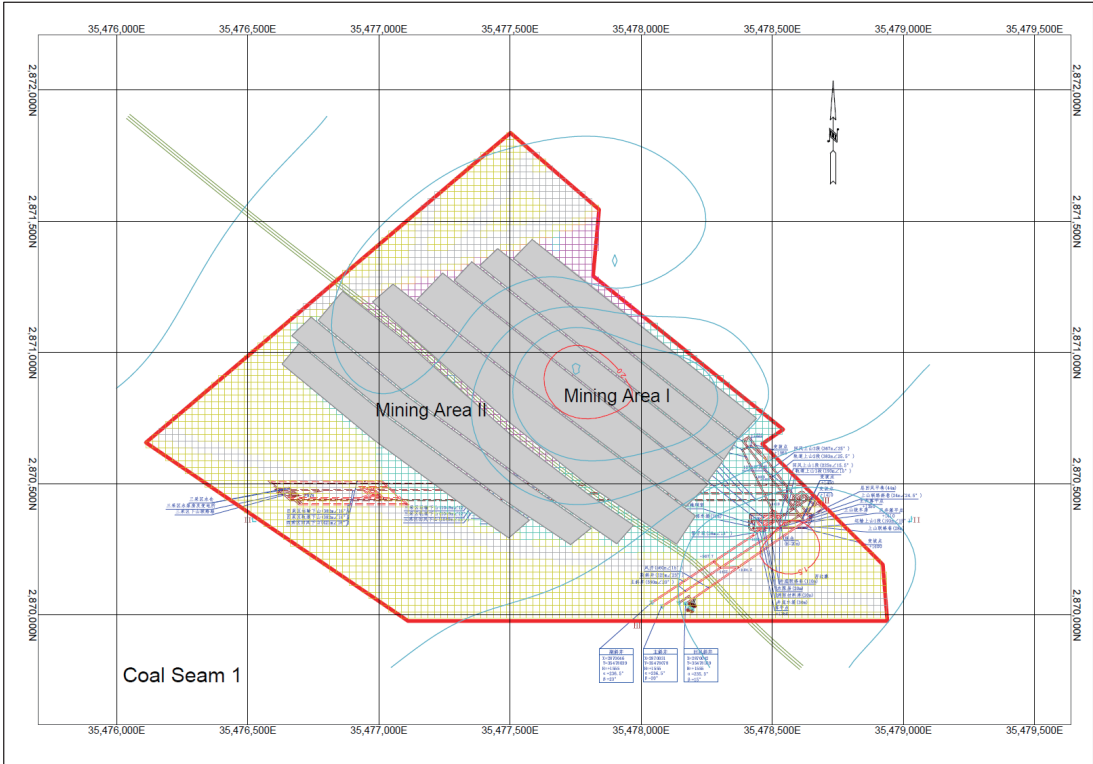


Figure 9-18 Panel Design for Seam No. 1 of the Youyi Coal Project

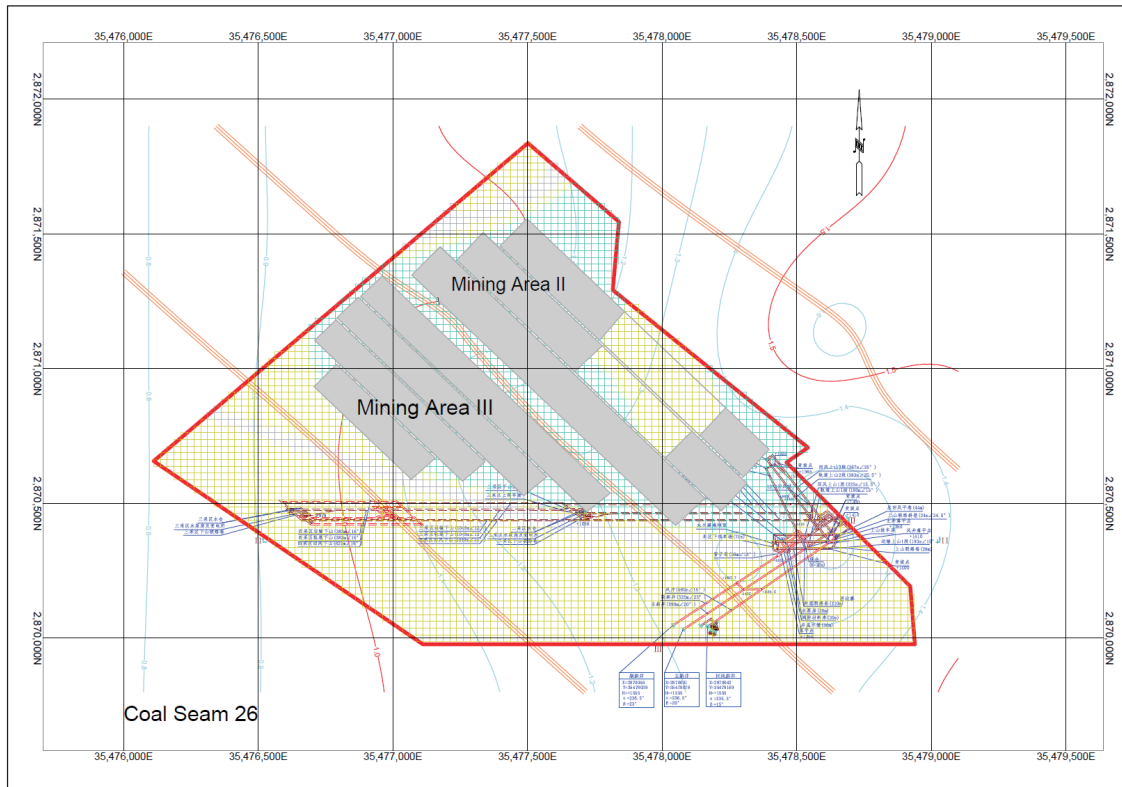


Figure 9-19 Panel Design for Seam No. 26 of the Youyi Coal Project

9.2.7 Underground Facilities

Coal Haulage

The coal haulage system is fully mechanized and configured for continuous material flow to support the planned production capacity of 450 ktpa.

- **Primary Haulage:** Raw coal is extracted using an MG375-AW double-drum shearer, operating in conjunction with SGZ630/220 scraper conveyors rated at 450t/h. Material is subsequently fed to a PEM1000 crusher for size reduction.
- **Internal Ramps:** To accommodate steep internal gradients, such as Transport Ramp No. 2 (22° inclination, 355m)—the mine employs DTII (A) large-angle belt conveyors with a nominal capacity of 350t/h.
- **Main Egress:** Coal transport to surface is completed via a DTII (A) belt conveyor installed in the Main Inclined Slope (20° inclination), selected for a capacity of 200 t/h. An

underground Coal Bunker located at the +1378.2m level provides buffering and flow regulation.

Personnel and Supplies Transport

Auxiliary logistics—including personnel movement, materials, equipment, and waste rock—are routed independently from the coal haulage stream, primarily via the Auxiliary Inclined Shaft and the internal rail system.

- **Auxiliary Hoisting:** The Auxiliary Inclined Shaft is equipped with a JTP-2.0×1.5/31.5 winch for hoisting materials, equipment, and waste rock (maximum single load 8.0t).
- **Internal Rail Transport:** An internal 600-mm-gauge rail network supports mine logistics using MGC1.1-6A box cars and MP16-6 heavy flat cars for component transport. Inclined entries with gradients up to 25.5° employ JTPB-1.6×1.2/24 hoisting winches for safe movement.
- **Personnel Access:** Mine personnel access is provided via an overhead passenger transport system (RJHY/37-20/620 type) installed within the Main Inclined Shaft.

Ventilation

The ventilation system is designed to accommodate high gas emissions and the Type II spontaneous combustion classification of most coal seams.

- **System Architecture:** A Parallel Extraction Ventilation System configured under the Centralized Exhaust Method is adopted. Intake air is supplied through the Main and Auxiliary Slopes, while exhaust air is discharged via a dedicated Return Air Shaft.
- **Airflow Requirements:** During the difficult-ventilation season at the +1066m level, the system must deliver a minimum of 5040m³/min (84m³/s). The calculated total resistance of 1475.545 Pa classifies the system as a low resistance mine.
- **Safety Criteria:** Methane concentration in the working-face return airflow must remain below the statutory maximum of 0.8%.

Methane Drainage

Given the mine's outburst-prone classification and high gas content, methane management is a critical component of operational safety.

- **Anti-Outburst Requirements:** Mandatory methane pre-drainage must reduce the residual seam gas content to $< 8 \text{ m}^3/\text{t}$ prior to coal extraction.
- **Dual Drainage System:** A combined High-Pressure and Low-Pressure extraction system is implemented:
- **High-Pressure System:** Utilizes cross-strata boreholes drilled from dedicated floor drainage entries, targeting a pure methane extraction rate of $40.68 \text{ m}^3/\text{min}$.
- **Low-Pressure System:** Extracts goaf gases via high-position boreholes drilled in the return airway, targeting $7.91 \text{ m}^3/\text{min}$.

The surface extraction station includes High-pressure pumps 2 x2BE3 670 units (280 kW) and Low-pressure pumps: 2x 2BE3 600 units (185 kW). High-pressure pipelines are constructed using Dg600 welded steel pipe.

Mine Dewatering

Dewatering facilities are centralized at the primary working level to ensure reliable water control.

- **Position and Storage:** The main Pump Room and associated Water Sumps are located between +1,350 m and +1,345 m. The total sump capacity provides storage for 8 hours of normal inflow.
- **Pumping Equipment:** Dewatering is handled by MD155-30 \times 10 centrifugal pumps driven by 220 kW motors, discharging through dual $\Phi 159 \times 6$ seamless steel pipelines routed along the Auxiliary Inclined Slope.

Power Supply

The electrical system is designed with dual-circuit redundancy and high safety margins, operating under an ungrounded neutral system in accordance with mining electrical safety regulations.

- **Distribution:** Power is delivered from the Underground Central Substation at the +1,350 m level, supplying all production and auxiliary equipment.
- **Safety Standard:** All electrical equipment must be mining explosion-proof certified. Critical systems—such as the main dewatering pumps—are supplied via independent dual circuits. Maximum allowable system grounding resistance is 2Ω .

Waste Management

Waste rock handling is designed to minimize surface environmental footprint and eliminate long-term storage requirements. Waste rock is transported to surface via the Auxiliary Inclined Slope. No dedicated surface storage yard is included in the design. Instead, waste rock is allocated for Industrial site backfilling, or comprehensive utilization, such as brick manufacturing or power-generation feedstock.

9.2.8 Mining Equipment

The proposed mining operation relies on a Comprehensive Mechanized Mining (CMM) system specifically designed for moderately inclined, thin to medium-thick coal seams. The selection prioritizes high motor power and robust support strength to handle geological complexities, including potential faults and inter-burden rock partings. More detailed selected equipment is summarized in Table 9-8 below.

Table 9-8 Mining Equipment of the Youyi Coal Project

Equipment	Model/Type	Key Technical Specifications/Parameters
Shearer	MG375-AW Double-Drum Electric Traction Shearer	Motor Power: 375 kW (Selected large power due to expected faults and rock partings)
		Cutting Height Range: 1.2 m to 2.6 m
		Cutting Depth: 630 mm to 800 mm
		Traction Speed Range: 0 to 6.1 m/min (Calculated Required Speed: 1.96 m/min)

		Operation Angle: 0° to 35°. Weight: 35 t.
		Support Height Range: 1.2 m to 2.8 m
		Working Resistance: 2060 kN to 2854 kN
Hydraulic Support	BY3000/11/28 Shield Type	Support Strength: 0.37 MPa to 0.58 MPa
		Base Pressure (Bottom Pressure): 2.1 MPa to 2.5 MPa
Face Conveyor	SGZ630/220 Scraper Conveyor	Rated Transport Capacity: 450 t/h (Exceeds calculated requirement of 231.52 t/h)
Transfer/Ancillary Haulage	SZB-730/75 Scraper Transfer Conveyor	Rated Transport Capacity: 630 t/h. Motor Power: 75 kW
	PEM1000 Crusher	Rated Crushing Capacity: 600 t/h
Hydraulic/Dust Suppression Systems	MRB160/31.5A Emulsion Pump (2 units)	
	XPB-250/5.5 Spray Pump (2 units)	
Main Transport	SSJ Type Retractable Belt Conveyor (4 units)	Transport Capacity: 400 t/h
Development Loader	ZMZ3-17 Crab-Claw Type Loader	Used to achieve mechanized loading as mandated by policy

BAW considers the mining equipment listed to be suitable for the mining operations and forecasted production targets; however, BAW recommends that detailed mine planning be undertaken to ensure the production rates can be achieved.

9.2.9 Forecasted Production

According to the 450 ktpa Youyi PDS, the period from 2026 to 2028 is planned as the construction stage, with production scheduled to commence in 2029 at a rate of 450 ktpa. While BAW considers the proposed mine development schedule to be technically achievable, BAW recommends that a comprehensive review of the projected LOM production schedule be undertaken to more accurately reflect realistic production profiles and achievable coal recoveries. The Coal Reserves estimated in this CPR are sufficient to support production at the current permitted production rate for approximately 97 years. The forecasted production

schedule for the Youyi Coal Project is presented in Table 9-9 below, with the corresponding LOM analysis presented in Table 9-10.

Table 9-9 Forecasted Production and Development for the Youyi Coal Project

	Unit	2025	2026	2027	2028	2029-2125 (Annual)	2126 (End of LOM)
Development	km	--		16.00		9.40	
Raw Coal Mined	kt	--	--	--	--	450	9
Coal Processed	kt	--	--	--	--	450	39.6
Stage of Development			Construction			Production	

Table 9-10 LOM Analysis for the Youyi Coal Project

Permitted Annual Production (kt)	Coal Reserves as of November 30, 2025 (Mt)	LOM (Years)
450	43.69	97.1

9.3 Jieji Coal Project

9.3.1 Introduction

The Jieji Coal Project, , is a strategic coking coal development project, , covering an area of 3.248 km² with a permitted vertical mining range from an elevation of +1,680m down to +1,000m.

Production has not yet commenced. The mine management has formulated the overall mining framework and operational strategy based on the technical research reports and development plans. According to the most recent technical evaluations completed in October 2025, the

project is designed for an annual production capacity of 300 ktpa. The development layout utilizes inclined shafts and a retreating longwall mining method, with full caving employed for roof control.

As the project is classified as a coal and gas outburst operation, the research and design place strong emphasis on high-standard safety measures, particularly comprehensive methane drainage and real-time gas monitoring. The project is currently undergoing optimization to support full-scale development within the approved 300 ktpa capacity, with the objective of achieving efficient and safe coal recovery.

9.3.2 Geotechnical Conditions

The engineering geology of the project is characterized by four distinct engineering geological rock groups, defined by their lithology and mechanical behavior. Quaternary deposits, with thicknesses ranging from 0 to 20 m, constitute the loose and soft rock group. These materials occur sporadically within valleys and on slopes and are characterized by a loose structure and low strength. The coal-bearing Longtan Formation (approximately 285 m thick) and the Feixianguan Formation are classified as soft to semi-hard rock groups. These formations are characterized by thinly bedded strata, widespread weak interlayers, low uniaxial compressive strength, and generally poor rock mass stability. In contrast, the Emeishan Basalt group, distributed mainly along the southern margin of the project area, is classified as hard rock. It is dense, with irregularly developed fissures, high uniaxial compressive strength, and generally good stability.

The engineering characteristics of the immediate mining environment indicate a moderate level of geological complexity. The roofs of the principal coal seams are predominantly composed of semi-hard rocks, including muddy siltstone, argillaceous limestone, silty mudstone, and siltstone. The floor strata range from semi-hard to slightly soft and typically comprise muddy siltstone, mudstone, and fine-grained sandstone.

Roof stability within the coal seams is generally considered poor, necessitating the installation of systematic ground support during mining operations. Although the regional topography is conducive to natural drainage, the development of fractured zones associated with faults, as well as dense jointing and fissuring, locally reduces rock mass strength. In view of the potential for localized rock fragmentation and instability, the overall engineering geological complexity of the mining area is assessed as moderate.

9.3.3 Hydrogeology conditions

The hydrogeological regime is situated within a low-to-middle mountain area characterized by substantial topographic relief, where the lowest erosion base level is defined by the Suoqiao River riverbed at an elevation of +1,350.0m. The region experiences a subtropical plateau monsoon climate with abundant atmospheric precipitation, which serves as the primary recharge source for both surface and groundwater systems. Surface water runoff is rapid due to steep topography. Structurally, the water regime is inherently simple (Type II, Subtype I), classifying the mine as a fissure water mine primarily experiencing roof inflow.

The principal direct source of water inflow during production is the bedrock fissure water of the coal-bearing Longtan Formation. Although this formation generally possesses weak water richness, it directly supplies the workings. Overlying this formation is the Triassic Feixianguan Formation, acting as a relative aquitard. The upper Triassic Yongningzhen Formation is a strongly water-rich karst aquifer; however, due to the substantial intervening thickness (550m) of the Feixianguan aquitard and the distance from the coal seams, this strong aquifer is projected to have no adverse impact on future mining operations. Furthermore, highly developed faults, while structurally complex, exhibit weak water richness and micro-weak permeability in their fractured zones, generally functioning as non-conductive barriers.

Notwithstanding the inherent simplicity, the overall hydrogeological conditions are provisionally classified as "complex". This elevated complexity arises solely from the presence of old mine workings in the shallow areas (mainly involving Seams No.1, 17¹, and 18). These abandoned goafs are mostly collapsed and sealed, but their location, extent, and potential

accumulated water volume are unknown and difficult to investigate. The water contained in these old workings is deemed a major water hazard for shallow mining. Consequently, shallow operations must strictly implement the safety principle of "must explore before advancing" to prevent potential flooding accidents.

The predicted normal mine water inflow for the eastern part, based on current exploratory data and utilizing the large-well method for calculations (at +1,000m depth), is 3,662.62 m³/d (including 120 m³/d for dust suppression), with a maximum predicted inflow of 4,548.28 m³/d. The prediction methods and parameters are considered reasonable, and the results are deemed relatively reliable for planning purpose.

9.3.4 Infrastructures

The project's infrastructure is centered on an Industrial Site located north of Qiantian Ditch, occupying a total area of 8.94 ha. The site will be developed on multiple platforms, with clear functional separation between the production, auxiliary production, and administrative and living areas.

Production Facilities: The shaft system comprises three inclined shafts—the Main Shaft, Auxiliary Shaft, and Return Air Shaft—with shaft collars set at an elevation of +1,465 m. Building structures are designed according to their functional requirements: smaller auxiliary buildings generally adopt brick-concrete construction; major facilities subject to dynamic or heavy loads, such as the Main Shaft Hoist House, Screening Tower, and Substation, utilize reinforced concrete frame structures; and facilities requiring rapid construction, including the Maintenance Workshop and Comprehensive Warehouse, are constructed using light steel structures.

Administrative and Living Facilities: The administrative and public buildings span a total area of 6,760 m². Key constructions include a five-level administrative office building (1,865m²)

located on the +1,490m platform, and a five-level staff quarters (2,416m²). A five-level combined building covering an area of 1,842.0 m² integrates essential operational facilities, specifically the lamp room, bathhouse, and control room.

External Utilities and Operational Systems: The project ensures reliable external support, starting with convenient transportation access via County Road X237, Provincial Road S212, and S27K. Power Supply is guaranteed by a reliable dual-circuit 10kV supply, drawing power from the 35kV Yingwu Substation (primary) and the 10kV Liuguan Switch Station (backup). The main water source is the Suoqiao River. Surface facilities include a 500m³ Life and Fire Water Pool and a 300m³ industrial water pool. Internal transport is mechanized: coal is moved by belt conveyors through the main inclined shaft, personnel use an overhead passenger system, and materials/gangue use rail car hoisting via the auxiliary inclined shaft. For safety and control, systems such as the JAG-8 underground fire monitoring system and a comprehensive high-speed ethernet LAN for information management will be in place.

9.3.5 Underground Mine Development

According to the 300 ktpa Jieji PDS, the Jieji Coal Project will adopt an inclined-shaft development system. The mining plan is based on a two-level development strategy and utilizes conventional mechanized mining methods. For operational efficiency, the mine field has been subdivided into nine mining districts, delineated laterally by exploration lines and vertically by mining levels. The mining districts are grouped into three principal sections, defined by the 8th and 10th Exploration Lines and the designated production levels at **+1,300 m, +1,100 m, and +1,000 m**, as follows:

East of the 8th Exploration Line

- Mining Area 1: Located in the upper section, above the +1,300m level.
- Mining Area 2: Situated in the middle section, between the +1,100m and +1,300m levels.
- Mining Area 3: Located in the lower section, between the +1,000m and +1,100m levels.

Between the 8th and 10th Exploration Lines

- Mining Area 4: Located in the upper section, above the +1,300m level.
- Mining Area 5: Situated in the middle section, between the +1,100m and +1,300m levels.
- Mining Area 6: Located in the lower section, between the +1,000m and +1,100m levels.

West of the 10th Exploration Line

- Mining Area 7: Located in the upper section, above the +1,300m level.
- Mining Area 8: Situated in the middle section, between the +1,100m and +1,300m levels.
- Mining Area 9: Located in the lower section, between the +1,000m and +1,100m levels.

The initial system relies on three inclined shafts constructed using a pseudo-inclined arrangement. This arrangement was chosen because it allows the shafts to be located in stable rock strata (between the 18 and 22–2 coal seams), minimizing maintenance costs and avoiding frequent penetration of coal seams during sinking. The collars of all three shafts are situated at the +1,465m elevation:

- Main Inclined Shaft: 533 m long, 25° inclination, net cross-section 13.3 m². Its primary function is coal transport (via steel cord belt conveyor), personnel hoisting (via overhead passenger system), and fresh air intake.
- Auxiliary Inclined Shaft: 533 m long, 25° inclination, net cross-section 10.1 m². It handles material, equipment, and gangue transport (via rail car hoisting), along with fresh air intake and drainage.
- Return Air Inclined Shaft: 450 m long, 30° inclination, net cross-section 12.8 m². It serves as the dedicated return air passage for the East Wing mining area and facilitates

gas pipeline installation. These three shafts are jointly used as the main transport and ventilation arteries for the initial mining area.

The primary underground infrastructure includes the main belt conveyor haulage roadway, positioned centrally at the +1,240m level to connect the eastern and western mining wings. To ensure stability and alleviate pressure on the lower coal seams, this main roadway is strategically located within the Emeishan Basalt Formation at the lower boundary of the coal seams in the eastern section. It gradually transitions into the inter-seam rock layer (located between seams 18 and 22-2) to the west of the 8th exploration line.

The initial mining area, extending from +1,450m to +1,240m, is further divided into three extraction sections (+1,400m, +1,320m, and +1,240m levels), interconnected by sectional transportation and return air entries.

Details of the mining area and development systems are shown in Figure 9-20. Taking Seam No.9 as an example, the floor contours represent the floor elevation contours of Seam No.9.

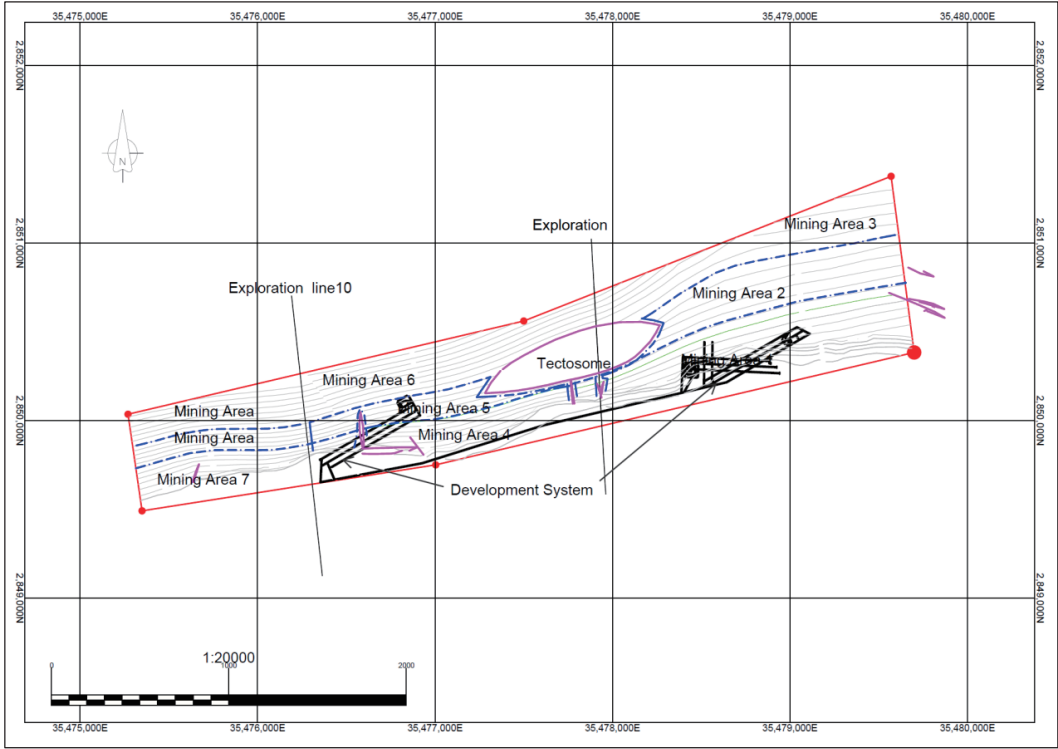


Figure 9-20 Mining area and Decline systems of the Jieji Coal Project

Based on the resource model established by BAW, the Indicated Resources are primarily concentrated to the east of the 8th Exploration Line. To ensure compliance with the JORC Code (2012) requirements, the BAW divided the Coal Reserves into two distinct mining areas (upper and lower), delineated by the +1,300m elevation level. Given that the minimum elevation of the mining rights is set at +1000m, the division was confined to these two primary vertical zones.

Within these areas, the working face layouts and configurations have been finalized to ensure that the extraction plan remains within the authorized depth boundaries. For instance, the technical diagrams for these two partitions, taking Seam No.9 as an example, are illustrated in Figure 9-21.

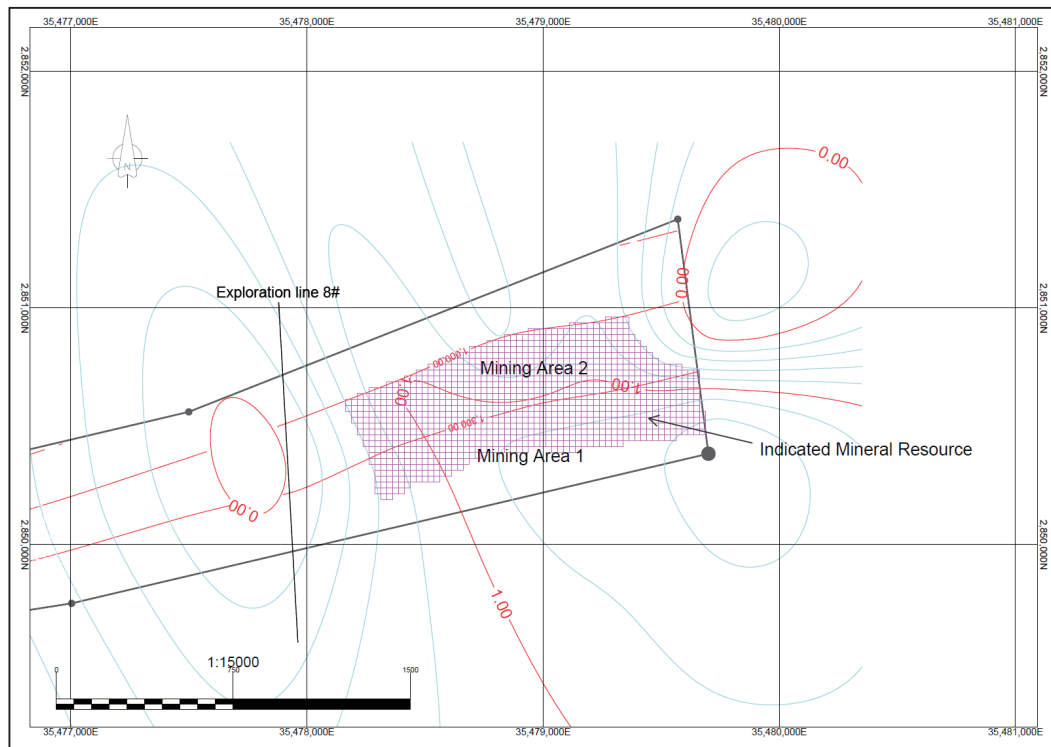


Figure 9-21 Division of Mining Areas 1 and 2 for Seam No. 9 of the Jieji Coal Project

Due to the inherent discrepancies between PRC standard and international industry practices, notable differences exist in the delineation of mining districts. These differences arise from varying Coal Resources classification levels and methodologies for Coal Reserves estimation, which significantly impact the LOM production schedule and development plans.

As such, BAW has undertaken relevant technical research to redesign and update the layout of working faces. This ensures that the current Coal Reserves estimated in this CPR is supported by a robust and comprehensive mine plan that complies with the JORC Code (2012).

9.3.6 Mining Method

The Longwall Mining method, specifically the retreating longwall system, is proposed for the future mining operation of the Jieji Coal Project according to the 300 ktpa Jieji PDS. This

mining method is combined with a total caving approach for overlying strata control. The selected approach reflects the challenging geological conditions, with coal seams dipping at angles of approximately 34° to 59°, classifying them as inclined to steeply inclined **seams**. Additional complexity arises from the heterogeneous nature of the coal resources, which comprise thin, medium, and thick seams, thereby necessitating a flexible and hybrid extraction strategy.

Mining Sequence and Layout: The preferred sequence of extraction is conducted in a top-down order (from upper to lower seams). According to the project's technical framework, the Seam No.9 is prioritized for extraction as a protective layer, which effectively de-stresses the methane-rich medium-to-thick coal groups (No.11, No.17-1, and No.18) below. For these primary production seams, the fully mechanized working faces are designed with a standardized length of approximately 107m.

Machinery and Mechanization: Upon the development of the longwall blocks, the mine site will utilize advanced fully mechanized equipment for medium-to-thick seams, including double-drum shearers and support-shield hydraulic roof supports. In contrast, thinner seams are designed to use flexible shield supports to ensure operational safety and efficiency in steeper sections. The coal clearance system employs armoured face conveyors (AFC) that transfer the coal to a sophisticated network of belt conveyors, transporting the product through the main inclined shaft directly to the surface.

Roof Management: Safety roof control is strictly managed using the total caving method. As the shearer progresses across the face, the hydraulic shields are advanced to provide positive pressure to the newly exposed roof, ensuring structural integrity. As active production has not yet commenced, this comprehensive mining framework and all operational parameters are strictly based on the technical research reports and preliminary development plans provided by the mine.

BAW considers that the longwall mining method is reasonable and appropriate for this type of coal deposit. The adopted mining method is similar to that applied in the Xiejiahegou Coal Mine, with partial diagrams available for reference in the preceding sections. A general longwall layout is shown in Figure 9-15, and a sectional view of longwall mining is shown in Figure 9-6. Schematic longwall mining is shown in Figure 9-16.

To ensure the realization of the planned annual production capacity, BAW conducted a review of the preliminary mine layout and working face parameters. These parameters, summarized in Table 9-11 below, represent the three primary coal seams scheduled for initial production.

This verification process confirmed the key operational parameters for the Jieji Coal Project, including working-face length, average mining height, annual advance rate, and coal bulk density. Technical analysis demonstrates that a single fully mechanized longwall face, together with coal recovered during development and excavation (accounting for approximately 5%–10% of total production), is sufficient to meet the annual capacity of 300 ktpa.

Table 9-11 Technical Parameters of Working Faces of the Jieji Coal Project

Parameter	Seam 9 (Face 11091)	Seam 11 (Face 11114)	Seam 17-1 (Thick Seam)
Mining Method	Blasting / Flexible Shield	Fully Mechanized	Fully Mechanized
Face Length	85m (Avg) – 100m	107m	107m
Mining Height	0.91m	2.17m	3.24m
Annual Advance	1,700m – 1,900m	1,920m	1,440m
Coal Density	1.45 t/m ³	1.35 t/m ³	1.35 t/m ³
Recovery Rate	97%	95%	93%
Verified Capacity	185 ktpa	572 ktpa	696 ktpa

BAW developed representative panels, as illustrated in Figure 9-22, Figure 9-23 and 9-24. These detailed layouts provide the essential engineering substantiation for the mining modifying factors required under the JORC Code (2012).

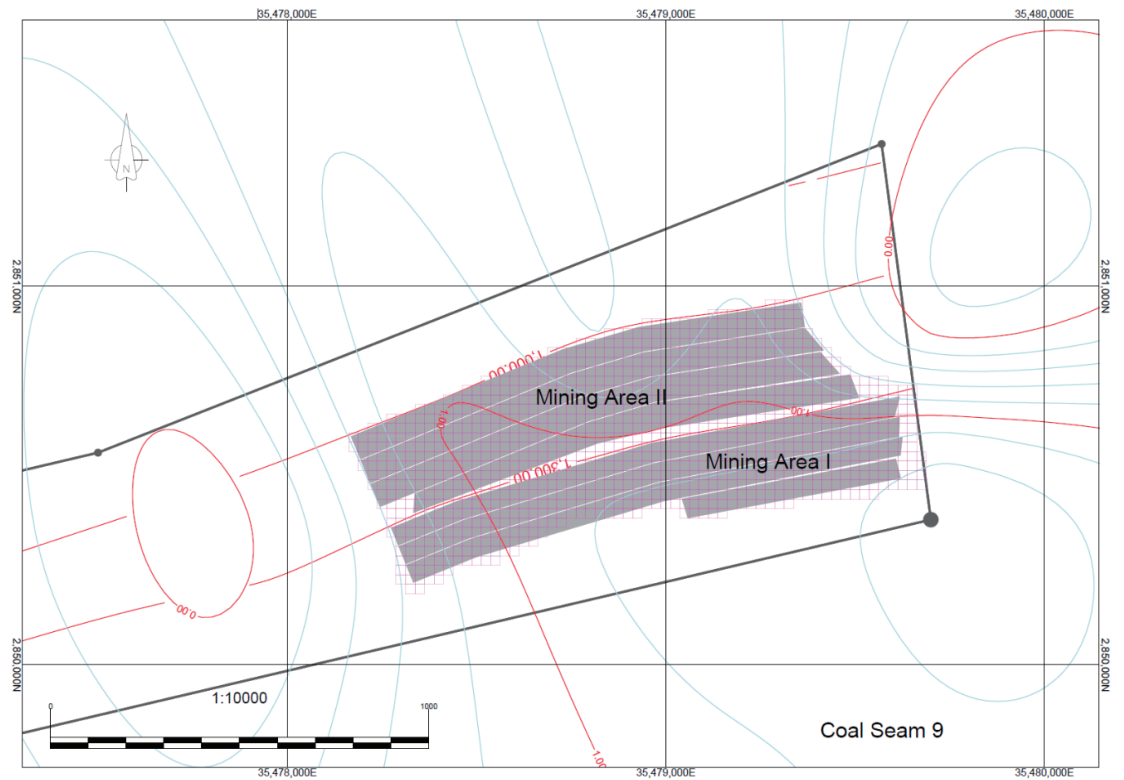


Figure 9-22 Panel Design for Seam No. 9 of Jieji Coal Project

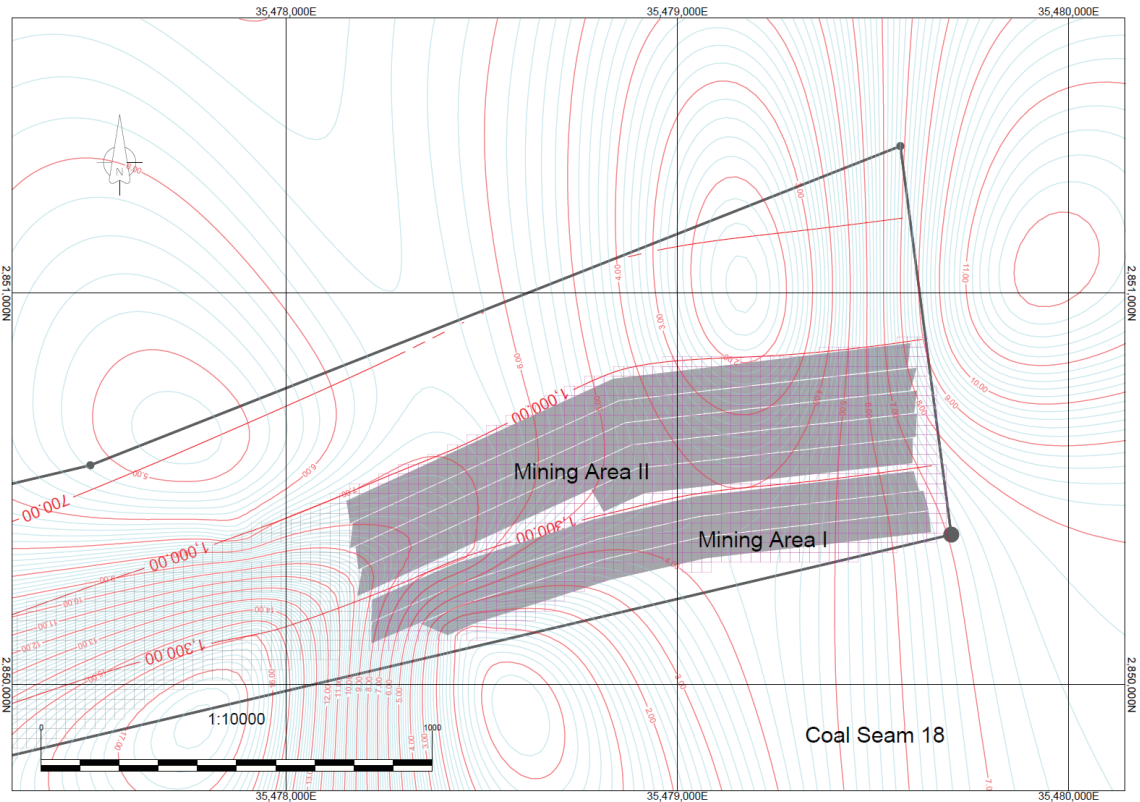


Figure 9-23 Panel Design for Seam No. 18 of Jieji Coal Project

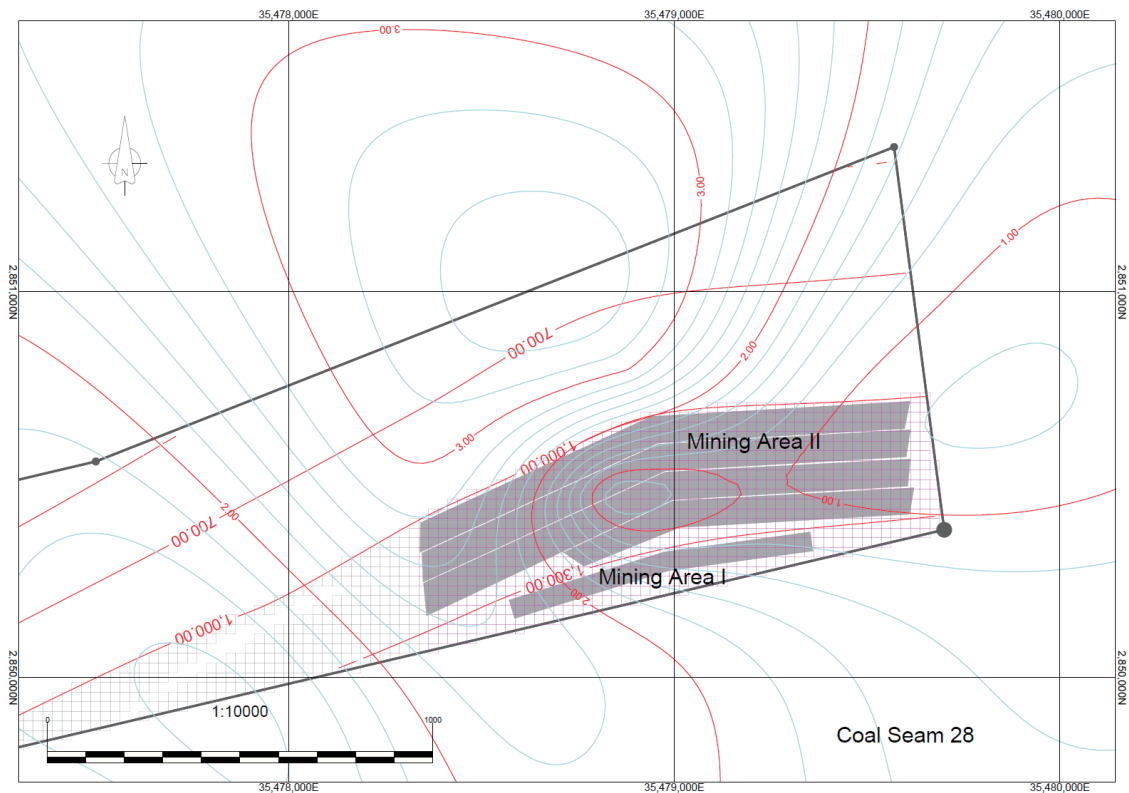


Figure 9-24 Panel Design for Seam No. 28 of the Jieji Coal Project

9.3.7 Underground Facilities

Coal Haulage

Coal conveyance relies predominantly on continuous belt conveyor systems. The primary vertical and horizontal transport is channelled through the Main Inclined Shaft, which is equipped with a 1,000 mm wide steel cord belt conveyor. This main conveyor is designed to handle an hourly capacity of 400 t/h. From the working faces, coal is delivered to the main system either via enamelled chutes for thin seams (utilizing blasting methods) or scraper conveyors for medium and thick seams (utilizing mechanized longwall methods). The coal flow path runs from the working face → sectional conveyors → district bunkers → Main Inclined Shaft conveyor → surface stockyard. The main transportation and material systems are designed for automatic control.

Personnel and Supplies Transport

Personnel transfer is segregated from coal and material movement to enhance safety. Personnel movement is managed by an overhead passenger system installed within the Main Inclined Shaft. This system is dimensioned to handle the maximum shift attendance of 158 people. Material, equipment, and gangue transport is handled exclusively via the Auxiliary Inclined Shaft, utilizing a single-hook rail car hoisting system. Auxiliary haulage within the section entries and transportation gates is facilitated by winches and a continuous traction system. Crucially, the mine includes a fully equipped permanent refuge chamber located adjacent to the main shaft bottom (+1,240m level), designed to provide 24 hours of support for 80 individuals during emergency.

Ventilation

The mine operates a zonal extraction ventilation system, ensuring dedicated airflow circuits for safety. Fresh air is supplied primarily through the main inclined shaft and the Auxiliary Inclined Shaft. Exhaust air is channelled through the dedicated return air inclined shaft for the eastern mining areas. The working faces are ventilated using the "U-type" method (central parallel extraction), while heading faces utilize local fans providing forcing ventilation. Two main fans (FBCDZ-8-No23 (II)) are installed, maintaining a duty/standby configuration. Required air volume during the most difficult ventilation period is calculated to be 109.73 m³/s.

Methane Drainage

As the project is classified as a Coal and Gas Outburst Mine, a robust gas management system is essential. The drainage strategy employs a hybrid approach combining high and low negative pressure drainage. High-pressure systems target pre-drainage via cross-seam boreholes and boreholes within the seam itself, aiming to reduce methane content below 8 m³/t. Low-pressure systems are primarily used for extracting gas from the goaf post-mining. Dedicated gas drainage roadways are established, located in the stable rock floor. Extracted methane is fed to a nearby gas power generation plant. Specialized high and low negative pressure pumps (2BE3 500-2BY4/3 model) are equipped, each with one working unit and one standby unit.

Mine Dewatering

The central drainage facility is located at the +1,240m level, comprising a main pump house and a water sump. The sump has an effective storage capacity of 1,635 m³, sufficient to manage 8 hours of normal inflow as mandated by safety regulations. Drainage is achieved via three MD200-50-7 (P) centrifugal pumps (rated 200m³/h each), with one operating, one standby, and one for maintenance. The water is transported to the surface via two $\Phi 219 \times 7$ mm steel pipelines. The average normal mine water inflow is projected to be 3,662.4 m³/d. Water for dust suppression, fire fighting, and high-pressure drilling/spraying is supplied internally, with internal dust suppression water cycling amounting to 120 m³/d.

Power Supply

The underground power system ensures reliability via a dual circuit 10kV supply, drawn from two separate sections of the surface substation. The supply cables descend the main inclined shaft and auxiliary inclined shaft to the central substation located at the +1240m level. High-voltage power (10kV) is utilized directly by the main drainage pumps, while power for mechanized working faces is distributed via mobile substations, stepped down to 1140V and 660V. Lighting and small tools operate at 127V. The system employs comprehensive safety protections, including short-circuit, overload, and selective leakage protection.

Waste Management

The primary solid waste generated underground is gangue, resulting from roadway development. Annual gangue production is estimated to be approximately 7.2 to 7.8 Mt. This material is loaded underground and hauled to the surface via the auxiliary inclined shaft. While early-stage gangue is used for industrial site construction and road subgrades, the long-term management strategy includes leveraging the material for comprehensive utilization, such as backfilling mined-out areas or external use in construction/power generation. Dirty/contaminated coal, estimated at 1% of production, is also collected and managed.

9.3.8 Mining Equipment

The mining equipment associated with the planned production capacity, production goals, and primary equipment specifications, according to the 300 ktpa Jiejia PDS, has been summarized in the following Table 9-12 and Table 9-13.

Table 9-12 Underground Extraction and Working Face Equipment for the Jieji Coal Project

Function	Area	Mining Method	Key Equipment	Model	Key Specification
Extraction	Medium/Thick Seam	Comprehensive Mechanization	Shearer	MG250/600-QWD	Rated power 2×250 kW. Hourly capacity ~380 t/h.
			Hydraulic Supports	ZZ3200/15/37	Working resistance 3200 KN.
	Thin Seam	Pseudo-Inclined Blasting	Supports	Flexible shield supports DZ-series hydraulic props	Minimum support height 0.8m.
Coal Haulage	Working faces	All	Scraper conveyor	SGZ-730/630	
Development	Coal/Semi-Coal	Mechanized Heading	Road header:	EBZ135	Suitable for entries up to 7.5m ² .
	Rock	Blasting Heading	Rock Drill:	ZY-24	
			Loader:	ZWY-100/48L	

Table 9-13 Primary Transport, Hoisting, and Utility Equipment for the Jieji Coal Project

System	Item / Location	Key Equipment	Model	Key Specification / Capacity
Main Coal Haulage	Main Inclined Shaft	Steel cord belt conveyor	DTL1000/40/2x250	Belt width 1000 mm. Designed capacity 400 t/h.
Materials/Gangue Hoisting	Auxiliary Inclined Shaft	Winding hoist	JK-2.5x2P-31.5	Max single piece weight 13.8t.
Personnel Transport	Main Inclined Shaft	Overhead Passenger System	RJY45-25-543	Capacity 269 people/h.

Primary Ventilation	Surface Installation (Dedicated Fans)	Main Fans	FBCDZ-8-No23 (II)	Two units (1 duty, 1 standby).
Main Dewatering	+1240m Central Pump Station	Centrifugal pumps	MD200-50x7 (P)	Rated flow 200 m ³ /h (3 units: 1 working, 1 standby, 1 maintenance).
Power Supply	Total Installed Capacity	Power Station	Various (motors, lighting, etc.)	Total capacity 7874.6 kW. Specific consumption 30.36 kWh/t.

9.3.9 Forecasted Production

According to the 300 ktpa Jieji PDS, the period from 2026 to 2028 is planned as the construction stage, with production scheduled to commence in 2029 at a rate of 300 ktpa. While BAW considers the proposed mine development schedule to be technically achievable, BAW recommends that a comprehensive review of the projected LOM production schedule be undertaken to more accurately reflect realistic production profiles and achievable coal recoveries. The Coal Reserves estimated in this CPR are sufficient to support production at the current permitted production rate for approximately 61.7 years. The forecasted production schedule for the Jieji Coal Project is presented in Table 9-14 below, with the corresponding LOM analysis presented in Table 9-15.

Table 9-14 Forecasted Production and Development for the Jieji Coal Project

	Unit	2025	2026	2027	2028	2029-2089 (Annual)	2090 (End of LOM)
Development	km	--		16.6		5.1	
Raw Coal Mined	kt	--	--	--	--	300	221
Coal Processed	kt	--	--	--	--	300	221
Stage of Development			Construction			Production	

Table 9-15 LOM Analysis for the Jieji Coal Project

Permitted Annual Production (kt)	Coal Reserves as of November 30, 2025 (kt)	LOM (Years)
300	18,521	61.7

10 COAL PREPARATION

10.1 Overview

The coal handling and preparation plant (“CHPP”) of the Xiejiahegou Coal Mine was established based on a feasibility study report prepared by Jilin Engineering Technology Co., Ltd in early 2021. The plant was designed and constructed by Tangshan Senpu Coal Preparation Branch, with its major equipment supplied by Tangshan Senpu Mining Equipment Co., Ltd. Construction began in July 2021, and the plant was commissioned in March 2022.

The plant’s main separation system includes:

- A non-desliming, pressureless-feeding three-product heavy-medium cyclone,
- A fine-coal heavy-medium cyclone, and
- Flotation machines.

For dewatering and recovery, the process uses sedimentation-type filter centrifuges and filter presses. Tailings water is treated in a high-efficiency thickener (steel structure without inclined plates), and flotation tailings are dewatered and recovered using a filter press. The facility has a designed processing capacity of 1.8 million tons per year (“mtpa”) of raw coal. Its main products include clean coal, middlings, slime (coal slurry), and gangue.

- Clean coal is mainly used for coke production.
- Middlings are primarily utilized for power generation.
- Slime is either sold separately or blended with middlings based on market demand.
- Gangue is conveyed via belt conveyor to a gangue bunker and then hauled by trucks to the disposal site.

During BAW's inspection, all systems of the coal preparation plant were reported to be operating normally. BAW considers that the coal preparation process, parameter selection, equipment selection, product positioning and supporting facilities are generally fair, reasonable and conformable with the industry practice.

10.2 Raw Coal System

The raw coal is transported via belt conveyor to the raw coal shed storage yard, while externally sourced raw coal is delivered to the same yard by truck. Within the storage yard, a receiving pit has been constructed to facilitate feeding operations. Both the mine's own raw coal and externally sourced coal that cannot be immediately processed during emergencies are temporarily stored in the raw coal shed storage yard, which has a storage capacity of 8,000 t.

During washing operations, the stored raw coal is pushed into the receiving pit by a bulldozer. The storage shed is built with enclosing walls and a roof, effectively providing windproofing, rainproofing, and dust control, making its structural design relatively advanced.

The raw coal is centrally fed by an underground feeder, and a grizzly screen installed on the hopper ensures control of the maximum particle size of the incoming material. A belt weigher mounted on the raw coal conveyor belt is used to accurately measure and regulate the amount of raw coal being handled.

Both the raw coal conveyor and the manual sorting conveyor are equipped with belt-type permanent magnetic separators to remove magnetic impurities. The raw coal is screened at a particle size of 60 mm, after which the oversized fraction (greater than 60 mm) flows by gravity

onto a low-speed conveyor belt where workers perform manual sorting to remove gangue, debris, and fine magnetic impurities.

The manual sorting line supports forward and reverse sorting, allowing operators to either remove waste material (gangue and debris) or recover usable coal lumps, depending on the quality of the incoming coal. Manually sorted materials are then collected by a loader and transported to a small stockpile for further handling.

Finally, the remaining raw coal larger than 60 mm is processed in a double-roll crusher, where it is reduced in size and then mixed with the undersized material (less than 60 mm) before being conveyed to the coal preparation workshop for washing.

10.3 Coal Washing Process

10.3.1 Overview

The CHPP operates based on the following principles of coal separation:

- **Adaptability:** The system is designed to accommodate large fluctuations in raw coal quality, including coal sourced from nearby mines.
- **Technological advancement:** The design emphasizes forward-looking and advanced process technology.
- **Efficiency and reliability:** Equipment and systems are optimized for high separation efficiency, stable operation, and ease of use.
- **Energy conservation:** The process aims to minimize energy consumption, noise, and vibration.
- **Standardization:** Equipment of the same type and model series is used wherever possible to simplify maintenance and replacement of parts.

The main design consumption indicators and separation size ranges are tabulated as below.

Table 10-1 Main Design Consumption Indicators

Parameter	Design Value
Water consumption per ton of raw coal	< 0.1 m ³ /ton
Medium consumption per ton of raw coal	< 1.33 kg/ton
Power consumption per ton of raw coal	< 6.2 kWh
Processing cost per ton of raw coal	17.85 yuan

Table 10-2 Coal Washing and Separation Size Ranges

Process	Particle Size Range
Three-product heavy-medium cyclone	-60 mm to +2.0 mm
Clean coal heavy-medium cyclone	-2.0 mm to +0.2 mm
Flotation	-0.5 mm to 0 mm

10.3.2 Selection of Coal Washing Process

The main processing method adopted at the Xiejiahegou Coal Preparation Plant is the three-product heavy-medium cyclone separation process with a number of advantages summarized below.

Compact system design

Reduces the number of equipment units, minimizes land use and building volume, simplifies process layout, allows single-machine operation of process stages, and facilitates automation and centralized control.

Improved feed size adaptability

Expands the upper feed size limit, lowers the risk of blockages, and ensures long-term stable operation.

Stable separation accuracy

The separation precision is unaffected by cyclone diameter. For large-diameter, pressureless-feeding three-product heavy-medium cyclones, the typical deviation values are:

- $E_1 = 0.021\text{--}0.025$ kg/L
- $E_2 = 0.034\text{--}0.056$ kg/L

Lower separation limit consistency

The lower separation limit is independent of cyclone size. If coal particles of identical size experience equal centrifugal forces in cyclones of different diameters, and feed pressure increases proportionally with diameter, the separation accuracy remains consistent. Therefore,

the Xiejiahegou plant adopts large-diameter, pressureless-feeding three-product cyclones, which maintain stable performance regardless of size.

Operational stability

Avoids issues typically associated with parallel operation of multiple small-diameter cyclone units—such as uneven pressure distribution, flow imbalance, particle-size inconsistency, and uneven wear—that can collectively degrade overall separation performance.

In summary, the large-diameter, pressureless-feeding three-product heavy-medium cyclone effectively separates raw coal into three qualified products within a single stage, using one low-density suspension system. This approach achieves high separation accuracy, features a simple and robust design with no moving parts, and enables reliable operation, extended service life, and broad adaptability.

It is suitable not only for coking coal separation but also for thermal coal beneficiation, allowing flexible adaptation to market changes. The process delivers high clean-coal yield, excellent precision, large processing capacity, and strong economic performance, while maintaining low investment and operating costs.

10.3.3 Fine Coal Process and Flotation

The –0.50 mm fine coal slurry is treated using flotation.

- The flotation concentrate (clean coal) is dewatered and recovered through a combination of sedimentation-filtering centrifuges and filter presses.
- The high-ash tailings slurry enters a high-efficiency thickener, after which it is dewatered and recovered using sedimentation-filtering centrifuges and filter presses, or alternatively, directly recovered by filter press.

Raw coal enters the three-product heavy-medium cyclone by gravity feed. The heavy-medium suspension, a mixture of magnetite powder and water, is introduced tangentially into the cyclone barrel, creating a strong vortex flow field. In the first stage, light coal particles move toward the vortex center and discharge through the underflow, forming the clean coking coal product. Heavier particles are carried by the outer spiral flow and discharge through the overflow into the second stage. In the second-stage cyclone, the heavier particles move downward along the outer spiral flow, while the lighter fractions ascend in the inner spiral flow and exit through the overflow. The middlings (intermediate-density material) are discharged from the overflow, and the gangue (high-density material) exits through the underflow, completing the three-product separation process.

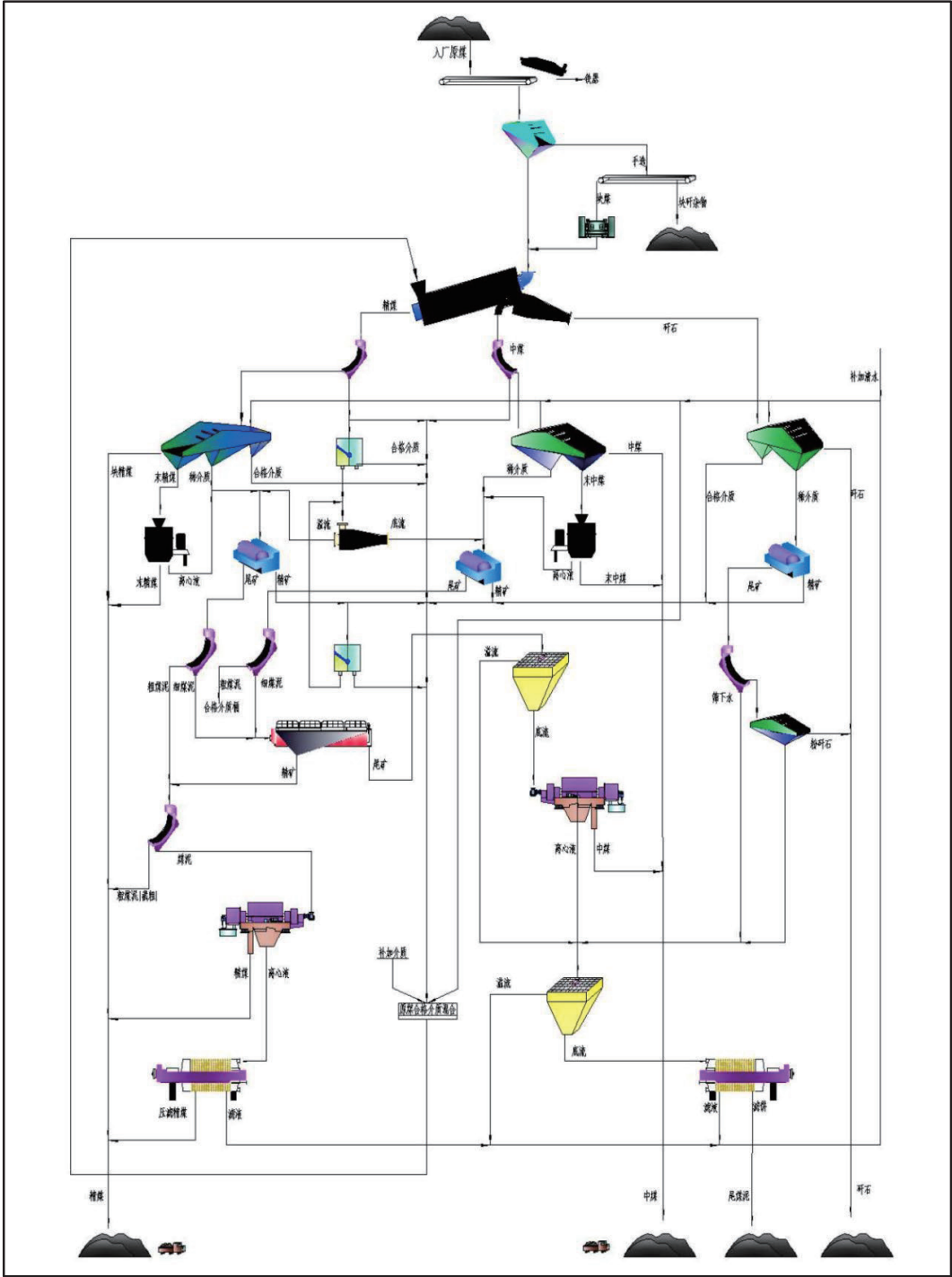


Figure 10-1 Schematic flow diagram of the CHPP of the Xiejiahegou Coal Mine

10.3.4 Clean Coal Recovery Process

After wetting, 60–0 mm raw coal enters the pressureless three-product heavy-medium cyclone, which separates it into clean coal, middlings, and gangue in one step. Clean coal from the first-stage overflow is collected in the distribution box, piped to the arc screen for primary medium removal, and then sent to the desliming screen for secondary medium removal, dewatering, and classification. Undersize material (fine clean coal) enters the fine-coal centrifuge for further dewatering. Both lump and fine clean coal are transported by the clean-coal belt conveyor to storage.

10.3.5 Middling Coal Recovery

Middlings from the second-stage overflow are routed to the distribution box and then to the arc screen for primary medium removal. Oversize material proceeds to the desliming screen for secondary medium removal and dewatering, while undersize material (fine middlings) is dewatered in the centrifuge. Both fractions are conveyed together by the middlings belt conveyor.

10.3.6 Gangue Separation Process

Gangue from the second-stage underflow is collected, piped to the desliming screen for medium removal and dewatering, and then transferred to the gangue buffer silo.

10.3.7 Coal Slime Separation Process

After medium removal, the clean-coal slime underflow is pumped to the slurry pretreatment unit and flows by gravity to the mechanical-stirring flotation machine. Diesel oil acts as the collector and ethylbenzene as the frother, generating stable air bubbles that selectively attach to hydrophobic coal particles. The froth concentrate (clean coal) is scraped off, dewatered in a

sedimentation centrifuge, and then filter-pressed. The filtrate is recycled to the circulating-water tank.

Tailings from the flotation process flow with the middlings slime underflow into the inclined-tube thickener before optional secondary flotation. However, plant practice showed minimal ash difference between first- and second-stage flotation products and low yield from the second stage. Thus, the plant adopted a single-stage flotation system, combining both slime streams for treatment. The simplified circuit improved efficiency and reduced operating costs.

10.3.8 Tailings Recovery Process

Underflow water from clean-coal slime processing feeds the flotation system, producing clean coal and tailings. The clean coal is recovered via a horizontal sedimentation-filtering centrifuge and diaphragm filter press; tailings and middlings magnetic-separation tailings flow into the first-stage thickener.

The bottom flow is dewatered in a centrifuge and blended with middlings. Overflow, filtrate, and fine-gangue waters enter the second-stage high-efficiency thickener, whose bottom flow is filter-pressed and recycled as circulating water. If required, flocculant is added to the thickener feed. The system achieves first-level closed-circuit circulation, ensuring environmental protection and water conservation through strict operational management.

10.3.9 Medium Recovery Process

The qualified medium is pumped to the three-product heavy-medium cyclone. Independent dilute-medium circuits for clean coal, middlings, and gangue each pass through magnetic separators, returning recovered magnetite to the qualified-medium tank. Spillage or leakage is collected by cleanup pumps and routed to the middlings desliming screen for recovery within the middlings/gangue dilute-medium system.

10.3.10 Medium Addition Process

Qualified magnetite powder is directly added to the raw-coal medium tank. No classification or grinding is required.

10.3.11 Sedimentation Agent Addition Process

Polyacrylamide flocculant and polyaluminum chloride coagulant are dosed into the tailings feed entering the high-efficiency thickener. Compared with conventional rake thickeners, these thickeners are compact, simpler in design, and lower in both capital and operating costs, with no moving parts.

10.3.12 Equipment and Operation

Main installed equipment of the CHPP of the Xiejiahegou Coal Mine is summarized below.

Table 10-3 Main Equipment of the CHPP at the Xiejiahegou Coal Mine

Equipment Name	Model and Specifications	Unit	Quantity
Raw Coal Heavy-Medium Cyclone	JQW1200/920	set	1
Fine Coal Heavy-Medium Cyclone	MJQY600	set	1
Clean Coal Vibrating Automatic Flip Desliming Arc Screen	VOSB362060	set	2
Middlings Vibrating Automatic Flip Desliming Arc Screen	VOSB362060	set	1

Clean Coal Desliming and Classification Banana Screen	MDMS3661-VB, A ≥ 11, imported bearings	set	2
Middlings Desliming and Classification Banana Screen	MDMS3648-VB, A ≥ 11, imported bearings	set	1
Gangue Desliming Banana Screen	MDMS3661-VB, A ≥ 11, imported bearings	set	1
Clean Coal Magnetic Separator	DMM914×2972 (6+5 imported magnetic system)	set	4
Middlings Magnetic Separator	DMM914×2972 (6+5 imported magnetic system)	set	1
Gangue Magnetic Separator	DMM914×2972 (6+5 imported magnetic system)	set	2
Clean-Coal Slime Pneumatic Impact Flip Arc Screen	VBOSB362060	set	4
Middlings Slime Pneumatic Impact Flip Arc Screen	VBOSB362060	set	1
Fine Clean Coal Centrifugal Dewatering Machine	LLL1030×550A	set	2
Fine Middlings Centrifugal Dewatering Machine	LLL1030×550A	set	1
Clean-Coal Slime Sedimentation-Filtering Centrifugal Dewatering Machine	LWZ1400×2000A	set	1
Flotation Machine	XJM-S28-4	set	2
First-Stage High-Efficiency Thickener (steel structure including tank body, without inclined tubes)	ITTφ13 (S)	set	1
Second-Stage High-Efficiency Thickener (steel structure including tank body, without inclined tubes)	ITTφ14 (S)	set	2
Clean Coal Filter Press	XMGZ450/1600-U	set	3
Tailings Filter Press	XZMG450/1600, feed pressure 0.8–1.2 MPa, squeezing pressure 1.5 MPa	set	6

The CHPP has a designed capacity of 1.8 mtpa of raw coal. The operation schedule follows PRC's national design standards, consisting of 330 working days per year, 16 operating hours per day, with a two-shift system for production and a one-shift system for maintenance—equivalent to 5,280 annual operating hours (out of 8,760 total hours per year). Under these conditions, the plant is designed to process 284 tons of raw coal per hour, or approximately 4,545 tons per day (“tpd”). However, management reports indicate that the current maximum feed rate is around 227 tons per hour. As the production ramps up, the feed rate and overall operating efficiency of the plant are expected to improve accordingly.

10.4 Product Coal Management and Gangue Disposal

Clean coal is conveyed by belt to a roofed, enclosed silo with a 300-ton capacity, equipped with a bottom feeder. The product is promptly dispatched by the sales company's trucks to ensure continuous operation.

Middlings are handled similarly, stored in a roofed, enclosed 300-ton silo with a feeder and transported regularly by truck.

Flotation tailings (coal slurry) are conveyed by scraper conveyor to a roofed storage yard for separate stockpiling. A loader and multiple transport trucks transfer the material for sale through the sales company.

Hand-picked gangue is trucked to the mine's gangue disposal site. Washed gangue is conveyed to a 500-ton enclosed silo with a feeder, then hauled to the disposal site by the transport company, maintaining smooth process operation.

10.5 Power Supply, Water Storage and Management

The plant uses a 10 kV/0.4 kV power supply system, drawing power from two 10 kV high-voltage lines connected to the mine substation busbar. Underground cables (YJV22-10kV 3×150) feed the plant's high-voltage distribution room. Each source can independently supply the full plant load. Both high- and low-voltage systems adopt a single-bus sectional configuration, providing radial power distribution to all equipment, with 380/220 V used for lighting, control, and maintenance.

Process and firefighting water are drawn from a 200 m³ purified water tank. The preparation plant shares living facilities with the mine.

The closed-circuit wash-water system conserves resources and minimizes pollution, forming a key part of standardized plant design. Through strict control, the CHPP has achieved first-level closed-loop water circulation.

All process water is supplied from the mine's water treatment plant. With a specific water demand of 0.1 m³/t, the plant's annual water requirement is approximately 180,000 m³. Thanks to the region's abundant rainfall and mine dewatering, the plant faces virtually no risk of water shortages.

10.6 Infrastructures

The CHPP consists of several independent structures, including the raw coal transfer tower, storage shed, main washing building, clean-coal and middlings silos, gangue transport corridor, and thickeners.

Main Plant Building

Multi-story reinforced concrete structure designed for heavy industrial load-bearing and process layout efficiency.

Belt Conveyor Galleries

Steel truss (grid) structures with checkered steel flooring and light steel enclosures made of color-coated profiled steel composite panels. Supports and foundations are independent reinforced-concrete structures.

Transfer and Discharge Stations

Constructed of reinforced concrete with cast-in-place floor slabs and lightweight brick exterior walls.

Clean-Coal and Middlings Silos

Reinforced concrete construction providing durability and fire resistance.

Coal Storage Shed

Steel truss structure mounted on independent reinforced-concrete foundations, enclosed with color-coated composite panels. All steel elements are treated for corrosion and fire protection, meeting current building fire-protection standards.

Conveyor and Mechanical Systems

Main conveyor belts are equipped with trough-type return idlers to maintain alignment, while belts without trough idlers use self-aligning devices. Most external conveyors are fully enclosed within steel galleries, providing effective protection against weather and dust. Operating at low belt speed, the system maintains low tension levels, reducing mechanical stress on belts and components and increasing service life.

During BAW's visit to the CHPP, all major equipment was in good operating condition, the main buildings and structures were well maintained, power supply and water supply were normal, and adequate equipment, spare parts, and materials were available.

10.7 Manpower

The CHPP of the Xiejiahegou Coal Mine employ a total of 120 personnel. With an annual processing capacity of 1.8 million tons, this corresponds to a labor productivity of 45.45 tons per employee — a figure notably higher than that of comparable facilities in China. The staffing details are presented in Table 10-4.

Table 10-4 Staffing of the CHPP at the Xiejiahegou Coal Mine

Shift 1	Shift 2	Shift 3	Subtotal	Staffing Coefficient	Total

Production Workers	33	33	—	66	1.33	88
Maintenance Workers	10	—	—	10	1.33	15
Management Personnel	2	—	—	2	1.00	2
Support Personnel	7	—	—	7	1.00	7
Sampling/Laboratory	8	—	—	8	1.00	8
Subtotal	60	33	—	93	—	120

Note: The staffing coefficient is the ratio of registered to on-duty staff, and it should be ≥ 1 . Its purpose is to ensure substitutes are available during absences and holidays, allowing for uninterrupted production.

10.8 Coal Products

BAW understands that all clean coal produced by the Mining Properties is classified as coking coal. The general product specification and production summary are summarized below.

Table 10-5 Product Specification of the CHPP at the Xiejiahegou Coal Mine

Year	Clean Coal				Middlings			
	Ash Content air-dried basis, %	Volatile Content dry-ash-free basis, %	Sulphur Content dry basis, %	Caking Index (G)	Total Moisture air-dried basis, %	Volatile Content dry-ash-free basis, %	Sulphur Content dry basis, %	Net Calorific Value as-received basis (kcal/kg)
2020	10.16	20.99	0.65	81.92	13.39	13.24	1.52	3966.7

2021	10.42	21.00	0.47	85.97	12.62	16.26	1.00	3898.9
2022	10.27	20.75	0.43	88.51	11.53	29.72	1.10	3566.99
2023	10.4	20.86	0.82	87.99	12.05	22.32	1.13	3308.87
2024	10.21	20.31	0.74	86.53	11.31	24.13	1.26	3541.91
2025 (Jan– Nov)	10.09	21.43	0.73	88.72	12.84	-	-	3392.57

Table 10-6 Production Summary of the CHPP at the Xiejiahegou Coal Mine

Year	Raw Coal Processed (t)	Clean Coal Output (t)	Middlings Output (t)	Coal Slime Output (t)
2020	499,410.2	339,885.4	59,236.7	n/a
2021	409,766.7	264,722.7	39,845.6	39,975.9
2022	409,508.0	235,455.7	45,602.2	54,160.2
2023	423,228.5	259,319.0	54,552.3	40,097.3
2024	449,949.2	259,077.0	86,102.8	36,430.0
2025 (Jan–Nov)	306,741.2	161,842.7	48,697.4	58,824.7

10.9 Opportunities for Improvement

BAW observed that there exists a number of improvement opportunities for the CHPP operation and efficiency which are summarized as below.

Innovations

- **Production and Equipment Management:** Implemented predictive maintenance to create full life-cycle equipment records, shifting from passive repair to proactive prevention for cost reduction and efficiency.
- **Density Prediction Model:** Automatically adjusts separation density to enhance clean-coal yield. Micro-innovations like dust control and old material reuse have significantly cut costs.
- **Human Resources:** Developing multi-skilled employees allows for flexible resource allocation, reduces labor costs, and boosts efficiency.
- **Equipment and Process Optimization:** Replaced the worn clean-coal arc screen with a flat linear screen, enabling sectional replacement and reducing costs while saving resources.

Improvement Opportunities

- Introduce advanced equipment and management software to enhance production efficiency, product quality, and reduce maintenance costs.
- Enhance automation in the control system to minimize manual operations, increasing accuracy and reducing human error.
- Increase raw coal production from mines to fully utilize the washing plant's capacity, improving productivity and economic benefits.
- Strengthen maintenance personnel training to enhance operational quality and reduce mechanical failures.
- Improve training for flotation operators and explore secondary reagent dosing to boost flotation recovery and clean-coal production.

- Increase spray coverage on vibrating screens to enhance medium removal efficiency, reducing magnetite consumption, a major cost factor.
- Optimize the flotation clean-coal filter press to lower moisture in the clean-coal product.

11 PERMITTING, ENVIRONMENTAL, HEALTH AND SAFETY

11.1 Operational Licenses and Permits

11.1.1 Business License

Details of the business license for the Mining Properties issued by State Administration for Industry and Commerce are presented in Table 11-1 below.

Table 11-1 Details of the Business License of the Mining Properties

Property	Business License No	Issue Date	Permitted Activities
Xiejiahegou Coal Mine (Panxian Yangchang County Xiejiahegou Coal Mine)	91520000MA6J9TJE96	June 2023	Mining and sales of coal, coal washing, processing
Youyi Coal Project (Huaneng Jiayuan Coal Mining Co., Ltd. Panxian Youyi Coal Mine)	91520000MA6E2DTJ73	May 2017	Mining and sales of coal and coal products, processing, sales and Coal Management)
Jieji Coal Project (Huaneng Jiayuan Coal Mining Co., Ltd. Panxian Jieji Coal Mine)	91520000MA6E2DRRXQ	May 2017	Mining and sales of coal and coal products, processing, sales and Coal Management)

11.1.2 Mining License

Details of the mining licenses for the Mining Properties issued by the Ministry of Natural Resources are presented in Table 11-2 below.

Table 11-2 Details of the Mining License of the Mining Properties

Xiejiahegou Coal Mine	
License Holder	Guizhou Dejia Investment Co Ltd
Name of Property	Panxian Yangchang County Xiejiahegou Coal Mine
License Type	Mining
License ID	C520000201407112013503119
Area (km²)	1.0135
Elevation (m)	1,020-1,660
Permitted Production Capacity	450 ktpa
Type of Commodities	Coal
Mining Method	Underground
Valid Period	January 2020 to September 2039
Youyi Coal Project	
License Holder	Huaneng Jiayuan Coal Mining Co., Ltd.
Name of Property	Huaneng Jiayuan Coal Mining Co., Ltd. Panxian Youyi Coal Mine
License Type	Mining
License ID	C5200002014121120136551
Area (km²)	2.8631
Elevation (m)	750 – 1,800

Permitted Production Capacity	450 ktpa
Type of Commodities	Coal
Mining Method	Underground
Valid Period	December 2014 to December 2034

Jieji Coal Project

Mining License Holder	Huaneng Jiayuan Coal Mining Co., Ltd.
Name of Property	Huaneng Jiayuan Coal Mining Co., Ltd. Panxian Jieji Coal Mine
License Type	Mining
License ID	C5200002013061120133333
Area (km²)	3.248
Elevation (m)	1,000 – 1,600
Permitted Production Capacity	300 ktpa
Type of Commodities	Coal
Mining Method	Underground
Valid Period	June 2013 to June 2023

Note: The local Ministry of Natural Resources has recommended that the expired Jieji Mining License not be renewed until after the merger. BAW understands that the Client agrees with this recommendation and plans to renew the license at a later date.

11.1.3 Exploration License

BAW understands that no exploration program is underway for the Mining Properties and no exploration license is available for our review.

11.1.4 Safety Production Permit

Details of the Safety Production Permit for the Xiejiahegou Coal Mine issued by Guizhou Coal Mine Safety Supervision Bureau are presented in Table 11-3 below.

Table 11-3 Details of the Safety Production Permit of the Xiejiahegou Coal Mine

Property	Safety Production Permit No	Issue Date	Expiry Date
Panxian Yangchang County Xiejiahegou Coal Mine	3155	January 22, 2026	January 21, 2029

Given that the Youyi and Jieji Coal Projects are still in the development stage, no safety production permit is issued.

11.1.5 Water Use Permit

Details of the Water Use Permits are presented below.

Table 11-4 Details of the Water Use Permits of the Xiejiahegou Coal Mine

Property	Water Use Permit No	Issue Date	Expiry Date	Water Supply Source	Water Use Allocation (m ³)
Panxian Yangchang County Xiejiahegou Coal Mine	D520281G2025-0006	May 12, 2025	May 11, 2030	Underground water	227,500

In accordance with the Regulations Governing the Licensing for Water Drawing and the Levying of Water Resource Fees (Revised in 2017) and the requirements of the relevant water authority, the Company will submit a renewal application no later than 45 days before the permit's expiry. To ensure timely and compliant renewal, the Company has already established a water usage monitoring and record-keeping system and conducts regular assessments of water resource utilization efficiency.

Given that the Youyi and Jieji Coal Projects are still in the development stage, no water use permit is issued.

11.1.6 Temporary Forestry Land Use Permits

BAW was given to understand that no Temporary Forestry Land Use Permits were granted to the Mining Properties for its operation.

11.1.7 Temporary Land Use Permits

Details of the Temporary Land Use Permits issued by the Natural Resources Bureau of Panzhou City are presented below.

Table 11-5 Details of the Temporary Land Use Permits of the Xiejiahegou Coal Mine

Property	Land Use Permit No	Issue Date	Expiry Date	Land Use	Area (m ²)
Panxian Yangchang County Xiejiahegou Coal Mine	52001819634	September 2020	September 2070	Industrial use	23,608.61
Panxian Yangchang County Xiejiahegou Coal Mine	52001818396	September 2020	September 2070	Industrial use	9,204.71

11.1.8 Site Discharge Permits

Details of the Site Discharge Permits are presented below.

Table 11-6 Details of the Site Discharge Permits of the Xiejiahegou Coal Mine

Property	Site Discharge Permit No	Issue Date	Expiry Date	Pollutant Discharge Type
Panxian Yangchang County Xiejiahegou Coal Mine	91520000MA6J9TJE96002X	July, 2024	July, 2029	Waste water, dust, waste rocks, noise

In accordance with the National Pollutant Discharge Permit Management Information Platform and the requirements of the Liupanshui Municipal Ecology and Environment Bureau, the Company will log into the platform and submit a renewal application no later than 20 days before expiry. The Company continues to monitor discharge data and maintain compliance records to ensure timely and compliant renewal.

Given that the Youyi and Jieji Coal Projects are still in the development stage, no site discharge permits have been issued.

11.2 Environmental Management

11.2.1 Sustainable Development Plan

The Sustainable Development Plan for the Xiejiahegou Coal Mine encompasses areas such as mineral resource development and utilization, land reclamation, and the protection and restoration of the geological environment. It addresses environmental factors including ecological impact, land subsidence, soil and water conservation, hydrogeology, drainage, air quality (including dust control), noise, and solid waste management, while ensuring compliance with national and local environmental protection laws and regulations of the PRC.

Environmental impact assessments indicate that, under normal operating conditions, surface water quality and acoustic conditions will meet the required standards, with minimal impact on groundwater. However, potential risks from abnormal emissions and leakage at sewage treatment facilities must be carefully managed, and a certain degree of surface subsidence is expected within the ecological area.

The project has developed targeted measures for pollution prevention and control, ecological protection, and subsidence management during both construction and operational phases. It has also established total pollutant control indicators and comprehensive risk prevention plans.

Currently, no mining activities are being conducted at the Jieji Coal Project or the Youyi Coal Project. Prior to the suspension of operations, relevant plans were submitted to and approved by the local authorities.

11.2.2 Waste Rocks Dump

The solid wastes generated by the Xiejiahegou Coal Mine are primarily classified into three categories:

1. Coal gangue produced during mining operations and shaft construction;
2. Hazardous wastes such as waste engine oil generated from the machinery repair workshop; and
3. Spoil and construction waste produced during the construction phase, as well as domestic waste and sludge from the domestic sewage treatment station during the operational phase.

Coal gangue is prioritized for comprehensive utilization. Material that cannot be immediately utilized is transported to a designated gangue dump for standardized storage. The gangue dump is equipped with environmental protection measures, including flood control systems and leachate collection and recovery facilities.

Hazardous wastes are stored in dedicated temporary storage areas with anti-seepage treatment and are transferred to licensed units for proper recycling and disposal. Other solid wastes are either stored in a regulated manner or transported to designated disposal sites in accordance with relevant standards.

In parallel, ecological restoration and land reclamation measures are being implemented, including farmland and forest land restoration, soil covering, and site greening.

Currently, there are no mining activities at the Jieji Coal Mine or the Youyi Coal Mine. BAW understands that no additional gangue dump sites will be constructed following the merger. Plans may be adjusted as necessary after the merger.

11.2.3 Water Conservation

The domestic water supply for the Xiejiahegou Coal Mine comes from the S2 spring northeast of the industrial site, while production water is treated mine water that meets relevant standards. Treated water is pumped into a high-level storage tank for distribution through static pressure.

Part of the treated mine water is reused for dust suppression in underground and surface operations, greening, irrigation, and road spraying. Leachate from the gangue dump is collected and reused for dust suppression. During construction, wellbore seepage and construction wastewater are treated and reused similarly. Water from the atomized pump station can also serve as cooling water for the gas-fired power plant, ensuring stable water supply for all facilities.

The mine generates various wastewater streams, including mine water, industrial and domestic wastewater, seepage, construction wastewater, and leachate. Corresponding treatment facilities include a mine water treatment station, a domestic wastewater treatment station, leachate sedimentation and collection tanks, and emergency water tanks. Treated water meeting discharge standards is released into Yangchang Creek. Anti-seepage pipelines, strengthened wastewater management, and emergency drainage systems are in place to prevent pollution.

Currently, there are no mining activities at the Jieji and Youyi Coal Projects. Before suspension, relevant plans were submitted to and approved by local authorities.

11.2.4 Soil Conservation

The soil conservation measures of the Xiejiahegou Coal Mine follow the principle of “source control and disturbance reduction”, minimizing soil erosion risks through integrated management across planning, construction, and operation. Site and route selection avoid key erosion-prone areas, with optimized plans reducing surface excavation, backfilling, and temporary land occupation. During construction, temporary protective facilities—such as drainage ditches, sedimentation tanks, and dust-proof nets—are installed in parallel with works to limit surface exposure, control excavation intensity, and avoid large-scale disturbances during heavy rainfall periods.

The control system adheres to the principle of “classified implementation and comprehensive protection”, establishing a combined approach of engineering, biological, and reclamation measures based on local topography and erosion conditions.

- Engineering measures include retaining walls, slope protection works, check dams, and valley weirs to block sediment, intercept runoff, and stabilize slopes.
- Biological measures enhance vegetation cover through planting trees, shrubs, and grasses, combined with hillside closure and greening to improve resistance to erosion and strengthen ecological restoration.
- Reclamation measures focus on timely leveling, rehabilitation, and reuse of disturbed land to restore farmland and forest land, forming an integrated system of “blocking, storing, stabilizing, and reclaiming.”

To minimize land disturbance, the overall design utilizes the original industrial site for reconstruction and expansion. BAW understands that the soil conservation design meets the requirements of the relevant government authorities.

Currently, there are no mining activities at the Jieji and Youyi Coal Projects. Prior to suspension, relevant plans were submitted to and approved by the local authorities.

11.2.5 Rehabilitation

The land reclamation work at the Xiejiahegou Coal Mine addresses key issues such as land occupation and damage within the mining area, subsidence-related land destruction, ground fissures, and landslide risks at gangue dumps. Its goal is to eliminate geological hazards and restore land productivity and ecological functions. Damaged land will be rehabilitated into dry land, shrubland, or grassland, with relocation and resettlement of affected residents completed accordingly. Reclamation is implemented in three phases:

1. Planning and Preparation: Conducting detailed field surveys, securing plan approvals, mobilizing resources, and establishing professional teams.
2. Engineering and Restoration: Executing projects such as subsidence pit backfilling, fissure grouting, retaining wall and drainage system construction at gangue dumps, and ecological restoration through soil improvement, vegetation planting, and reservoir construction.
3. Monitoring and Evaluation: Performing dynamic monitoring, self-inspection, and corrective actions to ensure the integration of ecological restoration and sustainable land use.

Between 2020 and 2024, a total of RMB 36.37 million was invested in reclamation efforts, covering expenses for housing demolition and relocation subsidies, land compensation, gangue

dump drainage culvert construction, reclamation and greening, sewage treatment, gangue transport, and online water quality monitoring.

Currently, there are no mining activities at the Jieji and Youyi Coal Projects. Prior to suspension, relevant plans were submitted to and approved by the local authorities.

Q4 **11.2.6 Environmental Liabilities**

Based on our understanding, there are no designated wildlife reserves, nature reserves, protected plant areas, or ethnic minority protection zones in the vicinity of the Xiejiahegou Coal Mine, Jieji and Youyi Coal Projects. Therefore, no special environmental protection fees are expected to be applicable. Barring unforeseen circumstances, the likelihood of incurring additional environmental liabilities is considered to be remote.

11.3 Occupational Health and Safety

The Xiejiahegou Coal Mine operates under a corporate safety policy and complies with all applicable national laws and regulations on Occupational Health and Safety (OHS) covering construction, mining, production, blasting and explosives handling, WRD design, mineral processing, environmental noise, emergency response, water and soil conservation, fire protection, sanitation, power supply, labor, and supervision. The mine implements OHS procedures in line with national standards to maintain a safe working environment that protects employees from occupational hazards and health risks.

All underground and surface employees are provided with personal protective equipment (PPE) suited to their job requirements. Safety facilities are installed across underground and surface operations. New employees receive induction and safety training to familiarize them with the mine's OHS policies and emergency protocols. Regular safety drills, refresher training, and

technical seminars are held to maintain and enhance workforce competence. Employees undergo pre-employment, post-employment, and annual medical examinations to monitor occupational health. A structured emergency response plan is in place to manage incidents such as accidents, floods, fires, or other hazards, supported by a professional mine rescue team available on each shift.

The mine's Safety and Environmental Protection Department is responsible for on-site safety, environmental management, monitoring, and hygiene. Comprehensive records of work-related injuries and fatalities are maintained as shown below.

Table 11-7 Summary of Injuries and Fatalities at the Xiejiahegou Coal Mine from 2023 to 2025

	2025	2024	2023
No. of Work-Related Fatalities	1	0	0
Rate of Work-Related Fatalities	0.0012%	0	0
No. of Injuries at Work	0	0	0
Lost Days due to Injury at Work	N/A	0	0

As both Jieji Coal and Youyi Coal Projects had no mining activities, there is no record of injuries and fatalities.

11.4 Social Aspects

The Xiejiahegou Coal Mine aligns with national policies encouraging the mining industry to contribute to agricultural and industrial development, foster sustainable local communities, and improve living standards for nearby residents. In pursuit of these objectives, the Xiejiahegou Coal Mine has invested human and financial resources to support local villages through improvements in transportation infrastructure, roads, and public utilities such as water and power supply. The mine also fosters community relations by organizing regular cultural and festival gatherings with local residents. The Xiejiahegou Coal Mine maintains high labor standards, strictly prohibiting child labor and forced labor at all sites.

The Xiejiahegou Coal Mine has supported a range of community welfare and donation programs, including: mountain worship activities, support for anti-crime and safety initiatives, renovation of village committee activity rooms, improvement of water facilities, poverty alleviation programs, public performances for persons with disabilities, holiday support for low-income families, humanitarian assistance, educational sponsorships, and subsidies for impoverished households. To date, the mine has donated over RMB 802,400 to the local community.

Currently, there are no mining activities at the Jieji and Youyi Coal Projects; therefore, no community donations or contributions have been recorded during this period.

12 ECONOMIC ANALYSIS

12.1 Introduction

Considering the economic viability of the reserve estimated in this CPR resulted from the latest mine plan and production schedule, BAW performed an economic analysis for the Mining Properties to assess the economic viability with respect to the Ore Reserves estimated throughout the LOM.

Determination of the economic viability involves the sum of discounted annual free cash flow projected from the start year till the end of the LOM. The revenue is based on the production of clean coal. The operating costs are based on the actual production records. The estimates of sustaining capital expenditures have been developed specifically for the operation. The economic analysis uses the Probable and Proven Ore Reserves only as described in the section of Mineral Reserve Estimation of this CPR.

The economic analysis presented here is on a 100%-equity basis that shows the basic economics of the projects and do not incorporate financing items such as interest paid and loan principal paid back. The analysis also does not incorporate any losses carried forward for tax purposes and any refund of valued-added taxes previously or currently paid.

It should be emphasized that the results of the economic analysis represent forward-looking information that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. Forward-looking statements in this section include statements with respect to the future price of commodities, the timing and amount of estimated future production, costs of production, capital expenditures, results of the permitting process, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations and taxation, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Additional risk may derive from actual results of changes in parameters as plans continue to be refined, possible variations in ore reserves, grade or recovery rates, failure of processing and mining equipment, accidents, labour disputes and other risks of the mining industry, and potential delays in obtaining additional governmental approvals.

12.2 Revenue

Annual revenue is determined by applying estimated coal prices to the estimated annual payable raw coal for each operating year. Coal prices have been applied to all LOM production without hedging. The revenue is the gross value of payable clean coal sold before transportation charges.

Our economic analysis adopted the recent coking coal prices in the PRC. Given the long-term uncertainty of price associated with commodities, the selling prices were assumed to be stationary and no price growth was factored into the revenue projection. The selling prices of finished products applied in the valuation are tabulated as below (Table 12-1):

Table 12-1 Forecasted Coal Prices for the Coal Mine

Finished Products	Selling Price (VAT exclusive) (RMB/t)
Clean Coking Coal	1,350
Middling Coal	340
Sludge Coal	120

12.3 Capital Expenditure

Capital Expenditure (“CAPEX”) generally comprises of Development and Expansion CAPEX, Sustaining CAPEX, Rehabilitation CAPEX and Exploration CAPEX. BAW was given to understand that the mine management prepared a projection of Development and Expansion CAPEX and Sustaining CAPEX for further mine development, mining equipment and support facilities and Rehabilitation CAPEX for proposed rehabilitation program and environmental work based on the management’s estimation for the Xiejiehegou Coal Mine, the 450 ktpa Youyi PDS for the Youyi Coal Project and the 300 ktpa Jieji PDS for the Jieji Coal Project, which is reasonable and conformable with the industry practice. Exploration CAPEX generally includes the costs of surface drilling, underground drilling, sampling, sample prep and geochemical analysis. The CAPEX projected for the Mining Properties is summarized below.

Table 12-2 Projected CAPEX for the Xiejiahegou Coal Mine (RMB in million)

Year	2025	2026	2027	2028	2029 onwards (Accumulated)
Sustaining CAPEX	3.1	37.0	37.0	37.0	555.0
Rehabilitation CAPEX	0.0	0.0	0.0	0.0	0.0
Development and Expansion CAPEX	0.0	0.0	0.0	0.0	0.0
Exploration CAPEX	0.0	0.0	0.0	0.0	0.0
Total	3.1	37.0	37.0	37.0	555.0

Table 12-3 Projected CAPEX for the Youyi Coal Project (RMB in million)

Year	2025	2026	2027	2028	2029 onwards (Accumulated)
Sustaining CAPEX	0.0	0.0	0.0	0.0	3,525.5
Rehabilitation CAPEX	0.0	0.0	0.0	0.0	0.0
Development and Expansion CAPEX	0.0	85.1	170.1	170.1	0.0
Exploration CAPEX	0.0	0.0	0.0	0.0	0.0
Total	0.0	85.1	170.1	170.1	3,525.5

Table 12-4 Projected CAPEX for the Jieji Coal Project (RMB in million)

Year	2025	2026	2027	2028	2029 onwards (Accumulated)
Sustaining CAPEX	0.0	0.0	0.0	0.0	1,494.5
Rehabilitation CAPEX	0.0	0.0	0.0	0.0	0.0
Development and Expansion CAPEX	0.0	63.9	127.7	127.7	0.0
Exploration CAPEX	0.0	0.0	0.0	0.0	0.0
Total	0.0	63.9	127.7	127.7	1,494.5

It is worthwhile to point out that the CAPEX estimated by BAW should not replace the result derived from a proper engineering study such as pre-feasibility study. It is recommended that a detailed engineering cost study should be undertaken for the deeper coal seams of the Youyi and Jieji Coal Projects.

12.4 Operating Expenditure

Operating Expenditure (“OPEX”) can be classified into operating cash costs and total production costs. The operating cash costs generally include mining costs, processing (washing) costs, G&A costs, selling costs, environmental protection costs, taxes, resource compensation levy, interests on loans and other cash cost items. The total production costs comprise the operating cash costs, depreciation/ amortization costs and other non-cash cost items. These costs are expressed in RMB.

Based on the information provided by the mine management, the forecasted unit operating cash costs and unit production costs for the Mining Properties for the period from 2025 till the end of the LOM are summarised below.

Table 12-5 Unit Operating Cash Costs and Unit Production Costs for the Xiejiahegou Coal Mine

Operating Cash Costs	Unit	2025	2026	2027	2028	2029 till the end of LOM
(A) Mining						
Workforce Employment	RMB/t raw coal	135.6	135.6	135.6	135.6	135.6
Consumables, Fuel, Electricity and Water	RMB/t raw coal	104.0	104.0	104.0	104.0	104.0
Maintenance, Repair and Other	RMB/t raw coal	32.8	32.8	32.8	32.8	32.8
Transportation Fee	RMB/t raw coal	11.9	11.9	11.9	11.9	11.9
Total Mining and Preparation Cost	RMB/t raw coal	284.3	284.3	284.3	284.3	284.3
(B) Coal Preparation						
Workforce Employment	RMB/t raw coal	13.2	13.2	13.2	13.2	13.2
Consumables, Fuel, Electricity and Water	RMB/t raw coal	18.9	18.9	18.9	18.9	18.9
Maintenance, Repair and Other	RMB/t raw coal	3.8	3.8	3.8	3.8	3.8
Transportation Fee	RMB/t raw coal	0.0	0.0	0.0	0.0	0.0
Total Preparation Cost	RMB/t raw coal	35.9	35.9	35.9	35.9	35.9
Total Mining and Preparation Cost	RMB/t raw coal	320.2	320.2	320.2	320.2	320.2
(C) General & Admin (G&A)						
On- and Off-Site Management	RMB/t raw coal	106.8	98.7	98.7	100.5	101.4
Marketing and selling expense	RMB/t raw coal	68.2	63.9	63.9	63.9	63.9

Non-Income Taxes, Royalties and Governmental Charges	RMB/t raw coal	39.4	46.3	46.3	46.3	46.3
Total G&A Cost	RMB/t raw coal	214.4	208.9	208.9	210.7	211.6
Total Operating Cash Costs (A+B+C)	RMB/t raw coal	534.6	529.1	529.1	530.9	531.8
(D) Depreciation and Amortisation	RMB/t raw coal	171.7	167.1	175.3	183.5	191.8
Total Production Cost (A+B+C+D)	RMB/t raw coal	706.3	696.2	704.4	714.4	723.6

Table 12-6 Unit Operating Cash Costs and Unit Production Costs for the Youyi Coal Project

Operating Cash Costs	Unit	2025	2026	2027	2028	2029 till the end of LOM
(A) Mining and Coal Preparation						
Workforce Employment	RMB/t raw coal	0.0	0.0	0.0	0.0	97.1
Consumables, Fuel, Electricity and Water	RMB/t raw coal	0.0	0.0	0.0	0.0	57.2
Maintenance, Repair and Other	RMB/t raw coal	0.0	0.0	0.0	0.0	36.1
Environmental Fee	RMB/t raw coal	0.0	0.0	0.0	0.0	12.0
Total Mining Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	202.4
(B) Coal Preparation						

Coal Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	55.0
Total Coal Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	55.0
Total Mining and Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	257.4
(C) General & Admin (G&A)						
On- and Off-Site Management	RMB/t raw coal	0.0	0.0	0.0	0.0	56.5
Marketing and selling expense	RMB/t raw coal	0.0	0.0	0.0	0.0	62.8
Non-Income Taxes, Royalties and Governmental Charges	RMB/t raw coal	0.0	0.0	0.0	0.0	49.2
Total G&A Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	168.5
Total Operating Cash Costs (A+B+C)	RMB/t raw coal	0.0	0.0	0.0	0.0	425.9
(D) Depreciation and Amortisation						
(D) Depreciation and Amortisation	RMB/t raw coal	n/a	n/a	n/a	n/a	102.6
Total Production Cost (A+B+C+D)	RMB/t raw coal	0.0	0.0	0.0	0.0	528.5

Table 12-7 Unit Operating Cash Costs and Unit Production Costs for the Jieji Coal Project

Operating Cash Costs	Unit	2025	2026	2027	2028	2029 till the end of LOM
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(A) Mining and Coal Preparation						
Workforce Employment	RMB/t raw coal	0.0	0.0	0.0	0.0	108.0
Consumables, Fuel, Electricity and Water	RMB/t raw coal	0.0	0.0	0.0	0.0	58.5
Maintenance, Repair and Other	RMB/t raw coal	0.0	0.0	0.0	0.0	33.2
Environmental Fee	RMB/t raw coal	0.0	0.0	0.0	0.0	12.0
Total Mining Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	211.7
(B) Coal Preparation Cost						
Coal Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	55.0
Total Coal Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	55.0
Total Mining and Preparation Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	266.7
(C) General & Admin (G&A)						
On- and Off-Site Management	RMB/t raw coal	0.0	0.0	0.0	0.0	56.5
Marketing and selling expense	RMB/t raw coal	0.0	0.0	0.0	0.0	62.8
Non-Income Taxes, Royalties and Governmental Charges	RMB/t raw coal	0.0	0.0	0.0	0.0	49.2
Total G&A Cost	RMB/t raw coal	0.0	0.0	0.0	0.0	168.5

Total Operating Cash Costs (A+B+C)	RMB/t raw coal	0.0	0.0	0.0	0.0	435.2
(D) Depreciation and Amortisation	RMB/t raw coal	0.0	0.0	0.0	0.0	123.7
Total Production Cost (A+B+C+D)	RMB/t raw coal	0.0	0.0	0.0	0.0	558.9

12.5 Taxation

Pursuant to the regional policy of the “Western Development Strategy”, the Mining Properties are eligible to apply for a favourable corporate income tax rate of 15% from the relevant government agencies. BAW understands that the application for the favourable corporate income tax rate was not initiated yet and therefore, the ordinary corporate income tax rate of 25% is used throughout the rest of the LOM in our economic analysis.

12.6 Discounted Cashflow Projection

In order to assess the overall economic feasibility of the Mining Properties, the Discounted Cashflow (“DCF”) method is adopted to estimate the Net Present Value (“NPV”). The DCF method begins by estimating the annual cash flows that are expected to generate over a defined projection period. The expected free cash flow for each year is calculated as *Net Operating Profit After Tax + Depreciation – Change in Net Working Capital – Capital Expenditure*. These projected cash flows are then discounted to their present value using an appropriate discount rate which reflects the cost of capital and risk. Finally, the sum of these present values at the end of the projection period provides an estimate of the NPV of the Coal Reserves estimated.

Weighted Average Cost of Capital (“WACC”) is adopted as the basis for determining the discount rate, representing the average rate of return expected to pay the capital providers through both equity and debt holders. It is calculated by weighting the cost of equity and the after-tax cost of debt according to the proportion of the capital structure.

Based on the revenue, CAPEX, operating cash costs, taxes and government charges described in previous sections, the base-case Net Present Value (“NPV”) for the Mining Properties are estimated to be RMB1,000,000,000 at a discount rate of 7.17% for the Xiejiahegou Coal Mine, RMB1,090,000,000 and RMB669,000,000 for Youyi and Jieji Coal Projects respectively at a discount rate of 7.56%. It is demonstrated that the Coal Reserves presented in this CPR is justified with economic viability.

12.7 Sensitivity Analysis

A sensitivity analysis was run for various changes of the base case parameters, including coal price, OPEX and CAPEX at the discount rate abovementioned for the Mining Properties. The resulted changes of after-tax NPV are presented below.

Table 12-8 Sensitivity Analysis of After-Tax NPV for the Xiejiahegou Coal Mine (RMB in million)

Parameters	-15%	-10%	-5%	Base Case NPV	5%	10%	15%
Coal Price	553.4	704.4	855.4	1,006.4	1,157.5	1,308.5	1,459.5
OPEX	1,104.2	1,071.6	1,039.0	1,006.4	973.9	941.3	908.7
CAPEX	1,050.7	1,036.0	1,021.2	1,006.4	991.7	976.9	962.2

Table 12-9 Sensitivity Analysis of After-Tax NPV for the Youyi Coal Project (RMB in million)

Parameters	-15%	-10%	-5%	Base Case NPV	5%	10%	15%
Coal Price	701.8	830.1	958.4	1,086.7	1,215.0	1,343.3	1,471.6
OPEX	1,174.8	1,145.4	1,116.0	1,086.7	1,057.3	1,028.0	998.6
CAPEX	1,183.6	1,151.3	1,119.0	1,086.7	1,054.4	1,022.1	989.8

Table 12-10 Sensitivity Analysis of After-Tax NPV for the Jieji Coal Project (RMB in million)

Parameters	-15%	-10%	-5%	Base Case NPV	5%	10%	15%
Coal Price	414.9	499.5	584.2	668.8	753.5	838.1	922.8
OPEX	726.9	707.6	688.2	668.8	649.5	630.1	610.7
CAPEX	737.2	714.4	691.6	668.8	646.0	623.3	600.5

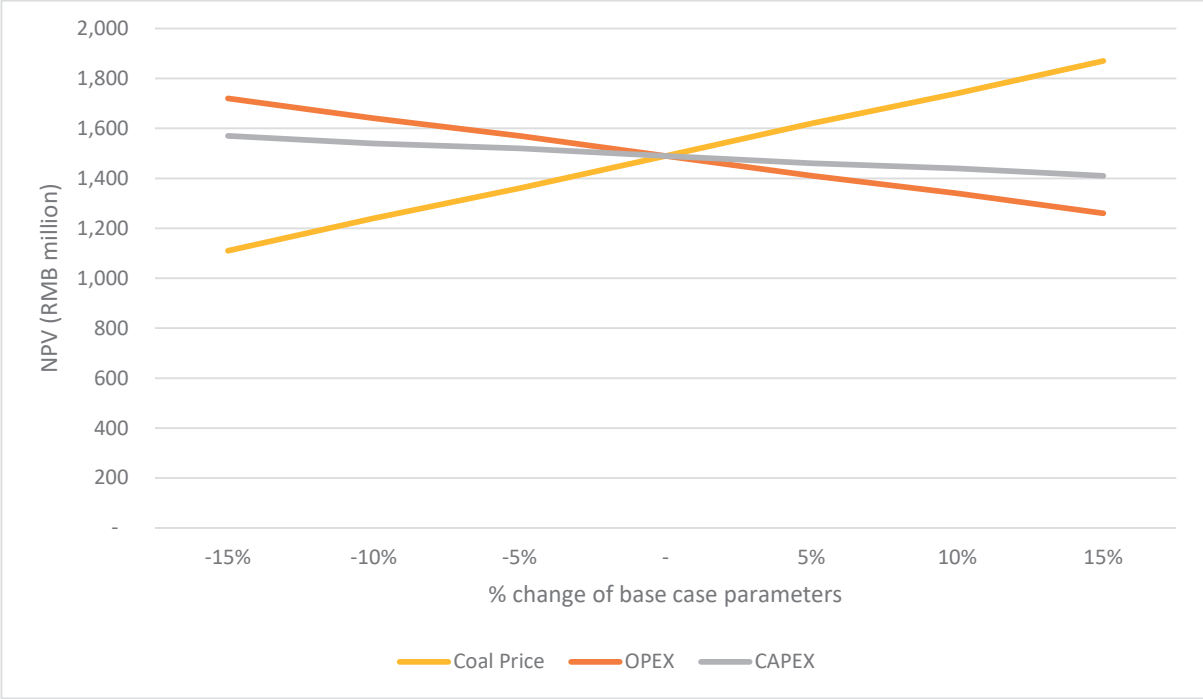


Figure 12-1 Sensitivity Analysis of After-Tax NPV for the Xiejiahegou Coal Mine

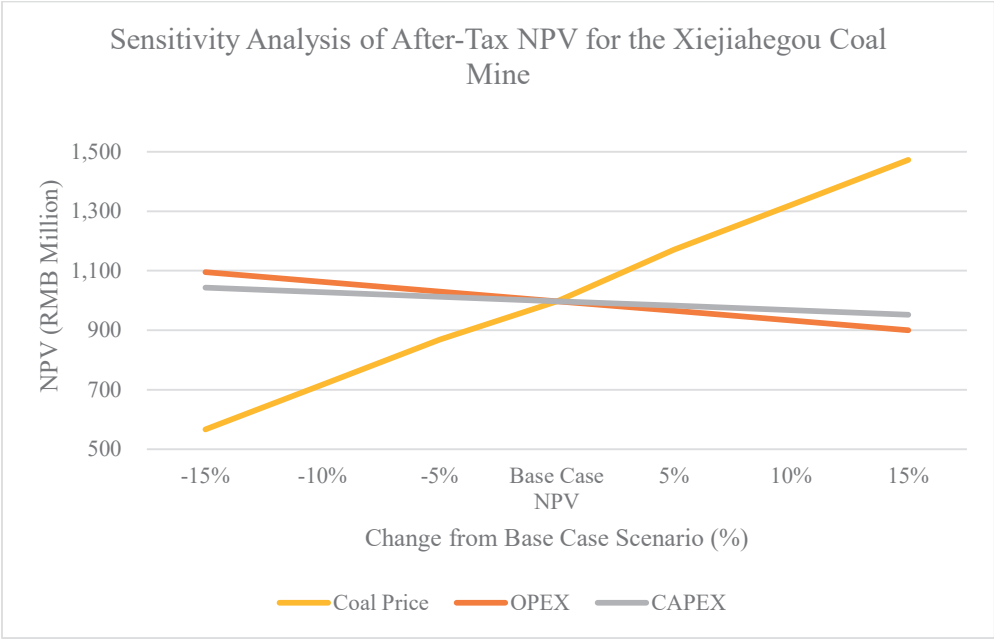


Figure 12-2 Sensitivity Analysis of After-Tax NPV for the Youyi Coal Project

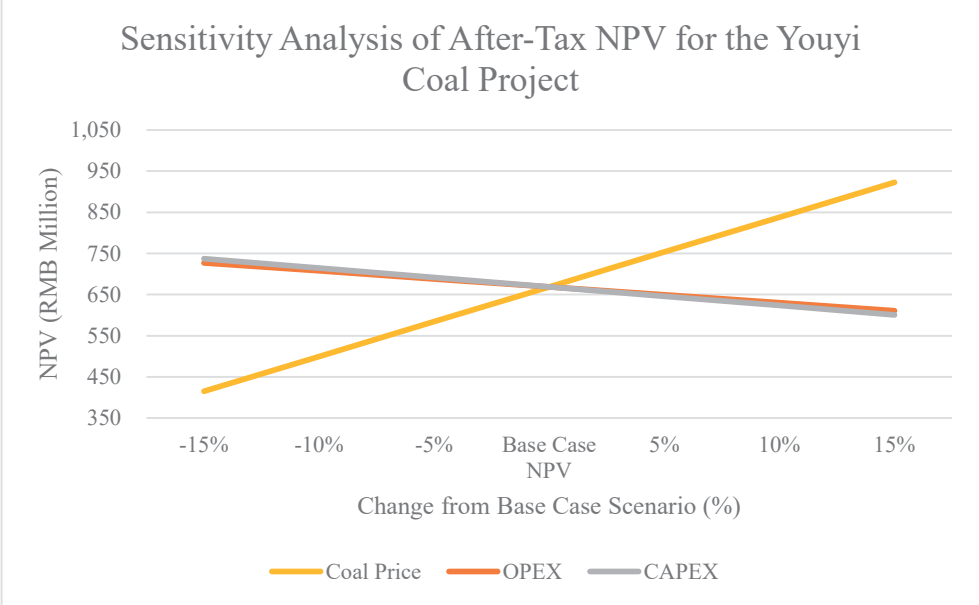
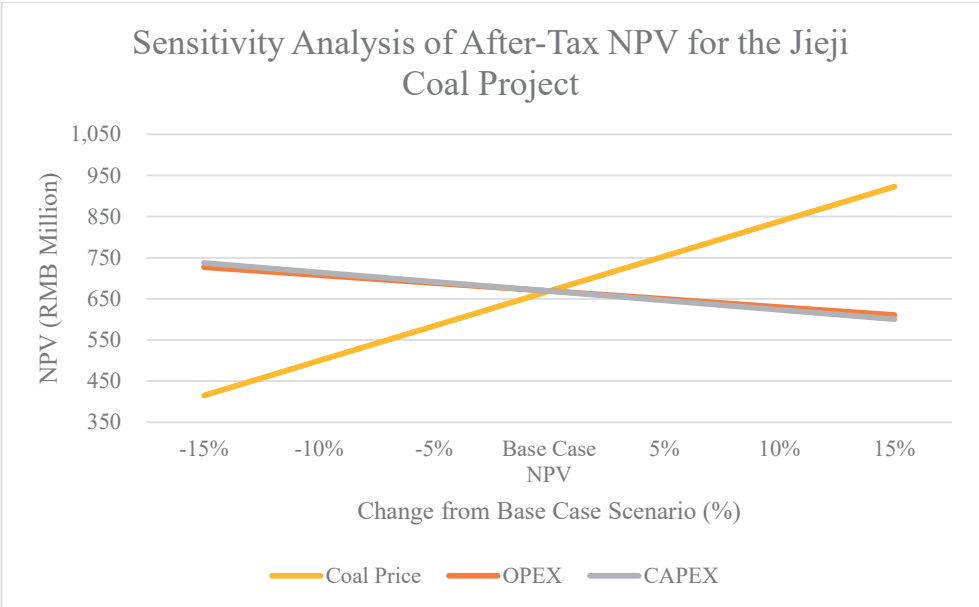


Figure 12-3 Sensitivity Analysis of After-Tax NPV for the Jieji Coal Project



Similar to the majority of mining projects in the world, the cashflow projection and the NPV estimate are the most sensitive to commodity prices. The Coal Mine is no exception as demonstrated in above table and chart.

13 RISK ASSESSMENT

The mining industry is traditionally and inherently a high-risk business compared to other industries globally. The risk is an accumulated risk due to factors such as the nature of the orebodies, grade variations, natural disasters, geotechnical and hydrological risk, environmental, community, health and safety and water supply.

BAW's risk identification and assessment process focused on areas where there is perceived technical risk to the operation and exploration projects, including resources, reserves, operation, environmental, community, health and safety, particularly where the risk factor could materially impact the projected production and hence cashflow generated by the operation. The assessment is necessarily subjective and qualitative. Risk has been classified as low, moderate, or high based on the following definitions:

1. High Risk: the factor poses an immediate danger of a failure, which if uncorrected, could have a material impact (>15%) on the project cash flow and performance and could potentially lead to project failure.
2. Moderate Risk: the factor, if uncorrected, could have a significant impact (>10%) on the project cash flow and performance unless mitigated by some corrective action.
3. Low Risk: the factor, if uncorrected, could have little or no effect on project cash flow and performance.

Risk mitigation measures are recommended for each risk in order to reduce the risk's probability and/ or impact to an acceptable or practical level.

BAW summarized the risk factors in Table 13-1:

Table 13-1 Risks Factors in association with the Coal Mine

Risk Factors	Level	Potential Impact	Methods of Mitigation
Commodity prices	High	Similar to other mining operations, commodity prices are the most important factors which materially affects the profitability of operations.	Using financial instruments to hedge if applicable.
		Low commodity price may bring significant negative impact to financial health of the operation.	A focus on efficiency upgrade throughout the operation will minimize the impact.
Coal Resources	Low	The earliest drilling and exploration program were carried out in the 1960s. Further supplemental exploration programs were subsequently carried out in the 2010s. In addition, the mining operation has been ongoing in the region for years. The geology, mineralization and resources of the properties are relatively well-known or defined in terms of spatial extent and continuity.	Additional in-fill drilling activities may further reduce the resource risk for subsequent mine planning.
		Measured Resources have been reasonably classified based on the drillhole radius of 0 to 250 m. Indicated Resources have been reasonably classified based on the drillhole radius of 125 m to 250 m. Inferred Resources have been reasonably classified based on the drillhole radius of 250 m to 500 m.	Acquisition of exploration properties to expand the resource portfolio.
		Area affected by potential fault zone has been reasonably downgraded to Inferred Resource.	

Mining Operation	Low to Moderate	<p>Extraction is planned to be carried out in the way of long-wall retreating mining which is a common mining method adopted in the mining industry. BAW is of the opinion that this mining method reasonable and appropriate for this type of underground coal deposit.</p> <p>Mine planning and production scheduling for the future have been carried out appropriately and properly.</p>	<p>The Coal Mine can allocate more financial and human resources to further improve its operation management and skillsets of mechanized longwall mining method to achieve a higher mining recovery.</p>
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Production Targets	Low	<p>Current overall mine planning indicates that the Xiejiahegou Coal Mine will operate at the approved production level of approximately 450 ktpa of raw coal for the LOM. BAW considers that this production target is reasonable and achievable for the Coal Mine.</p> <p>BAW noted that initial mining will focus on those thicker coal seams. BAW considers that the production will be reasonably steady by mining those thicker coal seams. However, when mining activities proceed to those relatively thinner coal seam, a more coordinated production scheduling may be necessary in order to achieve maintain the production target.</p> <p>Variation of the mining dilution factor from time to time may cause variation in mining recovery and washing recovery</p>	<p>Implementation of advanced production scheduling to address the issue of production short fall when mining activities are expected to approach fault zones.</p> <p>A more coordinated production scheduling may be necessary in order to achieve maintain the production target when mining activities proceed to those relatively thinner coal seam.</p>
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factors, resulting in variation in quantity of the finished coal products, such as clean coal, middling coal and sludge coal.

The faults encountered as mining advances may also cause some production short fall in some short periods.

Infrastructure	Low	The Mining Properties are generally located in mountainous region. Part of the access roads are rugged near the mines.	Continuous and regular effort on maintenance and upgrade of the roads will allow better access for the mining trucks and other equipment.
		Water supply is generally sufficient but could be a problem during dry seasons.	
		Electricity is generally sufficient for production.	Construction of small-scale reservoir will reduce the risk of water shortage.

CAPEX	Low to Moderate	Projected CAPEX includes sustaining capital and have been reasonably budgeted in the financial model for the Mining Properties.	BAW understand that a large part of the projected CAPEX has not been spent on the mine development and construction to achieve the planned production target. Detailed finance control and budgeting will be required.
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Materials and labour prices	Low to Moderate	The overall economics is founded on a combination of pricing for metals, materials and labor. Therefore, it is sensitive to materials and labor prices over which it has limited control.	Further optimization of all operation processes to minimize cost of production shall assist in reducing the economic impact of high materials and labor prices.
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Environment	Moderate	Increasing concern of environmental protection by the PRC Government may have negative impact on the mining activities.	Additional capital shall be budgeted to satisfy the latest regulatory environmental requirements.
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Occupational Health and Safety	Low to Moderate	<p>Realizing the importance to improve its production safety record and therefore, the management has been placing emphasize and allocating resources to ensure its planned operation is conducted in accordance with the national safety regulations.</p> <p>In general, coal mines in the region are generally considered as having gas and coal outburst potential. All the necessary mine safety measures have been undertaken by the management. No safety issues were identified during BAW's site visit to the Coal Mine.</p>	Additional capital shall be budgeted to satisfy the latest regulatory requirements.
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14 REFERENCE

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15 APPENDIX

15.1 Glossary and Definitions

Coal Seam	a geological structure containing a series of layers of coal, shale and other mineral materials of various thickness within a defined zone
Competent Person (CP)	A “Competent Person” means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association.
Element	Chemical symbols used in this report Al – Aluminium Au – Gold Ag – Silver As – Arsenic Ba – Barium Cu – Copper Fe – Iron K – Potassium Mg – Magnesium Mn – Manganese Na – Sodium O - Oxygen Pb – Lead S – Sulphur Si – Silicon

Sr – Strontium

Ti – Titanium

Zn – Zinc

Exploration Target/Results	includes data and information generated by exploration programmes that may be of use to investors. The reporting of such information is common in the early stages of exploration and is usually based on limited surface chip sampling, geochemical and geophysical surveys. Discussion of target size and type must be expressed so that it cannot be misrepresented as an estimate of Mineral Resources or Ore Reserves
In-situ	means rock or mineralisation in place in the ground
Indicated Mineral Resource	is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed
Inferred Mineral Resource	is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and

reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes

Longwall Mining

a mining method whereby coal is extracted from long regular blocks of coal seams and the extracted coal is delivered to the surface via a network of conveyors

Mineral Resource

is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge

Measured Mineral Resource

is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate 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 that are spaced closely enough to confirm both geological and grade continuity

Metallurgy/Washing

Physical and/or chemical separation of constituents of interest from a larger mass of material. Methods employed to prepare a final marketable product from material as mined. Examples include screening, flotation, magnetic separation, leaching, washing, roasting etc.

Mineral Reserve

is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined

Moisture

refers to moisture or inherent moisture content of coal as specified

Open-pit

means open cut mining which is mining from a pit open to surface and usually carried out by stripping of overburden materials

Ore

is the portion of a reserve from which a metal or valuable mineral can be extracted profitably under current or immediately foreseeable economic conditions

PFS

stands for Preliminary Feasibility Study

Probable Ore Reserve	A “Probable Mineral Reserve” is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
Proven Ore Reserve	A “Proven Mineral Reserve” is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
Regolith	is a geological term for a cover of soil and rock fragments overlying bedrock
Resource	A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
RMB/t	stands for Chinese Renminbi per material tonne

ROM	stands for run-of-mine, being material as mined before beneficiation
Strip Ratio	refers to the ratio of the volume of overburden (or waste material) required to be handled in order to extract some tonnage of ore.
UG	means underground mining which is an opening in the earth accessed via shafts, declines or adits below the land surface to extract minerals
Yuan	stands for the currency of People's Republic of China

15.2 JORC Code, 2012 Edition – Table 1

15.2.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard'</i> 	<ul style="list-style-type: none"> • Coal sampling was undertaken using industry-standard diamond core drilling during historical exploration campaigns (1966, 2009, 2011 and 2017). For each identified coal seam, full seam core sampling was applied, whereby the entire uncontaminated coal interval within geological seam boundaries was collected as a representative sample. No selective sampling was undertaken. Coal seam identification and thickness determination were supported by downhole geophysical logging, including natural gamma (GR), long-spaced gamma-gamma (GG), lateral resistivity (LL3) and spontaneous potential (SP), which are standard

Criteria	JORC Code explanation	Commentary
	<p><i>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.</i></p>	<p>measurement tools widely used in coal exploration. Sampling methods applied are consistent with established coal industry practice in the PRC and are considered appropriate for sedimentary coal seam deposits.</p> <ul style="list-style-type: none"> • Sample retrospectivity was ensured by applying full seam sampling across the complete coal thickness as defined by geological logging and verified against geophysical logging data. Core recovery was recorded for each drilling run. For recent exploration campaigns (e.g. 2017), average coal seam core recovery exceeded 80%, providing reasonable confidence in seam retrospectivity. Downhole geophysical logging instruments were calibrated in accordance with applicable PRC coal industry standards prior to logging operations. Laboratory analyses were conducted by accredited PRC laboratories under established internal quality control procedures. • For coal deposits, mineralization is represented by coal seam thickness, lateral continuity, coal quality parameters (including ash, sulphur, volatile matter and calorific value) and apparent relative density (ARD). Coal seam thickness is a material parameter for resource estimation and was determined through integrated interpretation of geological core logging and geophysical logging data. Where core recovery was reduced, geophysical logging provided primary support for thickness verification. Coal quality parameters were derived from laboratory analysis and applied in determining economic cut-off criteria. Apparent relative density values were determined from laboratory testing and applied on a seam-by-seam basis for volume-to-tonnage conversion. • Industry-standard diamond core drilling and full seam sampling methods were used. Samples were sealed and submitted to accredited laboratories for proximate and related

Criteria	JORC Code explanation	Commentary
		coal quality analysis in accordance with applicable Chinese coal industry standards (GB/T and MT/T).
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>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).</i> 	<ul style="list-style-type: none"> • Exploration drilling for the Xiejiahegou Coal Mine, Youyi Coal Project and Jieji Coal Project was undertaken using conventional wireline diamond core drilling methods. • Historical drilling (e.g. 1966 campaigns) was completed using conventional diamond drilling equipment available at that time. More recent drilling programs (2009, 2011 and 2017) adopted wireline diamond core drilling techniques consistent with contemporary coal exploration standards in the PRC. • Drillhole diameters typically commenced at approximately 127 mm at surface and were reduced progressively (e.g. to 110 mm and 77 mm) at depth. Drillholes were generally vertically oriented. • Core recovery was recorded for each drill run. Core was not oriented, as structural orientation data were not required for coal seam modelling purposes. Seam dip and structural interpretation were derived from geological logging and regional structural analysis. • Downhole geophysical logging (GR, GG, LL3, SP) was conducted for seam identification and thickness verification. • The drilling methods applied are considered appropriate for coal seam deposits and are consistent with the industry practice.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample 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</i> 	<ul style="list-style-type: none"> • Core recovery was recorded for each drill run by comparing the length of core recovered against the drilled interval. Recovery percentages were documented in hard-copy drill logs by field geologists during drilling operations. For earlier exploration campaigns (e.g. 1966), recovery was variable due to limitations in drilling

Criteria	JORC Code explanation	Commentary
	<p><i>occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>technology at that time. In more recent campaigns (2009, 2011 and 2017), recovery improved significantly, with average coal seam recovery exceeding 80% in the 2017 program. Core recovery data were reviewed as part of geological database validation and considered in assessing confidence in seam thickness interpretation.</p> <ul style="list-style-type: none"> • Recent drilling programs adopted wireline diamond drilling techniques to improve core recovery. Drill parameters were adjusted in weak coal and roof/floor zones to reduce core loss. Where core recovery was reduced or core was fragmented, downhole geophysical logging (GR, GG, LL3, SP) was used to verify coal seam thickness and continuity. Full seam sampling across the entire coal interval further ensured sample representivity. • No systematic relationship between core recovery and coal quality parameters has been identified. Coal seams are relatively homogeneous sedimentary units, and no preferential loss of fine or coarse material that would materially impact ash, sulphur, volatile matter or calorific value has been observed. Where recovery was locally reduced, geophysical logging data were used to support thickness determination. No material sampling bias due to recovery variation is considered to affect the reported Coal Resources.
<p><i>Logging</i></p>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • All drill cores from the exploration campaigns were geologically logged in detail by qualified geologists. Logging included lithology, coal seam identification, seam thickness, depth intervals, partings, structural features, weathering characteristics and visible defects. Geotechnical logging included core recovery, rock quality designation (RQD), rock type description and qualitative assessment of roof and floor conditions. • Logging was primarily qualitative in nature, with quantitative

Criteria	JORC Code explanation	Commentary
		<p>measurements recorded for seam thickness, depth intervals, core recovery and RQD where applicable. Coal seam thickness was measured directly from recovered core and verified against geophysical logging data. Core photography was undertaken for recent exploration campaigns (e.g. 2017 program), with photographs archived as part of the geological database. Core from early historical campaigns (e.g. 1966) is no longer available.</p> <ul style="list-style-type: none"> All recovered drill core from the exploration campaigns was logged in full. Geological logging covered 100% of the recovered core intervals within each drillhole.
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Coal seam samples were obtained from diamond drill core. For each identified coal seam interval, the entire uncontaminated coal core within seam boundaries was collected as a single representative sample. Core was not routinely cut into half or quarter core for laboratory submission; instead, full seam sampling was applied in accordance with standard coal exploration practice in the PRC. No channel, costean or surface chip sampling was used for resource estimation purposes. No reverse circulation, rotary air blast, auger or other non-core drilling methods were used for resource estimation. Accordingly, no riffle splitting, rotary splitting or wet sampling procedures were applied. Samples were sealed and submitted to accredited PRC laboratories for preparation and analysis. Sample preparation followed established coal industry standards (GB/T and MT/T), including drying, crushing and pulverising prior to proximate and related coal quality analysis. Preparation procedures are considered appropriate for coal seam deposits and consistent with industry practice. Laboratory internal quality control procedures were implemented during

Criteria	JORC Code explanation	Commentary
		<p>sample preparation and analysis. Coal sampling utilised full seam sampling, which reduces sub-sampling bias within seam intervals.</p> <ul style="list-style-type: none"> • Full seam sampling across the entire coal interval ensures that the sample represents the in situ coal thickness. Where core recovery was reduced, seam thickness was verified against geophysical logging to minimise potential bias. • Sample sizes correspond to full seam intercepts and are considered appropriate for coal seam deposits, which are fine-grained sedimentary materials. Coal does not exhibit nugget or coarse-grain distribution characteristics that would require large bulk sampling.
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • Coal quality analyses were undertaken by accredited PRC laboratories in accordance with applicable Chinese coal industry standards (GB/T and MT/T). Analytical parameters included moisture, ash, volatile matter, sulphur, fixed carbon, calorific value and related coal quality indices. These analytical methods represent total determination techniques for the respective coal quality parameters and are standard procedures for coal deposits. • Downhole geophysical logging was conducted to support coal seam identification and thickness verification. Logging tools included natural gamma (GR), long-spaced gamma-gamma density (GG), lateral resistivity (LL3) and spontaneous potential (SP). Logging data were collected at a typical interval of approximately 0.05 m. Instruments were calibrated prior to logging operations in accordance with PRC coal industry standards to ensure measurement reliability. Geophysical logging was used for seam boundary confirmation and thickness verification rather than grade determination. • Laboratory internal quality control procedures were applied during

Criteria	JORC Code explanation	Commentary
		sample preparation and analysis in accordance with established PRC laboratory standards.
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Significant coal seam intersections were verified through integrated geological core logging and downhole geophysical logging (GR, GG, LL3, SP). Seam thickness and boundaries were cross-checked between core observations and geophysical responses. In addition, independent verification sampling was undertaken by BAW in 2019 at the Xiejiahegou Coal Mine during site visits, with samples submitted to SGS Tianjin for analysis. Results were found to be generally consistent with historical analytical data. No separate independent re-logging of historical drillholes was undertaken beyond the review of available records and site inspections. • No purpose-drilled twinned holes were completed to verify historical drilling results. Confidence in historical drillhole data is supported by consistency between geological logging, geophysical logging and coal quality data, as well as by CPs' independent underground sampling at the Xiejiahegou Coal Mine. • Primary geological and analytical data were recorded in hard-copy drill logs and laboratory certificates during the respective exploration campaigns. Historical data were compiled into digital databases for resource modelling. Data entry procedures included manual transcription and review by qualified personnel. Available datasets were reviewed by BAW as part of the geological database validation process. Electronic data are stored in structured digital formats, with physical copies of key historical records retained where available. • No material adjustments were made to the original coal quality analytical results. Reported analytical values reflect laboratory-issued results.

Criteria	JORC Code explanation	Commentary
		<p>Minor data cleaning and formatting corrections were undertaken during database compilation; however, no compositing adjustments or grade manipulations were applied to the assay data.</p>
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Drillhole collar coordinates were surveyed using standard surveying methods applicable at the time of drilling. For recent exploration campaigns (2009, 2011 and 2017), collar positions were surveyed using modern total station or GPS-based survey equipment in accordance with PRC coal industry standards. • Drillhole collar coordinates were recorded in the Xi'an 1980 coordinate system or CGS 2000, which is widely used in PRC coal exploration projects. All spatial data used in the geological modelling and resource estimation were transformed and maintained within a consistent project grid system. • Topographic control was based on available surveyed surface data within the mining licence areas. Digital terrain models (DTM) were generated from surveyed elevation points and used to constrain geological modelling.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • Drillhole spacing within the Xiejiahegou Coal Mine area generally ranges between approximately 200 m and 300 m in the more advanced central mining zones, with wider spacing toward peripheral areas. Drillhole spacing within the Youyi Coal Project generally ranges between approximately 300 m and 500 m, reflecting an intermediate level of exploration maturity. Drillhole spacing within the Jieji Coal Project is generally wider, typically ranging between approximately 400 m and 800 m. • Coal seams are laterally continuous sedimentary units, and continuity is supported by consistent seam

Criteria	JORC Code explanation	Commentary
		<p>thickness, coal quality parameters and geophysical logging correlation between adjacent drillholes. Resource classification was applied using a radius-of-influence approach consistent with drillhole spacing, namely: Measured: within approximately 250 m of data points (where applicable); Indicated: within approximately 500 m; Inferred: within approximately 1000 m.</p>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Drillholes within the Xiejiahegou, Youyi and Jieji projects were predominantly vertically oriented. The principal coal seams are gently to moderately dipping sedimentary units, with dip angles generally ranging from approximately 10° to 25° depending on location. Given the moderate seam dip and vertical drilling orientation, intercept thicknesses approximate true seam thickness with only minor geometric variation. The relationship between drilling orientation and seam attitude is well understood and considered appropriate for coal seam deposits. • No material sampling bias is considered to arise from the relationship between drilling orientation and coal seam geometry.
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Coal samples obtained from drill core were bagged, sealed and labelled at the drill site under the supervision of field geological personnel. Each sample was assigned a unique identification number corresponding to the drillhole and seam interval. Samples were transported to accredited PRC laboratories either directly by project personnel or through controlled delivery arrangements. Upon receipt, laboratories recorded and confirmed sample identification prior to preparation and analysis. Analytical results were issued in official laboratory certificates and incorporated into the geological database following review.

Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No formal independent third-party audit of the historical sampling techniques or analytical database has been documented.

15.2.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

**Section 2 is not applicable as no Exploration Results are reported in this CPR.
Estimation results are reported only as Coal Resources or Coal Reserve in this CPR.**

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Not applicable.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Not applicable.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Not applicable.

Criteria	JORC Code explanation	Commentary
	<i>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.</i>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable.

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Not applicable.

15.2.3 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
<i>Database integrity</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> • Primary geological and analytical data for the Xiejiahegou Coal Mine, Youyi and Jieji Coal Projects were originally recorded in hard-copy drill logs and laboratory certificates. Historical records were subsequently digitised and compiled into structured electronic databases for geological modelling and Mineral Resource estimation. Data entry involved manual transcription followed by review by qualified geological personnel. Cross-checks were undertaken between drillhole collar coordinates, seam intervals, geophysical logging records and laboratory analytical results to identify inconsistencies or transcription errors. During preparation of the CPR, the CPs reviewed the compiled databases and compared selected digital records against available source documents. No material transcription or data corruption issues were identified. • Database validation procedures included: Verification of drillhole collar coordinates and elevation consistency; Checks on seam thickness continuity between adjacent drillholes; Review of coal quality parameter ranges (ash, sulphur, calorific value) to identify outliers; Comparison of geological logging with geophysical logging interpretations. For Xiejiahegou, additional confidence is supported by CPs' independent underground sampling and site inspection. For Youyi and Jieji, validation focused on internal consistency and completeness of available historical records.
<i>Site visits</i>	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> 	<ul style="list-style-type: none"> • A multidisciplinary BAW team comprising specialists in geology, mining, metallurgy, environmental studies, and techno-economic

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<p>assessment conducted a site visit to the Mining Properties from November 20 to 23, 2025.</p> <ul style="list-style-type: none"> Key activities included geological studies, reviews of drilling and sampling procedures, inspection of underground workings, observation of coal seam exposures, inspections of existing mining and processing operations, and evaluations of past production and mine planning. Interviews were conducted with technical personnel, and independent sampling was performed for laboratory validation. The outcome of these visits was a validation that the technical aspects, project geology, and operational practices were adequately described and appropriate for use in Coal Resource and Reserve estimation.
Geological interpretation	<ul style="list-style-type: none"> <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> <i>Nature of the data used and of any assumptions made.</i> <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> <i>The factors affecting continuity both of grade and geology.</i> 	<ul style="list-style-type: none"> Confidence in geological interpretation varies between the three mining properties and reflects differences in exploration maturity and data density. At Xiejiahegou, confidence is relatively high due to closer drillhole spacing, underground exposure of coal seams and consistency between geological logging and geophysical data. At Youyi and Jieji, regional seam continuity is supported by drillhole and geophysical data, although local structural complexity introduces some uncertainty. The geological interpretation is based on drillhole geological logging, downhole geophysical logging, coal quality analytical data and available regional geological information. Key assumptions include lateral continuity of principal coal seams between drillholes, consistency of seam thickness trends and predictable sedimentary geometry. Alternative geological interpretations, particularly in structurally complex areas, could result in localised variations in seam thickness or continuity. However,

Criteria	JORC Code explanation	Commentary
		<p>such uncertainties have been addressed through conservative classification and fault buffering in the resource model.</p> <ul style="list-style-type: none"> ● Geological interpretation formed the basis for seam modelling and resource estimation. Individual coal seams were modelled separately, with seam roof and floor surfaces generated from drillhole data and constrained by topography and fault interpretation. ● Continuity of coal seam thickness and quality is primarily controlled by sedimentary processes and regional structural setting. Faulting, local seam splitting and thickness variation may affect continuity in certain areas. Coal quality parameters (ash and sulphur) show moderate variability but generally follow regional depositional trends.
<i>Dimensions</i>	<ul style="list-style-type: none"> ● <i>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.</i> 	<ul style="list-style-type: none"> ● At Xiejiahegou, the principal coal seams extend along strike for approximately several km within the mining licence area. The plan width of the resource varies depending on seam geometry and fault distribution but generally ranges from several hundred metres to over one kilometres. The upper limit of the Coal Resource is defined near surface or at shallow depth in outcropping areas, while the lower limit corresponds to the base of the modelled coal seams within the licence boundary. Resource modelling extends to depths of several hundred metres below surface. ● At Youyi, coal seams extend regionally across the licence area for several kilometres along strike. Plan width varies depending on structural complexity and drillhole coverage. ● At Jieji, coal seams demonstrate regional strike continuity; however, drillhole coverage is more widely spaced. The Coal Resource extends along strike for several kilometres within the licence area. Plan width is constrained by drillhole control and

Criteria	JORC Code explanation	Commentary
		geological interpretation. The depth range of the resource extends from shallow levels below surface to the interpreted base of the coal seams within the modelling limits.
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> ● <i>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.</i> ● <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> ● <i>The assumptions made regarding recovery of by-products.</i> ● <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i> ● <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> ● <i>Any assumptions behind modelling of selective mining units.</i> ● <i>Any assumptions about correlation between variables.</i> ● <i>Description of how the geological interpretation was used to control the resource estimates.</i> ● <i>Discussion of basis for using or not using grade cutting or capping.</i> ● <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation</i> 	<ul style="list-style-type: none"> ● Coal Resource estimation was undertaken using a computer-assisted 3D geological modelling approach appropriate for stratiform coal seam deposits. Individual coal seams were modelled separately using drillhole intercept data. Seam roof and floor surfaces were generated through interpolation of drillhole data, constrained by geological interpretation, fault modelling and topographic surfaces. Interpolation was primarily based on seam continuity and geometric projection between data points. No high-grade outlier treatment or grade capping was required, as coal quality parameters do not exhibit extreme value distributions typical of nugget-style mineralisation. The maximum distance of extrapolation from data points was aligned with the classification radii applied (approximately 250 m, 500 m and 1000 m for Measured, Indicated and Inferred Resources, respectively). The modelling approach is considered appropriate for sedimentary coal seam deposits. ● Historical resource estimates were available for comparison. The current Coal Resource estimate was prepared independently and reflects updated modelling and classification in accordance with JORC Code (2012). The estimate is considered consistent with available historical data and geological understanding. ● No by-product recovery assumptions have been applied. The Coal Resource estimate relates solely to coal seams. ● Coal quality parameters, including ash and sulphur, were incorporated into the dataset and considered in assessing economic cut-off criteria. Sulphur content was reviewed in the

Criteria	JORC Code explanation	Commentary
	<i>data if available.</i>	<p>context of environmental and potential acid mine drainage considerations, but no separate resource domains were defined solely on sulphur variability.</p> <ul style="list-style-type: none"> • The resource model was developed using seam-based modelling rather than conventional block kriging. Seam surfaces were interpolated between drillholes using geological constraints. Search distances applied for continuity and classification purposes correspond to drillhole spacing and classification radii. No selective mining unit assumptions were applied at the resource estimation stage. • No explicit multi-variable correlation modelling was undertaken. Coal quality parameters were analysed individually. Apparent relative density (ARD) was applied on a seam basis for tonnage estimation. • Geological interpretation controlled seam boundaries, fault limits and domain extents. Resource estimation was constrained within interpreted seam geometry and licence boundaries. • No grade cutting or capping was applied, as coal quality parameters do not exhibit extreme outlier distributions. • Model validation included visual comparison of seam surfaces against drillhole intercepts, checks of seam thickness continuity, and comparison of modelled coal quality parameters against input drillhole data. Global tonnage and quality statistics were reviewed to ensure consistency with the input dataset. No material discrepancies were identified.
<i>Moisture</i>	<ul style="list-style-type: none"> • <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> • Mineral Resource tonnages have been estimated using apparent relative density (ARD) values derived from laboratory testing. Tonnages are reported on an in-situ basis and reflect the natural moisture condition of the coal seams.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> ● Coal quality parameters, including moisture content, were determined by accredited laboratories in accordance with applicable Chinese coal industry standards (GB/T and MT/T). Moisture values represent laboratory-determined inherent or air-dried moisture conditions as applicable. ● No separate adjustment has been applied to convert tonnages to a fully dry basis. Reported tonnages therefore reflect in situ conditions consistent with standard coal resource reporting practice. ● This approach has been consistently applied across the Xiejiahegou Coal Mine, Youyi and Jieji Coal Projects.
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> ● <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> ● Minimum coal seam thickness: 0.5 m for the Xiejiehegou Coal Mine and 0.7 m for the Youyi Coal Project and Jieji Coal Project ● Maximum ash content: 40% ● Minimum calorific value: 17 MJ/kg ● Maximum sulphur content: 3% ● Coal Resources are constrained to the mining license or exploration license held by the Mining Properties
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> ● <i>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.</i> 	<ul style="list-style-type: none"> ● In assessing reasonable prospects for eventual economic extraction, potential underground mining methods consistent with regional coal mining practice have been considered for the Xiejiahegou, Youyi and Jieji projects. ● At Xiejiahegou, existing underground workings demonstrate that conventional underground coal mining methods are technically feasible. The adopted minimum mining thickness of 0.5 m reflects practical mining conditions. ● For Youyi and Jieji, although no active mining is currently undertaken, geological conditions and seam geometry are considered suitable for conventional underground mining methods based on regional practice. ● At the Coal Resource estimation stage, no detailed mine design,

Criteria	JORC Code explanation	Commentary
		scheduling or economic optimisation has been undertaken. No explicit mining dilution or recovery factors have been applied to the reported Coal Resources. Tonnages are reported in situ.
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> In assessing reasonable prospects for eventual economic extraction, potential coal processing methods consistent with regional practice have been considered for the Xiejiahegou, Youyi and Jieji projects. At Xiejiahegou, existing underground mining operations and historical coal production demonstrate that the coal seams are amenable to conventional coal preparation processes, including crushing and washing to produce marketable thermal coal products. For Youyi and Jieji, Preliminary Design Studies including coal processing characteristics have been undertaken at the Resource estimation stage. Based on the coal quality characteristics (including ash, sulphur and calorific value) and regional experience in comparable coalfields, the coal is considered suitable for conventional coal preparation methods. Processing assumptions are conceptual in nature and based on industry standard coal processing practices. These assumptions are considered reasonable for supporting the assessment of reasonable prospects for eventual economic extraction.
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <i>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</i> 	<ul style="list-style-type: none"> All properties operate under approved Environmental Impact Assessments (EIA) and Sustainable Development Plans. For the operational Xiejiahegou Mine, studies confirm that surface water and acoustic levels meet national standards, though surface subsidence is noted as an expected impact within the ecological area. Youyi and Jieji projects had relevant

Criteria	JORC Code explanation	Commentary
	<p><i>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.</i></p>	<p>plans approved prior to the suspension of earlier activities.</p> <ul style="list-style-type: none"> • The primary solid waste is coal gangue generated from mining and shaft development. It is characterized as a non-hazardous industrial solid waste suitable for construction and backfilling. Xiejiahegou utilizes a designated waste rock dump site equipped with flood control and leachate collection. Youyi and Jieji designs prioritize immediate utilization for backfilling industrial platforms and road subgrades, thereby eliminating the need for dedicated long-term surface storage yards. • Management strategies focus on comprehensive utilization to minimize the environmental footprint. Design options include using gangue for brickmaking, power plant feed, and backfilling mined-out areas. The Xiejiahegou CHPP (commissioned in 2022) utilizes a first-level closed-loop water circulation system, which ensures zero wastewater discharge from the processing circuit. • Xiejiahegou holds a valid Site Discharge Permit (No. 91520000MA6J9TJE96002X), issued in July 2024 and valid until July 2029, which specifically covers the discharge of waste rocks, wastewater, dust, and noise. For the Youyi and Jieji projects, production-phase discharge permits are pending active development, though foundational environmental approvals were secured during the design phase. • No material environmental constraints are currently known that would preclude the reasonable prospects for eventual economic extraction.
<p><i>Bulk density</i></p>	<ul style="list-style-type: none"> • <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry,</i> 	<ul style="list-style-type: none"> • Bulk density (Apparent Relative Density, ARD) values used for Coal Resource estimation were primarily determined from laboratory measurements on representative drill

Criteria	JORC Code explanation	Commentary
	<p><i>the frequency of the measurements, the nature, size and representativeness of the samples.</i></p> <ul style="list-style-type: none"> ● <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> 	<p>core samples. Testing was conducted in accordance with applicable PRC coal industry standards and reflects in situ (natural moisture) conditions.</p> <ul style="list-style-type: none"> ● Density determinations adequately account for coal porosity and inherent moisture. Measurements were undertaken on full seam core samples collected during drilling campaigns and are considered representative of the bulk material.
Classification	<ul style="list-style-type: none"> ● <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> ● <i>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).</i> ● <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<ul style="list-style-type: none"> ● Mineral Resource classification has been undertaken in accordance with the JORC Code (2012) and reflects the relative confidence in geological interpretation, data quality, data density and continuity of coal seam thickness and quality parameters. ● Classification was primarily based on drillhole spacing and a radius-of-influence approach, combined with consideration of: <ul style="list-style-type: none"> ➢ Confidence in geological interpretation and structural modelling; ➢ Reliability and completeness of historical drilling and analytical data; ➢ Consistency between geological logging and geophysical logging; ➢ Continuity of coal seam thickness and coal quality parameters; ➢ Density of available data and level of site verification. ● Coal seams are laterally continuous sedimentary units, and continuity is supported by consistent seam thickness, coal quality parameters and geophysical logging correlation between adjacent drillholes. Resource classification was applied using a radius-of-influence approach consistent with drillhole spacing, namely: Measured: within approximately 250 m of data points (where applicable); Indicated: within

Criteria	JORC Code explanation	Commentary
		<p>approximately 500 m; Inferred: within approximately 1000 m.</p> <ul style="list-style-type: none"> The resulting Coal Resource classifications appropriately reflect the CPs' view of the deposit and the level of confidence in the available data.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> The Coal Resource estimates were internally reviewed by BAW and are in line with current industry standards. The estimation methods, classification criteria, and results were found to be consistent with JORC Code (2012) requirements and industry best practice. No material issues were identified.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The relative accuracy and confidence of the Coal Resource estimate have been assessed qualitatively, consistent with the level of geological understanding, drillhole spacing and data quality available for each project. Relative confidence is reflected in the Coal Resource classification (Measured, Indicated and Inferred) in accordance with the JORC Code (2012). The reported Coal Resources represent global estimates within the defined licence boundaries and modelled seam extents. The classification reflects increasing confidence from Inferred to Measured categories based on drillhole spacing, data verification, geological continuity and density of information. At Xiejiahegou, underground exposure and historical production provide qualitative support for geological continuity. The geological interpretation and resource estimates are considered consistent with observed mining conditions. At Youyi and Jieji, no production data are available for reconciliation purposes. Confidence levels for these projects are therefore reflected in the applied classifications.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none">• The CPs consider that the reported Coal Resources appropriately reflect the relative accuracy and confidence levels implied by the classification categories and available data.

15.2.4 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
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> • <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> • <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> • The Coal Reserve conversion is based on the Coal Resource estimates for the Xiejiahegou Coal Mine, Youyi Coal Project, and Jieji Coal Project as of November 30, 2025. These resource estimates were initially established by independent, licensed PRC exploration entities using polygonal estimation methods in accordance with national coal exploration requirements. The CPs subsequently developed three-dimensional coal resource models using computer-aided software, integrating validated data such as topographic surfaces, seam structure (roof and floor grids), and coal quality parameters. The resources are constrained by specific industrial parameters, including a minimum coal seam thickness of 0.5m, a maximum ash content of 40%, and a maximum sulfur content of 3%. • Only Measured and Indicated Resources were used as the technical basis for the conversion to Coal Reserves; Inferred Resources were excluded from the detailed mine planning used for reserve estimation.
<i>Site visits</i>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • A multidisciplinary BAW team comprising specialists in geology, mining, metallurgy, environmental studies, and techno-economic assessment conducted a site visit to the Mining Properties from November 20 to 23, 2025. • Key activities included geological studies, reviews of drilling and sampling procedures, inspection of underground workings, observation of coal seam exposures, inspections of existing mining and processing operations, and evaluations of past production and mine planning. Interviews were conducted with technical personnel, and independent sampling was performed for laboratory validation. The outcome of

Criteria	JORC Code explanation	• Commentary
		<p>these visits was a validation that the technical aspects, project geology, and operational practices were adequately described and appropriate for use in Coal Resource and Reserve estimation.</p>
Study status	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • The conversion of Coal Resources to Coal Reserves is based on detailed technical studies including Preliminary Design Specifications, Feasibility Studies (FS), and Mineral Resources Development and Utilization Plans prepared by licensed Chinese engineering institutes. For the Xiejiahegou Coal Mine, the estimation utilized the 450 ktpa Engineering Study (Preliminary Design) approved by provincial authorities and the 2019 CPR. For the Youyi and Jieji projects, the conversion relied on Feasibility Studies and Preliminary Designs that were updated as recently as October 2025 to reflect current economic and technical conditions. • The CPs explicitly states that the confidence levels and depth of research demonstrated in the reviewed technical studies are "akin to a pre-feasibility study level" and are thus suitable to support Coal Reserve estimation under the JORC Code (2012). These studies determined a mine plan utilizing mechanized longwall retreat mining, which is considered technically achievable for these underground coal deposits. • Economic viability was assessed through Discounted Cashflow (DCF) analysis, which confirmed that the defined Coal Reserves yield a positive Net Present Value (NPV). The estimation process systematically considered material Modifying Factors, including: <ul style="list-style-type: none"> ○ Mining: Recovery factors (93%–97%), dilution (10%–12%), minimum mining thickness (0.7m), and safety pillars. ○ Processing: Transition to a value-added clean-coal production model

Criteria	JORC Code explanation	• Commentary
		<ul style="list-style-type: none"> using the now-operational CHPP. Others: Infrastructure (power, water, methane drainage), legal, environmental, and governmental factors (such as the 25% corporate income tax rate).
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> Minimum Apparent Mining Thickness: 0.7 m. This limit is based on the technical capabilities of the proposed mechanized longwall retreat mining equipment and the associated operating and washing costs.
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <i>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).</i> <i>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.</i> <i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> <i>The mining dilution factors used.</i> <i>The mining recovery factors used.</i> <i>Any minimum mining widths used.</i> <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> The conversion is based on preliminary and detailed engineering designs (Preliminary Design Specifications and Feasibility Studies) prepared by licensed Chinese engineering institutes. The CPs applied material Modifying Factors—including mining recovery, dilution, and economic viability—to its three-dimensional Coal Resource models to define the Reserves. The level of these studies is considered akin to a Pre-Feasibility Study (PFS) as required by the JORC Code (2012). The selected mining method is mechanized longwall retreat mining (Comprehensive Mechanized Mining - CMM). This method is industry-standard and considered highly appropriate for the moderately inclined (13° to 20°), thin-to-medium thickness coal seams found in western Guizhou Province. The extraction sequence follows a top-down approach within each mining area. Access: Underground workings are accessed via multiple inclined shafts (declines) for coal haulage (conveyor), auxiliary materials (winch), and personnel transport. Geotechnical: Roof management utilizes the Total Caving Method, which is supported by the medium-hard rock characteristics (siltstone/silty mudstone) of the roof strata. Safety and boundary pillars are

Criteria	JORC Code explanation	• Commentary
		<p>designed based on provincial engineering standards.</p> <ul style="list-style-type: none"> • A mining dilution factor of 12% was applied for the Xiejiahegou Coal Mine. For the Youyi and Jieji Coal Projects, a dilution factor of 10% was adopted based on industry practice and technical assessments. • For the Xiejiahegou Coal Mine, a recovery factor of 95% was used for the designed working faces. For Youyi and Jieji, recovery factors vary between 93% and 97% depending on seam thickness (93% for thin seams, 95% for medium seams, and 97% for thick seams). • A minimum apparent mining thickness of 0.7 m was applied. This threshold is based on the technical capabilities of the proposed longwall equipment and the economic balance of operating and washing costs. • In accordance with the JORC Code (2012), Inferred Mineral Resources are strictly excluded from the Coal Reserve estimation. While domestic PRC studies may include Category 333 (Inferred) resources in design scales, BAW recalibrated layouts to ensure Reserves are derived solely from Measured and Indicated resources. In economic models, Inferred material is treated as waste (mining costs are included, but no revenue is assumed). • The projects require comprehensive surface and underground infrastructure, including: <ul style="list-style-type: none"> ○ Processing: Fully operational or planned Coal Handling and Preparation Plants (CHPP) to produce coking coal. ○ Utilities: Dual-circuit 10kV power supply, water treatment facilities, and extensive methane drainage stations and gas-fired power plants to mitigate gas outburst risks. • Logistics: Surface coal bunkers, enclosed belt conveyor corridors, and truck loading yards.

Criteria	JORC Code explanation	• Commentary
<p><i>Metallurgical factors or assumptions</i></p>	<ul style="list-style-type: none"> • <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 specifications?</i> 	<ul style="list-style-type: none"> • The integrated Coal Handling and Preparation Plant (CHPP) employs a tiered circuit to produce clean coking coal: three-product heavy-medium (HM) cyclones (–60 to +2.0 mm), fine-coal HM cyclones (–2.0 to +0.2 mm), and single-stage flotation (–0.5 to 0 mm). This multi-stage gravity and froth flotation approach is technically appropriate for the sedimentary mineralization of the Panxian Coalfield, ensuring effective desulphurization and de-ashing to meet metallurgical specifications. • The facility utilizes well-tested, industry-standard technologies—specifically HM cyclones and flotation—that are widely adopted both in the PRC and globally. The plant is equipped with Chinese-manufactured machinery specifically engineered for the beneficiation of these coal types. • Reserve estimations are supported by comprehensive washability test work, including 96 core samples from Youyi and 235 from Jieji, achieving a 98.95% qualification rate. Metallurgical domaining is applied on a seam-by-seam basis to address variations in raw coal quality. At Xiejiahegou, the CHPP is optimized to yield clean coking coal, middlings, and sludge coal in accordance with established Chinese metallurgical standards. • Analysis of harmful elements (S, P, As, F, Cl) indicates that while certain seams (e.g., 6-1, 25, 32) exhibit high raw sulfur, sulfur phase analysis confirms approximately 88% is inorganic (sulfides/sulfates), which is effectively removed during washing. Other deleterious elements consistently fall within "low" or "special low" industrial categories. • The six-year commercial production history of the Xiejiahegou Coal Mine functions as a continuous large-scale bulk sample, validating that coal quality consistently meets PRC market requirements. For the Youyi and Jieji projects, estimations rely on

Criteria	JORC Code explanation	• Commentary
		<p>representative drill core composites and standardized laboratory washability assessments.</p> <ul style="list-style-type: none"> The Coal Reserve estimation is strictly aligned with the Coking Coal (JM) specification under national standard GB/T 5751-2009, based on key parameters including GRI >65 and Vdaf <28%. Reported Reserve tonnages assume raw coal processing through the CHPP to achieve these market-driven specifications.
<i>Environmental</i>	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> All properties operate under approved Environmental Impact Assessments (EIA) and Sustainable Development Plans. For the operational Xiejiahegou Mine, studies confirm that surface water and acoustic levels meet national standards, though surface subsidence is noted as an expected impact within the ecological area. Youyi and Jieji projects had relevant plans approved prior to the suspension of earlier activities. The primary solid waste is coal gangue generated from mining and shaft development. It is characterized as a non-hazardous industrial solid waste suitable for construction and backfilling. Xiejiahegou utilizes a designated waste rock dump site equipped with flood control and leachate collection. Youyi and Jieji designs prioritize immediate utilization for backfilling industrial platforms and road subgrades, thereby eliminating the need for dedicated long-term surface storage yards. Management strategies focus on comprehensive utilization to minimize the environmental footprint. Design options include using gangue for brickmaking, power plant feed, and backfilling mined-out areas. The Xiejiahegou CHPP (commissioned in 2022) utilizes a first-level closed-loop water circulation system, which ensures zero wastewater discharge from the processing circuit. Xiejiahegou holds a valid Site

Criteria	JORC Code explanation	• Commentary
		<p>Discharge Permit (No. 91520000MA6J9TJE96002X), issued in July 2024 and valid until July 2029, which specifically covers the discharge of waste rocks, wastewater, dust, and noise. For the Youyi and Jieji projects, production-phase discharge permits are pending active development, though foundational environmental approvals were secured during the design phase.</p>
<p><i>Infrastructure</i></p>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Sufficient land for industrial and mining use has been allocated and secured across all properties. The Xiejiahegou industrial site encompasses 4.1 hectares (hm²) and includes a fully operational 1.8 Mtpa Coal Handling and Preparation Plant (CHPP). The Jieji project features an industrial site of 8.94 hm², while the Youyi design specifies a layout optimized for functional zoning on a gentle slope near Xiaying Village. • Power: The region is well-supported by coal-fired and hydro plants. Xiejiahegou and Jieji utilize dual-circuit 10kV redundancy from multiple regional 35kV substations (Luna, Yuni, and Yingwu), ensuring high reliability. • Water: Abundant resources are available from the Luoxi and Suoqiao river basins. Domestic water is sourced from local springs (S2 and Q1), while production needs are met by treated mine water stored in on-site regulation pools. • The properties are strategically located near major transport arteries, including the G60 Shanghai–Kunming Expressway and Provincial Highway G320. Bulk coal is transported by truck via paved roads to local power plants or metallurgical customers. The Songhe Railway Station, located 23km west, provides regional rail access for long-distance logistics. • Labour: Skilled and general labour is readily available from the local population in Panzhou City and

Criteria	JORC Code explanation	• Commentary
		<p>Shuicheng District, which has a significant history of mining activity.</p> <ul style="list-style-type: none"> • Accommodation: All sites include dedicated on-site housing. Xiejiahegou has established single-person dormitories. Jieji and Youyi designs incorporate multi-story staff apartment buildings and welfare facilities (canteens, bathhouses) to support the workforce. • The infrastructure is either already fully established and operational (Xiejiahegou) or detailed in approved Preliminary Designs (Youyi and Jieji), demonstrating that all necessary facilities can be provided or accessed with high technical certainty to support the Life-of-Mine (LOM) production targets.
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • Projected CAPEX encompasses mine development, equipment, support facilities, and rehabilitation. For the operational Xiejiahegou Mine, costs are based on mine management estimations; for the Youyi and Jieji projects, they are derived from their respective Feasibility Studies (FS). The economic model accounts for sustaining capital required throughout the Life-of-Mine (LOM). • OPEX is categorized into operating cash costs (mining, washing, G&A, selling, and resource taxes) and total production costs (including depreciation/amortization). For Xiejiahegou, these are substantiated by actual historical production and financial records. All unit costs are expressed in RMB per tonne of raw coal. • Extensive analysis of harmful elements (S, P, As, F, Cl) was conducted. While some seams exhibit high raw sulfur, sulfur phase analysis confirms that approximately 88.37% is inorganic (sulfides/sulfates) and can be effectively removed through the Coal Handling and Preparation Plant (CHPP). • Not applicable to the base study, as all costs, revenues, and commodity prices are expressed and modeled in

Criteria	JORC Code explanation	• Commentary
		<p>Renminbi (RMB).</p> <ul style="list-style-type: none"> • Annual revenue is calculated based on the gross value of payable clean coal before transportation charges. Logistics costs for delivery to regional customers are integrated within the "selling costs" component of the unit operating expenditure. • Revenue is derived from processed products (Clean Coking Coal, Middlings, and Sludge Coal). Washing costs are included in the unit OPEX. Selling prices are assumed to be stationary based on recent PRC market rates. • The study accounts for all statutory resource taxes and resource compensation levies payable to the PRC state. An ordinary corporate income tax rate of 25% is applied throughout the LOM.
<p><i>Revenue factors</i></p>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • Annual revenue is calculated by applying estimated coal prices to the projected annual payable coal production. Key factors include: <ul style="list-style-type: none"> ▪ Processing Charges: Washing costs are estimated at RMB 17.85/t of raw coal and are integrated into the unit operating expenditure (OPEX). ▪ Transportation: Revenue represents the gross value of payable clean coal before transportation charges. Associated logistics costs for regional delivery are included within the "selling costs" component of the unit OPEX. ▪ Exchange Rates: Not applicable for the base study; all modeling, costs, and revenues are expressed and modeled in Renminbi (RMB). • Selling prices are derived from recent PRC market rates for coking coal. To account for long-term uncertainty, the study assumes stationary pricing with no factored speculative growth. The VAT-inclusive prices used for LOM modeling from 2025 onwards are: <ul style="list-style-type: none"> • Clean Coking Coal: RMB 1,755/t.

Criteria	JORC Code explanation	• Commentary
		<ul style="list-style-type: none"> • Middling Coal (Power Plant feed): RMB 598/t. • Sludge Coal: RMB 70/t.
<i>Market assessment</i>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • The Mining Properties are situated in the Panxian Coalfield, a major coal-producing region in the PRC. Historical production trends indicate that regional demand for coal strongly influences local operations and pricing. The supply is categorized as high-value coking coal, which is critical for the domestic metallurgical industry. • Products are strategically marketed to regional metallurgical customers and local power plants. The projects benefit from a competitive logistics position due to their proximity to the G60 Shanghai–Kunming Expressway and the Songhe Railway Station. Market windows are supported by the transition to a value-added clean-coal model facilitated by the operational CHPP. • Forecasts utilize recent PRC market rates for coking coal. To account for long-term commodity uncertainty, the study assumes stationary pricing with no speculative growth factored into the LOM. • Products are classified as Coking Coal (JM) according to national standard GB/T 5751-2009. Key quality parameters include a Caking Index (GRI) typically greater than 65 and a dry ash-free volatile matter (Vdaf) generally below 28%. Contractual acceptance is based on meeting these metallurgical standards through CHPP processing.
<i>Economic</i>	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • The study utilizes the Discounted Cashflow (DCF) method on a 100%-equity basis to estimate the Net Present Value (NPV). Key inputs include: <ul style="list-style-type: none"> • Revenue: Based on annual payable clean coal production. • OPEX: Derived from actual historical financial records (for operational Xiejiahegou) and updated Feasibility Studies (for Youyi and Jiejij).

Criteria	JORC Code explanation	• Commentary
		<ul style="list-style-type: none"> • CAPEX: Encompasses development, expansion, sustaining capital, and rehabilitation costs. • Taxation: An ordinary corporate income tax rate of 25% is applied throughout the Life-of-Mine (LOM). • Prices: Selling prices (Clean Coking Coal: RMB 1,755/t) are based on recent PRC market rates and assumed stationary (no factored inflation/growth) to account for long-term uncertainty. • Base-Case NPV: DCF projections confirm that the defined Coal Reserves are justified with positive economic viability. • Sensitivity Analysis: Systematic variations of -15% to +15% were applied to coal price, OPEX, and CAPEX. • Key Driver: Similar to other mining operations, the project's NPV is most sensitive to commodity price fluctuations, which are classified as a high-risk factor for financial performance.
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> • Xiejiahegou: Established a strong social licence through over six years of commercial production and active alignment with national policies for supporting local agricultural and industrial development. Youyi & Jieji: No mining activities have commenced; therefore, formal community contribution programs have not yet been initiated. • Community Investment: the Client has invested in local village infrastructure, including transportation, water, and power utilities. Donations: To date, over RMB 802,400 has been donated to support poverty alleviation, educational sponsorships, and village facility renovations. Resettlement: For Xiejiahegou, all necessary resident relocation and resettlement have been completed, supported by

Criteria	JORC Code explanation	• Commentary
		<ul style="list-style-type: none"> RMB 36.37 million in reclamation and relocation funding. • Mining Rights: State-owned mineral resources are accessed via valid mining licenses for Xiejiahegou (until 2039) and Youyi (until 2034). Jieji Project: The mining license renewal is contingent on the proposed merger with renewal arrangement being recommended by the local Ministry of Natural Resources. • Labour Availability: Skilled and general labour is readily available from the local population in Panzhou City and Shuicheng District, which has an extensive history of mining activity. • Safety: Xiejiahegou maintains an active Safety Production Permit (valid until Jan 2026), demonstrating regulatory compliance with health and safety standards.
<i>Other</i>	<ul style="list-style-type: none"> • <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Gas Outburst: All properties are classified as "Coal and Gas Outburst" mines, requiring mandatory methane pre-drainage and intensive monitoring. Hydrogeological: The Jieji Project faces "complex" risks from unknown abandoned workings (goafs) posing water hazards. Impact: Materials within 50m of fault zones are downgraded to Inferred Resources to account for geological uncertainty. • Marketing: Revenue models are based on the sale of value-added products (Coking Coal, Middlings, Sludge) processed through the CHPP. Agreements: Selling prices are stationary based on recent PRC market rates. No specific third-party off-take agreements were identified as critical contingencies in the CPR. • Mining Licenses: Xiejiahegou and Youyi hold valid licenses until 2039 and 2034, respectively. Jieji Project: The mining license expired in June 2023; renewal is deferred until after the proposed merger per government recommendation. Statutory: Safety and Site Discharge permits are valid

Criteria	JORC Code explanation	• Commentary
		<p>for operational Xiejiahegou but are pending active development for Youyi and Jieji.</p> <ul style="list-style-type: none"> • There are reasonable grounds to expect necessary approvals for Youyi and Jieji. The proposed merger provides a regulated pathway for project integration and license renewals. The successful commercial track record of Xiejiahegou validates the Client's capability to maintain regulatory standing. • Jieji License Renewal: Extraction of reserves at Jieji is contingent on the proposed merger and subsequent license renewal by the Ministry of Natural Resources. No other material third-party contingencies were reported.
<i>Classification</i>	<ul style="list-style-type: none"> • <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> • <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> • Measured Resources in the mine designs are classified as Proved Reserves. Indicated Resources in the mine designs are classified as Probable Reserves. • The classification of Coal Reserves appropriately reflects the Competent Person's view of the deposits. • There is no Measured Resources classified as Probable Reserves.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> • The Coal Reserves estimate has been peer reviewed internally and is in line with current industry standards.
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>The statement should specify whether it relates to global or local</i> 	<ul style="list-style-type: none"> • The CPs have adopted a qualitative assessment of confidence. Accuracy is supported by the use of validated geological databases integrated into three-dimensional models utilizing the "growth technique" algorithm, which is standard for sedimentary coal deposits. Confidence levels for the Probable and Proved Reserves are deemed akin to a Pre-Feasibility Study (PFS) level of detail. • Tonnages represent global estimates for each property over their respective Life-of-Mine (LOM). • Accuracy is dependent on Modifying Factors (93%–97% mining recovery; 10%–12% dilution) based on PRC national standards and regional

Criteria	JORC Code explanation	• Commentary
	<p><i>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.</i></p> <ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<p>experience. Key uncertainties include gas outburst risks across all sites and hydrogeological complexities at Jieji due to unknown abandoned workings (goafs).</p> <ul style="list-style-type: none"> • Xiejiahegou Coal Mine estimates are directly validated by over six years of commercial production, confirming that raw coal quality and washability factors meet market standards. For development projects (Youyi and Jieji), confidence relies on representative drill core composites and standardized laboratory washability assessments.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Win Bailey Valuation and Advisory Limited, an independent valuer, in connection with its valuation of 100% interest in Xiejiahegou Business and 100% equity interest in Guizhou Huaneng Jiayuan Coal Co., Ltd. respectively as of 30 November 2025.



Room C, 6/F, World Trust Tower,
50 Stanley Street, Central,
Hong Kong

12 March 2026

The Board of Directors
Perennial Energy Holdings Limited
Unit A1, 25th Floor,
NCB Innovation Centre,
888 Lai Chi Kok Road, Kowloon,
Hong Kong

Dear Sirs/Madams,

Re: Fair-Value Valuation of the Xiejiahegou Business and Equity Interest in Guizhou Huaneng Jiayuan Coal Co., Ltd.

INSTRUCTIONS

This report has been prepared solely for Perennial Energy Holdings Limited (the “Company”), which has engaged Win Bailey Valuation and Advisory Limited (“Win Bailey” or “we”) to perform fair-value valuations of the following valuation subjects as of 30 November 2025 (the “Date of Valuation”), which include:

1. The 100% interest in the business of exploration and mining of coking coal (the “Xiejiahegou Business”) at Pan County Yangchang Village Xiejiahegou Coal Mine (盤縣羊場鄉謝家河溝煤礦) (the “Xiejiahegou Coal Mine”) solely operated and owned by Guizhou Jiutai Bangda Energy Development Co., Ltd. (貴州久泰邦達能源開發有限公司) (“Jiutai Bangda”) in Guizhou Province, the People’s Republic of China (“PRC”). The Xiejiahegou Business includes:
 - (a) The “Xiejiahegou Mining Right”, representing the mining right of the Xiejiahegou Coal Mine;
 - (b) The “Xiejiahegou Property”, representing (i) the land-use rights over two parcels of land with a total site area of approximately 32,813.32 sq.m., and three buildings in Panzhou City with a total site area of approximately 15,917.23

sq.m., mainly used for the mining operations at Xiejiahegou Coal Mine; and (ii) the property interests over five temporary buildings and structures of approximately 1,839.92 sq.m.; and

- (c) The “Xiejiahegou Assets”, representing certain assets of Jiutai Bangda (excluding the mining rights or property interests related to Xiejiahegou Coal Mine) operated by Jiutai Bangda at the Xiejiahegou Coal Mine, including machinery, office and electronic equipment, motor vehicles and the underground construction in progress.
2. The 100% equity interest in Guizhou Huaneng Jiayuan Coal Co., Ltd. (貴州華能佳源煤業有限公司) (“Huaneng Jiayuan”) which is principally engaged in the business of exploration, development and mining of coking coal through its two coking coal projects located in Guizhou Province, PRC, including:
- (a) Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Youyi Coal Mine (貴州華能佳源煤業有限公司盤縣有益煤礦) (the “Youyi Coal Project”); and
 - (b) Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Yingwu Town Jieji Coal Mine (貴州華能佳源煤業有限公司盤縣英武鄉捷吉煤礦) (the “Jieji Coal Project”).

In the following contents, the aforementioned three mining assets (i.e. Xiejiahegou Business, Youyi Coal Project and Jieji Coal Project) are collectively defined as the “Mining Targets”.

It is our understanding that our analysis will be used by the management of the Company solely for a proposed acquisition only, details of which are set out in the circular dated 12 March 2026 issued by the Company to the shareholders, of which this valuation report forms part. Our analysis was conducted for the above-mentioned purpose only and this report should be used for no other purposes without our express written consent.

This report describes the basis of valuation, valuation methodologies considered and applied, our analysis, limiting conditions and presents our opinion of value. This report is prepared in accordance with Chapter 18 (“Chapter 18”) of the Listing Rules of the Stock Exchange of Hong Kong Limited (“SEHK”), and is in conformance with the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the “VALMIN Code”), 2015 Edition, prepared by the VALMIN Committee. The VALMIN Code provides a set of fundamental principles and supporting recommendations regarding good professional practice to assist the preparation of the valuation of mineral assets.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial

information, whether historical or prospective, presented in accordance with generally accepted accounting principles.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.

Win Bailey hereby certifies that neither Win Bailey, nor its directors, shareholders, staff have any present or prospective interests in the Company and the Mining Targets. Win Bailey is to receive the professional fee for its services (the work product of which includes this report) at its normal commercial rate and customary payment schedules. The payment of our professional fee is not contingent on the outcome of this report.

Yours faithfully,

For and on behalf of

Win Bailey Valuation and Advisory Limited

Karfai Leung
Senior Consultant

Jason Wong
Director

Note: Mr. Karfai Leung takes the role of the competent evaluator under Chapter 18 of the Listing Rules for this valuation.

1. SUMMARY OF SALIENT FACTS AND CONCLUSIONS

The Xiejiahegou Business

Subject Valued	100% interest of the Xiejiahegou Business at the Xiejiahegou Coal Mine in Guizhou Province, the PRC
Operator and Beneficial Owner of the Mining Targets	Jiutai Bangda
Registered License Holder	Jiutai Bangda
Mining Targets Location	Panzhou City, Guizhou Province, the PRC
Current Status of the Mining Targets	Approved annual production capacity of 450,000 tonnes
Date of Valuation	30 November 2025
Reporting Date	12 March 2026
Value Conclusion	Preferred value of the Xiejiahegou Business: 1,000,000,000

Huaneng Jiayuan

Subject Valued	100% equity interest in Huaneng Jiayuan
Operator and Beneficial Owner of the Mining Asset	Huaneng Jiayuan
Registered License Holder	Huaneng Jiayuan
Mining Targets	Youyi Coal Project and Jieji Coal Project
Mining Targets Location	Panzhou City, Guizhou Province, the PRC
Current Status of the Mining Targets	Youyi Coal Project is in the development stage and was approved with an annual production capacity of 450,000 tonnes. Jieji Coal Project is in the development stage and was approved with an annual production capacity of 300,000 tonnes

Date of Valuation	30 November 2025
Reporting Date	12 March 2026
Value Conclusion	Preferred value of the Huaneng Jiayuan: 1,200,000,000

2. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Win Bailey acknowledges that this report may be made available to the Company for public documentation purpose and used as reference on the Company's circular dated 12 March 2026 (the "Circular").

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

3. BASIS OF VALUATION

Our valuation has been based on **fair market value**, which is defined by International Valuation Standards established by the International Valuation Standards Council as "the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties".

4. PREMISES OF VALUE

Premises of value relate to the concept of valuing a subject in the manner which would generate the greatest return to the owner of the asset, taking into account what is physically possible, financially feasible and legally permissible, although this report does not constitute legal advice. Premises of value include the following:

- Going concern: appropriate when the business is expected to continue operating without the intention or threat of liquidation in the foreseeable future;
- Orderly liquidation: appropriate for a business that is clearly going to cease operations in the near future and is allowed sufficient time to sell its assets in the open market;
- Forced liquidation: appropriate when time or other constraints do not allow an orderly liquidation; and
- Assembled group of assets: appropriate when all assets of a business are sold in the market piecemeal instead of the entire business itself.

The valuation of the Mining Targets are prepared on a going concern basis.

5. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Target Company and/or their representative(s) (collectively the “Management”). In the course of our valuation work, we have conducted the following processes to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the background, development, operations, financial performance and other relevant information of the Mining Targets;
- Reviewed relevant financial information, operational information and other relevant data concerning the Mining Targets;
- Conducted site inspections;
- Reviewed and discussed with the Management on the business development concerning the Mining Targets provided to us by the Management;
- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry and market and obtained relevant statistical figures from public sources;
- Examined relevant basis and assumptions of both the financial and operational information of the Mining Targets, which were provided by the Management;
- Prepared valuation models to derive the fair market value of the Mining Targets; and
- Presented all relevant information on, including but not limited to, the scope of work, source of information, overview of the Mining Targets, overview of the industry, major assumptions, valuation methodology, sensitivity analysis, limiting conditions, remarks and conclusion of value in this report.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

6. SOURCES OF INFORMATION

For the purpose of our valuation, we have been provided with the information in respect of the Mining Targets prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- Background information of the business operation and relevant corporate information of the Mining Targets;
- Historical financial information of the Mining Targets;
- Financial projections of the Mining Targets;
- Feasibility studies (the “Feasibility Studies”) of the Youyi Coal Project and the Jieji Coal Project;
- Competent Persons’ Report (the “CPR”) on the mining operation of the Mining Targets prepared by BAW Mineral Partners Limited (“BAW”);
- Registrations, legal documents, permits and licenses related to the Mining Targets;
- The economic outlook in general and the specific economic environment and market elements affecting the Mining Targets, industry and market; and
- Bloomberg database, S&P Capital IQ database, and other reliable sources of market data.

We have also conducted research from public sources and carried out site inspections to assess the reasonableness and fairness of information provided. We have assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion.

7. OVERVIEW OF THE COMPANY

Perennial Energy Holdings Limited is a company listed on the main board of the Hong Kong Stock Exchange Limited (Stock Code: 2798). It is a coal mining company based in Guizhou Province, China. It currently operates two underground coal mines in the Songshan coal field in western Panzhou City, Guizhou Province, China, namely, the Hongguo Mine and the Baogushan Mine, and one underground coal mine located in Pan County coal field, Panzhou City, Guizhou Province, China, (i.e. Xiejiahegou Coal Mine). The mines are located next to the local transport highway, Hongguo Mine and Baogushan Mine are approximately 5 km to the Huajiazhuang Railway Logistics Center while the Xiejiahegou Coal Mine is approximately 80 km to Huajiazhuang Railway Logistics Center.

The Company employs mechanized longwall retreating underground mining method to extract raw coal which are mostly 1/3 coking coal from our Hongguo Mine and Baogushan Mine while the raw coal extracted from the Xiejiahegou Coal Mine is mainly coking coal. It generally washes and processes raw coal into clean coal at our Songshan Coal Preparation Plant before selling the coal products to its customers. During the coal preparation process, by-products, namely, middling coal and sludge coal, are also produced.

Its coal is generally sold to end-user customers directly although a portion of our coal products are sold to trading companies in Southwest China. Its end-user customers include coking enterprises, iron and steel or chemical manufacturers possessing coke production capabilities in Southwest China and power plants in Liupanshui City.

8. STATEMENT OF COMPLIANCE

The evaluations have been prepared in accordance with Chapter 18 and the VALMIN Code and are, to the best of our knowledge, compliant with these codes. This statement is made in accordance with a requirement under these codes.

9. STATEMENT OF COMPETENCE

Within the terms of Chapter 18 18.21–18.22 and the VALMIN Code, our senior consultant Mr. Karfai Leung is regarded as Competent Person, which means that he possesses relevant education, qualifications, experience and professional expertise so as to have a reputation that gives authority to statements made in relation to these valuation matters.

For this particular exercise, our senior consultant Mr. Karfai Leung is also regarded as Competent Evaluator which fulfil the requirement under Chapter 18 18.23.

- He has more than fifteen years of extensive experience in the mining industry including project generation, prospecting, field exploration, mineral resource definition, HSE management, mineral assets valuation, mineral assets acquisition, M&A and IPO process for energy, base metals, non-ferrous metals and precious metals in the PRC, Southeast Asia, North Asia, Central-Asia, Mid-East, Africa, Australasian, North and South Americas.
- He has more than five years' relevant and recent experience in the assessment and evaluation of coal companies.
- He possesses relevant education, qualifications, experience and professional expertise so as to have a reputation that gives authority to statements made in relation to the valuation matters of this report. He is currently a member of the Australasian Institute of Mining and Metallurgy (AusIMM). He meets all the requirements for "Competent Person" as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

In this valuation, Mr. Jason Wong is the project director of this valuation project. He has substantial experience in business valuation covered a wide range of different industry sectors, including but not limited to mining. He is responsible for over-viewing this valuation project and compiling the valuation report under the guidelines and supervisions of the Competent Evaluator.

A statement of their respective qualifications is appended as Appendix A.

10. STATEMENT OF INDEPENDENCE

Both Win Bailey and its consultant state that they are independent of the Company. Independence means in this context that Win Bailey and its consultant are able to satisfy any relevant legal tests of independence and are, and may be perceived to be, willing and able to undertake an impartial assessment and valuation and to prepare a valuation report that is free of bias.

To this end, Win Bailey and its consultant warrant that they do not have any pecuniary or beneficial interest in:

- The Company;
- The Mining Targets that are the subjects of the valuation; and
- The outcome of the valuation.

11. SITE INSPECTION

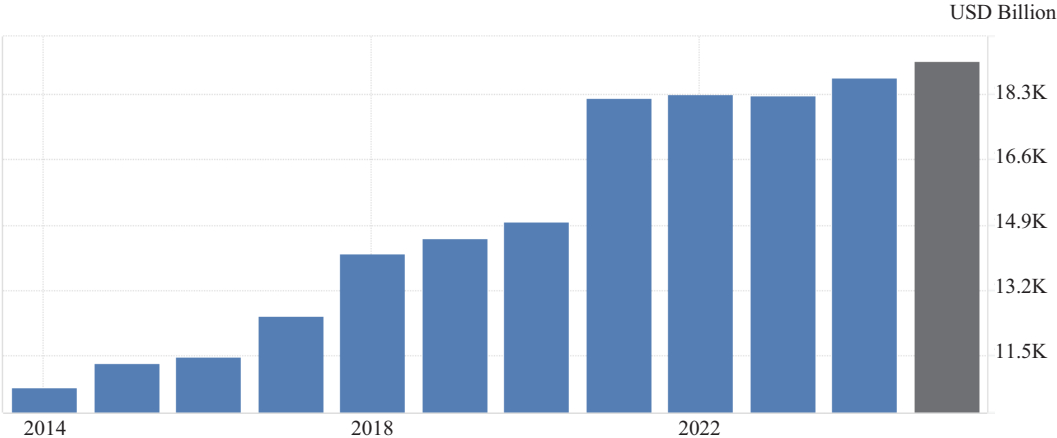
A site visit to the Mining Targets was conducted in November 2025, and during the site visit, the following tasks were carried out as part of our analysis process:

- Tour of mining areas and the site office of the Mining Targets; and
- Meetings with the Management from different operational and supporting departments.

Mr. Karfai Leung has participated in the site inspection.

12. ECONOMIC OVERVIEW

Figure 12.1 – GDP of China (in USD Billion) from 2013 to 2025



Source: Trading Economics, World Bank

As shown in the Figure 12.1, the gross domestic product (GDP) in China was worth USD19,200 billion in 2025. The GDP value of China represents around 17.65% of the world economy. GDP in China averaged USD3,590.13 billion from 1960 until 2024, reaching an all-time high of USD18,743.80 billion in 2024 and a record low of USD47.31 billion in 1962. The China GDP is projected to trend around USD19,625 billion in 2026, according to Trading Economics’ econometric models.

13. INDUSTRY OVERVIEW

Under China’s national sustainable development strategy, governments at all levels are placing increasing emphasis on environmental protection, imposing strict restrictions on the development and utilization of high-sulfur coal. This drives the need to vigorously promote clean coal and develop clean coal technologies. Guizhou’s coal mines are of high quality and abundant in quantity, with coal enterprises located deep in mountainous areas that have a large environmental capacity. This provides ample space for expanding the export of Guizhou coal.

Under the national “two-step” development strategy, economic and social development in Guizhou Province, the western region, as well as the central and eastern regions will be promoted, leading to increased demand for coal and a diversification of coal varieties. Currently, we are in a period of significant strategic opportunity presented by the “Belt and Road” Initiative and the Yangtze River Economic Belt plan. Guizhou Province’s advantages in the synergy of hydropower and thermal power resources have gained national recognition, bringing unprecedented historical opportunities for the development of its coal industry. The mining areas possess advantages in water-fire resource synergy and have significant development potential.

China is the world’s second-largest energy consumer, primarily reliant on coal, which accounts for over 70% of its primary energy consumption. Among proven primary energy

sources, coal holds the top position. Due to the long construction cycles and large investments required for hydropower and nuclear power, increasing their share in the energy mix in the short term is challenging. Furthermore, proven oil reserves are limited, and from an energy security perspective, China cannot rely on large-scale oil imports. Therefore, coal consumption will continue to account for over 50% of total energy consumption. Thus, it is essential to sustain the development of the coal industry, particularly the utilization of clean coal and the development of its deep-processing industrial chain. Coal has always been China's most important primary energy source, holding a pivotal position in national economic development, a status that will remain unchanged for a considerable period. The coal industry is a crucial foundational industry related to the nation's economic lifeline and energy security. The "National Energy Development Strategy Action Plan" further clarifies China's energy development pattern as "coal-based, electricity-centered," highlighting coal's prominent position in the national energy plan. Coal is a strategic resource ensuring China's sustainable economic growth over the next 20 years, and its economic value will steadily increase in the future.

According to the "2024 Annual Report on Coal Industry Development" released by the China National Coal Association, in terms of coal supply, China's raw coal output in 2024 reached 4.78 billion tons, a year-on-year increase of 1.2%, setting a new historical record. China's cumulative coal imports reached 540 million tons, a year-on-year increase of 14.4%; cumulative coal exports reached 6.66 million tons, a year-on-year increase of 49.1%. Regarding coal inventories, as of the end of December 2024, key coal enterprises nationwide held 68 million tons of coal, a year-on-year increase of 14%; thermal power plants held approximately 230 million tons of coal, a year-on-year increase of 12.2%, also setting a historical record, sufficient for approximately 28 days; and major ports held 70.1 million tons of coal, a year-on-year increase of 11.1%. China's total energy consumption in 2024 was 5.96 billion tons of standard coal equivalent, an increase of 4.3% over the previous year. Coal consumption increased by 1.7%, crude oil consumption decreased by 1.2%, natural gas consumption increased by 7.3%, and electricity consumption increased by 6.8%. Coal consumption accounted for 53.2% of total energy consumption, a decrease of 1.6 percentage points from the previous year; the consumption of clean energy sources such as natural gas, hydropower, nuclear power, wind power, and solar power accounted for 28.6% of total energy consumption, an increase of 2.2 percentage points. Guizhou produced 128 million tons of raw coal in 2022, 153 million tons in 2023, and 168 million tons in 2024. From 2017 to 2023, the province's coal consumption was 136.341 million tons, 120.0803 million tons, 122.0416 million tons, 116.5889 million tons, 124.8017 million tons, 145 million tons, and 153 million tons, respectively. Besides meeting its own needs, Guizhou's coal exports have gradually increased (primarily to neighboring provinces and cities), effectively filling the coal demand gap in those regions. The province's industrial coal consumption comprises four main sectors: power generation, chemicals, metallurgy, and building materials. From 2017 to 2023, annual consumption exceeded 90 million tons each year, accounting for over 85% of the total.

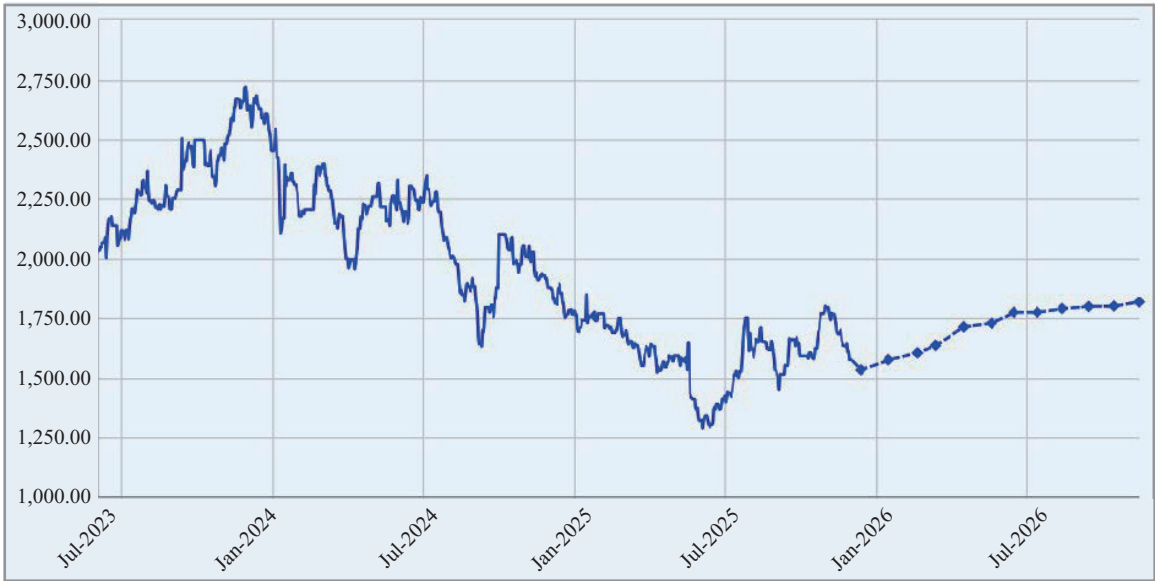
Overall, China’s coal industry shows a trend of concentration towards leading enterprises. In the medium to long term, even if national coal production and sales remain flat or slightly decline, leading coal companies can still maintain stable or slightly increasing production and sales by expanding their market share.

Figure 13.1 – Coking Coal Price (in RMB/MT) for the Past 5 Years



Source: Bloomberg Database

Figure 13.2 – Coke Price (in RMB/MT) for the Past 5 Years



Source: S&P Capital IQ Database

14. OWNERSHIP OF THE MINING TARGETS

Pursuant to the “Mineral Resource Law of the PRC”, all mineral resources in the PRC are owned by the nation. All types of exploration and mining activities in the PRC generally require approval from the relevant government agencies in the form of exploration license or mining license granted for a specific area during a specified period of validity (generally extendable once expired).

Xiejiahegou Coal Mine

The Xiejiahegou Coal Mine is currently wholly owned by Guizhou Jiutai Bangda. As mentioned before, the registered license holder of the Xiejiahegou Coal Mine is Guizhou Jiutai Bangda. Below is the summary of the latest license details of the Xiejiahegou Coal Mine:

License Type	Mining
License ID	C5200002014071120135031
Area (km ²)	1.0135
Elevation (m)	1,020–1,660
Permitted Production Capacity	450,000 tonnes per annum
Type of Commodities	Coal
Mining Method	Underground
Valid Period	January 2020 to September 2039

Youyi Coal Project

The Youyi Coal Project is currently 100% owned by Huaneng Jiayuan. As mentioned before, the registered license holder of the Youyi Coal Project is Huaneng Jiayuan. Below is the summary of the latest license details of the Youyi Coal Project:

License Type	Mining
License ID	C5200002014121120136551
Area (km ²)	2.8631
Elevation (m)	750–1,800

Permitted Production Capacity	450,000 tonnes per annum
Type of Commodities	Coal
Mining Method	Underground
Valid Period	December 2014 to December 2034

Jieji Coal Project

The Jieji Coal Project is currently 100% owned by Huaneng Jiayuan. As mentioned before, the registered license holder of the Jieji Coal Project is Huaneng Jiayuan. Below is the summary of the latest license details of the Jieji Coal Project:

License Type	Mining
License ID	C5200002013061120133333
Area (km ²)	3.248
Elevation (m)	1,000–1,600
Permitted Production Capacity	300,000 tonnes per annum
Type of Commodities	Coal
Mining Method	Underground
Valid Period	June 2013 to June 2023*

* The local Ministry of Natural Resources has recommended that the expired Jieji Mining License not be renewed until after the merger. BAW understand that the Company agrees with this recommendation and plans to renew the license at a later date.

15. OVERVIEW OF THE MINING TARGETS

15.1. Location, Access and Infrastructure

The Mining Targets are located to the east of Panzhou City, southwestern corner of Guizhou Province of the PRC as shown in Figure below. The Coal Mines is situated on the border between Guizhou Province and Yunnan Province, as much as 40 kilometres (“km”) east to Panzhou City and 210 km southwest to Guiyang City, the capital of Guizhou Province, and 220 km northeast to Kunming City, the capital of Yunnan Province. The geographic location of the Xiejiahegou Underground Coal Mine, Youyi Coal Project and Jieji Coal are defined by the mining licenses respectively.

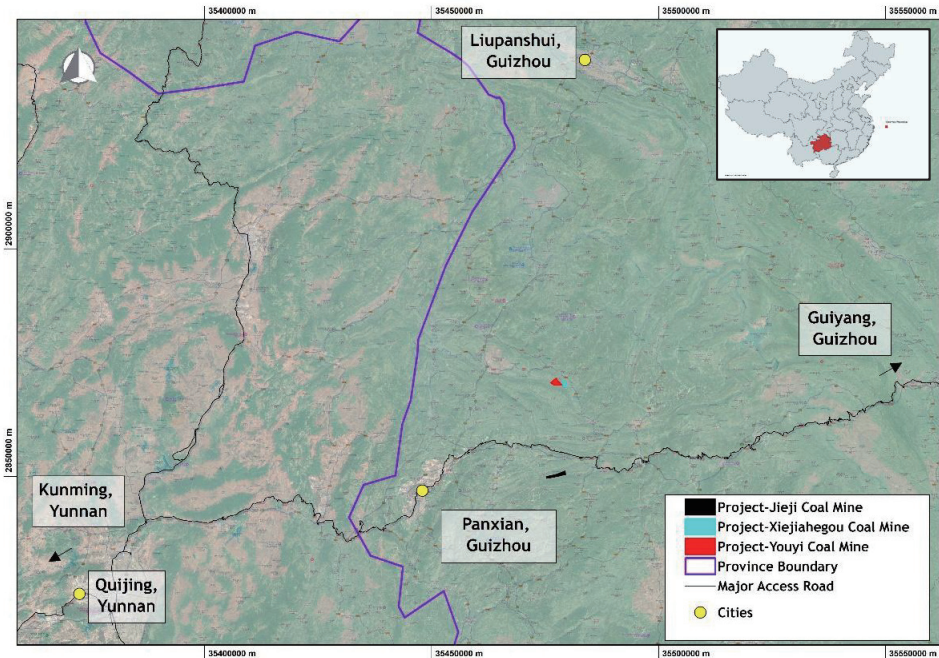
Access to the Mining Targets can be easily made through the Provincial Highway G320 which is located 40 km south to the Mining Properties through a paved road. The Songhe Railway Station is located around 23 km west to the Mining Properties.

The road distance via the Shanghai-Kunming Expressway G60 between the Xiejiahegou Coal Mine and Guiyang, the capital city of Guizhou Province to the east, is approximately 270 km, and road distance to Kunming, the capital city of Yunnan Province to the west, is approximately 280 km. Nearby airports are in Kunming and Guiyang. High-speed railway is available from Guiyang to Kunming. The Panzhou Station for the high-speed railroad is located in Lianghe.

Power supply in Panzhou City is generally sufficient to support the mining operation since there are two major coal-fired power plants in the city plus numerous hydro power plants in southwestern Guizhou Province. At present, electricity for the mining property is currently supplied by the Luna 35kV substation and Yuni 35kV substation as dual circuit power lines.

Water supply is abundantly available from the catchment basin of the Luoxi River. On the southern side of the property is located a semi-permanent stream, Shangwugou, with an average flow rate of 32.4 litres per second (“L/s”) whereas on the eastern side of the property is located another semi-permanent stream, Maguogou, with an average flow rate of 43.0 L/s. These streams flow into the Luoxi River. These streams can generally provide sufficient water for operation.

Figure 15.1 – Location map of the Mining Targets in Guizhou Province



15.2. Climate and Physiography

The climate of Panzhou City is classified as semi-arid subtropical with distinct dry and wet seasons. Annual precipitation is approximately 1,383 millimeters (“mm”), which mostly occurs during the wet seasons from May to October accounting for more than 85.8% of the total precipitation. The average annual temperature is generally around 15.2°C with a summer high of 35°C and a winter low of 3°C. The average annual relative humidity is 78%. The annual sunshine duration totals 1,555.6 hours.

Drainage systems are widely developed in the region with a major river represented by the Luoxi River. Water supply for mining operation is sufficient. Vegetation is widespread in the region. Forest covers approximately 47% of the surface area in Panzhou City.

Panzhou City is a very important coal-producing area in Guizhou Province and China. The major industry in the city includes coal mining, coal preparation, coke production, and electricity generation. The city is a major electricity source for the Guizhou-Electricity-to-Guangdong programme and is often referred to as the “Capital of Coal and Electricity”.

15.3. History of Exploration and Production

Xiejiahegou Coal Mine

The current mining license of the Xiejiahegou Coal Mine was resulted from twice consolidation of multiple mining licenses throughout the history. The first consolidation of mining licenses took place in 2007, while the second consolidation of mining licenses took place in 2015.

Below is the summary of the historical raw coal production of the Xiejiahegou Coal Mine:

Year	Raw Coal Production (tonnes)
2020	449,410
2021	409,767
2022	409,508
2023	423,229
2024	449,949
2025 (Jan to Nov)	338,828

Youyi Coal Project

The Youyi Coal Project has not yet commenced production.

Jieji Coal Project

The Jieji Coal Project has not yet commenced production.

15.4. Geology

The Mining Targets are situated in the Panxian Coalfield which is a major coal-forming, interactive marine and terrestrial sedimentary basin formed during the Late Permian Period in western Guizhou Province of South China in modern times, which is one of the major coal-producing area in the PRC.

The Panxian Coalfield is approximately 79.7 km long from north to south and 59.5 km wide from east to west, covering an area of 4,742 km² as shown in Figure 5-1. Numerous coal deposits of the Panxian Coalfield are the primary mining targets for all the coal mines in Panzhou City as well as the surrounding areas.

The stratigraphy exposed in the region over a wide span, from the Carboniferous, Permian, Triassic, Jurassic and Paleogene to the Quaternary, comprising mainly the Lower Permian Qixia Formation flint limestones and Maokou Formation limestones, the Upper Permian Emeishan Basalt and Xuanwei Formation coal-bearing sandstones, siltstones and mudstones, the Lower Triassic Feixianguan Formation silty mudstones, siltstones with bioclastic limestone interbeds and Yongningzhen Formation limestones, the Middle Triassic Guanling Formation dolomites and limestones and Quaternary sediments. Among the sequences, the Permian and Triassic successions are the most widely distributed. The main coal-bearing strata were formed in the Late Permian.

15.5. Coal Seams

Xiejiahegou Coal Mine

Coal seams of the Xiejiahegou Coal Mine are dominantly hosted in the Upper Permian Longtan Formation and Upper Permian Emeishan Basalt. The Longtan Formation is the clastic sedimentary succession which comprises mainly of mudstone, siltstone and sandstone with a thickness between 356 m and 425 m. The Longtan Formation contains 11 to 24 coal seams with a total seam thickness of 11.1 m to 32.5 m, resulting in a coal-bearing coefficient of 10.1% to 20.4%. Among those 24 coal seams, 18 coal seams are considered as having mining potential. The total thickness of the 18 coal seams with mining potential ranges from 7.7 m to 14.1 m, resulting in a potentially minable coal-bearing coefficient of 6.4% to 13.5%.

The Emeishan Basalt contains 2 to 5 coal seams with a total seam thickness of 1.9 m to 8.2 m, resulting in a coal-bearing coefficient of 7.5%. Among those 5 coal seams, only one coal seam is considered as having mining potential. The thickness of the coal seam with mining potential ranges from 0.8 m to 7.4 m, resulting in a potentially minable coal-bearing coefficient of 6.3%.

The mining potential is generally defined by a minimum true seam thickness of 0.6 m to 0.7 m for the seams that produce metallurgical coal in the area of Panzhou City, a parameter specified by relevant government agencies.

The 18 coal seams with mining potential in the Longtan Formation are numbered, in stratigraphically descending order, as Seams No.1, No.3, No.6-1, No.6-2, No.10, No.12, No.15, No.16, No.17, No.18, No.23, No.24-1, No.24-2, No.26, No.27-1, No.27-2, No.29-1 and No.29-2. These coal seams generally are roofed by silty mudstone and muddy siltstone and floored by mudstone and muddy siltstone. The only coal seam with mining potential in the Emeishan Basalt is Seam No. 32 which is roofed by silty mudstone and floored by silty mudstone, muddy siltstone and siltstone.

Youyi Coal Project

The main coal-bearing strata in the area are the Upper Permian Longtan Formation and the Upper Member of the Emeishan Basalt Group.

The thickness of the Longtan Formation ranges from 356.01 m to 424.81 m, with an average thickness of 387.52 m. It contains between 43 and 57 coal seams, averaging 47 seams. The total thickness of these coal seams ranges from 43.67 m to 50.61 m, averaging 47.12 m, leading to a coal-bearing coefficient of 12.16%. Within this formation, there are 13 minable coal seams (out of a total of 14 minable seams in the area). The total minable coal thickness varies from 18.03 m to 30.92 m, averaging 24.62 m, with a minable coal-bearing coefficient of 6.35%.

The Upper Member of the Emeishan Basalt Group generally has an average thickness of 42.38 meters. It contains between 2 and 5 coal seams, averaging 3 seams, with a total coal thickness that ranges from 1.69 m to 5.48 meters, averaging 4.16 m. This member has a coal-bearing coefficient of 9.82%. It features 1 minable coal seam, numbered 32, with a total minable coal thickness ranging from 1.21 m to 4.19 m, averaging 2.95 m. The minable coal-bearing coefficient for this member is 6.96%.

In total, the coal-bearing strata in the area includes 14 minable coal seams, which are numbered as follows: No.1, No.3, No.6-1, No.6-3, No.12, No.15-1, No.16, No.17, No.18, No.25, No.26, No.27-1, No.29-2 and No.32. These seams are developed across the upper, middle, and lower parts of the formations.

Jieji Coal Project

The Longtan Formation is the primary coal-bearing strata in this area, representing a marine-terrestrial interbedded layer sequence. It is composed of grey and dark grey argillaceous siltstone, siltstone, argillaceous siltstone, carbonaceous mudstone, and coal seams.

The thickness of the Longtan Formation ranges from 261.20 m to 300.56 m, with an average thickness of 285.00 m. It contains between 24 and 32 coal seams, with a total coal thickness ranging from 28.09 m to 33.74 m, averaging 31.69 m. The overall coal-bearing coefficient is 11.1%. The formation includes 10 minable coal seams, specifically numbered as No.1, No.2, No.9, No.11, No.17-1, No.18, No.22-2, No.23, No.24 and No.28. The total minable coal thickness averages 27.86 m, ranging from 23.60 m to 31.42 m, and the minable coal-bearing coefficient stands at 9.8%. Ten coal seams (1, 2, 9, 11, 17-1, 18, 22-2, 23, 24, 28) are identified as minable within the Longtan Formation.

15.6. Coal Reserves

As of the Date of Valuation, BAW has estimated that the coal reserves of the Mining Targets as below:

Mining Targets	Total Reserves (Mt)
Xiejiahegou Coal Mine	8.13
Youyi Coal Project	43.69
Jieji Coal Project	18.52

15.7. Life-of-Mine Analysis

As of the Date of Valuation, BAW has estimated that the coal reserves of the Mining Targets are sufficient to support production at the permitted production level for Xiejiahegou Coal Mine, Youyi Coal Project and Jieji Coal Project approximately 18, 97 and 62 years respectively.

15.8. Site Visit

A site visit to the Mining Targets and meetings with the Management were conducted in November 2025. During our site inspection in the Mining Targets, safety systems were assembled in place, and our team were provided with appropriate personal protective equipment.

16. BUSINESS OVERVIEW

The raw coal extracted from the Mining Targets is mostly coking coal. Coking coal is a bituminous coal with a relatively low degree of metamorphism and a relatively low volatile content.

Xiejiahegou Business

The raw coal are processed into clean coal, middling coal and sludge coal, which are suitable for power generation, domestic use, and industrial use.

Huaneng Jiayuan

Guizhou Huaneng Jiayuan Coal Co., Ltd. which is principally engaged in the business of exploration, development and mining of coking coal through its two coking coal projects in Guizhou Province, PRC, including the Youyi Coal Project and Jieji Coal Project.

The raw coal mined from the Youyi Coal Project and Jieji Coal Project are planned to be processed into clean coal, middling coal and sludge coal, which are suitable for power generation, domestic use, and industrial use.

17. MAJOR ASSUMPTIONS

In conducting our valuation work, the following assumptions have been adopted in order to sufficiently support our conclusion of value including, but not limited to:

- The information provided and the representations made by the Management with regard to the Mining Targets' financial and business affairs are accurate and reliable;
- The Mining Targets will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business development;
- The Mining Targets has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Mining Targets operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- There will be sufficient supply of technical staff in the industry in which the Mining Targets operates or intends to operate, and the Mining Targets will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- There will be no major changes in the current taxation laws in the localities in which the Mining Targets operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Mining Targets operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Mining Targets;
- There will be no material changes in the relevant interest rates and exchange rates that would impact the Mining Targets' business; and
- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Mining Targets as of the Date of Valuation.

In the event actual events do not accord with one or more of the above assumptions, the resulting values of the Mining Targets may vary substantially from the figure as set out in this report.

18. VALUATION METHODOLOGY

In conducting the valuation, we have considered three generally accepted approaches, including market approach, income approach and cost approach.

18.1. General Valuation Approaches

18.1.1. Market Approach

The market approach measures the value of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable properties.

18.1.2. Income Approach

The income approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

18.1.3. Cost Approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

18.2. Adopted Approach for the Valuation of the Mining Targets

Among the abovementioned valuation approaches, the selection of the valuation approach in valuing the Mining Targets is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the Mining Targets' business operations and nature of the industry the Mining Targets are participating, professional judgment and technical expertise.

The income approach was considered to be the most appropriate valuation approach in this valuation, as it takes the future growth potential and firm-specific issues of the Target into consideration. Under the income approach, the Discounted Cash Flow ("DCF") method is adopted.

18.2.1. The DCF Method

The DCF method begins with an estimation of the annual cash flows, which a market participant acquirer would expect the asset to generate over a discrete projection period. The expected debt-free cash flow for each year was determined as follows:

$$FCF = EBIT (1 - T) + NCI - InvCapex - InvNWC$$

Where:

<i>FCF</i>	=	<i>free cash flow</i>
<i>EBIT</i>	=	<i>earnings before income and tax</i>
<i>T</i>	=	<i>tax rate</i>
<i>NCI</i>	=	<i>non-cash incomes</i>
<i>InvFA</i>	=	<i>investment in capital expenditure</i>
<i>InvNWC</i>	=	<i>investment in net working capital</i>

The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the asset (if any) at the end of the discrete projection period to arrive at an estimate of the value of the specific asset. The present value of the expected free cash flow is calculated as follows:

$$PVFCF = FCF_1 / (1 + r)^1 + FCF_2 / (1 + r)^2 + \dots + FCF_n / (1 + r)^n$$

Where:

<i>PVFCF</i>	=	<i>present value of free cash flows</i>
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<i>FCF</i>	=	<i>free cash flow</i>
<i>r</i>	=	<i>discount rate</i>
<i>n</i>	=	<i>number of year of projections</i>

In the valuation of the Mining Targets, the Management has provided us with the CPR which indicates the amount of mineral resources and reserves, a detailed mining schedule, production schedule, and other relevant costs data. Provided below is a brief description and analysis of the major assumptions applied in the valuation of the Mining Targets.

18.2.2. Coal Reserves

In our valuation, the coal reserves adopted are developed by the CPR. Details of the coal reserves as of the Date of Valuation can be referred to Section 15.6.

18.2.3. Production Capacity and Schedule

Xiejiahegou Business

The production projection from December 2025 to December 2043 are shown below.

Table 18.2.3.1 – Production Capacity

	2025 Dec	2026	2027	2028	2029+
Raw Coal Mined (Metric Tonnes)	35,000	450,000	450,000	450,000	450,000

Huaneng Jiayuan

Youyi Coal Project

The production projection from December 2025 to December 2126 are shown below.

Table 18.2.3.2 – Production Capacity

	2025 Dec	2026	2027	2028	2029+
Raw Coal Mined (Metric Tonnes)	–	–	–	–	450,000

Jieji Coal Project

The production projection from December 2025 to December 2090 are shown below.

Table 18.2.3.2 – Production Capacity

	2025 Dec	2026	2027	2028	2029+
Raw Coal Mined (Metric Tonnes)	–	–	–	–	300,000

18.2.4. Basis of Revenue*Xiejiahegou Business*

The parameters applied in the valuation of the Xiejiahegou Business are as follow:

Table 18.2.4.1 – Projected Selling Price and Sales Volume

	Selling Price without VAT (RMB/tonne)	Metric Tonne Per Annum (from 2026)
Clean Coal	1,350	279,000
Middling Coal	340	63,000
Sludge Coal	120	45,000

The projected revenue is based on the coking coal price in the PRC which obtained from the Management and other market data. Given the long-term uncertainty of price associated with any commodity, price is assumed to be stationary and no price growth is factored into the revenue projection.

According to the projected production abovementioned, the projected revenues of the Xiejiahegou Business are as follows:

Table 18.2.4.2 – Projected Revenue of the Xiejiahegou Business

	2025 Dec	2026	2027	2028	2029+
Million RMB	31.4	403.5	403.5	403.5	403.5

Huaneng Jiayuan

Youyi Coal Project

The parameters applied in the valuation of the Youyi Coal Project are as follow:

Table 18.2.4.3 – Projected Selling Price and Sales Volume

	Selling Price without VAT (RMB/tonne)	Metric Tonne Per Annum (from 2029)
Clean Coal	1,350	279,000
Middling Coal	340	63,000
Sludge Coal	120	45,000

The projected revenue is based on the coking coal price in the PRC which obtained from the Management and the Feasibility Studies. Given the long-term uncertainty of price associated with any commodity, price is assumed to be stationary and no price growth is factored into the revenue projection.

According to the projected production abovementioned, the projected revenues of the Youyi Coal Project are as follows:

Table 18.2.4.4 – Projected Revenue of the Youyi Coal Project

	2025 Dec	2026	2027	2028	2029+
Million RMB	–	–	–	–	403.5

Jieji Coal Project

The parameters applied in the valuation of the Jieji Coal Project are as follows:

Table 18.2.4.5 – Projected Selling Price and Sales Volume

	Selling Price without VAT (RMB/tonne)	Metric Tonne Per Annum (from 2029)
Clean Coal	1,350	186,000
Middling Coal	340	42,000
Sludge Coal	120	30,000

The projected revenue is based on the coking coal price in the PRC which obtained from the Management and the Feasibility Studies. Given the long-term uncertainty of price associated with any commodity, price is assumed to be stationary and no price growth is factored into the revenue projection.

According to the projected production abovementioned, the projected revenues of the Jieji Coal Project are as follows:

Table 18.2.4.6 – Projected Revenue of the Jieji Coal Project

	2025 Dec	2026	2027	2028	2029+
Million RMB	–	–	–	–	269.0

18.2.5. Basis of Operating Costs

Xiejiahegou Business

Operating costs comprises of production cost (including materials costs, power costs, workforce salaries, equipment maintenance costs), SG&A (such as transportation expenses, staff salaries and welfare) and depreciation. We referred to the operating cost projections provided by the Management to perform the valuation of the Xiejiahegou Business. The cost projections provided by the Management is based on the historical performance and their best estimation.

Huaneng Jiayuan

Operating costs comprises of production cost (including materials costs, power costs, workforce salaries, equipment maintenance costs), SG&A (such as safety expenses) and depreciation. The projection of the operating costs were estimated with reference to the Feasibility Studies prepared for the Youyi Coal Project and Jieji Coal Project.

18.2.6. Basis of Capital Expenditures

Capital Expenditures (“CAPEX”) include the costs of mine development, equipment support facilities and rehab for the Mining Targets. We understand that the Management prepared a projection of development, expansion CAPEX and sustaining CAPEX for the Xiejiahegou Coal Mine, Feasibility Studies prepared for the Youyi Coal Project and Jieji Coal Project, which is reasonable and conformable with the industry practice. The CAPEX projected for the Mining Targets is summarized below.

*Xiejiahegou Business***Table 18.2.6.1 – Projected CAPEX for the Xiejiahegou Business**

	2025 Dec	2026	2027	2028	2029+
Million RMB	3.1	37.0	37.0	37.0	37.0

*Huaneng Jiayuan***Table 18.2.6.2 – Projected CAPEX for the Youyi Coal Project**

	2025 Dec	2026	2027	2028	2029+
Million RMB	–	85.1	170.1	170.1	36.3

Table 18.2.6.3 – Projected CAPEX for the Jieji Coal Project

	2025 Dec	2026	2027	2028	2029+
Million RMB	–	63.9	127.7	127.7	24.2

18.2.7. Basis of Working Capital Requirement

The working capital requirement for the projection period were projected by the Management. It has also been made reference to the market data, including account receivables turnover days, inventories turnover days and account payables turnover days.

18.2.8. Comparable Companies

In applying the DCF method, the estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows, or the discount rate. The appropriate discount rate for the Mining Targets was determined with reference to the business nature and financial information of publicly listed companies that are considered to be comparable to the Target (the "Comparable Companies").

Due to the fact that there is no company is exactly the same as the Target Company, a set of the Comparable Companies must be selected in valuing the Mining Targets. To determine the set of the Comparable Companies, we mainly focused on the following perspectives during the selection process from the public resources (e.g. S&P Capital IQ, including:

- (i) The companies are principally engaged in the business of clean coking coal in the PRC; and
- (ii) Sufficiency of information (such as listing and operating histories, and availability of the financial information to the public).

Based on the abovementioned selection criteria, we consider the set of the Comparable Companies adopted in the valuation is comprehensive. Details of the Comparable Companies are listed as follows:

Company Name	S&P Capital IQ Ticker	Business Description
Guizhou Panjiang Refined Coal Co., Ltd.	SHSE:600395	Guizhou Panjiang Refined Coal Co., Ltd. engages in mining, washing, processing, and selling of coal in China and internationally.
Henan Dayou Energy Co., Ltd	SHSE:600403	Henan Dayou Energy Co., Ltd engages in coal mining activities in China.
Pingdingshan Tianan Coal Mining Co., Ltd.	SHSE:601666	Pingdingshan Tianan Coal Mining Co., Ltd. engages in the mining, washing, processing, and sale of coal in China. It offers coking, thermal, blended, and smelted clean coal.

Company Name	S&P Capital IQ Ticker	Business Description
Shougang Fushan Resources Group Limited	SEHK:639	Shougang Fushan Resources Group Limited, an investment holding company, engages in the business of coking coal mining and production and sales of coking coal products in the People's Republic of China.
Kailuan Energy Chemical Co., Ltd.	SHSE:600997	Kailuan Energy Chemical Co., Ltd. engages in coal, coal chemical, and other businesses in China and internationally.
Perennial Energy Holdings Limited	SEHK:2798	Perennial Energy Holdings Limited, an investment holding company, engages in the exploration and mining of coking coal in the People's Republic of China.
Shanxi Coking Coal Energy Group Co., Ltd.	SZSE:000983	Shanxi Coking Coal Energy Group Co., Ltd. engages in the production and sale of coal products in China.
Anhui Hengyuan Coal Industry and Electricity Power Co., Ltd	SHSE:600971	Anhui Hengyuan Coal Industry and Electricity Power Co., Ltd engages in the mining, washing, processing, and sale of coal in China.
Shanxi Coal International Energy Group Co., Ltd	SHSE:600546	Shanxi Coal International Energy Group Co., Ltd engages in the coal production business in China and internationally.
E-Commodities Holdings Limited	SEHK:1733	E-Commodities Holdings Limited, together with its subsidiaries, engages in the processing and trading of coal and other products.

Source: S&P Capital IQ

18.2.9. Discount Rate

In order to estimate the value of the Mining Targets and perform an overall reasonability assessment, it is required to determine the appropriate discount rate for the Mining Targets.

As such, we have adopted the weighted average cost of capital (“WACC”) as a basic discount rate for the Mining Targets. WACC represents the weighted average return attributable to all of the operating assets of the Mining Targets. WACC was computed using the formula below:

WACC = R_e (E / V) + R_d (D / V) (1 - T_c)

Where:

Table defining variables: WACC, R_e, R_d, E, D, V, T_c and their corresponding descriptions like 'weighted average cost of capital', 'cost of equity', etc.

As a component of WACC, the cost of equity was determined using the Capital Asset Pricing Model (“CAPM”). CAPM calculates a required return based on a risk measurement. It describes the relationship between the risk of a particular asset, its market price and the expected return to the investor, that investors required additional return to compensate additional risk associated.

In the valuation, CAPM was modified to reflect the size premium and company-specific risk premium associated with the Target. The cost of equity under the modified CAPM was computed using the formula below:

$$R_e = R_f + \beta * MRP + RP_S + RP_U$$

Where:

R_e	=	<i>cost of equity</i>
R_f	=	<i>risk-free rate</i>
β	=	<i>beta coefficient</i>
MRP	=	<i>market risk premium</i>
RP_S	=	<i>size premium</i>
RP_U	=	<i>company-specific risk premium</i>

In the valuation, the yield rate of the 10-year China Government Bond of the PRC of 3.50% as of the Date of Valuation, as extracted from S&P Capital IQ, was adopted as the risk-free rate.

Since the Mining Targets are not a publicly listed company, it is not possible to determine its beta coefficient directly. Instead, the beta coefficient for the Mining Targets was determined by the median of the betas of the Comparable Companies, with adjustment for differences in corporate tax rates and leverage compositions. As a result, the beta coefficient for the Xiejiahegou Business and Huaneng Jiayuan was calculated as 0.91 and 0.88 respectively.

In the valuation, the market risk premium of the PRC as of the Date of Valuation of 5.27% was determined with reference to “Country Default Spreads and Risk Premiums”, published by Professor Aswath Damodaran, who is a well-known author of several widely used academic textbooks on valuation and related subjects, in January 2025.

Considering the above-mentioned parameters, our analysis suggested a cost of equity before any other risk premium for the Xiejiahegou Business of 6.61% and for Huaneng Jiayuan of 6.43%. By adding a size premium of 2.91%, which was determined with reference to “2023 Valuation Handbook – Guide to Cost of Capital”, published by Kroll, which is a global valuation and corporate finance advisor with over 6,500 employees and 140 countries around the world, and a company-specific risk premium of 0.00% and for the Xiejiahegou Business and 1.00% for Huaneng Jiayuan, we arrived at a cost of equity of 9.52% for the Xiejiahegou Business and 10.34% for Huaneng Jiayuan.

The weight of debt and weight of equity were determined by making reference to the median of the weight of debt and weight of equity of the Comparable Companies respectively. The weight of equity and weight of debt was adopted as 64.03% and 35.97% respectively.

The cost of debt is determined by making reference to the prime rate in the PRC of 3.50% before tax. The after tax cost of debt adopted for the Xiejiahegou Business was 2.98% and for Huaneng Jiayuan was 2.63% respectively.

Accounting for the above items, the WACC as of the Date of Valuation is derived as 7.17% for the Xiejiahegou Business and 7.56% for Huaneng Jiayuan.

18.2.10. Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared to similar interest in public companies, ownership interest in privately held company is not readily marketable. Therefore, the value of a share in a privately held company is usually less than that in a publicly held company. The discount for lack of marketability (“DLOM”) is a downward adjustment to the value of an investment to reflect its reduced level of marketability.

In determining a reasonable DLOM, we have made reference to the Stout Restricted Stock Study Companion Guide 2024 published by Stout which indicated the median of the DLOM for the mining industry was approximately 14.4%. As there is no evidence that the discount for lack of marketability of the Mining Targets varies from the overall market, we considered that it is fair and appropriate to adopt such marketability discount in our valuation.

18.2.11. Calculation Details

For illustrative purpose, the calculation details of the fair values of Xiejiahegou Business and Huaneng Jiayuan were shown below:

Xiejiahegou Business

	Fair Market Value (RMB in million)
Enterprise Value of Xiejiahegou Business (i.e. Fair Value of the 100% Interest in Xiejiahegou Business (Before DLOM))	1,175.8
Less: DLOM (14.4%)	(169.3)
Fair Value of the 100% Interest in Xiejiahegou Business (Rounded)*	1,000.0

* *Rounding figures*

Huaneng Jiayuan

	Fair Market Value (RMB in million)
100% Enterprise Value of Youyi Coal Project	1,090.0
100% Enterprise Value of Jieji Coal Project	669.0
Total Enterprise Value of Huaneng Jiayuan	1,759.0
Other Adjustments	
Add: Non-operating Assets of Huaneng Jiayuan	128.9
Less: Non-operating Liabilities of Huaneng Jiayuan	(438.8)
Add: Non-controlling Interests of Huaneng Jiayuan	0.5
Fair Value of the 100% Equity Interest in Huaneng Jiayuan (Before DLOM)	1,449.5
Less: DLOM (14.4%)	(208.7)
Fair Value of the 100% Equity Interest in Huaneng Jiayuan (Rounded)*	1,200.0

* *Rounding figures*

19. SENSITIVITY ANALYSIS

By its very nature, valuation work cannot be regarded as an exact science and the conclusion arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation. Thus, the following sensitivity analysis has been applied to determine the impact of change in discount rate on the fair market value of 100% interest of the Mining Targets.

Xiejiahegou Business

**Sensitivity Analysis for the Valuation of the Xiejiahegou Business
as of 30 November 2025**

Change in Discount Rate	Fair Market Value of 100 % Interest of the Xiejiahegou Business (RMB in Million)	Change in Fair Market Value of 100% Interest of the Xiejiahegou Business (%)
+10%	960	-4.0%
+5%	983	-1.7%
Base case	1,000	–
-5%	1,031	3.1%
-10%	1,056	5.6%

Huaneng Jiayuan*Youyi Coal Project*

Sensitivity Analysis for the Valuation of Huaneng Jiayuan as of 30 November 2025

Change in Discount Rate in Youyi Coal Project	Fair Market Value of 100 % Equity Interest of Huaneng Jiayuan (RMB in Million)	Change in Fair Market Value of 100% Equity Interest of Huaneng Jiayuan (%)
+10%	1,109	-7.6%
+5%	1,171	-2.4%
Base case	1,200	–
-5%	1,314	9.5%
-10%	1,398	16.5%

*Jieji Coal Project***Sensitivity Analysis for the Valuation of Huaneng Jiayuan as of 30 November 2025**

Change in Discount Rate in Jieji Coal Project	Fair Market Value of 100% Equity Interest of Huaneng Jiayuan (RMB in Million)	Change in Fair Market Value of 100% Equity Interest of Huaneng Jiayuan (%)
+10%	1,160	-3.3%
+5%	1,199	-0.1%
Base case	1,200	–
-5%	1,288	7.3%
-10%	1,339	11.6%

20. RISK FACTORS**20.1. Resources and Reserves**

Estimations of tonnage, grade and overall content of a deposit are not precise calculations but are based on interpretation and on sampling. There is always a potential error in the projection of sampling data when estimating the tonnage and grade of the surrounding strata, and significant variations may occur. It is possible that some resources may not be economically mineable. Additionally, historical recovery rate might not be able to be sustained in future operations. The value of the Mining Targets may be diminished if any of these events happen.

20.2. Fluctuation of the Selling Price and Demand

Commodity price and demand are fluctuated. If the selling price decreases substantially or the demand for coking coal diminishes in the long run, the value of the Mining Targets will be adversely affected.

20.3. Implementation for Future Development Plan

Future development of the Mining Targets may be subject to the approval of local government. Any delays in the proposed future development plan may adversely affect the value of the Mining Targets.

20.4. Validity or Extension of Licenses

Since the value of the Mining Targets stems from the mining licenses, any defects in the validity or extension of the licenses may have adverse impact on our conclusion of value.

20.5. Social and Environmental Issues

If there are any complaints or protests by the local community or any changes on the environmental regulation or requirement, the operation of the Mining Targets may suffer adverse impact and thus negatively affect our conclusion of value.

20.6. Government Policy Change

Our DCF based evaluation of the Mining Targets are reliant on the existing government policy as it existed at the time of the evaluation. Any changes in existing government policy may affect our conclusion of value.

21. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We have not verified the accuracy of the information provided and have assumed that the aforesaid information is accurate. We have not conducted any further investigations concerning whether all data have been provided to us for our assessment and we have no reason to believe that any material data have been withheld from us.

We would particularly point out that our valuation was based on the information such as the projections made by the Mining Targets, company background, business nature of the Mining Targets provided to us.

Our conclusion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

This report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated in **Section 3 – Purpose of Valuation**, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

The title of this report shall not pass to the Company until all professional fees have been paid in full.

22. REMARKS

Unless otherwise stated, all monetary amount stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Mining Targets or the value reported herein.

23. OPINION OF VALUE

Based on the investigation and analysis stated above, our scope of work, the valuation method employed, information reviewed and the assumptions adopted, the fair market value of 100% interest of the Xiejiahegou Business and Huaneng Jiayuan as of 30 November 2025 (i.e. the Date of Valuation), in our opinion, was reasonably stated as follows:

Valuation Subjects	Fair Market Value <i>(RMB)</i>
Xiejiahegou Business	1,000,000,000
Huaneng Jiayuan	1,200,000,000

APPENDIX A – QUALIFICATION OF THE VALUATION TEAM MEMBERS

Mr. Karfai Leung (MPhil, MAusIMM) is responsible for the overall project management of this engagement, has more than 15 years of extensive experience in the mining industry globally including project generation, prospecting, field exploration, mineral resource definition, HSE management, mineral assets valuation, mineral assets acquisition for energy, base metals, non-ferrous metals and precious metals in the PRC, Southeast Asia, North Asia, Central-Asia, Mid-East, Africa, Australasian, North and South Americas. He has hands-on and extensive experience in cash-flow modelling, valuation, due diligence, capital raising, M&A deals and IPOs project management. He meets all the requirements for “Competent Person” as defined in the Australasian JORC Code and the HKEX Listing Rules for the purpose of mineral resource/ore reserve estimation and reporting.

Mr. Jason Wong Tsz Fung (CPA) has over 10 years of experience with proven track record in multiple professional service industries, including audit, business advisory with a focus on valuation. He has substantial practical experience in providing various types of valuation for publicly listed and private companies in Hong Kong, the PRC, southeast Asia and the United States. His experience in M&A transactions covers a wide range of industries including mining, automotive consultancy services, catering and healthcare.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.**德勤**

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE XIEJIAHEGOU BUSINESS AND 100% EQUITY INTEREST IN GUIZHOU HUANENG JIAYUAN COAL CO., LTD.* (貴州華能佳源煤業有限公司)

TO THE DIRECTORS OF PERENNIAL ENERGY HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Win Bailey Valuation and Advisory Limited, of the Xiejiahegou Business (as defined in the Announcement which has been defined below) and 100% equity interest in Guizhou Huaneng Jiayuan Coal Co., Ltd.* (貴州華能佳源煤業有限公司) (the "Target Company") as at 30 November 2025 (the "Valuation") is based. Xiejiahegou Business is the business of exploration and mining of coking coal at Xiejiahegou Coal Mine* (盤縣羊場鄉謝家河溝煤礦) owned by a wholly-owned subsidiary of Perennial Energy Holdings Limited (the "Company"). Target Company is a company incorporated in the People's Republic of China, whose principal asset is Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Youyi Coal Mine* (貴州華能佳源煤業有限公司盤縣有益煤礦) and Guizhou Huaneng Jiayuan Coal Co., Ltd. Pan County Yingwu Town Jieji Coal Mine* (貴州華能佳源煤業有限公司盤縣英武鄉捷吉煤礦). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in an announcement dated 20 January 2026 to be issued by the Company in connection with the proposed capital increase in the Target Company (the "Announcement").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

* English translations for Chinese names are for reference only

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 (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 (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Xiejiahegou Business and Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

20 January 2026

The following is the text of a letter from the Board in relation to the profit forecast prepared for the purpose of incorporation in this circular.

The Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

20 January 2026

Dear Sirs

**RE: ANNOUNCEMENT – MAJOR TRANSACTION IN RESPECT OF THE PROPOSED
CAPITAL INCREASE IN THE TARGET COMPANY**

We, Perennial Energy Holdings Limited (the “Company”) refer to the announcement of the Company dated 20 January 2026 (the “Announcement”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation, which forms one of the bases for determining the consideration for the Proposed Capital Increase. We note that the methodology applied in deriving the Valuation is regarded as a profit forecast (the “Profit Forecast”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

We have reviewed and discussed the Valuation with Win Bailey Valuation and Advisory Limited (the “Valuer”) and the management of the Group. We have also engaged Deloitte Touche Tohmatsu, the reporting accountant of the Company, to report on the arithmetical accuracy of the calculations of the Profit Forecast used in the Valuation in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants, and have considered its report.

On the basis of the foregoing, we confirm that the Profit Forecast as contained in the Valuation has been made after due and careful enquiry by the Board.

Yours faithfully
For and on behalf of the Board
Perennial Energy Holdings Limited
Yu Bangping
Chairman and Executive Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, were as follows:

(i) Long positions in Shares

Name of Director	Capacity/ nature of interest	Total number of Share(s) held	Approximate % of the total issued share capital of the Company <i>(Note 2)</i>
Mr. Yu Bangping	Interest in controlled corporation <i>(Note 1)</i>	864,000,000	54.00%

Notes:

- (1) These shares were held by Spring Snow Management Limited. The issued share capital of Spring Snow Management Limited was held as to approximately 61.21% and 2.87% by Lucky Street Limited and Seasons In The Sun Limited respectively, both of which are wholly owned by Mr. Yu Bangping. Accordingly, Mr. Yu Bangping was deemed to be interested in 864,000,000 shares of the Company held by Spring Snow Management Limited for the purpose of the SFO.
- (2) The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date, that is, 1,600,000,000 Shares.

(ii) Long positions in the shares of the associated corporations

Name of Director	Name of associated corporation	Capacity/ nature of interest	Approximate %	
			Total number of share(s) held	of the total issued share capital (Note 2)
Mr. Yu Bangping	Spring Snow Management Limited	Interest in controlled corporation (Note 1)	6,407,945	64.08%

Notes:

- (1) Mr. Yu Bangping owned the entire issued share capital of Lucky Street Limited and Seasons In The Sun Limited which owned approximately 61.21% and 2.87% of the issued share capital of Spring Snow Management Limited respectively. By virtue of the SFO, Mr. Yu Bangping was deemed to be interested in 6,407,945 shares of Spring Snow Management Limited in aggregate held by Lucky Street Limited and Seasons In The Sun Limited.
- (2) The percentage shareholding is calculated by reference to the 10,000,000 issued shares of Spring Snow Management Limited as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly 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 any member of the Group:

Name of Director	Capacity/ nature of interest	Total number of Share(s) held	Approximate % of the total issued share capital of the Company (Note 3)
Spring Snow Management Limited	Beneficial owner (Note 1)	864,000,000	54.00%
Lucky Street Limited	Interest in controlled corporation (Note 1)	864,000,000	54.00%
Ms. Qu Liumei	Interest of spouse (Note 2)	864,000,000	54.00%

Notes:

- (1) The issued share capital of Spring Snow Management Limited was held as to approximately 61.21% by Lucky Street Limited. Accordingly, Lucky Street Limited was deemed to be interested in 864,000,000 shares of the Company held by Spring Snow Management Limited by virtue of the SFO.
- (2) Mr. Yu Bangping owned the entire issued share capital of Lucky Street Limited and Seasons In The Sun Limited which owned approximately 61.21% and 2.87% of the issued share capital of Spring Snow Management Limited, respectively. Ms. Qu Liumei is the spouse of Mr. Yu Bangping and was therefore deemed to be interested in all the shares of the Company held by Mr. Yu Bangping (through Lucky Street Limited, Seasons In The Sun Limited and Spring Snow Management Limited) by virtue of the SFO.
- (3) The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date, that is, 1,600,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which

would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to 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 any member of the Group.

As at the Latest Practicable Date, so far as known to the Directors, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which would not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete either directly or indirectly with the business of the Group.

6. DISCLOSURE OF OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Enlarged Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, disposed of by, or leased to any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the Capital Increase Agreement;
- (b) the Property Transfer Agreement;
- (c) the Assets Transfer Agreement; and
- (d) the Mining Right Transfer Agreement.

8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants, Hong Kong Registered Public Interest Entity Auditors
BAW Mineral Partners Limited	Competent person
Win Bailey Valuation and Advisory Limited	Qualified independent valuer

(collectively, the “**Experts**”)

- (a) As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Each of the Experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its report, letter and references to its name in the form and context in which they appear.
- (c) As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Chan Kwong Leung, Eric, who is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Unit A1, 25th Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.perennialenergy.hk) for a period of 14 days commencing from the date of this circular:

- (a) the Capital Increase Agreement;
- (b) the material contracts as referred to in the section headed "7. MATERIAL CONTRACTS" of this appendix;
- (c) the accountants' report of the Target Company from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;
- (d) the report on the unaudited pro forma financial information of the Enlarged Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IV to this circular;
- (e) the Competent Persons' Report prepared by the Competent Person, the text of which is set out in Appendix V to this circular;
- (f) the Valuation Report prepared by the Valuer, the text of which is set out in Appendix VI to this circular;
- (g) the report from the reporting accountants regarding the profit forecast, the text of which is set out in Appendix VII to this circular; and
- (h) the written consents referred to in the paragraph headed "8. QUALIFICATIONS AND CONSENTS OF EXPERTS" of this appendix.