Final Report

Competent Person's Report for Five Coal Mines of China Qinfa Group, Shanxi Province, China

Shuozhou and Xinzhou City, Shanxi Province, China

Shanxi Huameiao Group

SRK Consulting China Ltd. ▪ SCN914 ▪ 15 May 2025

srk consulting

Final Report

Competent Person's Report for Five Coal Mines of China Qinfa Group, Shanxi Province, China

Shuozhou and Xinzhou City, Shanxi Province, China

Prepared for:
Shanxi Huameiao Group
45#,1315 Gaolangang Building, 13 Rongwan Rd
Jinwan District, Zhuhai, Guangdong Province
China

+86 20 8989 8239
www.Qinfagroup.com

Prepared by:
SRK Consulting China Ltd.
B1301 COFCO Plaza, No. 8 Jianguomen Inner Street
Dongcheng District, Beijing, China
100005

+86 10 6511 1000
www.srk.com

Reg. No. 9111010177155033A

Lead Author: Yongchun Hou Principal Consultant **Initials:** YCH
Reviewer: Dr Yonglian Sun, Corporate Consultant **Initials:** YS

File Name:
SCN914 Competent Person's Report for Five Coal Mines of China Qinfa Group.docx

Suggested Citation:
SRK Consulting China Ltd. 2025. Competent Person's Report for Five Coal Mines of China Qinfa Group, Shanxi Province, China. Final Report. Prepared for Shanxi Huameiao Group: . Zhuhai. Project number: SCN914. Issued 15 May. 2025.

Cover Image(s):
No cover

Acknowledgments

SRK would like to acknowledge the support and collaboration provided by Qinfa's personnel for this assignment. Their collaboration was greatly appreciated and instrumental to the success of this project.

Contents

Tables

Figures

Appendices

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

Abbreviation	Meaning
ad	air-dried basis
AFC	armoured face conveyor
ar	as-received basis
ARD	apparent relative density; or acid rock drainage
ASL	above sea level
AusIMM	Australasian Institute of Mining and Metallurgy
BMI	BMI Appraisals Limited
B	Billion
Bcm	bank cubic metre
BD	bulk density
°C	degrees Celsius
CAPEX	capital expenditures
CBM	coal bed methane
CPP	coal preparation plant
CPR	Competent Person’s Report
Daf	dry ash-free basis
db	dry basis
dB	decibel
deposit	earth material of any type, either consolidated or unconsolidated, that has accumulated by some natural process or agent
Dmmf	dry mineral matter-free basis
DMV	Dense Medium Vessel
DMC	Dense Medium Cyclone
E	East
EIA	Environmental Impact Assessment
EPMP	Environmental Protection and Management Plan
ERP	Emergency Response Plan
FC	fixed carbon
g	gram
gar	gross as-received
gm/cc	gram per cubic centimetre
gob or goaf	mined out caving area behind longwall
gr, ad	gross, air-dried
Ha	hectare
HKEx	Hong Kong Exchange and Clearing Limited
IFC	International Finance Corporation

Abbreviation	Meaning
IM	inherent moisture
IPO	Initial Public Offering
ITR	Independent Technical Review
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012.
kcal/kg	kilocalories per kilogram
Kg	kilogram
Km	kilometre
km2	square kilometre
kN	kilonewton
kV	kilovolt
kW	kilowatt
kWh	kilowatt hours
L	litre
LOM	life of mine (lifetime of the mine)
LTCC or TCC	longwall top coal caving
M	metre
M	million
MJ	mega joule
MJ/kg	mega joule per kilogram
m/s	Metre per second
m3	cubic metre
Mt	million tonnes
Mtpa	million tonnes per annum
MW	megawatt
N	North
net, ar	net-as-received basis
NPV	net present value
OHS	occupational health and safety
OPEX	operating expenditure
PMD	Preliminary Mine Design Study (Preliminary Feasibility Study)
PPE	personal protective equipment
PoO	Points of Observation
PRC	People’s Republic of China
QA/QC	quality assurance/quality control
Qnet.ad	Net Calorific Value (air dry)
R2	Coefficient of determination
RMB	Renminbi (Chinese Currency)

Abbreviation	Meaning
ROM	run of mine
S	South
So	organic sulphur
Sp	pyritic sulphur
Ss	sulphate minerals
SRK	SRK Consulting China Limited
SXDB Energy	Shanxi Dibao Energy Co., Ltd.
T	tonne (1,000 kg)
Tpa	tonnes per annum
Tpd	tonnes per day
Tph	tonnes per hour
TS	total sulphur
TSF	tailings storage facility
UG	Underground
USD	United States dollars
VAT	value added tax
VM	volatile matter
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2015 Edition
W	West
WRD	waste rock dump
WSCP	Water and Soil Conservation Plan
>	greater than
<	less than
o	Degree
%	percent

Executive Summary

Introduction

Zhuhai Qinfa Logistics Co., Ltd. (“Qinfa”) commissioned SRK Consulting (China) Limited (“SRK”) to conduct an independent technical review of the Xingtao, Fengxi, Chongsheng, Xionglong and Hongyuan coal mines located in Shanxi Province, China. The objective of this review is to prepare a Competent Person’s Report (“CPR”) in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (the “JORC Code,” 2012 Edition) to update the Coal Resources and Coal Reserves for the mine.

The Xingtao, Fengxi and Chongsheng coal mines are situated in the Pinglu district, north of the Shuozhou prefecture-level city in Shanxi Province. It is located approximately 20 km north of Shuozhou city and about 210 km north of the provincial capital, Taiyuan. The project area is easily accessible through various routes, with the most convenient being approximately 200 km of expressway from Taiyuan to Shuozhou city, followed by a short transfer over approximately 10 km of county road. The travel time by road from Taiyuan is approximately 4 hours. The local geography of the mine is dominated by the Loess Plateau, with an elevation ranging between 1,200m to 1,400m above sea level (“ASL”).

The Xinglong and Hongyuan coal mine projects are located in Shenchi County, the north area of Xinzhou prefecture-level city of Shanxi Province. The projects area is situated approximately 125 km to the northwest of Xinzhou city and approximately 200 km to the north of the provincial capital, Taiyuan city.

Geology

Xingtao, Fengxi and Chongsheng Mines

The projects area is located in the Pingshuo coalfield, which is part of the north sector of the well-developed Ningwu Coal Deposit of the Shanxi province. Several Carboniferous-Permian and Jurassic coal seams are developed within the Ningwu Coal Deposit, although the north sector only has carboniferous-Permian coal seams presented.

The stratigraphy developed within the Pingshuo coal mining zone mainly consists of Ordovician, Late Carboniferous and Permian sedimentary rocks, and Neogene, Quaternary soils. The coal seams are presented within the Late Carboniferous and Permian rocks and the Ordovician limestone strata forms the basement of the coalfield.

The Xingtao, Fengxi, and Chongsheng mines all derive their primary coal resources from the Taiyuan Formation. Geologically, these areas feature gentle folds resulting in predominantly horizontal coal deposits.

In the Xingtao mine, strata dip gently west (less than 10 degrees), with coal seams outcropping in its eastern valley. Seven seams were identified, with five deemed mineable (4-1, 4-2, 9-1, 9-2, and 11) at depths from 0 to 300 meters. All Xingtao coal is classified as high volatile B to C bituminous (ASTM D388) and bituminous CY coal (Chinese Standard GB/T 5751-2009).

The connected Fengxi and Chongsheng mines have strata dipping 2-8 degrees – southeast in Fengxi, and variably in Chongsheng due to folds. Unlike Xingtao, their surfaces are covered by Quaternary Loess, with no coal outcrops. Four mineable seams (4, 9-1, 9-2, and 11) are found. Depths range from 80-270 meters in Fengxi and 100-200 meters in Chongsheng.

Coal in Fengxi and Chongsheng is also high volatile B to C bituminous (ASTM). Under Chinese standards, Fengxi seams are bituminous CY coal. In Chongsheng, seam 4 is bituminous CY, while seams 9-1, 9-2, and 11 are bituminous QM coal. This highlights a key classificational difference within the Chongsheng deposit compared to Fengxi and Xingtao.

Xinglong and Hongyuan Mines

The Xinglong and Hongyuan projects exhibit geological characteristics typical of the regional Ningwu Coal Deposit, with the Taiyuan Formation serving as the primary coal-bearing unit in the Xinglong area. Both projects feature mineable bituminous coal seams, primarily Seam 2 and Seam 5, found at relatively shallow depths, ranging from the surface to approximately 305 meters in Xinglong and 280 meters in Hongyuan.

Structurally, the stratigraphy in both project areas is predominantly influenced by monoclinal structures dipping eastward. The Xinglong project's strata dip at angles between 7° and 23°, with coal seams outcropping in the western part. The Hongyuan project, while also dipping east, is further characterized by an east-west axis anticline and syncline, resulting in gentler dip angles of 4° to 10°.

According to ASTM D388 classification, the coal in both projects is generally high volatile B to C bituminous. However, under the Chinese GB/T5751-2009 standard, Xinglong's coal is classified as bituminous CY, while Hongyuan's is bituminous QM.

Coal quality varies between the seams and projects. In Xinglong, Seam 2 has high ash, medium Sulphur, and medium calorific value. In contrast, Seam 5 shows low ash, medium to high Sulphur, and high calorific value. Both are suitable as thermal coal for power generation.

For the Hongyuan project, Seam 2 contains medium ash, low Sulphur, and low to medium calorific value. Seam 5 has medium to high ash, medium Sulphur, and also a low to medium calorific value. Historical data for Seam 6 in Hongyuan, though not targeted for mining, indicated medium to high ash, medium to high Sulphur, and low to medium calorific value.

Exploration

Several exploration/sampling programs were carried out within each project area and have been named as 1950s Exploration, 1960s Exploration, 2000s Exploration and 2010s Exploration.

SRK have not been able to determine if there were any quality assurance procedures for the exploration results prior to the 2000s drilling. The explorations of the five mines conducted between the 2000s and the 2010s were implemented according to the "Coal Geological Exploration Drilling Quality Standard" (MT/T1042-2007). All the boreholes drilled during the period are coring with downhole geophysical survey. Coal sampling was collected according to the Chinese Standard 1987-656 “Standard Practice for Collection of Coal Samples in Coal Resources Exploration”. The coal core recovery for the explorations ranges from 80% to 100%. This combined with coal seam determination using downhole geophysical logging results in the acquired coal seam data meeting the minimum requirement for use in coal resource estimation.

Borehole Database and Modelling

The data acquired from the Company was subjected to several procedures to validate the coal seam data acquired from the various exploration programs. The first procedure was to consolidate all the available information into a borehole database within the Geovia Minex 6.1.3 modelling software.

Eventually, a total of 41 boreholes/sample points for the Xingtao mine, 16 boreholes/sample points for Fengxi mine and 12 boreholes for Chongsheng mine were incorporated into Geovia Minex 6.1.3 borehole database to develop a geological model.

For Xinglong and Hongyuan mine, a total of 14 boreholes for the Xinglong project and 15 boreholes for the Hongyuan project were incorporated into the modelling software's borehole database to develop a geological model.

Coal Resource

The major cut-off parameters used for the Coal Resource estimation are as follows:

- Minimum thickness of working section 0.8 m
- Maximum allowable intra-seam parting thickness 0.1 m
- Maximum raw working section ash (air-dried basis): 40%

A total of 108.59 Mt of Coal Resource was Reported by SRK in accordance with JORC Code 2012 for the five mines, of which 83.09 Mt is Measured and Indicated Coal Resource, and 25.50 Mt is Inferred Coal Resource. The estimated JORC Coal Resources of the five mines are summarized in Table Ex-1.

Table Ex-1: Summary of the Estimated JORC Coal Resource as of 31 December 2024

Project	Measure Resource (Mt)	Indicated Resource (Mt)	Measured+ Indicated Resource (Mt)	Inferred Resource (Mt)
Xingtao	8.62	7.82	16.44	2.67
Fengxi	---	1.20	1.20	1.40
Chongsheng	---	9.50	9.50	8.10
Xinglong	---	35.08	35.08	10.75
Hongyuan	---	20.87	20.87	2.58
Total	**8.62**	**74.47**	**83.09**	**25.50**

Notes:

[1] All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

[2] The information in this Report which relates to the Coal Resource is based on information provided by China Qinfa Group, compiled by Kun Cao of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Mr Hou is member of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the JORC Code 2012. Mr Hou consents to the reporting of this information in the form and context in which it appears.

Coal Reserve

SRK used Geovia Minex V6.1.3 computer software to estimate the Coal Reserve. For each mineable coal seam, the mining plans (panel plans) provided by the Company were superimposed on the coal seam model (resource model) generated by SRK. Each reserve estimate was then limited according to the document of the mining license of the five mines. The "design losses" including pillars/barriers and general mining losses were excluded from the estimates. The Influence of coal dilution during the mining process was also considered.

For the classification of the Coal Reserve SRK has reviewed the "Modifying Factors" as stipulated in the JORC Code before assigning the Probable and Proved Coal Reserves.

The total Coal Reserves of the five mines Xingtao, Fengxi, Chongsheng, Xinglong and Hongyuan amount to 36.76 Mt, of which 3.12 Mt are Proved Reserves and 33.64 Mt are Probable Reserves.

The JORC Coal Reserve of each mine estimated by SRK is summarised in Table Ex-2.

Table Ex-2: Summary of the Estimated JORC Coal Reserve as of 31 December 2024

Coal Mine	Proved (Mt)	Probable (Mt)	Total (Mt)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (kCal/kg, net, ar)
Xingtao	3.12	4.02	7.14	39.10	1.64	3,912
Fengxi	---	0.94	0.94	35.00	1.30	3,950
Chongsheng	---	4.72	4.72	37.00	1.00	3,860
Xinglong	---	13.50	13.50	21.45	1.52	4,838
Hongyuan	---	10.46	10.46	30.72	1.45	4,187
Total	**3.12**	**33.64**	**36.76**	**30.11**	**1.45**	**4,307**

Notes:

[1] JORC Code Statement: The information in this Report which relates to the Coal Reserve is based on information provided by Huameiao Group, compiled by Mr. Zhuanjian Liu of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Both of them are members of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the JORC Code 2012. Mr Hou and Mr Liu consent to the reporting of this information in the form and context in which it appears.

[2] Number was rounded to the second significant digit to reflect the uncertainties in estimate.

[3] Total may not add due to rounding discrepancies

[4] The Coal Reserves are included in the Coal Resources. They should not be added to the Coal Resources.

The Marketable Coal Reserve of each mine estimated by SRK is summarised in Table Ex-3. The marketable coal is the thermal coal blend after coal preparation/washing.

Table Ex-3: Summary of the Estimated Marketable Coal Reserve as of 31 December 2024

Coal Mine	CPP (%)	Marketable Reserve (Mt)	Total Moisture (%)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (kCal/kg, net, ar)
Xingtao	65	4.64	7-10	20-28	1.4-1.9	4650- 5200
Fengxi	65	0.61	8-12	20-28	1.2-1.6	4600- 5150
Chongsheng	65	3.07	8-12	20-28	1.6-2.5	4600- 5150

Coal Mine	CPP (%)	Marketable Reserve (Mt)	Total Moisture (%)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (kCal/kg, net, ar)
Xinglong	---	13.50	8-12	30.72	1.45	4,187
Hongyuan	---	10.64	8-12	30.20	1.46	4,309

Notes:

[1] JORC Code Statement: The information in this Report which relates to the Coal Reserve is based on information provided by China Qinfa Group, compiled by Zhuanjian (Leo) Liu of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Both of them are members of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the JORC Code 2012. Mr Hou and Mr Liu consent to the reporting of this information in the form and context in which it appears.

[2] Number was rounded to the second significant digit to reflect the uncertainties in estimate.

[3] Total may not add due to rounding discrepancies

Mining Assessment

This mining assessment was carried out to provide sufficient information on the mining operations and the mining factors to support the Coal Reserve estimate in accordance with the JORC Code.

SRK reviewed the preliminary mine design reports ("**PMD**") of Xingtao, Fengxi, Chongsheng, Xinglong and Hongyuan mines and the actual mining plan updates as provided by the Company. Prior to the preparation of the PMDs a considerable amount of coal from the seam 4 had been extracted in all the five mines. The PMDs were aiming at extending the life of the mines ("**LOM**") by mining the lower, deeper coal seams as the coal seam 4 was being mined out. The PMDs were designed to ensure that mining technology was adapted to the actual conditions encountered.

After reviewing the PMD reports and actual updated mining plans, SRK is of the opinion that they were prepared with due care and by experienced professionals. SRK is confident that the mining studies for the Projects also meet the requirements that are expected by international reporting codes to support a Coal Reserve estimate. SRK also noticed that the mining conditions and the current mining status are in line with the design as per PMD reports.

All five mines have inclined shaft access, belt conveyor haulage of run-of-mine ("**ROM**") coal to the surface, and access for mine support and self-propelled vehicles with rubber tires.

The mining method applied in the five mines is longwall mining with a coal shearer, where the coal seam thickness allows top coal caving at the rear of the longwall. This improves production capacity and avoids the application of the more complicated and potentially less safe seam slicing methods to extract a thick coal seam.

As per design, all five mines operate a single longwall for coal production which is considered a safer approach to minimize the impact of possible mining incidents. The longwalls in the mines are fully mechanized and reach up to 200 m in width but can be shorter if required based on the panel design. The equipment used is widely used in the industry and can be procured from Chinese equipment suppliers. The capacity of the equipment appears to be suitable to reach the coal production as planned over the remaining life of the mines ("**LOM**").

The historical and the forecast ROM coal production of the five mines is summarized and shown in Table Ex-4 and Table Ex-5.

Table Ex-4: ROM Coal Production Schedule for the Xingtao, Fengxi and Chongsheng Mines

	Historical					Projection				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Xingtao	3.30	2.84	1.84	2.88	2.39	3.00	2.00	1.14	1.00	EOM
Fengxi	2.84	3.79	2.26	2.89	3.04	0.94	EOM			
Chongsheng	2.65	2.89	2.87	1.74	1.29	1.31	2.30	0.74	0.37	EOM

Table Ex-5: Planned Annual ROM Coal Production Schedule for Xinglong and Hongyuan

Project	Forecast (Mt)					
	2025 permitting	2026 construction	2027	2028 -2037	2038	2039-2041
Xinglong	---	---	0.93	0.93	0.93	0.93
Hongyuan	---	---	0.93	0.93	0.58	-
Total	**---**	**---**	**1.86**	**1.86**	**1.51**	**0.93**

Coal Preparation Plants

Xingtao, Fengxi and Chongsheng Plants

The Company has constructed and operates coal processing plants ("**CPP**") at the three mines: Xingtao, Fengxi and Chongsheng. The CPPs are located at the surface, near the shaft entry at each mine.

The three CPPs employ a similar coal preparation system with a Dense Medium Vessel ("**DMV**"), Dense Medium Cyclone ("**DMC**") and Classifying Cyclone as the main separator unit.

The CPP at Xingtao mine commenced operation in 2004. After upgrading and reconstruction it currently has a total ROM coal processing capacity greater than 4 Mtpa at a maximum throughput of 500 tph in the main processing circuit (DMV). The Fengxi and Chongsheng CPP both were upgraded in 2011. Currently all the CPPs have a ROM coal processing capacity greater than 3.0 Mtpa. According to the historical production and operational records, the CPPs have achieved a 65% yield of mixed marketable coal with the total moisture ranging from 7 to 11%, ash content ranging from 20% to 28% and calorific value ranging from 4600 to 5200 kCal/kg. Since the estimated ash content of the ROM coal from the mines for the remaining LOM is expected to stay the same as the historical levels, SRK have made the assumption that the marketable coal yields from the CPPs would remaining at approximately 65%.

Xinglong and Hongyuan

No washing plants are planned and constructed for these two projects.

Project Infrastructure

The infrastructure on site is sufficient to support any coal mining projects and for the mines to operate efficiently.

The power supply in the area is good and stable and each of the five mines is connected to the national grid. Electrical power is provided from multiple 35-kV substations and the voltage is stepped down at the mines.

The water for each mine's operation is sourced from wells drilled at each site and the capacity is. sufficient to provide all the required water for domestic and industrial use. After basic treatment the mine water is used to supplement the well water for industrial purpose and for processing at the CPP. In addition, the mine water is also used for the water spray systems within the mines for dust suppression and fire prevention.

Telecommunication for the Project region is well covered and there is access to national and international telecommunication networks from each mine. Communication in these areas is reliable and if necessary additional connections to the mines could be easily established.

Construction materials and consumables typically used in coal mines and coal processing plants can mainly be sourced and purchased locally. Equipment and materials could be procured from suppliers in the region or from suppliers further afield and transported to the site.

Coal mining usually employs (sub-contracts) and requires specific services for development and operation of a mine. Typical such services are shaft sinking and roadway driving, change-over of entire longwall systems, plant and equipment hire, mechanical and electrical service, and surface plant operation and management (i.e. CPP). Shanxi Province has a long-standing coal mining industry with established service providers available. Non-mining service providers and suppliers including medical services are available from nearby townships and cities which have a well-developed commercial infrastructure with shops, accommodation, and medical facilities.

Environmental, Permits, Social and Community Impact

The Company obtained all the EIA reports and approvals for the Xingtao, Fengxi and Chongsheng mines. The sources of inherent environmental and social risk are project activities that may result in potential environmental and social impacts. Some of the main environmental and social risks for the Project are:

- Impacts to the local ecological system due to significant land disturbance and subsidence.
- Impact to the ground and surface water.
- Poor dust management; and
- Heavy metal pollution from the waste rock dumps.

The above risks are categorised as moderate/tolerable risks (i.e., requiring risk management measures). It is SRK's opinion that these risks for the project can be generally managed if the Company put efforts to solve the issues.

Coal Market Aspects

Each coal mine produces a medium quality thermal coal. The primary market and buyers are nearby power plant(s) which can take up to about 60-70% of the mines production, with the remaining coal being sold to the local market or to coal trading companies for “export” to other Chinese provinces or the Bohai Rim terminals. It is understood that the 60-70% of the coal production sold to the power plants is under a secure long-term sales agreements. Some fix price accord between the power plant and mine most likely exists and this could limit any increase in the price obtained. For the remainder of the coal production, sales tonnage and price need to be negotiated either in a long term or on the spot market. SRK has sighted coal sales records for this sales segment at the mine.

Coal from the mine must be delivered/transported by truck to nearby railway loading facilities for both transport to power station and for “export” sales.

Coal prices are at mine-mouth prices as normally coal trade agents/customers oversee the coal transportation. As all the ROM coal is processed through CPPs only a washed coal is marketable. According to the historical coal sales records, the clean coal (net-as-received calorific value 4800 kCal/kg, ash 24%, Sulphur 1.0) mine-mouth price for the three mines over the last five years ranges from between 296 RMB/t to 415 RMB/t, averaging 380 RMB/t. SRK considers that the coal prices would maintain an average level of 380 RMB/t for the remainder of the LOM

Preliminary Economic Analysis

The Client commissioned BMI Appraisals Limited ("BMI") to conduct a valuation for the mines. SRK is of the opinion that the valuated results derived from BMI’s valuation were conducted in a professional way and is sufficient to demonstrate the economic viability of the project to support the JORC reserve conversion in this Report. The quoted value in use as of 31 December 2024 is positive, and sufficient to support the economic viability of Coal Reserve in accordance with JORC Code.

Risk Assessment

A qualitative risk analysis carried out by SRK indicates low to medium risk for the remaining years of operations. Refer to Section 15 of the Report for the details.

1 Introduction and Scope of Report

SRK Consulting China Ltd ("**SRK**") was commissioned by Zhuhai Qinfa Logistics Co.,("**Zhuhai Qinfa**"), a subsidiary company of China Qinfa Group ("**Qinfa**" or the "**Company**") to undertake an independent assessment of all relevant technical aspects of the Xingtao, Fengxi, Chongsheng, Xinglong and Hongyuan coal mines located in Shanxi Province, China. The purpose of the assessment is to prepare a Competent Person's Report ("**CPR**") in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code", 2012 Edition) to update the Coal Resources and the Coal Reserves for the five mines.

It is SRK's understanding that the independent technical assessment on the Project is required to be included in a Competent Person's Report ("**CPR**", the "**Report**" or this "**Report**") suitable for inclusion in a circular prepared to support the proposed asset trading on the Main Board of the Stock Exchange of Hong Kong Ltd. (the "**Stock Exchange**"), a wholly owned subsidiary of Hong Kong Exchanges and Clearing Ltd ("**HKEx**").

The Report has therefore been prepared following the requirements of the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the "**JORC Code**") and in accordance with the rules governing the listing of securities on the Stock Exchange including the Chapter 18 requirements and other relevant regulations of the Stock Exchange and HKEx.

The Xingtao, Fengxi, and Chongsheng mines (Collectively the "Shuozhou Projects"), under the control of China Qinfa Group and situated in the Pinglu district, northern Shuozhou prefecture-level city, Shanxi Province, have been operational for an extended period. The Xinglong and Hongyuan mines (Collectively the "Shenchi Projects") within the same group and region are currently in a suspended state of construction.

2 Program Objectives and Work Program

2.1 Purpose of the Report

The purpose of this Report is to provide an independent technical assessment for inclusion in a circular to be issued by China Qinfa Group to support the proposed asset trading on the Stock Exchange and the HKEx. The SRK's report is proposed to provide an unbiased technical assessment of the risk and opportunities associated with the reviewed project.

2.2 Reporting Standard

This Report has been prepared to the standard of and is considered by SRK to be a CPR under the guidelines of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*, JORC Joint Ore Reserve Committee, The JORC Code 2012 Edition ("**JORC Code**"). The JORC Code is adopted by the Australasian Institute of Mining and Metallurgy ("**AusIMM**") and the standard is binding upon all AusIMM members.

This Report is not a Valuation Report and does not express an opinion as to the value of coal assets. Aspects reviewed in this Report do include product prices, socio-political issues and environmental considerations. In addition, SRK does not express an opinion regarding the specific value of the assets and tenements involved.

In this Report, identified Coal Resources and Coal Reserves are quoted using categorisation in accordance with the JORC Code. However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code, at least until further documentation can be obtained on the estimates and they have been formally endorsed by a "Competent Person" in accordance with the JORC Code.

2.3 Limitations Statement

SRK is not professionally qualified to opine upon and/ or confirm that the Client has 100% ownership of its underlying tenement and/ or has any unresolved legal matters relating to any transfer of ownership or associated fees and royalties. SRK has therefore assumed that there are no legal impediments regarding the existence of the relevant tenements and that the Client has legal right to all underlying tenements as purported. Assessing the legal tenures and rights to the prospects of the Client and or any of its subsidiary companies are the responsibility of legal due diligence conducted by entities other than SRK.

2.4 Effective Date

The effective date for this CPR is deemed to be 15 May 2025 (the "Effective Date"). The Coal Resource and Coal Reserve statements set out in this CPR are reported as of 31 December 2024 and represent the Mineral Resources and Ore Reserves at the Effective Date as audited by SRK.

2.5 Work Program

The proposed work program consists of four stages, as outlined below:

- Stage I: Initial review and processing the data and information provided by the Client.
- Stage II: Carry out the resource estimation based on the reviewed data and information.
- Stage III: A site visit to the mines conducted between the 22th April 2025 and 25th April 2025 by Mr Yongchun Hou, Mr Zhuanjian Liu and Mr Kun Cao. This site visit consisted of discussions with management and staff of the five mines, reviewing and confirming the projects data and information up to 31st December 2024.
- Stage IV: JORC Coal Resource Reporting and JORC Coal Reserve conversion. Preparation of a CPR for public reporting including Coal Resources and Coal Reserves, assessment of mining and costs, and review of environmental, social, and license and permit compliance.

2.6 SRK Experience

The SRK Consulting Group (“SRK Consulting”) is an independent, international consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK Consulting offers services from exploration through feasibility, mine planning, and production to mine closure.

Among the company’s more than 1,500 clients are most of the world’s major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration.

Formed in 1974 in Johannesburg, South Africa, SRK Consulting now employs more than 1,800 professionals internationally in 42 permanent offices across 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, along with its global base, has made the company a world leader in due diligence, feasibility studies, and confidential internal reviews.

SRK Consulting’s independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This enables the company to provide its clients with objective, conflict-free recommendations on crucial judgement issues.

SRK China was established in 2005 and has three offices located in Beijing, Nanchang and Kunming. Either independently or together with other SRK Consulting offices, SRK has been providing independent technical services for the Chinese mining companies. SRK has considerable experience in providing Independent Expert Reports to mining companies for successfully listing on the stock exchanges in Hong Kong, Australia, United Kingdom, Canada, South Africa and the United States.

SRK has provided dozens of independent technical reports for the Chinese mining companies who have completed successfully listed and/or acquired on the Stock Exchange of Hong Kong Ltd., as shown in Table 2-1.

Table 2-1: SRK's Reports for Listing on the HKEx

Company	Year	Nature of Transaction
Yanzhou Coal Limited (listed in HKEx)	2000	Sale of Jining III coal mine to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on the HKEx and New York Stock Exchange
Fujian Zijin Gold Mining Group	2004	IPO Listing on the HKEx
Lingbao Gold Limited	2005	IPO Listing on the HKEx
Yue Da Holdings Limited (listed in HKEx)	2006	Acquisition of shareholding in mining projects in Yunnan, China
China Coal Energy Company Ltd (China Coal)	2006	IPO Listing on the HKEx
Sino Gold Mining Limited	2007	Dual Listing on the HKEx
Xinjiang Xinxin Mining Industry Co., Ltd	2007	IPO Listing on the HKEx
Kiu Hung International Holding Limited	2008	Acquisition of shareholding in coal projects in Inner Mongolia, China
Hao Tian Resource Group Limited	2009	Very Substantial Acquisition of two coal mines in Inner Mongolia, China
Green Global Resources Holdings Ltd	2009	Very Substantial Acquisition of shareholding in one iron project in Mongolia
Ming Fung Jewellery Group Holdings Ltd	2009	Acquisition of shareholding in gold project in Inner Mongolia, China
Continental Holdings Limited	2009	Acquisition of a gold project in Henan, China
North Mining Shares Company Limited	2009	Acquisition of a molybdenum mining project in Shaanxi, China
CNNC International Ltd	2010	Acquisition of a uranium mine in Africa
Sino Prosper Mineral Products Ltd	2010	Acquisition of shareholdings in one gold project in Inner Mongolia, China
New Times Energy Corporation Ltd	2010	Acquisition of shareholding in gold projects in Hebei, China
United Company RUSAL Limited	2010	IPO Listing on the HKEx
Citic Dameng Holdings Limited	2010	IPO Listing on the HKEx
China Hanking Holdings Limited	2011	IPO Listing on the HKEx
China Daye Non-Ferrous Metal Mining Limited	2012	Very Substantial Acquisition on the HKEx
China Nonferrous Mining Corporation Limited	2012	IPO Listing on the HKEx
Hengshi Mining Investments Limited	2013	IPO Listing on the HKEx
Future Bright Mining Holdings Limited	2014	IPO Listing on the HKEx
King Stone Energy Group Limited	2014	Acquisition of Shareholding in silver mines in Fujian, China
Agritrade International Pte LTD	2015	Acquisition of Shareholding in one coal mine in Indonesia
China Unienergy Group Limited	2016	IPO Listing on the HKEx
Pizu Investment Co. Ltd	2020	Acquisition of Shareholding in a polymetallic project in China
China Qinfa Group Limited	2021	Annual disclosure of coal mines in Shanxi, China
China Graphite Group Limited	2022	IPO Listing on the HKEx
Kinetic Development Group	2022	Major transaction of equity interest in Ningxia Sunshine
Persistence Resources Group Ltd	2023	IPO Listing on HKEx
Chifeng Jilong Gold Mining Co., Ltd	2025	IPO Listing on HKEx

2.7 Project Team

The SRK project team and responsibilities are shown in Table 2-2.

Table 2-2: SRK Project Team

Consultant	Title, Discipline and Task
Yongchun (Roger) Hou	Principal Consultant, Resource and Reserve Review, Report Compiling, Competent Person
Zhuanjian (Leo) Liu	Principal Consultant, Geology Review, Reserve Estimation, Competent Person
Kun Cao	Consultant, Data Processing, Resource Estimation.
Dr. Yuanhai (Andy) Li	Principal Consultant, Environmental, Social and Permits
Dr. Yonglian Sun	Corporate Consultant, Peer Review

Yongchun (Roger) Hou, *MSc, MAusIMM*, is a Principal Consultant (Coal Geology) at SRK China. He graduated from the China University of Mining and Technology and has twelve years' experience in exploration management, resource estimation and reporting, GIS and coal processing. He worked as a coal geologist in Kalimantan, Indonesia and Mozambique under JORC Code practice and is proficient with Minex and Vulcan modelling software. At SRK, he has been involved in many independent technical review projects for reputable international companies such as Peabody (USA), SABIC (Saudi Arabia) and Salim Group (Indonesia). In recent years, he has taken an active role in coal resource estimation for several projects in compliance with the JORC Code including China Unienergy and Indonesia Agritrade. Both of them have been listed/transacted successfully on the Hong Kong Stock Exchange. Mr Hou is responsible for geology review and resource modelling review. ***Yongchun Hou is mainly responsible for the Report compiling, Resource and Reserve review. He is qualified as a Competent Person with regard to the type of deposit and the activity undertaken.***

Zhuanjian (Leo) Liu, *BEng, MAusIMM,* is a Senior Consultant (Geology) with SRK China. Since graduated from the China University of Mining and Technology, He has been engaged in geological survey, due diligence and technical consulting in China, Indonesia and Mongolia for over 10 years. After joining SRK, he has provided consulting services for Peabody Energy (USA), SABIC (Saudi Arabia), Salim Group (Indonesia) and other large corporations. He participated in several successful cases of independent technical report/due diligence work in recent years, including China Unienergy IPO Listing on HKEx and Agritrade Resource acquisition of Shareholding in Indonesia. ***He is qualified as a Competent Person with regard to the type of deposit and the activity undertaken.***

Kun Cao,BEng, is a Consultant (Geology) with SRK China.He is graduated from the North China Institute of Science and Technology,and has over four years of experience in the mining industry,specializing in the coal field. He has participated in numerous coal projects, demonstrating his expertise in coal exploration, resource and reserve estimation. Mr Cao is responsible for the data processing and resource estimation. ***Kun Cao is responsible for the data processing, Resource and Reserve estimation.***

Yuanhai (Andy) Li, PhD, MAusIMM is a Principal Environmental Consultant with SRK Consulting China Limited, graduated with a doctoral degree in Environmental Engineering from the Florida State University. He has over 20 years' experience in the environmental engineering field and has worked on various environmental projects in the USA, China, Mongolia, as well as South Asian Countries. He has particular expertise in environmental due diligence reviews, environmental compliance and impact assessments for mining, mineral processing, refining, and smelting; contaminated site

assessments and remedial design; wetland and landfill rehabilitation; and environmental risk assessment. He also has extensive experience in water/wastewater treatment design, water distribution systems, and storm water management system design. **Dr. Li reviewed and is responsible for the license/permits, environmental, and social aspects.**

Yonglian Sun, B.Eng. PhD, FAusIMM, FIEAust, CPEng, is a Practice Leader and Corporate Consultant of SRK China. Dr Sun has over 30 years experience in geotechnical engineering and mining engineering in five countries across four continents. He also has extensive international experience in mining project evaluation for project financing and overseas stock market listings. Over the last decade, Dr Sun has led and coordinated dozens of due diligence projects for many mining companies and most of them have been successfully financed or listed on the Hong Kong Stock Exchange. ***Dr Sun provided internal peer review to ensure the quality of the report meets the required standard.***

2.8 Warranties

Qinfa has warranted to SRK that full disclosure has been made of all material information and that, to the best of their knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt these warranties.

2.9 Indemnities

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

- Which results from SRK's reliance on information provided by Qinfa or to Shanxi Huameiao Group not providing material information; or
- Which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

2.10 Compliance Statement

The information in this Report that relates to Coal Resources and Coal Reserves is based on information compiled by Yongchun (Roger) Hou and Zhuanjian (Leo) Liu. Both of them are Competent Persons, Members of The Australasian Institute of Mining and Metallurgy and are fulltime employees of SRK China and close associates.

All have no prior association with the Company in regard to the mineral assets that are the subject of this Report. All have no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

All have sufficient experience that are relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the JORC Code (2012 Edition).

All consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Peer review and quality control of the Report were conducted by Dr Yonglian Sun, *FAusIMM*, a Corporate Consultant (Mining).

2.11 Independence Statement

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

SRK has no prior association with Shanxi Huameiao Group or Shanxi Huameiao Group's employees or in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

2.12 Consent

SRK consents to this Report being included, in full, in the China Qinfa Group's Circular, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2.13 Forward Looking Statement

Estimates of Coal Resources, Coal Reserves, and mine production are inherently forward-looking statements, which being projections of future performance will necessarily differ from the actual performance. The errors in such projections result from the inherent uncertainties in the interpretation of geologic data, in variations in the execution of mining and processing plans, in the inability to meet construction and production schedules due to many factors including weather, availability of necessary equipment and supplies, fluctuating prices, ability of the workforce to maintain equipment, and changes in regulations or the regulatory climate.

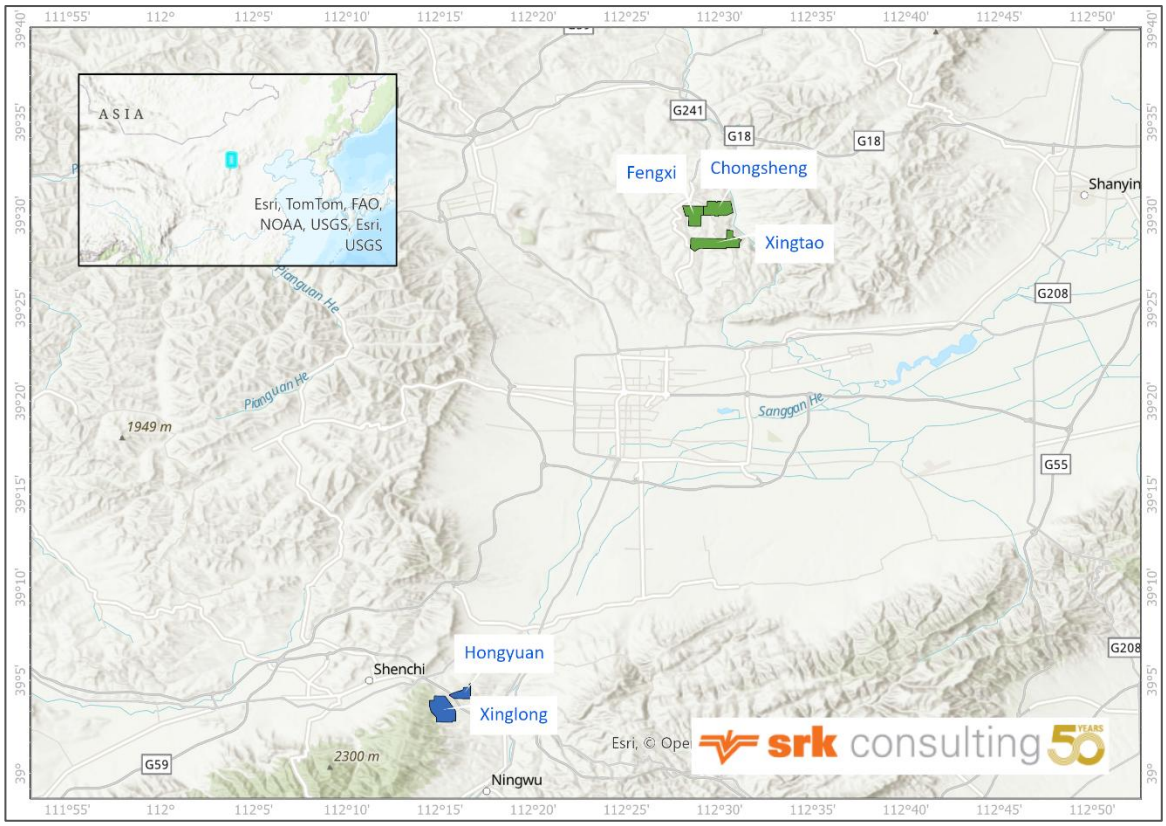
The possible sources of error in the forward-looking statements are addressed in more detail in the appropriate sections of this report. Also provided in the report are comments on the areas of concern inherent in the different areas of the mining and processing operations.

3 Project Description

3.1 Property Location

The Xingtao, Fengxi, and Chongsheng mines are situated in the Pinglu district of northern Shuozhou prefecture-level city, Shanxi Province, approximately 20 km from Shuozhou city and 210 km north of Taiyuan city, the provincial capital, with convenient access via a roughly 200 km expressway from Taiyuan to Shuozhou followed by a short 10 km county road transfer, resulting in an estimated four-hour road journey from Taiyuan; meanwhile, the Xinglong and Hongyuan coal mine projects are located in Shenchi County, northern Xinzhou prefecture-level city, Shanxi Province, about 125 km northwest of Xinzhou city and 200 km north of Taiyuan city, readily accessible via a roughly 195 km expressway from Taiyuan to Shenchi County and a brief 6 km county road transfer, with an estimated travel time of approximately three hours from Taiyuan. A location map of the project area is presented in Figure 3-1.

Figure 3-1: Regional Location of the Five Coal Mines in Shanxi Province



3.2 Accessibility

Coal transportation from Shenchi County and Shuozhou in Shanxi Province primarily utilizes the Shuozhou–Huanghua Railway and the Shenmu–Shuozhou Railway. The Shuozhou–Huanghua Railway, a double-track electrified line spanning approximately 588 kilometers, connects Shenchi County to Huanghua Harbour in Hebei Province, serving as a major conduit for west-to-east coal transport in China. The Shenmu–Shuozhou ("**Shenshuo**") Railway links Shenmu County in Shaanxi Province to Shuozhou in Shanxi Province, facilitating the export of coal from the Shenfu-Dongsheng coalfield. Additionally, the Zhunchi Railway extends from Waiwusu in Inner Mongolia to Shenchi South Station, further enhancing coal export capabilities from western Inner Mongolia

According to the coal marketing records of the Company, coal products extracted from the Xingtao, Fengxi and Chongsheng mines are transported to the markets mainly via Shenshuo coal transportation railway to Huanghua Harbour (terminal) at the Bohai Sea. The railway loading station nearest to the mines is located approximately 6 km to the south of the Xingtao mine.

For Xinglong and Hongyuan coal mines, several railway lines located east of the projects area and can be used for coal transportation, especially the well-known Shuohuang Coal Transporation Railway. There are two major coal loading stations located in the vicinity of the projects area. The nearest one, Yangfangkou loading station of the North Tongpu Railway, is approximate 8 km to the northeast , while the Ningwu coal loading station is located 11 km southeast of the projects area.

3.3 Local Resources and Infrastructure

The local economy surrounding the five coal mines is supported by coal mining and associated power generation, agriculture and field working, plantation and forestry. One of the biggest open pit coal mines in China also occurs in this region.

The region industrial sector is primarily based on coal, electricity, metallurgy, building materials, and chemicals. Coal mining represents the cornerstone of mine area, with prominent large-scale coal enterprises operating in the region, including Pingshuo Coal Mine and Datong Coal Mine Group. In addition, the region has been actively pursuing the development of clean energy industries, resulting in the establishment of several wind power projects nearby.

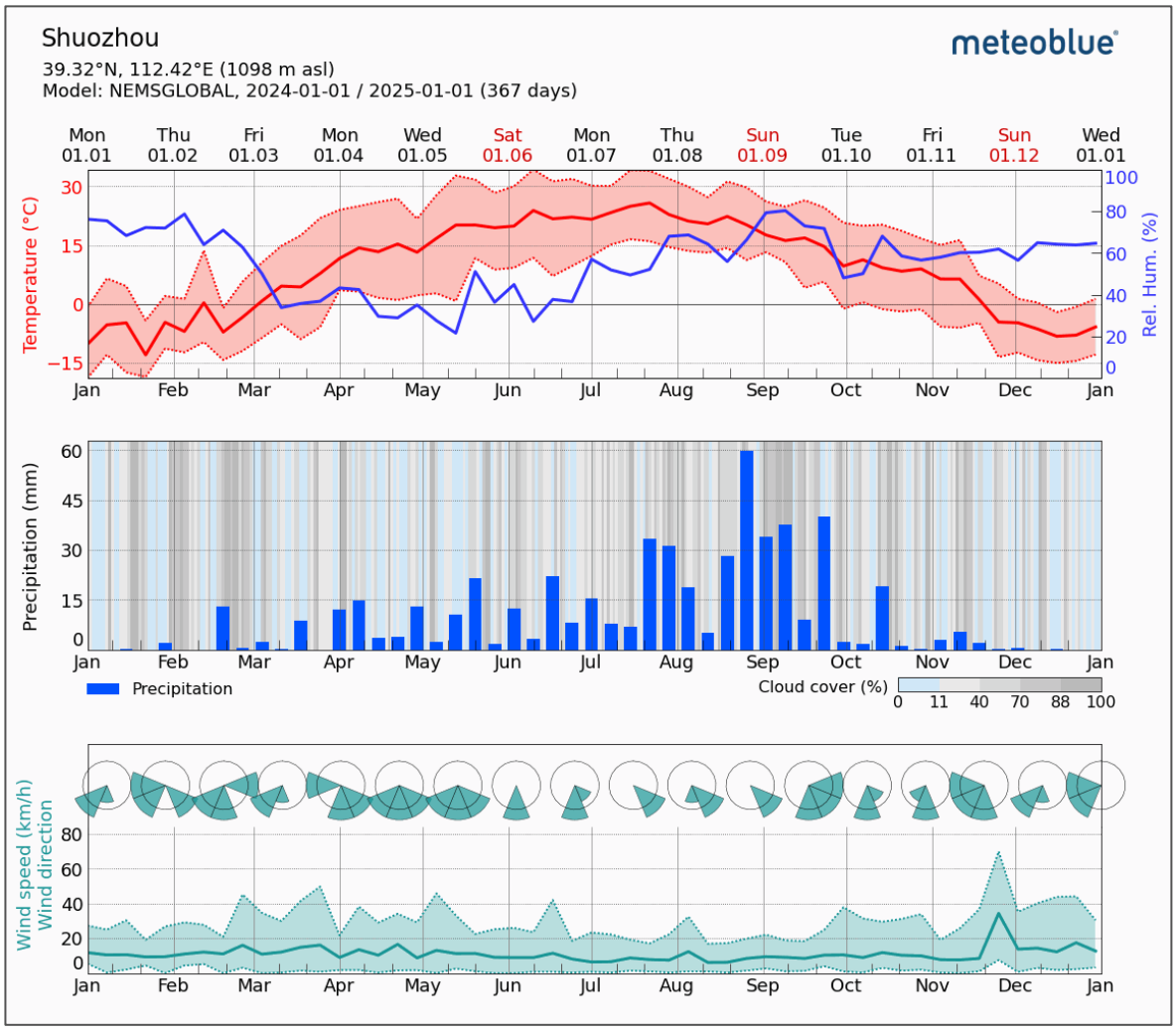
3.4 Physiography and Climate

The projects area located in northern Shanxi Province, exhibits a complex physiography characterized by a series of mountain ranges, plateaus, and basins. The region is predominantly part of the Loess Plateau, with elevations ranging from approximately 1,000 to 1,800 meters above sea level. Key mountain ranges include the Wutai Mountains in the region, and the Taihang Mountains along the eastern border. The area also features several basins, such as the Shuozhou Basin, which contribute to the diverse topography. This varied landscape influences local climate patterns, hydrology, and human settlement distribution.

With regard to the climate, this area is of a continental monsoon-influenced semi-arid climate. Winters are long, cold, and very dry, with January average temperatures around −9.8°C (14°F). Summers are warm and slightly humid, with July averages near 21.9°C (71°F). Annual precipitation is approximately 399mm (15.7 inches), predominantly occurring between June and September. The

region enjoys abundant sunshine, especially in winter, contributing to significant temperature variations between day and night.

Figure 3-2: Climate Conditions of the Projects Area



Source: https://www.meteoblue.com/

3.5 Mining License and Safety Production License

SRK relies on the information provided by Shanxi Huameiao Group, and SRK did not conduct a legal due diligence review of the Projects since such work is outside the scope of SRK's technical review.

All five coal mines possess valid Mining Licenses and Safety Production Licenses, each with varying validity periods. Detailed information regarding the Mining Licenses and Safety Production Licenses for the five coal mines is presented in Table 3-1 and Table 3-2, respectively.

Table 3-1: Mining License for the Five Coal Mines

Project/ Company	Mining License	Issued To	Issued By	Issue Date	Renewal Date	Area (km^2)	Mining Method	Prod. Rate (Mtpa)
Xingtao	C1400002009101220038680	Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Co., Ltd	DoNR	14 Sep 2022	14 Sep 2034	4.2515	UG Mining	1.5
Fengxi	C1400002009101220038812	Shanxi Shuozhou Pinglu District Huameiao Fengxi Coal Co., Ltd	DoNR	24 Jan 2014	24 Jan 2034	2.4281	UG Mining	0.9
Chongsheng	C1400002009101220038704	Shanxi Shuozhou Pinglu District Huameiao Chongsheng Coal Co., Ltd	DoNR	9 Dec 2022	14 Dec 2039	2.8809	UG Mining	0.9
Xinglong	C1400002009111220045955	Shanxi Xinzhou Shenchi County Xinglong Coal Co., Ltd	DoNR	30 Nov 2019	14 Jun 2034	4.0128	UG Mining	0.9
Hongyuan	C1400002013031220129035	Shanxi Xinzhou Shenchi County Hongyuan Coal Co., Ltd	DoNR	28 Dec 2020	13 Jul 2030	1.3235	UG Mining	0.9

Note: DoNR, Shanxi: Department of Natural Resources of Shanxi Province

Following Table 3-2 presents the Safety Production Licenses of the five coal mines.

Table 3-2: Safety Production License for the Five Coal Mines

Project/ Company	Safety Production Permit No.	Issued To	Issued By	Licensed Activity	Issue Date	Renewal Date
Xingtao	(Jin) MK (2023) FPLJ044DB2	Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Co., Ltd	DoEM, Shanxi	Coal Mining	29 Sept 2022	28 Sept 2025
Fengxi	(Jin) MK (2023) FPLJ035DY1	Shanxi Shuozhou Pinglu District Huameiao Fengxi Coal Co., Ltd	DoEM, Shanxi	Coal Mining	17 Aug 2023	16 Aug 2026
Chongsheng	(Jin) MK (2024) FPLJ031DB2	Shanxi Shuozhou Pinglu District Huameiao Chongsheng Coal Co., Ltd	DoEM, Shanxi	Coal Mining	13 Jan 2023	12 Jan 2026
Xinglong	n/a	Shanxi Xinzhou Shenchi County Xinglong Coal Co., Ltd	DoEM, Shanxi	n/a	n/a	n/a
Hongyuan	n/a	Shanxi Xinzhou Shenchi County Hongyuan Coal Co., Ltd	DoEM, Shanxi	n/a	n/a	n/a

Note: DoEM, Shanxi: Department of Emergency Management of Shanxi Province

The vertical depth of the mining permits is at elevation from +1270 m ASL to +1000 m ASL for Xingtao, from +1270 m ASL to +1000 m ASL for Fengxi, and from +1240 m ASL to +1090 m ASL for Chongsheng, from +1680 m ASL to +1200 m ASL for Xinglong and from +1270 m ASL to +1000 m ASL for Hongyuan, respectively. These depths/elevations cover the permitted and designed mineable coal seams. The corner points indicated on each mining license are presented from Table 3-3 to .Table 3-7.

Table 3-3: Corner Points Coordinates of the Xingtao Mining License

Inflection Points	X	Y	Inflection Points	X	Y
1	37,626,844.90	4,372,759.12	8	3,7630,594.95	4,371,859.09
2	37,629,594.93	4,372,759.10	9	3,7629,594.93	4,371,859.09
3	37,629,594.94	4,373,659.11	10	3,7629,594.93	4,371,759.09
4	37,630,079.95	4,373,559.11	11	3,7627,544.91	4,371,759.10
5	37,630,079.95	4,372,984.10	12	3,7627,169.93	4,371,459.10
6	37,630,769.96	4,372,659.10	13	3,7626,844.93	4,371,759.11
7	37,630,584.95	4,372,344.09			

Notes: Coordinate system: CGCS2000, 3-degree zone

Table 3-4: Corner Points Coordinates s of the Fengxi Mining License

Inflection Points	X	Y
1	37,626,029.29	4,375,953.02
2	37,627,649.31	4,375,953.01
3	37,627,649.31	4,375,053.00
4	37,627,479.31	4,375,053.00
5	37,627,479.31	4,373,952.99
6	37,626,529.29	4,373,952.99
7	37,626,529.30	4374953.00
8	37,626,279.29	4,374,953.01

Notes: Coordinate system: Xi'an1980, 3-degree zone

Table 3-5: Corner Points Coordinates of the Chongsheng Mining License

Inflection Points	X	Y	Inflection Points	X	Y
1	37,627,764.96	4,375,959.16	9	37,630,044.96	4,375,359.14
2	37,628,044.93	4,375,959.15	10	37,629,844.96	4,375,259.14
3	37,628,044.93	4,376,459.16	11	37,629,544.94	4,375,059.14
4	37,628,700.94	4,376,459.16	12	37,628,924.94	4,375,059.14
5	37,628,700.94	4,376,385.16	13	37,628,924.94	4,374,959.14
6	37,628,824.94	4,376,385.16	14	37,628,644.93	4,374,959.14
7	37,628,824.94	4,376,459.16	15	37,628,644.93	4,375,059.14
8	37,629,844.95	4,376,459.15	16	37,627,764.96	4,375,059.16

Notes: Coordinate system: CGCS2000, 3-degree zone

Table 3-6: Corner Points Coordinates of the Xinglong Mining License

Inflexion Points	Easting	Northing	Inflexion Points	Easting	Northing
1	37,607,729.22	4,326,952.53	7	37,607,929.22	4,324,352.52
2	37,608,566.23	4,326,952.53	8	37,607,929.22	4,324,832.53
3	37,609,429.23	4,325,452.53	9	37,607,510.22	4,325,378.53
4	37,609,429.23	4,324,452.52	10	37,607,379.22	4,325,952.53
5	37,609,179.23	4,324,452.52	11	37,607,379.22	4,326,502.53
6	37,609,179.22	4,324,352.52	12	37,607,729.22	4,326,502.53

Note: cooridinate system, Xi'an 80, 3 degree zone

Table 3-7: Corner Points Coordinates of the Hongyuan Mining License

Inflexion Points	Easting	Northing	Inflexion Points	Easting	Northing
1	37,610,544.739	4,328,218.757	8	37,609,956.221	4,327,601.192
2	37,610,414.939	4,328,147.938	9	37,609,804.253	4,327,532.820
3	37,610,434.270	4,327,853.028	10	37,609,730.459	4,327,439.962
4	37,610,038.085	4,327,827.060	11	37,609,682.526	4,327,478.057
5	37,609,955.658	4,327,723.341	12	37,609,153.511	4,327,240.053
6	37,609,973.105	4,327,609.997	13	37,608,874.796	4,327,033.672
7	37,609,953.163	4,327,607.989	14	37,609,274.742	4,326,708.528
			15	37,610,544.742	4,326,708.529

Note: cooridinate system, CGCS2000, 3 degree zone

4 Geological Setting and Mineralisation

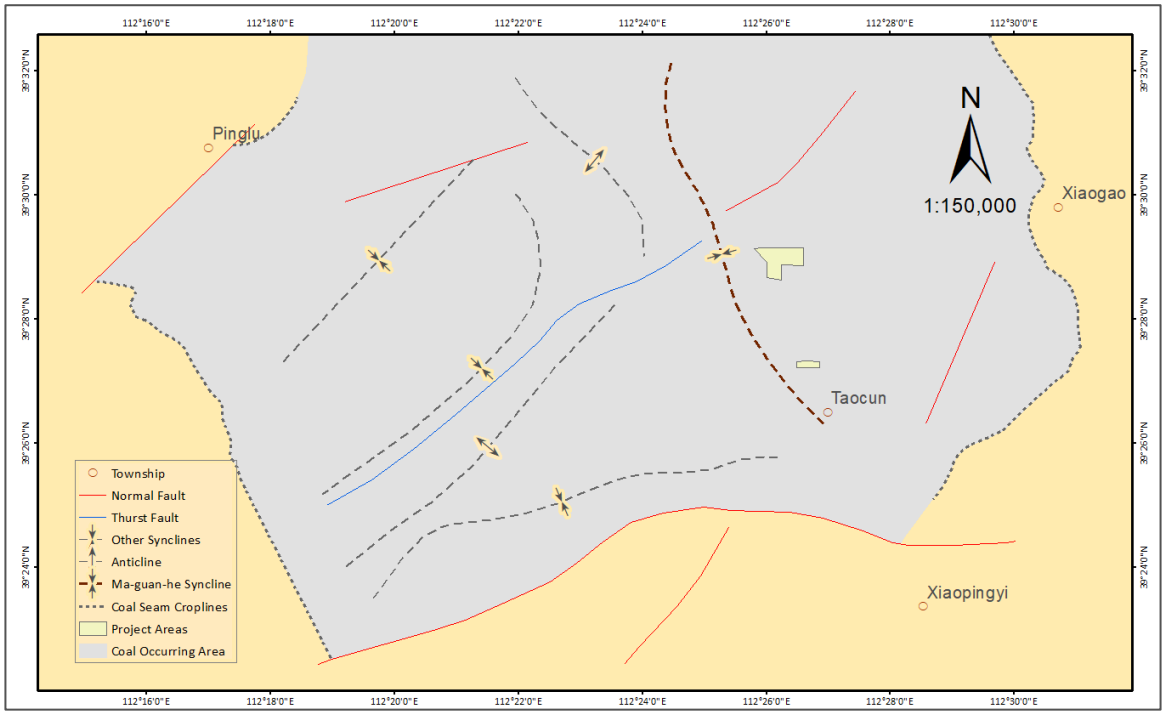
4.1 Regional Geology

The Shuozhou Projects

The Xingtao, Fengxi and Chongsheng mine area is situated within the Pingshuo Coalfield, which constitutes the northern sector of the Ningwu Coal Deposit in Shanxi Province. The Ningwu Coal Deposit contains coal seams within both the Carboniferous-Permian and Jurassic systems; however, the northern sector, encompassing the Pingshuo Coalfield, hosts only Carboniferous-Permian coal seams.

The stratigraphic sequence within the Pingshuo coal mining zone is primarily composed of Ordovician, Late Carboniferous, and Permian sedimentary rocks, overlain by Neogene and Quaternary superficial deposits. Coal seams of economic significance are hosted within the Late Carboniferous and Permian strata. The Ordovician limestone strata constitute the geological basement of the coalfield. The structural framework of the coalfield's sedimentary strata is predominantly defined by the Ma-guan-he Syncline, a broad, gently plunging regional syncline extending approximately 20 km along a northwest-southeast (NW-SE) trend. Across the coalfield, the dip angles on the flanks of the syncline are generally less than 10 degrees. A series of minor folds and faults with northeast-southwest (NE-SW) axial trends are predominantly developed on the western limb of the syncline. The three mining operations are situated on the eastern limb of the Ma-guan-he Syncline. Figure 4-1 illustrates the principal structural elements of the Pingshuo Coalfield and the location of the project area.

Figure 4-1: Tectonic and Geological Setting of the Xingtao, Fengxi and Chongsheng Mine Area



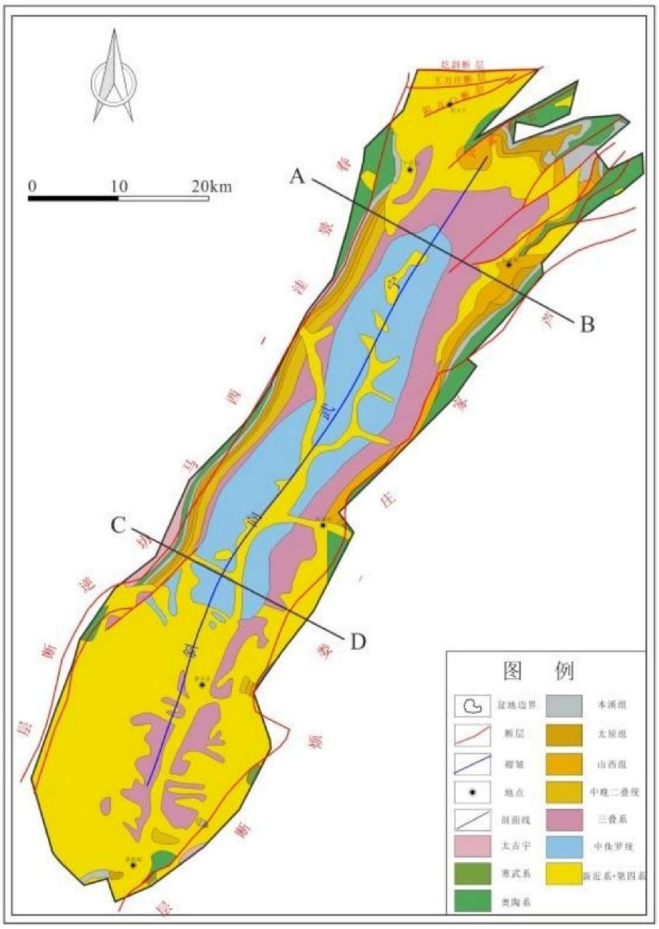
The Shenchi Projects

The Xinglong and Hongyuan projects area is geologically situated in the north-central portion of the Ningwu Coal Deposit, Shanxi Province. The Ningwu Coal Deposit contains multiple developed coal seams within the Carboniferous-Permian and Jurassic systems; however, the northern sector is characterized by the presence of only Carboniferous-Permian coal seams.

The stratigraphic sequence within this area of the Ningwu Coal Deposit primarily comprises Ordovician, Late Carboniferous, and Permian sedimentary rocks, overlain by Neogene and Quaternary superficial deposits. Economically significant coal seams are hosted within the Late Carboniferous and Permian strata. The Ordovician limestone strata constitute the geological basement of the coal deposit.

The structural framework of the coal deposit's sedimentary strata is predominantly defined by the Ningwu Syncline, a broad, gently plunging regional syncline extending for over 100 km along a northeast-southwest (NE-SW) trend throughout the deposit. The Hongyuan and Xinglong mines are both situated on the western limb of the Ningwu Syncline, with the Xinglong mine located in the southwestern proximity of the Hongyuan mine. Figure 4-2 presents a map illustrating the principal structural features within the northern sector of the Ningwu Coal Deposit.

Figure 4-2: Tectonic and Geological Setting of the Xinglong and Hongyuan Mine Area



4.2 Project Geology

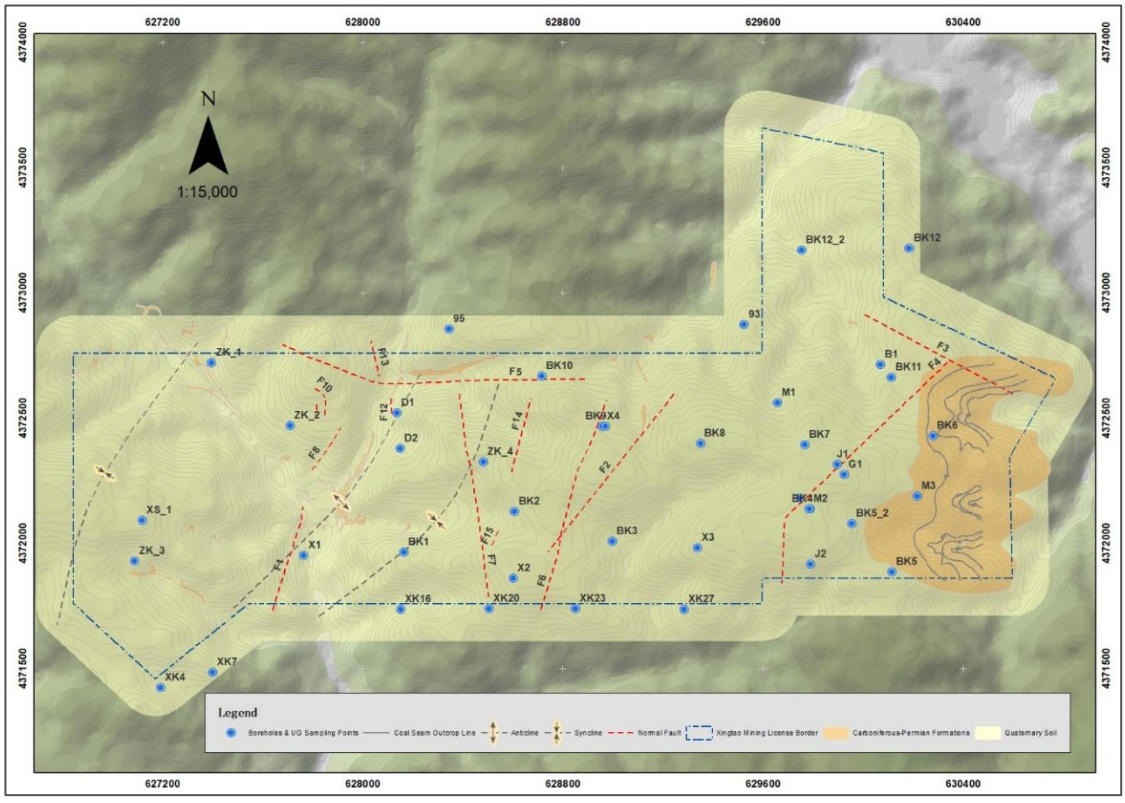
4.2.1 Stratigraphy and Geological Structure

The Shuozhou Projects

The three coal mines of the Shuozhou Projects are situated within a contiguous geological unit. The sedimentary sequence encountered across these three mines is consistent with the regional stratigraphy of the Pingshuo Coalfield, as detailed in Section 5.1. This sequence comprises the following formations: the Ordovician Shangmajiagou Formation (O_1s), the Carboniferous Benxi Formation (C_2b), the Taiyuan Formation (C_3t), the Permian Shanxi Formation (P_1s), and the Permian Shihezi Formation (P_1x), overlain by Quaternary soils. The Taiyuan Formation is identified as the primary coal-bearing unit, with coal seams exhibiting mineable potential. Based on the geological map provided by the Client, the surface geology across the three mining areas is characterized by Quaternary Loess deposits.

The stratigraphy of the Xingtao Mine is generally influenced by gentle folding, resulting in a predominantly sub-horizontal disposition of the strata. Within the mine area, the dip angle of the strata is typically less than 10 degrees, with a general westerly dip direction. Based on the geological map provided by the Client, coal seams outcrop in the eastern valley area within the mining license boundary. 15 faults have been identified throughout the underground mining operation in the mine. All of these faults are normal and have a vertical displacement ranging from 0.6 m to 30 m.

Figure 4-3: Surface Geological Map of the Xingtao Mine

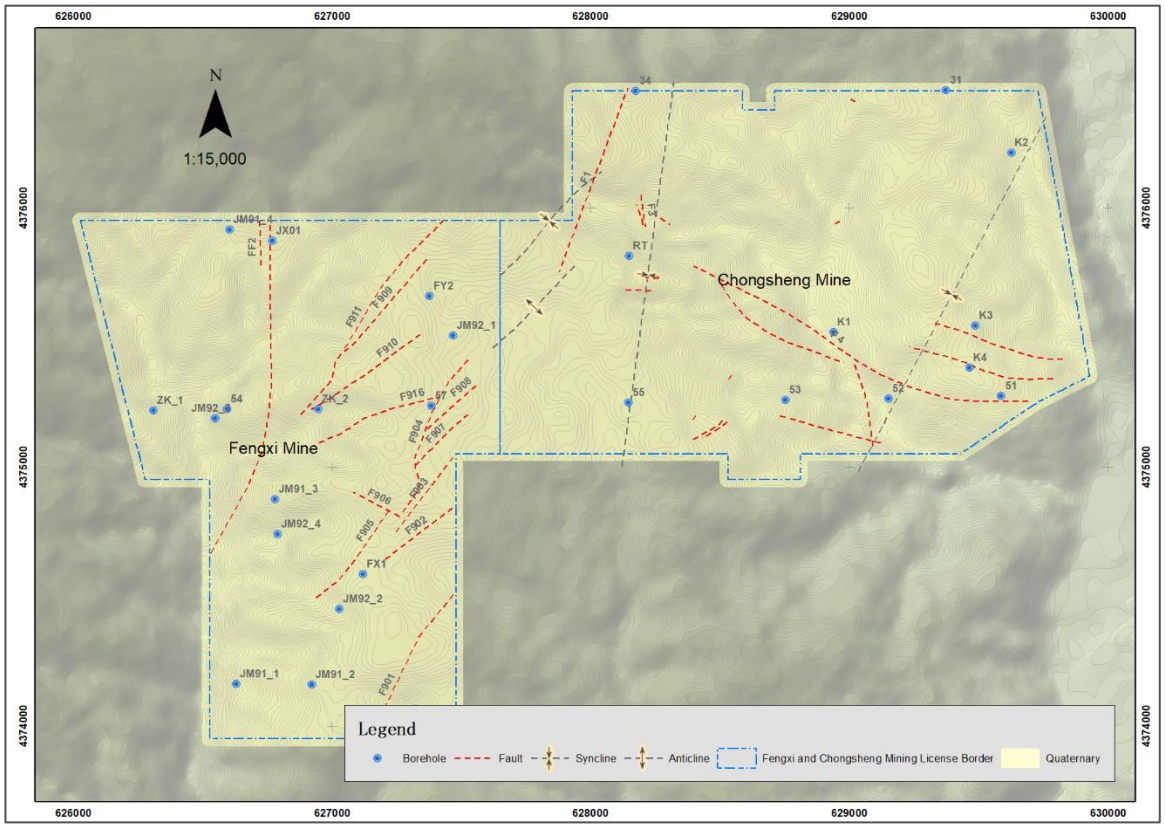


Source: adjusted from the geological map of the 2017 Production Geological Report of Xingtao Mine

Given the shared common boundary between the Fengxi and Chongsheng mines, the two mining areas can be considered as a single geological domain for the purpose of describing the overall stratigraphy and geological structure. The stratigraphy within this domain is generally characterized by gentle folding, resulting in a predominantly sub-horizontal attitude of the strata. In the Fengxi mine, the dip angle of the strata typically ranges between 2 and 8 degrees, with a general dip towards the southeast. Conversely, the structural dip within the Chongsheng mine is influenced by several gentle folds, which control the local dip directions.

Historical underground mining operations have delineated a total of 63 faults within the Fengxi mine and 49 faults within the Chongsheng mine. The majority of these faults exhibit vertical displacements ranging from 0 m to 3 m and are considered to have negligible impact on mining operations. Eighteen faults have been identified with a displacement exceeding 3 m.

Figure 4-4: Simplified Surface Geological Map of the Fengxi and Chongsheng Mine.



Source: adjusted from the geological map of the 2017 Production Geological Report of Fengxi and Chongsheng Mine

The Shenchi Projects

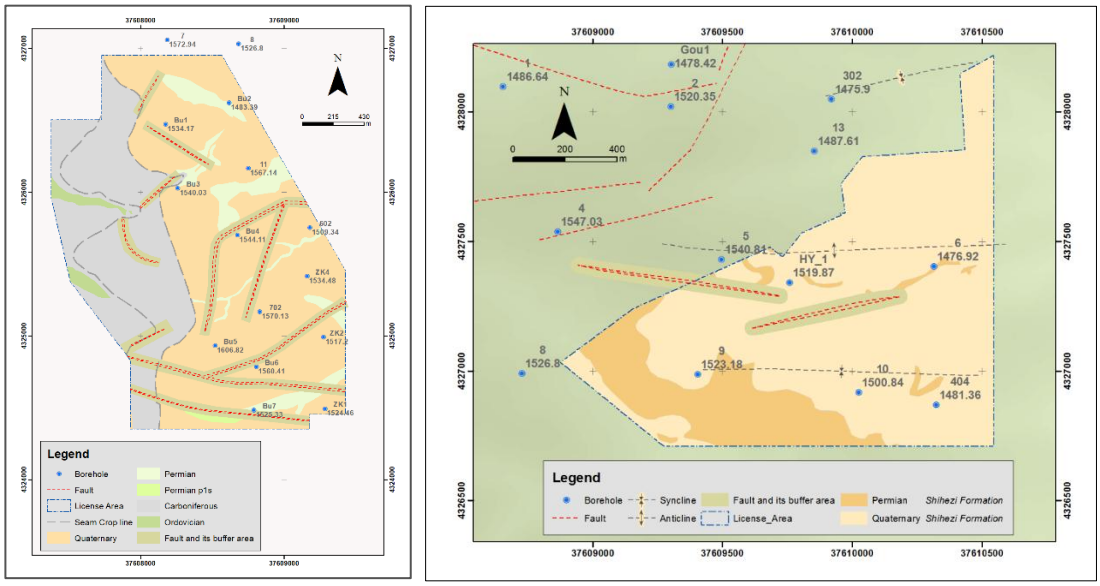
The sedimentary formations occurring within the Xinglong and Hongyuan deposit consist of Ordovician Shangmajiagou Formation (O_1s), Carboniferous Benxi Formation (C_2b) and Taiyuan Formation (C_3t), Permian Shanxi Formation (P_1s), Xiashihezi Formation (P_1x) and Shangshihezi Formation (P_1s), sedimentary rocks, and Quaternary soils. The Taiyuan is the major coal-bearing formation and contains coal seams that have been identified as having mineable potential.

The ground surface within the Xinglong Project area is predominantly covered by Quaternary Loess, with coal seams outcropping in the western portion of the project area. The stratigraphy of the project

area is primarily controlled by a monoclinal structure, with strata dipping gently to the east at angles ranging from 7° to 23°. Ten faults have been identified and interpreted within the Xinglong Project area. These are considered to be normal faults with vertical displacements ranging from 5 m to 100 m.

Within the Hongyuan Mine area, no coal seams or bedrock exposures have been observed at the surface. The regional stratigraphy is primarily influenced by a monocline dipping to the east. Within the project area, the strata are further affected by an anticline and a syncline with east-west axial trends. The dip angle of the strata within the permit area ranges from 4° to 10°. Historical underground mining and exploration activities have identified four faults within the Hongyuan Project area, all of which are interpreted as normal faults. Two of these faults exhibit vertical displacements exceeding 10 m.

Figure 4-5: Simplified Surface Geological Map of the Xinglong and Hongyuan Mine.



4.2.2 Coal Seam Characteristics

Coal Seam Thickness and Structure

Historical exploration drilling within the Xingtao mine has intersected and correlated a total of seven coal seams. These coal seams are encountered at depths ranging from approximately 0 m to 300 m below the surface within the mining license area. The characteristics of each coal seam are detailed in Table 4-1. It should be noted that Seams 4-1 and 4-2 represent the upper seams, which have been previously extracted and are included herein for comparative purposes only. Five coal seams have been identified as possessing mineable potential: Seams 4-1, 4-2, 9-1, 9-2, and 11. Of these, Seams 4-1, 4-2, 9-1, 9-2, and 11 are consistently well-developed throughout the mine area.

Four Seams have been intersected and correlated within Fengxi and Chongsheng mines with mineable potential: Seam 4, Seam 9-1, Seam 9-2, and Seam 11. These coal seams are encountered at approximate depths ranging from 80 m to 270 m below the surface within the Fengxi mining license area, and from 100 m to 200 m below the surface within the Chongsheng mine area. The characteristics of each coal seam for these two mines are detailed in Table 4-1 as follows.

Table 4-1: Coal Seam Structure Profile of Xingtao, Fengxi and Chongsheng Mines

Coal Mine	Seam ID	Thickness Range (avg.) (m)	Parting Numbers	Avg. Parting Thickness (m)	Avg. Interburden (m)	Roof/Floor Lithology
Xingtao	4-1	2.2-13.0 (8.0)	0-9	0.5	n/a	Mudstone
	4-2	2.7-6.1 (5.0)	0-3	0.3	4.5	Mudstone, Siltstone
	8	0.7-2.3 (1.2)	0	0	11.9	Mudstone, Siltstone
	9-1	1.2-16.2 (8.1)	1-6	0.4	2.9	Mudstone, Siltstone
	9-2	0.0-9.5 (4.2)	2-3	0.5	8.6	Mudstone, Siltstone
	10	0.3-5.6 (9.96)	0-3	0.2	6.3	Siltstone
	11	0.5-5.5 (3.4)	0-5	0.3	4.4	Mudstone
Fengxi	4	11.3-15.9 (13.3)	3-16	0.6	na	Siltstone
	9-1	5.0-8.5 (6.8)	2-6	0.5	32.3	Sandstone/siltstone
	9-2	5.5-6.5 (5.8)	3-6	0.5	8.8	Sandstone/siltstone
	11	1.9-5.2 (4.2)	1-5	0.4	4.8	Mudstone/sandstone
Chongsheng	4	13.7-19.8 (16.2)	4-16	0.6	na	Siltstone/mudstone
	9-1	6.7-9.5 (7.9)	0-5	0.4	20.0	Sandstone/siltstone
	9-2	4.1-6.14 (5.2)	2-9	0.5	6.2	Sandstone/mudstone
	11	0.5-5.9 (2.0)	0-2	0.3	8.4	Mudstone

Historical exploration within the Xinglong Project area has identified and correlated two coal seams with mineable potential: Seam 2 and Seam 5. Both of these coal seams exhibit consistent development throughout the project area and are encountered at approximate depths ranging from 0 m to 305 m below the surface. For the Hongyuan mine, historical exploration within the Hongyuan deposit has intersected and correlated a total of three coal seams with mineable potential: Seams 2, 5, and 6. Seams 2 and 5 are well-developed throughout the mine area, while Seam 6 exhibits a gradual increase in thickness from the periphery towards the central portion of the mine area. These coal seams occur at approximate depths ranging from 0 m to 280 m below the surface.

Table 4-2: Coal Seam Structure Profile of Xinglong and Chongsheng Mines

Coal Mine	Seam ID	Seam Thickness Range (average) (m)	Parting Numbers	Average Parting Thickness (m)	Average Interburden (m)	Roof/Floor Lithology
Xinglong	2	0.8-4.8 (3.1)	0-3	0.2	n/a	Mudstone
	5	4.4-15.6 (10.5)	0-4	0.5	57.2	Mudstone, Sandstone, Siltstone
Hongyuan	2	1.0-6.7 (3.9)	0-1	0.03	n/a	Sandstone, Mudstone
	5	4.4-14.0 (9.6)	0-1	0.12	64.5	Mudstone, Siltstone
	6	0-3.2 (1.4)	0	0	4.5	Mudstone, Siltstone

Coal Quality and Properties

All coal seams encountered within all the five mines are generally classified as high volatile B to C bituminous coal according to ASTM D388 (Standard Classification of Coals by Rank). The coal occurred in the three mines of Shuozhou Project, according to the Chinese standard GB/T 5751-

2009 (Classification of Coals), all seams are generally categorized as bituminous CY coal. The two mines of Shenchi is classified as QM according to Chinese standard.

The quality analyses of coal core samples from the three mines indicate low inherent moisture, medium to high ash content, low concentrations of deleterious elements, non-caking properties, high volatile matter, and medium to high calorific value. Total sulfur content varies between seams, with Seam 4-1 exhibiting low sulfur content, Seam 4-2 exhibiting medium sulfur content, and the remaining seams generally exhibiting medium to high sulfur content. The composite quality of individual coal interval samples, presented on a seam-by-seam basis, is detailed in Table 9. The coal extracted from each seam is suitable for use as thermal coal, primarily for power generation.

The analytical results of coal samples collected from historical explorations at Xinglong Mine indicate the following characteristics: Seam 2 exhibits high ash content, medium sulfur content, and medium calorific value; Seam 5 exhibits low ash content, medium to high sulfur content, and high calorific value. For the Hongyuan Mine, the analytical results of coal samples from historical explorations show the following: Coal Seam 2 presents high ash content and low to medium calorific value; Coal Seam 5 and Coal Seam 6 both exhibit high ash content and low to medium calorific value.

Table 4-3: Typical Coal Quality as per Seam – Five Mines (composited coal interval)

Coal Mine	Coal Seam	Inherent Moisture (ad, %)	Ash Content (ad, %)	Volatile Matter (ad, %)	Fixed Carbon (ad, %)	Total Sulphur (ad, %)	Calorific Value (gr.ad, kCal/kg)
Xingtao	4-1	3.5	24.6	28.6	43.3	0.59	5,572
	4-2	2.2	31.2	27.8	38.8	1.15	4,918
	8	2.2	24.0	31.2	42.6	2.95	5,679
	9-1	2.3	27.6	29.3	40.8	1.56	5,327
	9-2	2.1	25.4	30.7	41.8	2.03	5,456
	10	2.4	31.5	28.1	32.0	1.75	5,012
	11	2.2	31.6	27.4	38.8	1.70	4,927
Fengxi	4	2.8	34.5	25.1	37.6	0.45	4,650
	9-1	2.8	23.7	31.5	42.0	1.58	5,702
	9-2	2.6	24.7	30.5	42.2	1.64	5,580
	11	2.4	30.6	26.7	40.3	1.68	5,050
Chongsheng	4	2.2	25.5	30.6	41.7	0.45	5,542
	9-1	1.9	28.5	31.1	38.5	2.26	5,219
	9-2	1.9	24.2	32.6	41.3	2.87	5,647
	11	2.6	30.7	30.9	35.8	2.73	5,084
Xinglong	2	0.5	30.6	40.5	28.4	1.42	5160
	5	1.2	13.3	34.2	51.3	1.83	6510
Hongyuan	2	3.5	28.7	40.8	27.0	0.7	5180
	5	1.9	31.9	37.7	28.5	1.5	4920
	6	1.1	38.7	39.5	20.7	2.6	4960

5 Exploration

SRK was not involved in any of the historical exploration activities at the five mines. The information presented in this Section is derived from previous exploration results and relevant geological reports, supplemented by discussions with China Qinfa Group Limited's (Qinfa's) technical team during a site visit conducted by SRK from April 22 to April 25, 2025. The exploration-related information described herein is based on the following documents:

- Remaining Reserve Verification Report of Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Co., Ltd. prepared by Shanxi Dibao Energy Co., Ltd. ("**SXDB Energy**") in October 2020;
- Remaining Reserve Verification Report of Shanxi Shuozhou Pinglu District Huameiao Fengxi Coal Co., Ltd. prepared by Shanxi Dibao Energy Co., Ltd. in October 2020;
- Remaining Reserve Verification Report of Shanxi Shuozhou Pinglu District Huameiao Chongsheng Coal Co., Ltd. prepared by Shanxi Dibao Energy Co., Ltd. in October 2020;
- Production Geological Report of Xingtao Mine, prepared by Shanxi Dibao Energy Co., Ltd. in January 2017;
- Supplementary Exploration Report of Xingtao Mine, prepared by Shanxi Dibao Energy Co., Ltd. in August 2020;
- Production Geological Report of Fengxi Mine, prepared by Shanxi Dibao Energy Co., Ltd. in October 2019; and
- Production Geological Report of Chongsheng Mine, prepared by Shanxi Dibao Energy Co., Ltd. in April 2017.
- Geological Report on Coal Mine Merge and Restructure of Shanxi Xinzhou Shenchi Xinglong Coal Co., Ltd. prepared by Shanxi Keruitong Industrial Co., Ltd in June 2012
- Remaining Reserve Verification Report of Shanxi Xinzhou Shenchi Xinglong Coal Co., Ltd; prepared by Shanxi Keruitong Industrial Co., Ltd in September 2012, and
- Geological Report of Shanxi Xinzhou Shenchi Hongyuan Coal Co., Ltd, prepared by Shanxi Dibao Energy Co., Ltd in December 2018.

Historical exploration and sampling programs were conducted across the projects, including those undertaken in the 1950s, 1960s, 2000s, and 2010s. The subsequent discussion of previous exploration work has been compiled based on the aforementioned historical geological reports for each project.

5.1 Exploration History

Xingtao Mine

In 1954, the geological team of the North China Coal Geological Exploration Bureau conducted 1:50,000 scale geological mapping in the southern Datong coalfield, completing nine exploration boreholes with a total depth of 745 m. This work culminated in the submission of the "General Geological Report on the Southern Coalfield of Datong" in the same year. Also in 1954, the sampling team of the Datong Mining Bureau collected coal seam samples from operating mines in Pinglu County for laboratory analysis. This work provided an initial understanding of coal type distribution

in the region, laying the groundwork for future geological explorations. It is noted that all boreholes associated with this program were located outside the current license area.

Between 1965 and 1966, Brigade No. 115 of the Shanxi Coal Geological Bureau undertook a geological exploration program in the area. This resulted in the "Geological Report on the General Exploration Area of Maguan River East in Pinglu Shuo County Mining Area of Daning Coalfield," which was subsequently reviewed and approved by the Shanxi Coal Industry Administration in August 1969. This general exploration covered an area of 136 km^2, involving the completion of 29 boreholes with a total drilled depth of 6,868.05 m. Borehole spacing ranged from 1,000 m to 1,500 m. A topographic and geological map at a scale of 1:25,000 was also produced. The report did not utilize data from the boreholes drilled during this exploration.

Two boreholes (ID 93 and 95), totaling 498.09 m, were drilled in the northern vicinity of the Xingtao Coal license area. These were cored boreholes with downhole geophysical surveys conducted.

In August 2004, Brigade No. 115 of the Shanxi Coal Geological Bureau conducted a drilling program within the mine area, completing four fully cored boreholes (X1, X2, X3, and X4) with a total depth of 1,897.41 m. This program included the drilling of one hydrological borehole (X1) to a depth of 501.8 m, which intersected 265.56 m of Ordovician limestone. Pumping tests were conducted within both the coal-bearing formation and the Ordovician limestone formation. A "Geological Report on the Exploration of Xingtao Coal Mine in Shuozhou City, Ningwu Coalfield, Shanxi Province" was subsequently prepared, submitted, reviewed, and recorded by relevant authorities.

In August 2010, the First Hydrogeological Team of the China Coal Geology Administration completed one hydrogeological drilling hole (XT1) to a depth of 231.00 m. Single-layer water injection testing was performed in the Shanxi Formation (P_1s), and pumping tests were conducted in both the Shanxi and Taiyuan Formations (P_1s+C_3t). The borehole underwent downhole geophysical surveying, and 27 samples were collected. The data from this borehole was not used in this Report due to data unavailability.

From May 2013 to August 2013, the Shanxi Coal Geological and Hydrological Survey Research Institute conducted a supplementary hydrogeological survey of the Xingtao Coal Mine, covering a total area of 20 km^2. This included the completion of one hydrogeological drilling hole (XS-1) to a depth of 627.10 m, and the collection and analysis of seven water samples.

In December 2013, the Daheng Coal Mine, located south of the Xingtao Mine, commissioned Shandong Taishan Geological Exploration Company No. 4 Engineering Division to conduct supplementary exploration targeting the lower coal group (Seams 9-1, 9-2, and 11). This program involved the drilling of 25 boreholes (XK1-XK23, XK26, XK27), with six of these (XK4, XK7, XK16, XK20, XK23, XK27) located near the Xingtao Mine boundary.

From October 11, 2016, to January 2, 2017, the Xingtao Coal Mine commissioned Shanxi Dibao Energy Co., Ltd. to drill four boreholes (ZK-1, ZK-2, ZK-3, ZK-4) within the license area. Borehole ZK-4 was drilled underground from a roadway in the 4-2 coal seam. A total of 813.64 m was drilled, and all boreholes underwent geological surveying. A total of 800.55 m of core was recovered, representing a core recovery rate of 98.39%. All drill holes were accepted and graded according to the "Coal Geological Exploration Drilling Quality Standard" (MT/T1042-2007), with all four boreholes achieving a Class B grade. The "Coal Mine Production Geology Report of Huameiao Xingtao Coal Mine in Pinglu District, Shuozhou, Shanxi" was compiled and submitted in January 2017.

From August 30, 2019, to June 28, 2020, the Client commissioned Shanxi Dibao Energy Co., Ltd. to drill 15 boreholes (BK1-BK9, K10, BK11, BK12, BK4-2, BK5-2, BK12-2) within the mine area, resulting in a total of 3,824.74 m drilled. Borehole BK4 was not surveyed due to drilling issues, and BK12-2 was not surveyed due to land use constraints. The remaining 13 boreholes underwent downhole geophysical surveying, totaling 3,165.90 m. All boreholes were accepted and graded according to the Industry Standard "MT/T1042-2007", with one Class A hole, 12 Class B holes, and two Class C holes. The "Supplementary Exploration Geological Report of Huameiao Xingtao Coal Mine in Pinglu District, Shuozhou, Shanxi" was prepared in August 2020.

Fengxi Mine

Between 1965 and 1966, Brigade No. 115 of the Geological Exploration Bureau of the Shanxi Coal Industry Administration conducted a general exploration program across a 136 km^2area that included the Fengxi mine. The resulting "Geological Report on the General Exploration Area of Maguan River East in the Pinglu-Shuo County Mining Area of Daning Coalfield, Shanxi Province" was submitted in December 1966. This program involved the completion of 29 boreholes with a total drilled depth of 6,868.05 m, of which two boreholes (No. 54 and 57) were located within the current mining license. According to the Industry Standard "MT/T1042-2007", the drilling and logging quality of both boreholes was classified as Class A, and their overall quality was also Class A. Borehole 54 was interpreted to have intersected five coal seams with mineable potential, while Borehole 57 intersected seven such seams.

In August 2009, Brigade No. 185 of the Shaanxi Coal Geological Bureau completed borehole ZK-1 within the mine area to a depth of 198.00 m, achieving a core recovery of 95.5% with 189.10 m of core retrieved.

Between January 2013 and April 2014, Taiyuan Wenfeng Technology Development Co. Ltd. drilled five boreholes (FX1, FY2, JX01, ZK-2, BK3) within the license area. This program included one underground borehole and one hydrological borehole, with a total drilling depth of 1,163.55 m and a total core recovery of 1,139.15 m, representing a core recovery rate of 97.9%.

Chongsheng Mine

Between 1965 and 1966, Brigade No. 115 of the Shanxi Coal Geological Bureau conducted geological exploration work in the area, resulting in the submission of the "Geological Report on the General Exploration Area of Maguan River East in Pinglu Shuo County Mining Area of Daning Coalfield." A total of seven boreholes (ID 51, 52, 53, 55, 57, 31, and 34) were drilled both within and surrounding the Chongsheng Coal Mine, totaling 1,395.20 m. Due to the age of this exploration program, information regarding borehole cementing is not available.

From May 2009 to August 25, 2009, Brigade No. 185 of the Shaanxi Coal Geological Bureau, commissioned by Beijing Luneng Coal Co., Ltd., conducted verification exploration on the former Shi'ergou coal mining area. This program involved the drilling of four boreholes (ID K1, K2, K3, and K4), totaling 439.4 m. All boreholes were cored, and both geological and geophysical logs were acquired. Additionally, data from a shaft checking borehole was utilized in the geological modelling of the Chongsheng Mine.

In addition to the boreholes drilled for each mine, underground sampling points were also utilized in the reporting. Specifically, nine underground samples were collected for the Xingtao Mine, and eight underground samples were collected for the Fengxi Mine.

Xinglong and Hongyuan

From 1958 to 1959, the No. 143 Brigade of the Shanxi Coal Geological Bureau conducted a general exploration of the Ningwu-Yangfangkou coalfield, culminating in the "Report on the General Survey of the Yangfangkou Coal Field in Ningwu County, Shanxi Province." This program included the drilling of seven boreholes, with three located within the current Hongyuan Project area and two within the Xinglong Project area. Coal quality analytical results are available for these boreholes.

Between 1969 and 1970, the Shanxi Provincial Coal Geological Exploration Team (later integrated into No. 115 Brigade) carried out geological exploration in the Dugou prospecting area. This exploration program involved the drilling of 15 boreholes with a total depth of 3,429.63 m, resulting in the "Geological Report of the Dugou deposit in Shenchi County, Xin County Special Zone." These 15 boreholes were distributed across the Hongyuan and Xinglong Project areas.

From March 2012 to October 2012, in response to government requirements for coal mine merging and restructuring, seven infill boreholes were drilled within the Xinglong Project area. This exploration program achieved a total drilled depth of 1,221.37 m and 1,141.60 m of downhole geophysical logging.

In April 2012, Shanxi Kreitong Industrial Co., Ltd. drilled one borehole (HY-1) within the Hongyuan Project area. Downhole geophysical logging and coal core sampling were conducted on this borehole. A geological report on coal mine integration was subsequently submitted to the local government in June of the same year.

Further geological and mining-related information is available, including structural data from local village small coal mines, coal quality data, and records of gas and water inflow into the mines. This information, along with geological reports, review comments, and resource record certificates, was prepared by the relevant geological exploration institution for the coal mines in 2006.

5.2 Sampling, Sample Preparation and Analyses

5.2.1 Coal Handling, Sampling, and Analysis

SRK has not been involved in any work relating to the sample preparation, security, or analysis of samples for the five projects. However, the sampling procedures for each drilling program after the 1980s should follow the Chinese Standard, 1987-656, "Standard Practice for Collection of Coal Samples in Coal Resources Exploration." The collection of coal samples from retrieved cores was handled according to the following conditions:

- Sampling was carried out based on the thickness of the intersected coal seam;
- Intra-seam partings less than 10 cm were included in the coal samples;
- Intra-seam partings greater than 10 cm were excluded from the coal sample; and
- The maximum coal sample interval was 3 m for the thick coal seams.

The analytical items and standards applied for the five coal mines are shown in Table 5-1.

Table 5-1: Major Analytical Items and Standards

Analytical Items		Basis	Standard
	Total Sulphur	Air-dried basis	GB/T 214-2007
	Gross Calorific Value	Air-dried basis	GB/T 213-2008
	True Relative Density	Air-dried basis	GB/T 217-1996
	Apparent Relative Density	None	GT/T 6949-1998
	Ash Fusion Temperatures	Air-dried basis	GB/T 219-2008
Proximate Analysis	Inherent Moisture	Air-dried basis	GB/T 212-2008
	Volatile Matter	Air-dried basis	GB/T 212-2008
	Ash Content	Air-dried basis	GB/T 212-2008
	Fixed Carbon	Air-dried basis	GB/T 212-2008
Coal Seam Gas	Gas Content	None	GB/T 23249-2009
	Initial Velocity Index of Diffusion	None	AQ 1080-2009
	Gas Pressure Test	None	AQ 1047-2007
	High-pressure Adsorption Isothermal Test	None	GB/T19560-2004

In general, SRK considers that the data acquired from the explorations are sufficient to conduct JORC Coal Resource estimation and reporting.

5.2.2 Quality Assurance and Quality Control

SRK has not been involved in quality assurance protocols for exploration activities conducted prior to the 2000s, and therefore cannot comment on their implementation. Exploration programs undertaken at the five mines between 2000 and 2019 were reportedly implemented in accordance with the “Coal Geological Exploration Drilling Quality Standard” (MT/T1042-2007). Boreholes drilled during this period were typically cored and included downhole geophysical surveys. Coal samples were reportedly collected following the principles outlined in Chinese Standard. Regarding the collection of coal samples for resource exploration. Coal core recovery rates for these explorations generally ranged from 80% to 100%, which, in conjunction with downhole geophysical surveys, facilitated coal seam determination. The acquired coal seam data is considered to meet the minimum requirements for coal resource estimation. Boreholes drilled from the 2000s onwards had their collar coordinates surveyed using either total station or static GPS surveying equipment, adopting the Beijing 1954 and Xi’an 1980 datums. These collar coordinates were subsequently transformed to the coordinate system specified on each mining license for the five mines. The accuracy of the surveying procedures is reported to meet the requirements of relevant Chinese standards.

6 Borehole Database and Modelling

6.1 Resource Database

This section outlines the data verification procedures undertaken by SRK to validate the coal seam data provided by the Client from historical exploration activities.

The initial step involved the consolidation of all available exploration data into a comprehensive borehole database utilizing Geovia Minex 6.1.3 modelling software. Subsequently, the coal seam data underwent a systematic verification process, which included borehole filtration as deemed necessary. The following data checks were performed:

- Collar Data Verification: Collar coordinates were verified against topographical data to identify and rectify any anomalous elevation values. Particular attention was paid to ensuring the consistency of coordinate systems across different exploration programs. In general, the collar data was found to be consistent with the topographic information. Where discrepancies in coordinate systems were identified, borehole coordinates were transformed to align with the system utilized in the corresponding mining permits.
- Seam Interval Verification: Seam intervals (seam picks) provided by the Client were cross-referenced with downhole geophysical profiles and geological core logs. Any inconsistencies identified were adjusted to conform to the downhole geophysical interpretations. This verification process demonstrated a high degree of consistency between the Client-provided seam intervals and the geophysical/geological core logs.
- Seam Correlation Review: A review of seam correlations, based on interpretations presented in historical geological reports, was conducted. Any anomalous correlations were subject to further scrutiny and correction as required.
- Coal Quality Data Integration: Coal quality analytical results were imported into the modelling software and checked for any mismatches between seam intervals and coal quality sample intervals.

For the Xingtao, Fengxi, and Chongsheng mines, the seam structure modeling, which formed the basis of volume estimation, utilized data from a verification process. This process approved 32 boreholes and nine underground (UG) sampling points for Xingtao mine, eight boreholes and eight UG sampling points for Fengxi mine, and 12 boreholes for Chongsheng mine. Subsequently, coal quality models were created in Minex software using analytical results from 129 coal core samples for Xingtao Mine, 98 for Fengxi Mine, and 39 for Chongsheng Mine. A verification within Minex confirmed a high consistency between sample intervals and corresponding seam intervals.

Similarly, for the Xinglong and Hongyuan mines, the verification process deemed 15 boreholes for the Xinglong project and 14 boreholes for the Hongyuan project suitable for seam structure modeling and volume estimation. All sample data from these mines were imported into Minex software to develop the quality model. A check of sample intervals against seam intervals in Minex also demonstrated a high level of consistency.

6.2 Modelling Method

This update reflects the geological model developed in January 2025. This model for the Chongsheng Mine was constructed using a borehole database comprising twelve boreholes, integrated within Geovia Minex 6.1.3 software. The methodology employed for dataset preparation and geological model creation is detailed below:

Dataset Preparation and Validation: Imported coal seam intervals (picks) were subjected to visual review in a borehole-column-profile view to ensure accurate correlation of coal seams across the dataset. Imported sample intervals were cross-validated against their corresponding seam intervals, and any identified discrepancies were rectified to ensure data integrity.

Data Compositing: Coal quality variables, with the exception of relative density, were composited using a mass-weighted averaging technique. This method utilized the corresponding thickness and density values for each sample interval. Relative density was composited using a volume-weighted averaging technique.

Interpolation and Extrapolation of Seam Geometry: The Minex "set-missing-seams" tool was utilized to estimate the spatial positions of seam floors where direct data was absent. For instances where seams were interpreted to be absent below the borehole collar or above the end-of-hole depth, a thickness of zero was assigned. This tool was also employed to interpolate the thickness and position of coal seams in areas extending beyond the drilled depths or above the collar elevations.

Grid Model Generation: The "Multi-Seam Multi-Variable Gridding" tool within the Minex software package was used to generate a series of grid models. These grids represent key geological parameters, including seam floor elevations, seam thicknesses, interburden thicknesses between seams, and the spatial distribution of coal quality variables.

7 Coal Resource Estimates

7.1 Introduction

The Coal Resource Statement presented herein represents Coal Resource estimation prepared for the five coal mines in accordance with the JORC Code 2012.

The effective date of the Coal Resource statement is 31 December 2024.

A Coal Resource is a concentration or occurrence of a coal deposit of economic interest in such form, quantity and quality that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories in accordance with The JORC Code (2012).

An Inferred Coal Resource is that part of Coal Resource for which quantity and quality are estimated on the basis of low levels of confidence with limited geological evidence and sampling. The quantity and quality are inferred using Points of Observation ("**PoO**s") that may be supported by interpretive data.

An Indicated Coal Resource is that part of Coal Resource for which quantity and quality are estimated on the basis of reasonable levels of confidence which allows the application of Modifying Factors in sufficient detail to support mine plan and evaluate the economic viability of the deposit. The quantity and quality information are collected from PoOs that may be supported by interpreted data. The PoOs are sufficient for continuity to be assumed but are too widely or inappropriately spaced to confirm geological and quality continuity. An Indicated Coal Resource has a lower level of confidence than that applied to a Measured Coal Resource and may only be converted to a Probable Coal Reserve.

A Measured Coal Resource is that part of Coal Resource for which quantity and quality are estimated based on a high level of confidence which allows the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. The quantity and quality information collected from PoOs may be supported by interpretive data. The PoOs are spaced closely enough to confirm geological and coal quality continuity. A Measured Coal Resource has a higher level of confidence than that applying to either an Indicated Coal Resource or an Inferred Coal Resource. It may be converted to a Proved Coal Reserve or under certain circumstance to a Probable Coal Reserve.

The process of estimating and reporting coal resources typically involves the following stages:

Geological Data Processing and Modelling

- Process coal seam structure and quality data.
- Correlate coal seams and interpret geological structures.
- Generate a coal seam model for resource estimation.

Resource Classification

- Classify estimated resources as Measured, Indicated, or Inferred based on geological confidence levels.
- Confidence levels are determined by factors such as coal seam consistency, geological complexity, and potential impacts on economic extraction.

Area Deductions and Identification

- Deduct mined-out or sterilized areas (not economically viable).
- Identify areas with thin coal seams or poor quality.
- Apply minimum thickness and quality limits ("**cut-offs**") to the resource model for estimation.

Reporting (JORC Code Compliant)

- Report estimated resources in accordance with the JORC Code.
- Include both quantity (tonnage) and key coal quality variables in the report.

7.2 Material Assumptions

The resource estimates for the five coal mines were prepared based on data provided by the Company. The estimations were spatially constrained both horizontally and vertically, adhering to the boundaries defined by the mining licenses for these five projects. Coal seams occurring at depths of less than 50 meters from the surface were excluded from the resource estimates due to potential risks associated with surface water ingress and subsidence. Additionally, depleted coal within previously mined-out (gob) areas was excluded from the reported resource figures.

Apparent relative density ("**ARD**") was adopted by SRK in the estimation for these two mines due to lack of true relative density data. The adoption of ARD is also in line with the resource estimation according to Chinese standard.

The minimum cut-off thickness for the resource estimates of each mine is set to be 0.8 m as in some of the existing underground mines the installed equipment allows for coal seams within a thickness range of between 0.7 m and 0.8 m to be extracted, and this minimum thickness setting is also in line with Chinese standard for the resource estimate.

These estimates pertain exclusively to coals identified as having potential for underground longwall mining within each specified coal mine. Coals with extraction potential are detailed as follows:

Xingtao Mine:

Mining plans for 2025 include two short longwall panels in seam 9-2, after which operations will transition to seam 11. Consequently, the resource estimation primarily focused on the remaining portion of seam 9-2 and seam 11.

Fengxi Mine:

As mining activity continues in the final recoverable seam (seam 11), the resources in seams 9-1 and 9-2, previously reported in the 2021 CPR, have been either mined out or sterilized. The sterilized portion no longer meets the "reasonable prospects for eventual economic extraction" criteria as defined by the JORC Code. Therefore, this sterilized coal was excluded from the current estimate.

Chongsheng Mine:

Ongoing mining operations over several years have led to a gradual decrease in the remaining quantity of economically extractable coal within the current permit area. To potentially extend the mine's operational life, coal resources located beneath the existing mine office building, which were previously considered uneconomic or inaccessible, are now being assessed as having extraction potential due to a planned relocation of the mine office building. Furthermore, this resource estimation also includes coals situated beneath the southern village.

Xinglong and Hongyuan Coal mines

Prior to the acquisition of these two projects by the Client, the former owners had been extracting coal seams for a number of years within these two mines' project areas. The original state-owned coal mine, located within the Hongyuan project area, commenced with small scale mining from 1980 to 2009. The mining operation concerntrated on the seams 2 and 5 and has resulted in a number of mined-out areas which are mainly located in the north and west of the current permit area. For the Xinglong mine project, historical mining resulted in a number of mined-out areas both in seam 2 and seam 5. The mined-out areas to which SRK relied for adjusting the resource estimates on both projects were provided by the client through the mine plan layouts.

The structural disturbed areas were adopted in terms of the 2012 Geological Report of Merging & Restructuring of Xinglong Coal Mine and the 2018 Hongyuan Geological Report. A zone of 30m on either side of the faults was downgraded to the Inferred category for the Resource estimates as the faults occurring in the permits area are inferred from boreholes and historical underground operations.

SRK noted that based on the interpolation of the available analytical quality data, the total Sulphur in the Xinglong mine project ranges from approximately 0.9% to 3.0%, and for Hongyuan mine project it ranges from 0.2% to 2.7%. The coal with total Sulphur being greater than 3% is normally not included in Chinese resource estimation according to the "Specifications for Coal and Peat Exploration, DZ/T0215-2002". As the Sulphur of the coal within the projects area is less than 3.0%, the constraint of high Sulphur content is not applied to the Resource Estimation.

The major constraint parameters for the Coal Resource estimation of the five mines are as follows:

- Minimum coal seam thickness 0.8 m
- Maximum allowable intra-seam parting thickness 0.1 m
- Maximum raw working section ash (air-dried basis): 40%
- Maximum sulphur content (air-dried basis) 3%

7.3 Resource Classification

For the five mines, historical exploration drillings have resulted in a borehole spacing of approximately 500 m – 1000 m on the two projects, and the historical mining in conjunction with SRK's seam modelling have delineated the geological structural complexity of these two projects are of moderate. In addition to the geological structure, SRK's coal seam model has shown that the coal seam thickness and quality are of good consistency. Based on the above considerations, the resource classification of these two projects was determined in terms of the following principle:

- Measured Resource: the areas within 500 m spacing of the Points of Observation ("**PoOs**");
- Indicated Resource: the areas between 500 m and 1000 m spacing of the PoOs;

- Inferred Resource: the area greater than 1000 m and less than 2000 m spacing of the PoOs.

The PoOs not only refers to the intersected coal points of boreholes but also includes the underground sampling points. The coal resource located beneath the southern village has been classified as inferred due to the uncertain economic viability of its extraction.

Figure 7-1: Typical Resource Classification for Xingtao Mine

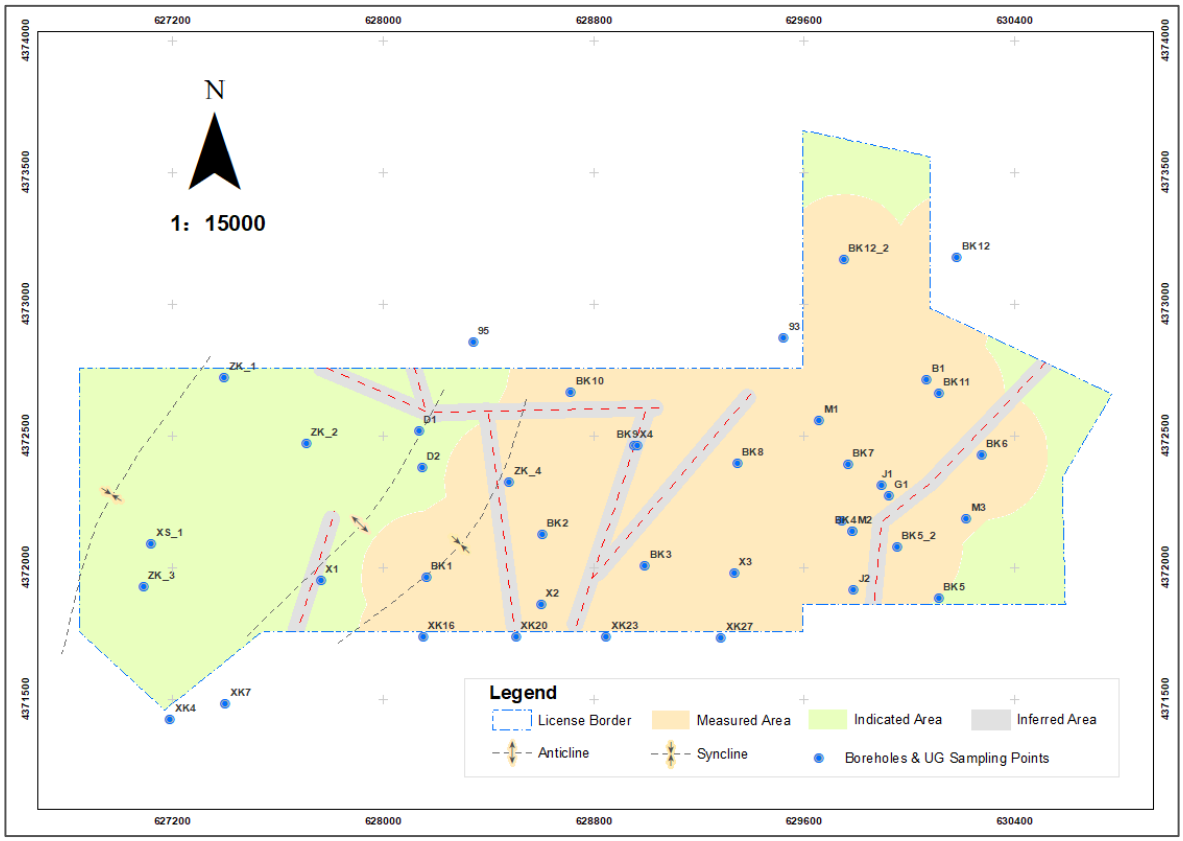


Figure 7-2: Typical Resource Classification for Fengxi Mine

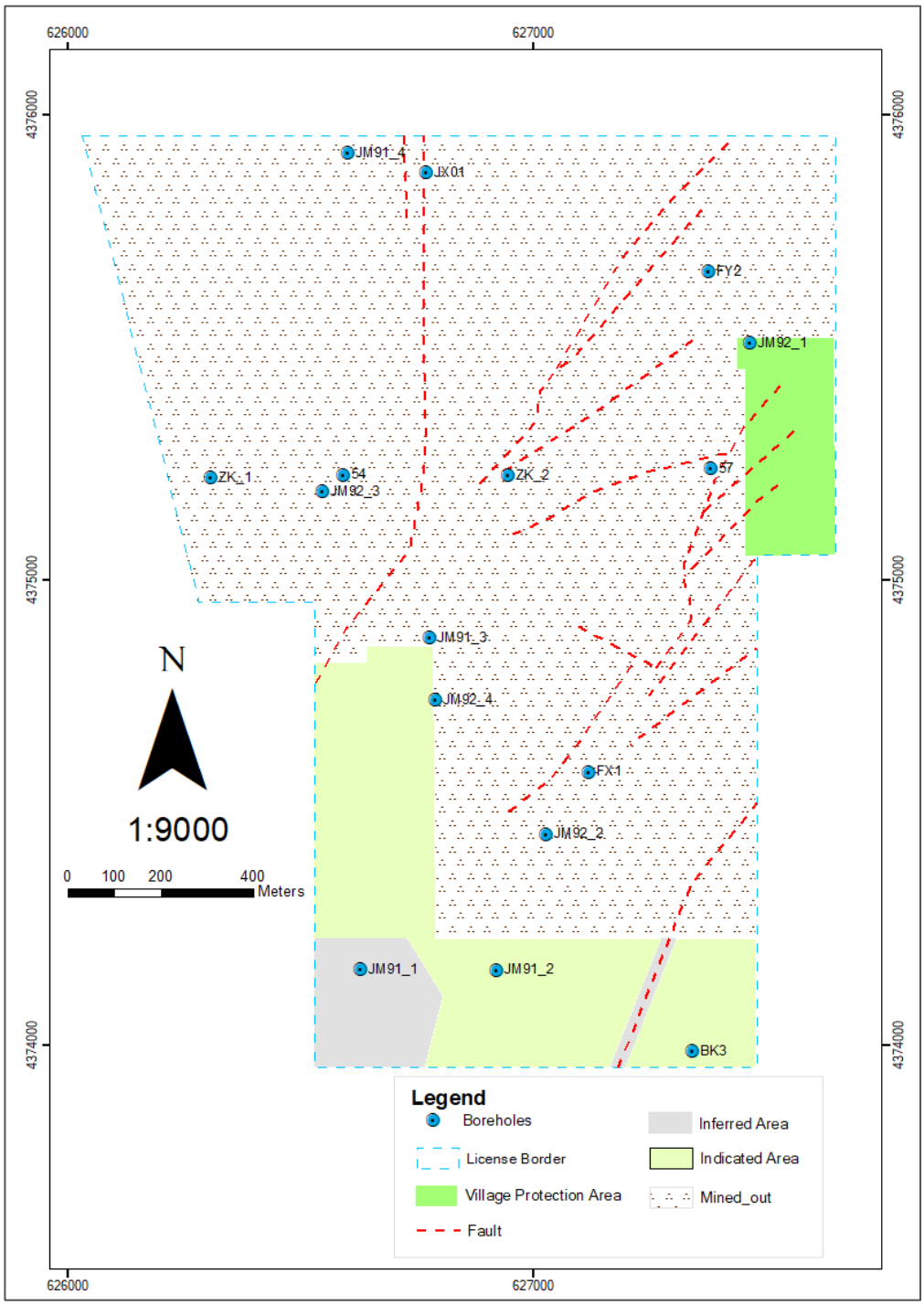


Figure 7-3: Typical Resource Classification for Chongsheng Mine, Seam 11

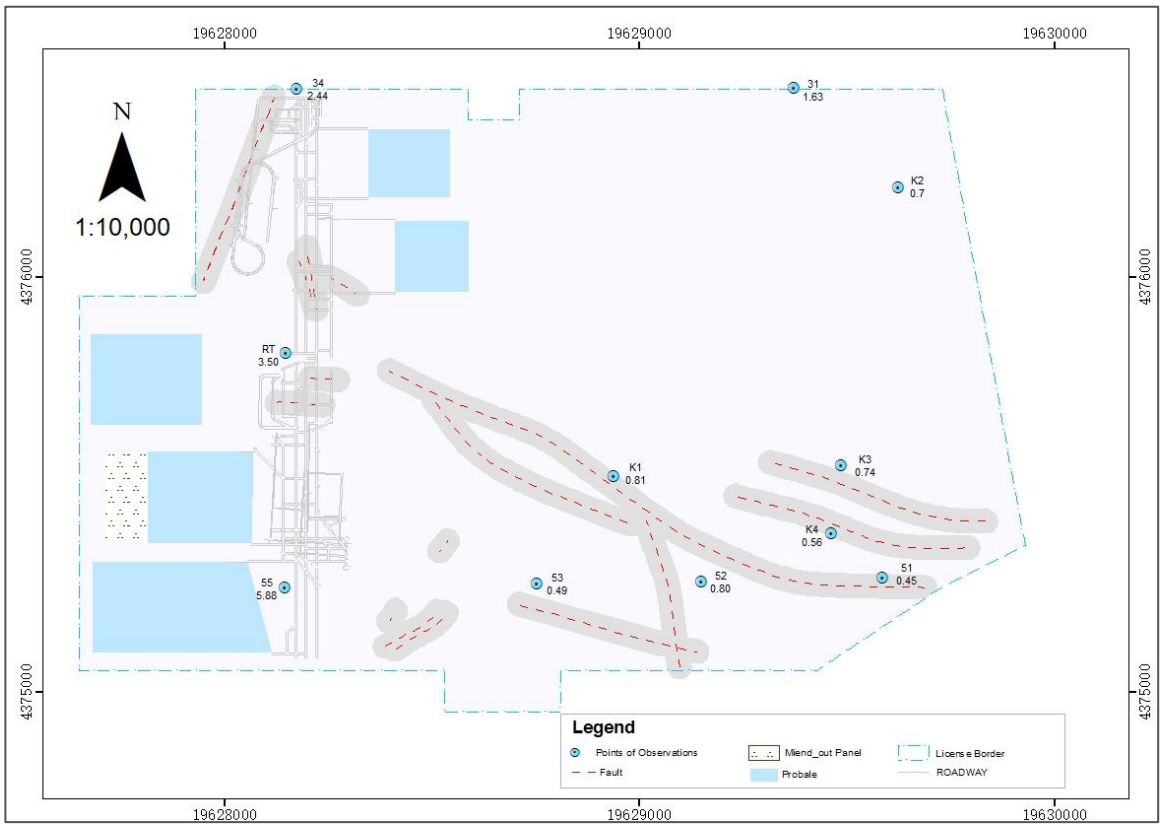


Figure 7-4: Resource Classification for Seam 2 and 5 of Xinglong Mine

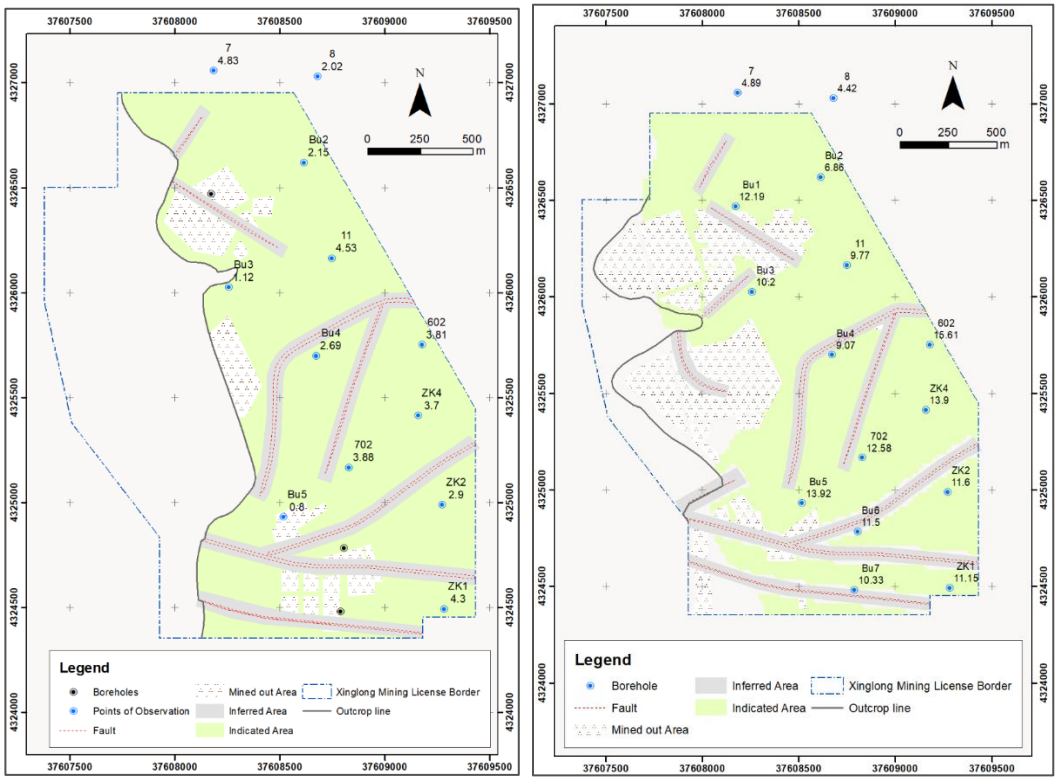
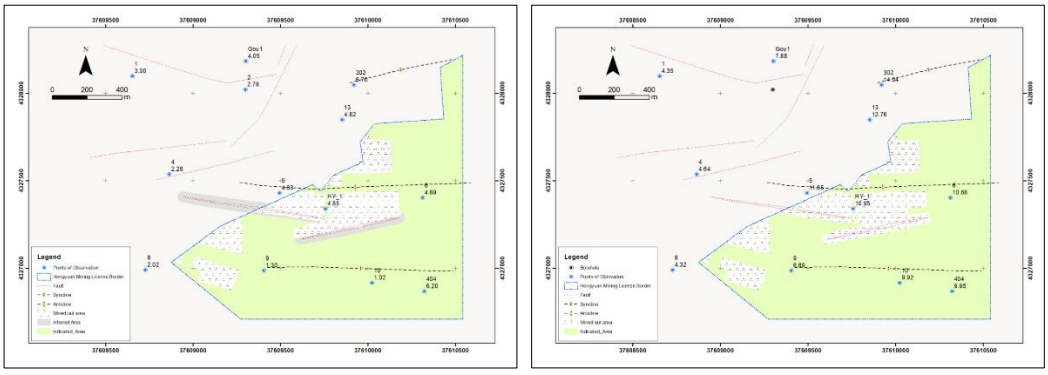


Figure 7-5: Resource Classification for Seam 2 and 5 of Hongyuan Mine



7.4 Coal Resource Statement

A total of 108.59 Mt of Coal Resource was Reported by SRK in accordance with JORC Code 2012 for the five mines, of which 83.09 Mt is Measured and Indicated Coal Resource, and 25.50 Mt is Inferred Coal Resource. The gob areas (historical mined-out area) and the sterilized area within the mine have been excluded from the estimates. It should be noted that the estimated Coal Resources are of the “clean coal” as the partings greater than 10 cm were excluded from the Resource estimate, these partings were considered as dilution in the Reserve estimation. The results of the Coal Resource estimates are presented in Table 7-1.

Table 7-1: Coal Resource Statement[1], Five Coal Mine Project, SRK Consulting China Limited, 31 December 2024[2]

	Coal Seam	Resource Category	Resource (Mt)	Thickness (m)	Ash Content (ad, %)	Total Sulphur (ad, %)	Calorific Value (gr, ad, kCal/kg)
Xingtao	9-2	Measured	0.60	4.37	34.00	1.48	4,110
		Indicated	---	---	---	---	---
		Inferred	1.36	4.09	26.56	1.64	5,426
	11	Measured	8.02	2.92	34.18	1.72	4,684
		Indicated	7.82	3.65	31.6	1.99	5,006
		Inferred	1.31	2.90	32.44	1.81	4,819
	Sub-total		***19.11***	***---***	***32.46***	***1.82***	***4,860***
Fengxi	11	Measured	---	---	---	---	---
		Indicated	1.20	3.7	25.84	1.56	5,420
		Inferred	1.40	4.0	26.60	1.70	5,341
	Sub-total		***2.60***	***---***	***26.25***	***1.64***	***5377***
Chongsheng	4	Measured	---	---	---	---	---
		Indicated	3.14	17.70	27.14	0.50	5,200
		Inferred	3.99	17.25	26.93	0.47	5,250
	9-1	Measured	---	---	---	---	---
		Indicated	1.15	6.91	27.74	1.69	5,200
		Inferred	1.36	6.84	28.46	2.55	5,180
	9-2	Measured	---	---	---	---	---
		Indicated	0.9	5.18	20.66	2.68	5,700
		Inferred	1.1	4.87	24.28	3.14	5,450
	11	Measured	---	---	---	---	---
		Indicated	4.31	2.68	31.59	2.65	4,950
		Inferred	1.65	2.39	28.6	2.94	5,160
	Sub-total		***17.6***	***---***	***27.95***	***1.76***	***5186***
Xinglong	2	Measured	---	---	---	---	---
		Indicated	7.55	3.26	29.16	1.50	5290
		Inferred	1.26	3.04	29.77	1.49	5220
	5	Measured	---	---	---	---	---
		Indicated	27.53	10.78	14.19	1.75	6380
		Inferred	9.49	11.33	13.46	1.98	6460
	Sub-total		***45.83***	***---***	***16.93***	***1.75***	***6185***
Hongyuan	2	Measured	---	---	---	---	---
		Indicated	5.88	3.66	24.32	0.70	5569
		Inferred	---	---	---	---	---
	5	Measured	---	---	---	---	---
		Indicated	14.99	10.00	30.14	1.31	5054

	Coal Seam	Resource Category	Resource (Mt)	Thickness (m)	Ash Content (ad, %)	Total Sulphur (ad, %)	Calorific Value (gr, ad, kCal/kg)
		Inferred	---	---	---	---	---
		Measured	---	---	---	---	---
	6	Indicated	---	---	---	---	---
		Inferred	2.58	1.87	36.86	2.51	4462
	Sub-total		***23.45***	***---***	***29.42***	***1.29***	***5118***
Grad-total			**108.59**	**---**	**23.74**	**2.25**	**5411**

Notes:

[1] All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

[2] The information in this Report which relates to the Coal Resource is based on information provided by China Qinfa Group, compiled by Kun Cao of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Mr Hou is member of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, the JORC Code 2012. Mr Hou consents to the reporting of this information in the form and context in which it appears.

8 Coal Reserve

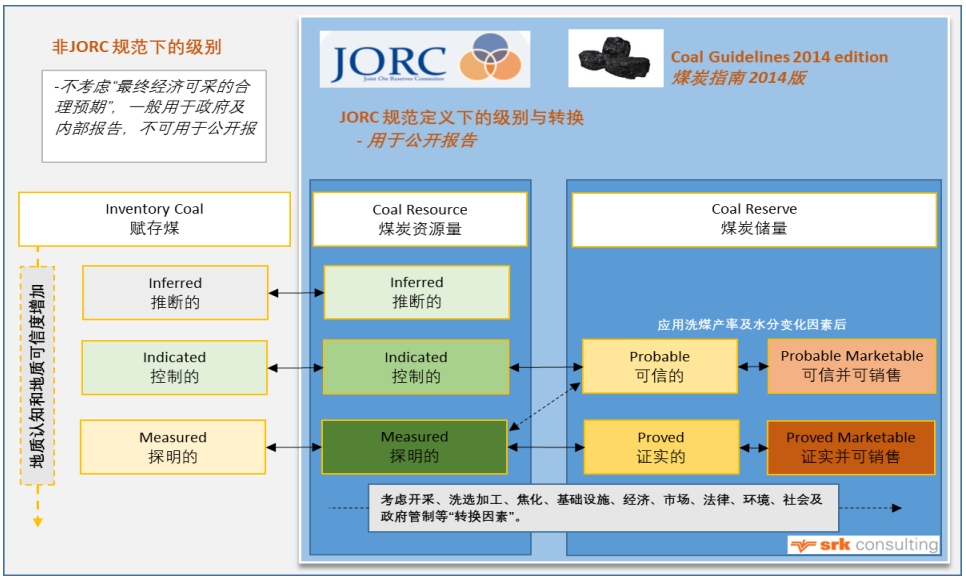
8.1 Introduction

Public reporting requires Coal Reserves to be estimated in accordance with recognised international standards. The Coal Reserve estimate in this Report follows the guidelines, recommendations and standards set out in the JORC Code to provide competency and transparency as required for the public reporting of Ore Reserves. For coal deposits Ore Reserve is referred to as Coal Reserve as recommended by the JORC Code and used in this Report.

According to the JORC Code, a Coal Reserve is the economically mineable part of a "Measured" and/or "Indicated" "Coal Resource" and includes losses and dilution, which may occur by mine design and during the mining operation. Coal Resources are converted to Coal Reserves after consideration of mining, processing, coal quality, infrastructural, economic, marketing, legal, environment, social, and governmental factors (the "**Modifying Factors**"). For reporting of Coal Reserves, a project mining study at the Pre-Feasibility Study or Feasibility Study level must support the technical feasibility and economic viability of a project. Data available from records of an ongoing operation may support, complement, and confirm the findings of a mining study and the Modifying Factors. Only "Measured" Coal Resources can be converted to "Proved" Coal Reserves; "Indicated" Coal Resources can only be converted to "Probable" Coal Reserves.

Coal Reserves are defined at a reference point, usually, and for this Report, the run-of-mine ["**ROM**"] coal as received at the mine surface plant. Beneficiated or otherwise enhanced coal product must also be reported in conjunction with the Coal Reserves as "Marketable Coal Reserve". The predicted yield to achieve such "Marketable Coal Reserves" must also be stated. Estimated coal tonnage and grade outside these categories (also known as inventory coal) shall not be included in a Public Report. However, if the Company's mining and production plans include coal outside these categories, this should be mentioned in the review of the mining plans.

Figure 8-1: Relationship between Coal Resource and Coal Reserve



SRK has estimated the Coal Reserve in accordance with the JORC Code. In the exploration reports and mining studies for this Project prepared by Chinese institutes, coal resources and coal reserves were reported according to “Chinese Standard” (i.e., the Code for Coal Industry Mine Design, GB50399-2006). Differences of tonnage and category between coal reserves reported in accordance with the JORC Code and coal reserves reported in line with Chinese Standard could occur. An explanation of the differences between the categorization of mineral (coal) resources and ore (coal) reserves by Chinese Standard and the JORC Code is provided in Appendix 2 of this Report.

For the terms “Coal Resource” and “Coal Reserve,” the JORC Code and this Report uses upper case if such resources or reserves are estimated and reported in accordance with the JORC Code.

8.2 Coal Reserve Estimate

8.2.1 Modifying Factors

The “Modifying Factors”, i.e., the consideration of the factors such as mining, processing, metallurgical (coal quality), infrastructure, economic, marketing, legal, environmental, social and government are reviewed in the various sections of this report. As a conclusion, the operation and conditions of the mine can be seen as established, secured and stable with regard to the factors as mentioned above. SRK would therefore not consider, for instance, downgrading Proved Coal Reserve supported by Measured Resource, or downgrading (reject) Probable Coal Reserve supported by Indicated Coal Resource.

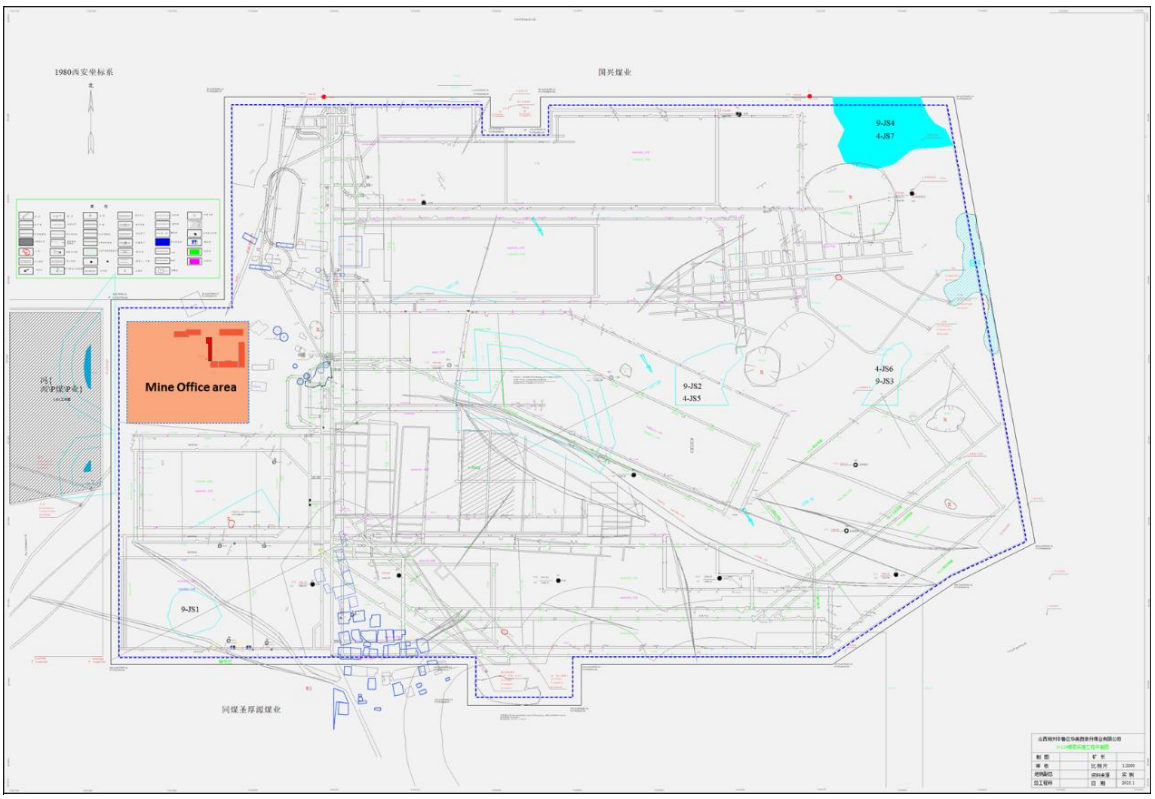
Two short longwall panels in seam 9-2 left for 2025 mining in **Xingtao**, then turn into the seam 11. For **Fengxi** only one last longwall panel in seam 11 remaining for the future’s operation.

Chongsheng

For this 2025 Chongsheng estimate, modifying factors have been re-evaluated due to the client's decision to relocate the mine office outside the permit area. This decision has made longwall mining operations beneath the former office area feasible.

In consideration of the limited surface structures present within the mine office area, and given the physical separation of this area from the mine's primary production systems, it is determined that undertaking underground mining operations within this designated area, subject to the reservation of protective coal pillars, will not pose any discernible impact on either the underground or surface production systems. The Client has undertaken a detail mine planning process for this specific area. Based on this planning, it is deemed feasible to extract three coal seams located beneath the designated area. Three longwall panels have been planned to extract the coal seam 4, 9-1 and 11, respectively. The Figure 8-2 illustrates the location of the mine office area.

Figure 8-2: Mine Layout Showing the Mine office Area of Chongsheng



8.2.2 Estimation Principles and Cut-offs

SRK utilized Geovia Minex V6.1.3 software to estimate the coal reserves. For each minable coal seam, the company-provided mining plans (panel plans) were overlaid onto the coal seam model (resource model) developed by SRK. The reserve tonnage was subsequently estimated using the grid seam method within Geovia Minex. SRK considers this software particularly well-suited for modeling stratified deposits such as coal. The cut-off date of the Reserve estimation for each mine was 31 December 2024.

The reserve estimate incorporates design losses, including pillars and barriers, as well as mining losses. Additionally, an average dilution tonnage of 20% was applied to the Xingtao, Fengxi and Chongsheng estimates, and 5% of dilution tonnage was applied to Hongyuan and Xinglong estimates. This dilution material is assumed to originate from in-seam bands/partings (greater than 10 cm), roof rock caving due to the mining method (top coal caving), and potential losses from unforeseen minor geological disturbances within the panels. The "coal quality" of the added dilution material in the ROM coal used for the reserve estimates is as follows:

Table 8-1: Dilution Quality used in Reserve Estimates

Item	Relative Density (m^3/t)	Ash Content (adb, %)	Total Sulphur (adb, %)	Calorific Value (kCal/kg, net, ar)
Dilution	2.0	70	0.5	800

The reserve estimate is currently limited to coal seams 9-2 and seam 11 for Xingtao, and seam 11 for Fengxi.

For Chongsheng, the reserve estimate is currently limited to the seams 4, 9-1, and 11 beneath the mine office area, and Seam 11 in both the southern and northernmost portions of the license area. Due to the relatively thin interburden between seam 9-2 and 9-1 in the mine office area, there is a risk of instability if seam 9-2 was mined shortly after seam 9-1. Therefore, the mineable potential of Seam 9-2 in this area is uncertain, and no reserve estimate or report has been prepared for this seam.

The following limits and parameters (cut-offs) for panel extraction were applied by SRK in the Reserve estimate for Xingtao, Fengxi and Chongsheng mines are summarised below.

The coal seams 4 and 9-1 are amenable to using top-coal caving mining method, the mining limits and parameters are as follows:

- Minimum and maximum cutting height at 2.0 m and 4.0 m in line with the minimum/maximum cutting height of the selected coal shearer machine in the PMDs.
- Given the maximum caving height ratio is allowed to operate at 3 (shear-cutting/caving) according to the Chinese Coal Mine Safety Regulation for the top-coal caving mining method, the maximum caving height is 10.5 m. As such, the maximum mining (extraction) height is allowed to operate at 14 m.
- An 90% average panel recovery was set and derived from the historical mining production records.

The coal seam 11 is amenable to single slice longwall mining method. The limits and parameters (cut-offs) are as follows:

- Minimum working thickness is operated at 2.0 m in line with the minimum cutting height of the selected coal shearer machine in the PMD.
- An average of 95% panel recovery for the designed panels is applied.
- The estimation of the Coal Reserve is further limited to the panel areas within the mining license area and the required border pillars.

Xinglong and Hongyuan

According to the coal seams allowed for mining as indicated in the previous mining licenses, PMDs and the latest panel plans provided by the Client, the Coal Reserve estimations were limited to coal seams 2 and 5 for both projects (see Figure 9-6 to Figure 9-9).

The coal seam 2 is amenable to use a standard fully mechanized longwall mining method, the limits and parameters (cut-offs) are as follows:

- Minimum coal seam working thickness is set at 1.2 m in line with the minimum cutting height of the selected shear machine in PMDs

- An average of 95% panel recovery is applied

The coal seams 5 in both projects are amenable to use a fully mechanized longwall mining method with top-coal caving. The following limits and parameters (cut-offs) on a panel basis were applied by SRK in the Reserve estimate:

- Minimum and maximum cutting height is set at 2.2 m and 3.5 m in line with the minimum /maximum cutting height of the selected shear machine in the PMDs;
- Given the maximum caving height ratio is allowed to operate at 3 (shear-cutting/caving) according to the Chinese Coal Mine Safety Regulation for the top-coal caving mining method, the maximum caving height is 10.5 m. As such, the maximum mining (extraction) height is allowed to operate at 14 m.
- A 90% average panel recovery was set which is derived from the historical mining production records;

The estimation of the coal reserve of both projects was further constrained to the area and vertical limits of the proposed mining license. The Coal Reserves of both projects are estimated with a cut-off date as of 31st December 2024.

8.2.3 Coal Reserve Statement

The Coal Reserve of the mine estimated by SRK in accordance with the JORC Code is summarised in Table 8-2.

Table 8-2: Coal Reserve Statement[1], Five Coal Mine Project, SRK Consulting China Limited, 31 December 2024[2]

Mine	Seam ID	Reserve Category	Reserve (Mt)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (net, ar, kCal/kg)
Xingtao	9-2	Proved	0.60	34.00	1.48	4110
	9-2	Probable	---	---	---	---
	11	Proved	2.52	32.67	1.61	4389
		Probable	4.02	46.20	1.70	3421
		Xingtao-total	**7.14**	**40.39**	**1.65**	**3821**
Fengxi	11	Proved	---	---	---	---
		Probable	0.94	35.00	1.30	3950
		Fengxi-total	**0.94**	**35.00**	**1.30**	**3950**
Chongsheng	4	Proved	---	---	---	---
		Probable	2.21	36.00	0.50	3900
		Sub-total	*2.21*	*36.00*	*0.50*	*3900*
	9-1	Proved	---	---	---	---
		Probable	0.74	36.00	1.70	3900
		Sub-total	*0.74*	*36.00*	*1.70*	*3900*
	11	Proved	---	---	---	---
		Probable	1.77	38.00	2.61	3800

Mine	Seam ID	Reserve Category	Reserve (Mt)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (net, ar, kCal/kg)
		Sub-total	*1.77*	*38.00*	*2.61*	*3800*
		Chongsheng-Total	**4.72**	**37.00**	**1.00**	**3860**
Xinglong	2	Proved	---	---	---	---
		Probable	3.49	31.31	1.47	4,264
		Sub-total	*3.49*	*31.31*	*1.47*	*4,264*
	5	Proved	---	---	---	---
		Probable	10.01	18.03	1.54	5,041
		Sub-total	*10.01*	*18.03*	*1.54*	*5,041*
		Xionglong - Total	**13.50**	**21.45**	**1.52**	**4,838**
Hongyuan	2	Proved	---	---	---	---
		Probable	2.94	26.73	1.50	4,485
		Sub-total	*2.94*	*26.73*	*1.50*	*4,485*
	5	Proved	---	---	---	---
		Probable	7.52	32.28	1.43	4,071
		Sub-total	7.52	32.28	1.43	4,071
		Hongyuan-Total	**10.46**	**32.72**	**1.45**	**4,187**
		Total	**36.76**	**30.11**	**1.45**	**4,307**

Notes:

[1] JORC Code Statement: The information in this Report which relates to the Coal Reserve is based on information provided by China Qinfa Group, compiled by Zhuanjian (Leo) Liu of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Both of them are members of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the JORC Code 2012. Mr Hou and Mr Liu consent to the reporting of this information in the form and context in which it appears.

[2] Number was rounded to the second significant digit to reflect the uncertainties in estimate.

[3] Total may not add due to rounding discrepancies

[4] The Coal Reserves are included in the Coal Resources. They should not be added to the Coal Resources.

The Marketable Coal Reserve of each mine estimated by SRK is summarised in Table 8-3. The marketable coal is the thermal coal blend after coal preparation/washing.

Table 8-3: Summary of the Estimated Marketable Coal Reserve as of 31 December 2024

Coal Mine	CPP Yield (%)	Marketable Reserve (Mt)	Total Moisture (%)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (kCal/kg, net, ar)
Xingtao	65	4.64	7-10	20-28	1.4-1.9	4650- 5200
Fengxi	65	0.61	8-12	20-28	1.2-1.6	4600- 5150
Chongsheng	65	3.07	8-12	20-28	1.6-2.5	4600- 5150
Xinglong	---	13.50	8-12	30.72	1.45	4,187

Coal Mine	CPP Yield (%)	Marketable Reserve (Mt)	Total Moisture (%)	Ash Content (db, %)	Total Sulphur (db, %)	Calorific Value (kCal/kg, net, ar)
Hongyuan	---	10.64	8-12	30.20	1.46	4,309

Notes:

[1] JORC Code Statement: The information in this Report which relates to the Coal Reserve is based on information provided by China Qinfa Group, compiled by Zhuanjian (Leo) Liu of SRK Consulting China and reviewed by Mr Yongchun (Roger) Hou, a Principal Geologist of SRK Consulting China Ltd. Both of them are members of AusIMM and have sufficient experience relevant to the kind of project, style of mineralisation, type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the JORC Code 2012. Mr Hou and Mr Liu consent to the reporting of this information in the form and context in which it appears.

[2] Number was rounded to the second significant digit to reflect the uncertainties in estimate.

[1] Total may not add due to rounding discrepancies

8.2.4 Coal Reserve Reconciliation

Xingtao

No reserve reconciliation for Xingtao needed.

Fengxi

According to the SRK 2021 Competent Person's Report (CPR), the reported Coal Reserve stood at 8.86 million tonnes (Mt) as of December 31, 2020. However, over the four-year period from 2021 to 2024, a total of 11.98 million tonnes of Run-of-Mine (ROM) coal was extracted from seams 9-2 and 11. This total production consisted of two components: 7.92 Mt of ROM coal was extracted from SRK's 2021 Planned mining area, while the remaining 4.06 Mt of ROM coal was sourced from areas classified as Inferred Resources. Notably, these Inferred Resource areas were those SRK had previously considered unmineable due to the perceived geological uncertainty associated with them.

As of 31 December 2024, there's only one last panels in operation, the estimation Coal Reserve is 0.94 Mt.

Chongsheng

This 2025 report details a revised estimate of the Coal Reserve, reflecting an increase from 2.69 Mt, as reported in the 2024 CPR, to 4.72 Mt. This variance is primarily attributed to the following factors:

- 2024 Mining Depletion: Mining operations conducted in 2024 resulted in the depletion of 1.29 Mt of ROM coal. This comprises 0.85 Mt ROM coal from seam 9-2, specifically from mining panels 90203 and 902010, and 0.44 Mt ROM coal from Seam 11, mining panel 11201.
- Planned Mining Operations (2025-2026): The remaining four mining panels, 11201, 11202, 11101, and 11102, located outside the mine office area, are scheduled for extraction between 2025 and 2026. This planned operation is projected to yield 1.40 Mt of ROM coal to 2025 estimates.
- Reserve released from Mine Office Relocation: The mine office relocation plan has enabled the design of three new mining panels. Each panel will target three seams: seam 4, seam 9-1, and seam 11. This strategic development contributes 3.32 Mt of ROM coal to the 2025 Reserve table.

9 Mining Assessment

For this review, information and data for the mining assessment in this Section, reference is made to the following documents:

Xingtao

- Remaining Reserve Verification Report of Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Co., Ltd., prepared by Shanxi Dibao Energy Co., Ltd. in October 2020.
- Preliminary Mine Design for the third mining level of Xingtao Mine, prepared by Taiyuan Zhengyue Engineering Design Co., Ltd. in 2024.

Fengxi

- Remaining Reserve Verification Report of Shanxi Shuozhou Huameiao Fengxi Coal Co., Ltd., prepared by Shanxi Dibao Energy Co., Ltd. in October 2020;
- Preliminary Mine Design for coal seam 11, prepared by Fengxi Coal Mining Co., Ltd. in December 2023;
- Mine Plan Layout of Fengxi Mine, prepared by Shanxi Shuozhou Huameiao Fengxi Coal Co., Ltd. in December 2023.

Chongsheng

- Remaining Reserve Verification Report of Shanxi Shuozhou Huameiao Chongsheng Coal Co., Ltd., prepared by Shanxi Dibao Energy Co., Ltd. in October 2024.
- Safety facility design for mining coal seam 9 of Chongsheng Mine, prepared by Shanxi Coal Planning & Design Institution in May 2015.
- Preliminary Design for the Technical Renovation Project of Changing Mining to Coal Seam No. 11, prepared by Shanxi Yuantong Coal Mine Engineering Design Co., Ltd. In April 2024

Hongyuan and Xinglong

- Preliminary Mine Design Report of Xinglong Coal Mining Acquisition Project, Shenchi County, Xinzhou Municipality, Shanxi Province; prepared by Xinzhou Coal Mine Design and Research Institute in November 2012
- Revised Preliminary Mine Design Report of Hongyuan Coal Mining Acquisition Project, Shenchi County, Xinzhou Municipality, Shanxi Province; prepared by Taiyuan Huamei Coal Mine Design Co. Ltd. in March 2019
- Competent Persons Report for the Xingtao, Fengxi, Chongsheng, Xinglong and Hongyuan Mines of 2016, by ECSI, LLC
- Updated mine design maps and information provided to SRK by the Client.

9.1 Introduction

9.1.1 General

This mining assessment was carried out to provide sufficient information on the mining operations and the mining factors to support the Coal Reserve estimate according to the JORC Code as stated in this Report.

SRK reviewed the preliminary mine design report (“**PMD**”) of the fives mine as well as current mining plans provided by the Company. The remaining minable coal resources for each mine are limited to:

Two short longwall panels in seam 9-2 left for 2025 mining in **Xingtao**, then turn into the seam 11. For **Fengxi** only one last longwall panel in seam 11 remaining for the future's operation. In **Chongsheng**, three longwall panels have been planned to extract the coal seam 4, 9-1 and 11 beneath the mine office area

For **Hongyuan and Xinglong**, there are two coal seams, the seams 2 and 5 are left for future's mining.

9.1.2 Information on Coal and History of the Mine

Each mine contains lower-rank bituminous coal, primarily classified as long flame and gas coal. This coal is suitable for power generation and, after washing, as a feedstock for coal gasification chemical production.

Mining activity in this region dates back several centuries but only with small operations and these. old workings in the upper coal seams were all shut down and sealed.

The original **Xingtao** mine was opened in 1971. The approved coal production from this small mine was 0.09 Mtpa from coal seam 9. In 1980 a new mine integrating the previous mine was commissioned with an output of 0.21 Mtpa from coal seam 4 and 9. The current Xingtao mine was then established in 2004 and the production approval of 0.6 Mtpa in 2007 from coal seam 4, 9 and 11 was received. In 2009, plans for resource integration by the government led to the merger of the Xingtao mine with Hong Quangou. The new mine received a mining permit for coal seam 4-1, 4-2, 9, and 11 between elevation +1270 m ASL to +1000 m ASL within the permit area at an approved capacity of 1.5 Mtpa. Since 2016, the mine has increased its output and has reached an annual output of about 3.3 Mtpa.

Fengxi was originally put into operation in 1986/87 as a small mine. In 2006 the mine was upgraded with a license to produce 0.21 Mtpa from coal seam 4, 9, and 11. Mine mechanization upgrades were granted in 2008/2009 allowing for a coal production of 0.9 Mtpa. The latest mining permit approved allows the extraction of coal seam 4-1, 4-2, 9, and 11 between elevation +1270 m ASL to +1000 m ASL within the permit area. Peak ROM coal output in recent years has reached 3.3 Mtpa.

Chongsheng mine was originally put in operation in 1984 and was approved to mine coal seam 4, 9, and 11 with an annual capacity of 0.15 Mt. The approval was upgraded to 0.9 Mtpa in 2008 after mechanization upgrade study.. In recent years, the mine has reached an output of about 3.1 Mtpa ROM coal. The latest mining permit was granted to produce coal seam 4-1, 4-2, 9, and 11 between elevation +1240 m ASL to +1090 m ASL within the permit area.

The **Xinglong** project was originally comprised of two local village mines, both of which had operated since 1986 to mine coal seams 2 and 5 with an annual capacity of 0.09 Mt. which resulted in a number of mined-out areas both in seam 2 and seam 5. In 2012 the Client acquired the project and received a new mining license covering an area of 4.01 km^2 with an approved annual production capacity of 0.9 Mtpa. Construction for a mine upgrade to 0.9 Mtpa capacity commenced in 2012 but was requested to be suspended by the local government in 2014.

The **Hongyuan** project includes a small mine that was opened in 1980 according to information contained in the 2018 Hongyuan geological report. The approved coal production of this small mine was 0.05 Mtpa from coal seam 5 and in 2001 the mine was upgraded to 0.21 Mtpa and then further upgraded to 0.30 Mtpa in 2005 prior to a mine restructuring. In 2009, the mine area was merged with

the surrounding area to form a 0.9 Mtpa coal mine project with a mining license area of 4.05 km^2. In 2018 the north part of the license area was identified as a historical heritage protection area and the license area for the project was decreased to 1.32 km^2. The last approved mining license allowed for the extraction of coal seam 2 and 5 between elevation +1270 m ASL to +1000 m ASL at a mining capacity of 0.9 Mtpa. Historical small-scale mining operation which targeted the seam 5 has formed a number of mined-out areas mainly located in the north and west of the current license area. The Client commenced constructing the upgrade project in 2016 until July 2018 and although it was nearly completed the Client was requested by the local government to suspend work due to the issue of historical heritage protection.

9.2 Mining Conditions

9.2.1 Mine Geology

The mine geological conditions are sufficiently known from exploration data, mine development, and ongoing operation. The geological conditions in the Xingtao, Fengxi and Chongsheng mines are simple, and representing a multi seam deposit with relatively flat strata and coal seams. The strata and coal seam in the area are almost horizontal and only slightly dipping less than 10 degrees. Some larger faults in the mines were identified and are well known and they are excluded from mining and panel plans with the necessary safety barriers. Smaller geological faults in the area have manageable displacements and are usually not a major problem when encountered during mining, mostly allowing a continuous operation of the panel without major re-arrangement of equipment. All remaining minable coal seams within the license areas are considered as suitable for longwall mining.

The geological conditions on both mines are sufficiently well known from exploration, mine development work and previous operations and are considered of “medium complexity”. The dip of the coal seams is shallow and favourable for fully mechanised longwall operation. There are 10 faults identified in Xinglong and only 2 in Hongyuan.

9.2.2 Seam Conditions

Xingtao, Fengxi and Chongsheng

The mining plans for the three mines are as the PMD and the latest mining plan updates are focusing on the coal seams 11 for Xingtao and Fengxi, and seam 4-1, 9-1 and 11 for Chongsheng. These seams are the remaining economically minable coal seams and hold the remaining coal reserves of the mines. The maximum mining depth for the remaining minable coal seams is in the range of 100 - 300 m with seam 9-1 the uppermost seam and seam 11 the lowest.

An overview of the review of the seam conditions by SRK is shown in the table below. The seam thickness, seam partings/dirt bands, the interburden thickness and a general description of the coal properties are presented. SRK’s findings are in line with the PMD assumptions on remaining minable coal seams. The seam thickness appears to be suitable for a longwall with top coal caving. The high sulphur content of seam 11 is also noted as it could require some additional blending or beneficiation when this seam is mined.

Table 9-1: Summary of Seam Conditions Review of the Xingtao, Fengxi and Chongsheng Mines

Xingtao Mine

Coal Seam	Seam Thickness		Dirt Bands/ Partitions		OB/IB	Coal Property/ Other Conditions
	(m)	Description	nos	cm	m	
4-1	2.2-13.0 (8.0)	mined-out, mine level 1	0-9	0.5	n/a	medium to high ash, low deleterious elements, non-caking properties, high volatile matter, and medium to high calorific value, low Sulphur content for seam 4-1, medium Sulphur for seam 4-2, medium to high Sulphur content for the rest seams; reasonably stable geotechnical conditions, limited mine water, low methane gas, non-explosive.
4-2	2.7-6.1 (5.0)	mined-out, mine level 1	0-3	0.3	4.5	
9-1	1.2-16.2 (8.1)	main seam, mine level 2	1-6	0.4	14.8	
9-2	0.0-9.5 (4.2)	main seam, mine level 2	2-3	0.5	8.6	
11	0.5-5.5 (3.4)	partly mineable, mine level 2	0-5	0.3	10.7	

Fengxi Mine

Coal Seam	Seam Thickness		Dirt Bands/ Partitions		OB/IB	Coal Property/ Other Conditions
	(m)	Description	nos	cm	m	
4	11.3-15.9 (13.3)	mined-out, mine level 1	3-16	0.6	n/a	medium to high ash content, low deleterious elements, non to low caking properties, high volatile matter and medium to high calorific value, low Sulphur content for seam 4, medium Sulphur for seam 9-1 and 9-2, medium to high Sulphur content for seam 11; reasonably stable geotechnical conditions, limited mine water, low methane gas, non-explosive.
9-1	5.0-8.5 (6.8)	mined-out, mine level 2	2-6	0.5	32.3	
9-2	5.5-6.5 (5.8)	main seam, mine level 2	3-6	0.5	8.8	
11	1.9-5.2 (4.2)	partly mineable, mine level 2	1-5	0.4	4.8	

Chongsheng Mine

Coal Seam	Seam Thickness		Dirt Bands/ Partitions		OB/IB	Coal Property/ Other Conditions
	(m)	Description	nos	cm	m	
4	13.7-19.8 (16.2)	mined-out, mine level 1	4-16	0.6	n/a	medium to high ash content, low deleterious elements, non to low caking properties, high volatile matter and medium to high calorific value, low Sulphur content for seam 4, medium Sulphur for seam 9-1 and 9-2, medium to high Sulphur content for seam 11; reasonably stable geotechnical conditions, limited mine water, low methane gas, non-explosive
9-1	6.7-9.5 (7.9)	main seam, mine level 2	0-5	0.4	20	
9-2	4.1-6.14 (5.2)	main seam, mine level 2	2-9	0.5	6.2	
11	0.5-5.9 (2.0)	partly mineable, mine level 2	0-2	0.3	8.4	

Xinglong and Hongyuan

Coal seams 2 and 5 are considered as mineable in the PMDs provided and both are largely horizontal in the mining areas. Overburden and interburden rock layers are concordant; the roof and floor layers are of siltstone and/or sandy mudstone. The average interburden thickness between seam 2 and seam 5 is about 60 m and the maximum mining depth is less than 300 m from the surface. Table 9-2 below provides an overview of the mining conditions of each seam on both Xinglong and Hongyuan.

Table 9-2: Summary of Seam Conditions Review of Xinglong and Hongyuan

Project	Coal Seam	Seam Thickness		Dirt Bands/ Partitions		OB/IB	Coal Property/ Other Conditions
		(m)	Description	nos	cm	m	
Xinglong	2	0.8-4.8 (3.1)	Main Seam	0-3	0.2	n/a	medium to high ash, low deleterious elements, non-caking properties, high volatile matter, and medium to high calorific value, medium Sulphur; reasonably stable geotechnical conditions, manageable mine water influx, low methane gas.
	5	4.4-15.6 (10.5)	Main Seam	0-4	0.5	57.2	
Hongyuan	2	1.0-6.7 (3.9)	Main Seam	0-1	0.03	n/a	medium to high ash, low deleterious elements, non-caking properties, high volatile matter, and medium to high calorific value, medium Sulphur; reasonably stable geotechnical conditions, manageable mine water influx, low methane gas.
	5	4.4-14.0 (9.6)	Main Seam	0-1	0.12	64.5	

9.2.3 Geotechnical Conditions

Geotechnical conditions, as outlined in mining studies and observed during operations, are considered stable and consistent with regional mines of similar geology. While previous reports recommended detailed rock mechanics studies for mining lower seams (to mitigate caving interference), SRK is unaware of such studies being conducted. However, SRK also notes the absence of adverse geotechnical instabilities in current workings.

Permanent underground structures (shafts, roadways, chambers, gateways) exhibit good stability. Standard support measures (concrete, steel arches, rock anchors) should ensure long-term operational viability.

Sandstone and sandy mudstone roof and floor strata are suitable for longwall mining, possessing both stability and necessary caving properties. Mining studies suggest a required longwall support resistance of 6,000 kN, achievable with the mine's specified hydraulic shields. Coal hardness is suitable for shearer cutting and crushing equipment.

9.2.4 Hydrogeology and Mine Water

Xingtao, Fengxi and Chongsheng

Geological and mining studies indicate the water table lies below coal seam 11. This is supported by regional hydrological drilling data and operational experience. Upper strata are reported as relatively dry, with only isolated pockets of trapped water.

Primary water inflow sources are likely surface water, water accumulated in mined-out areas, and smaller historical mines. Surface water inflow from creeks is seasonal. Water in old workings must be identified and drained prior to mining, with necessary safety barriers and dams maintained.

Overall water influx, as projected in mining studies and observed during operation, is approximately 10 m^3/h. This volume is considered manageable with standard mine dewatering equipment. Seasonal fluctuations should be anticipated, and effective surface water drainage will minimize seepage into the mine.

Xinglong and Hongyuan

The strata above the coal seams are mainly dry or are naturally well dewatered, and the major water source in the Ordovician limestone stratum within the mines area is about 100 m below the floor of coal seam 5. Recharge of ground water in the upper strata is mainly from surface water. Providing that the surface water naturally drained off it should be manageable to control any water influx. Attention should be paid to water accumulated in the mined-out workings of historical operations and this water can be detected by drilling and surveillance work before operation reaches such an area. The water influx volumes at the mines are estimated to reach 25-60 m³/h but can be seasonally below 10 m³/h. Such volumes are considered low and easily manageable.

9.2.5 Methane and Other Mine Gas

Xingtao, Fengxi and Chongsheng

Gas readings in the mines are reportedly low. In the opinion of SRK, the mine gas potential has been assessed properly and the installed ventilation systems in the mine appear to have sufficient capacity to safely dilute and remove the mine gas emissions. Additional seam gas pre-drainage systems are not required.

Xinglong and Hongyuan

The coal seams in the Xinglong and Hongyuan mines were categorised in the PMDs as seams with low methane gas content, however mines were further evaluated and classified by the provincial safety authorities as “mine with the tendency for coal gas outburst”. This requires the necessary precautions during development work and operation.

The longwalls calculations in the PMDs conclude about 0.5 m³/min gas emissions per tonne of mined coal although additional gas emission would be expected from development work and longwalls preparation work. The selected and proposed ventilation equipment and pattern in the PMDs is considered to be sufficient to reduce the methane as well as the CO_2 content in the underground air to meet the safety requirements. However, the methane levels in the mine air must be continuously monitored to maintain safe gas levels particularly in areas of expected higher gas accumulation.

9.2.6 Coal Dust Explosion Hazard and Coal Spontaneous Combustion

Xingtao, Fengxi and Chongsheng

Coal dust samples from seam 4 and 9 in Xingtao, seam 4 in Fengxi, and seam 4 in Chongsheng mine have been tested for dust explosion hazard and were classified as explosible. The tests were carried out by Inner Mongolia Institute for Coal Field Geology and the Comprehensive Test Center of Shanxi Province. SRK is of the opinion that the test data available requires coal dust control management by the mines by rock dust application and/or the use of water spraying in the mine workings.

Coal samples from the three mines tested for the PMD studies indicate that coal of the individual coal seams of all three mines are prone to spontaneous combustion. Xingtao and Fengxi coal were classified as Category (Grade) II and coal from Chongsheng as Category I spontaneous combustion grade. For Category I grade spontaneous combustion (self-ignition) could be expected after 5-10 months exposure to air. For Category II grade, a longer period could be expected. Mine planning and operation must consider this condition and provide the necessary fire extinguishing means.

Xinglong and Hongyuan

The spontaneous combustion test of coal samples from the different coal seams also showed that the coal is prone to spontaneous combustion and may occur at both the coal face and also at a stockpile or silo. However, it may take several months of exposure to air for this combustion to occur which may lead to a coal seam fire if unattended.

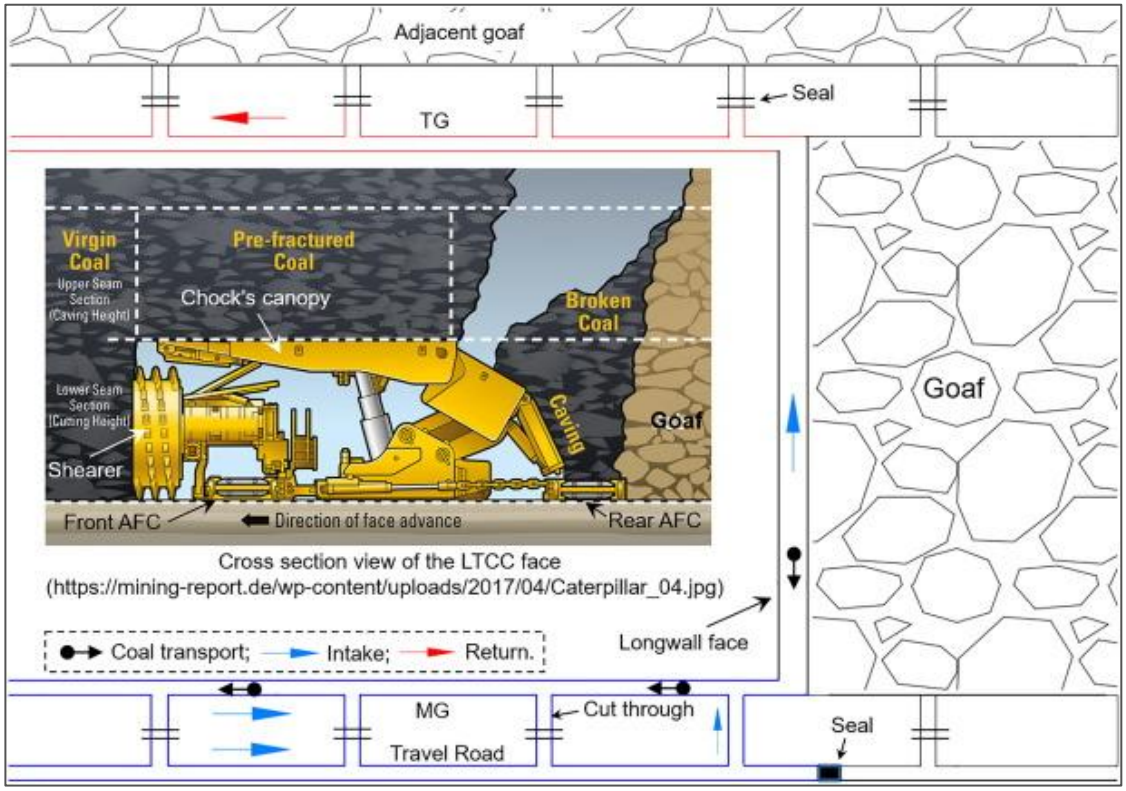
Measures to minimize coal dust explosion and fire must therefore be in place to minimize these risks. Typical measures are for instance water-spraying during coal extraction, coal haulage and in the mine workings in general. The coal seam in panel ,may also be injected with water through drillholes. Fire water and mud injection and spraying equipment must be available for firefighting and prevention. Also the use of coal dust suppression agents in the gateways and roadways and the use of shotcrete should help minimise combustion and fire risk. All these measures are planned to be applied in the project mines.

9.3 Mining Method and Mine Design

All the five mines are underground mines with geological conditions and relatively thick coal seams allowing for fully mechanized longwall mining method with top coal caving. This method and technology are used to mine a thick coal seam with one cut allowing roof coal to additionally cave in and being recovered at the rear of the longwall supports by a second armoured conveyor. The principle of this method is shown in Figure 9-1 below. Top coal caving is a well-established coal seam extraction method in China and is of advantage compared to a multi-slice extraction method which could cause more operational difficulties and safety issues. There are some coal losses with top coal caving and also additional dilution from partings in the seam or roof rock and usually requires a higher coal washing effort. An overall seam extraction of about 90% is achievable with top coal caving according to mining statistics and current operations in the three mines have achieved recovery rates in this range. At thinner coal seams or seam sections, conventional one slice operation is applied, particularly in Chongsheng, Xinglong and Hongyuan mine.

The Mine design uses a panel pattern for mining. Extraction of the coal in a panel is by retreating longwall operation starting from the tail of a panel and advancing towards the roadway.

Figure 9-1: Schematic Longwall Top-coal Caving Mining Face



9.3.1 Design Principles

The design is according to Chinese standards and meets the design principles issued by the mining authorities of China which is a common practice with Chinese mine design studies. Those principles in general stipulate efforts to optimize mine operations, simplify the production system, apply quick and efficient project implementation, achieve maximum coal resource recovery, maintain good product quality, reduce the administrative burden, apply new technologies and equipment, and improve safety.

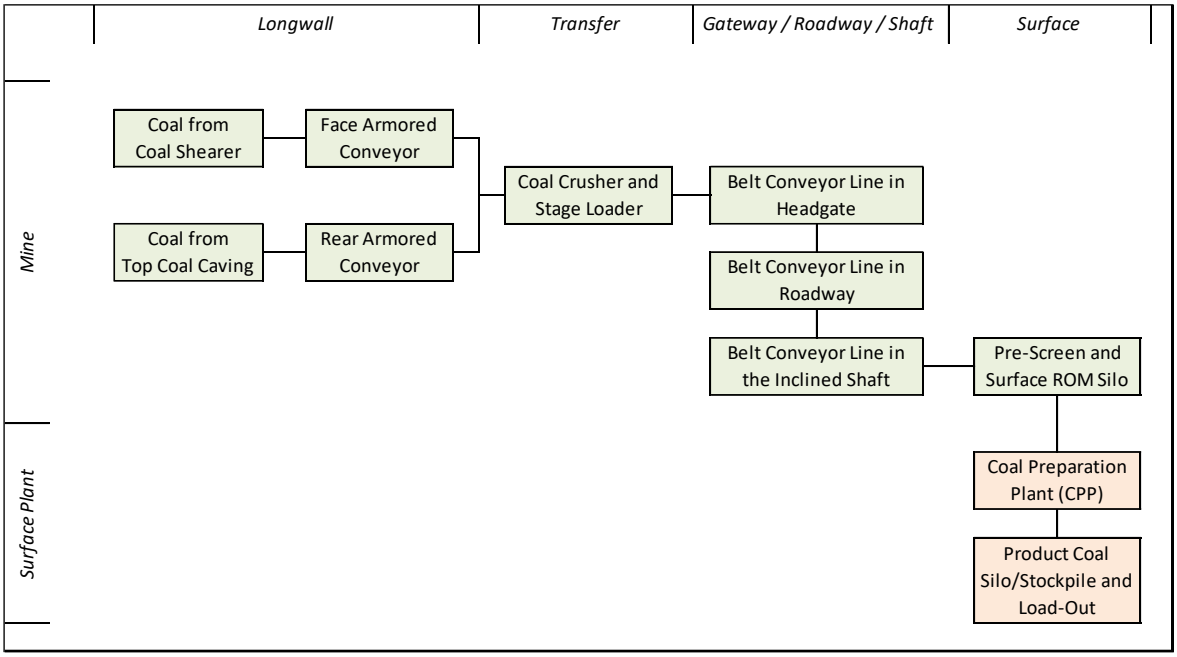
For the five mines, the “one mine – one mine access – one face” principle was followed which is recommended by the design authorities in order to increase safety and to exclude the possible impact of a mining incident (i.e. gas explosion, fire, structural failure etc.) on other workings. SRK is of the opinion that this concept has contributed to improved safety and lowered casualties in the Chinese coal mining industry since its implementation.

9.3.2 Flowsheet of the Mining Process

Refer to Figure 9-2 for a visual representation of the following description. The five mines employ a longwall mining flowsheet designed for a single active face. In the mines, coal is extracted at a longwall face, where a shearer cuts the coal seam. An armoured face conveyor (AFC) transports the coal along the face to a series of belt conveyors, which carry the coal away from the mining area. The raw coal may pass through transfer points before reaching the surface. At the surface, the coal undergoes processing, including crushing, sizing, and possibly washing to remove impurities. Finally,

the processed coal is conveyed to a silo or stockpile for storage and loading. Please noted that there's no coal preparation plant planned for the Xinglong and Hongyuan mines. ROM coal is planned to be sold directly from the surface ROM silo.

Figure 9-2: Mining Flowsheet



9.3.3 Mine Layout, Mining Maps and Panel Design

Mine design for the five mines follows a similar pattern for longwall mining. The designed panel pattern and the width of the individual panels are adapted to the geological conditions and other conditions (i.e. existing gob areas). Panel widths are generally between 180–200 m according to the design maps but can be smaller as required.

The reference below is a selection of size reduced copies of mine and panel design maps of the five mines which also indicates the Coal Reserve blocks.

Figure 9-3: Seam 11 Mining and Coal Reserve Map - Xingtao Mine

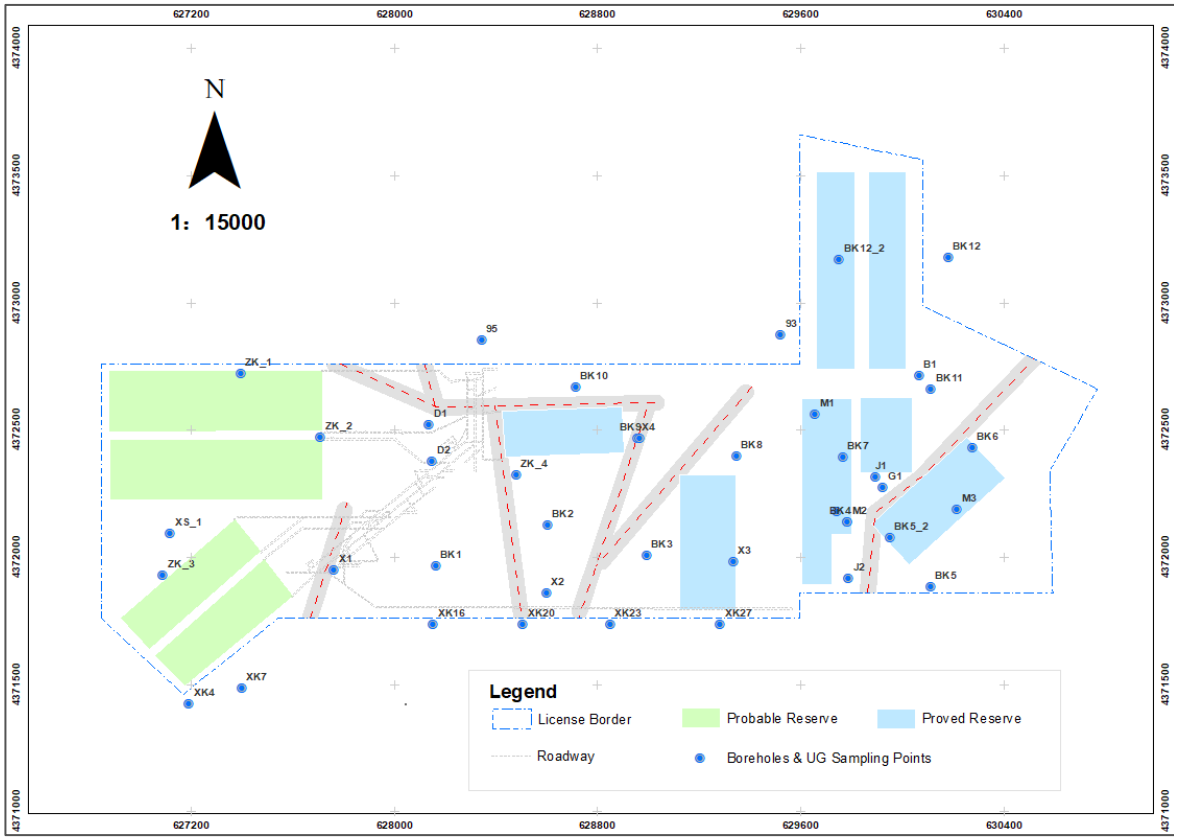


Figure 9-4: Seam 11 Mining and Coal Reserve Map - Fengxi Mine

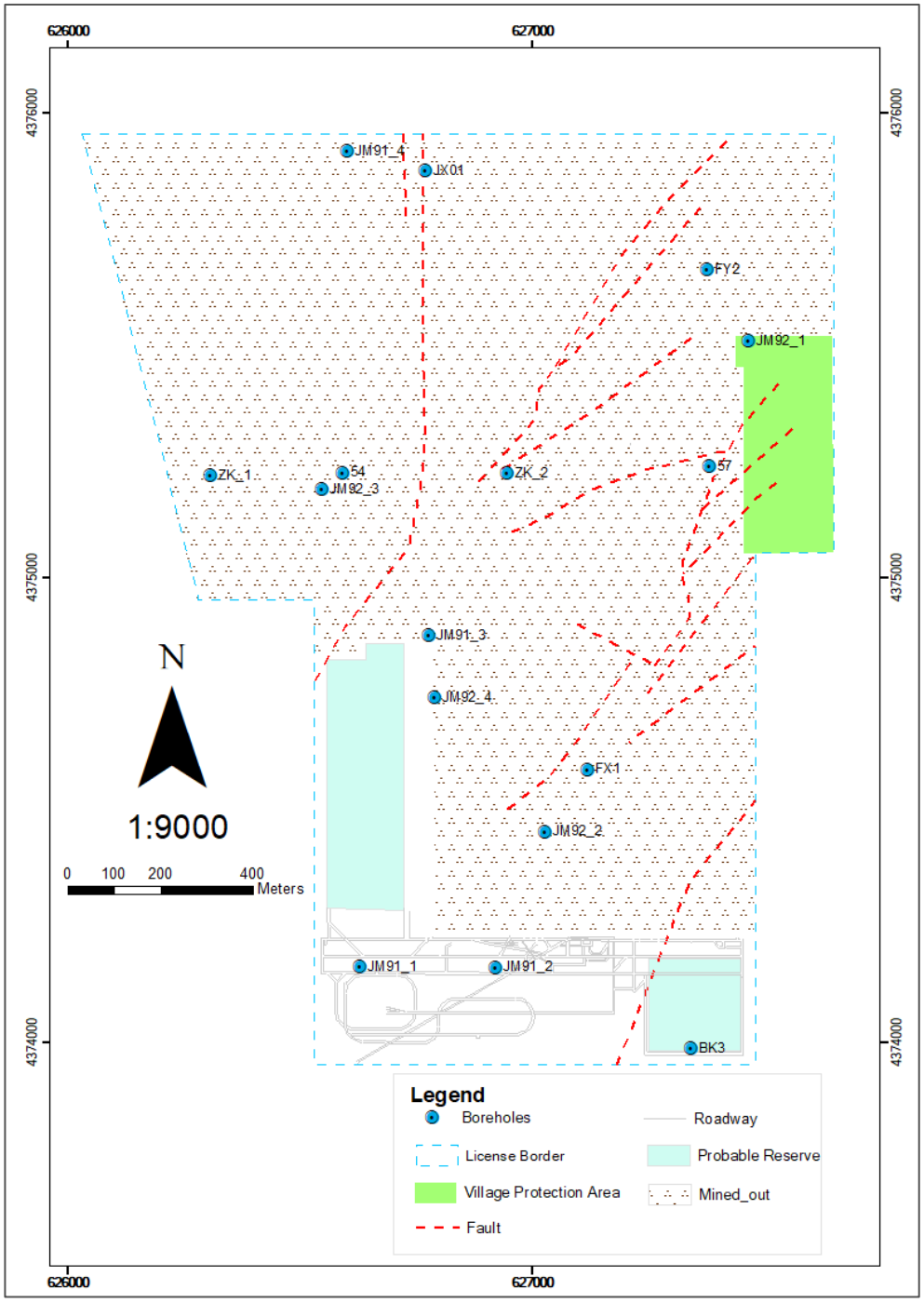


Figure 9-5: Seam 11 Mining and Coal Reserve Map - Chongsheng Mine

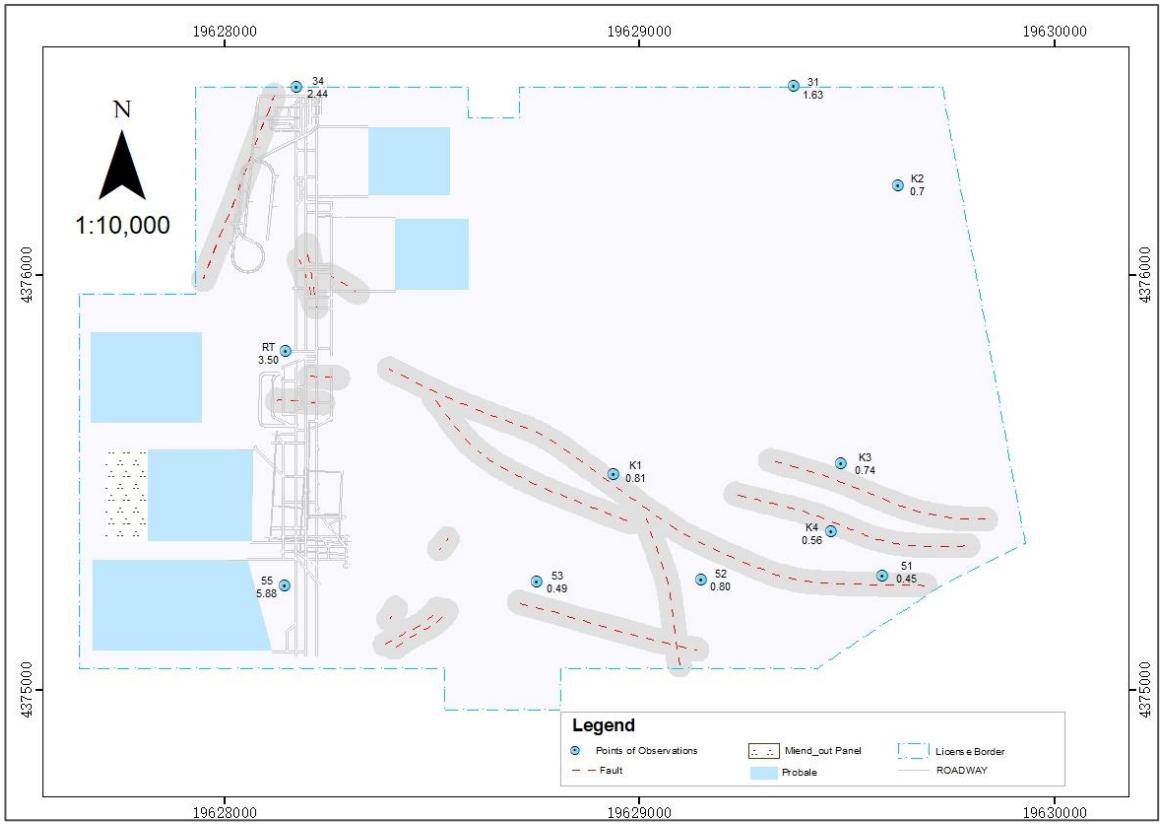


Figure 9-6: Seam 2 Panel Plan - Xinglong Mine Project

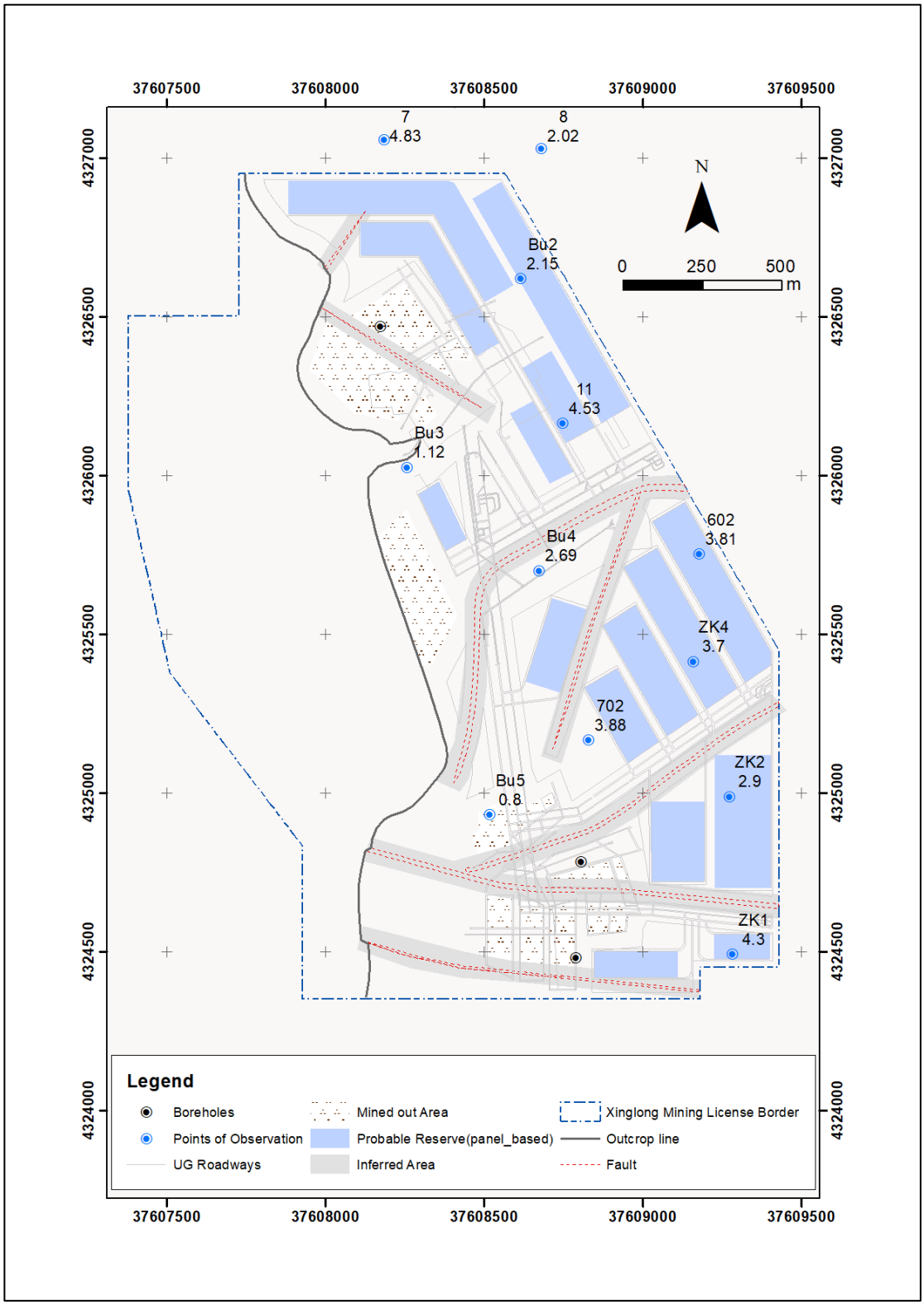


Figure 9-7: Seam 5 Panel Plan - Xinglong Mine Project

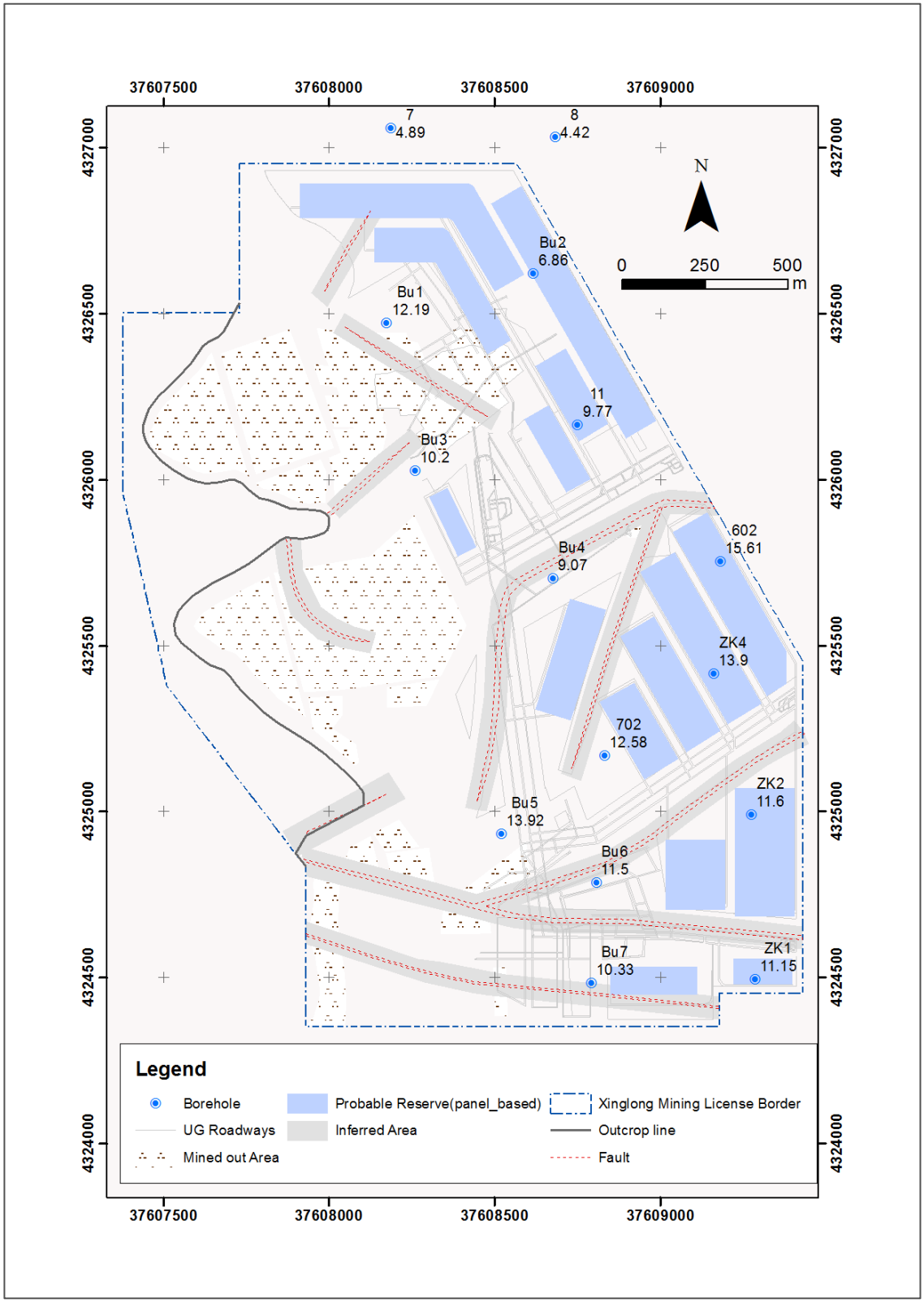


Figure 9-8: Seam 2 Panel Plan - Hongyuan Mine Project

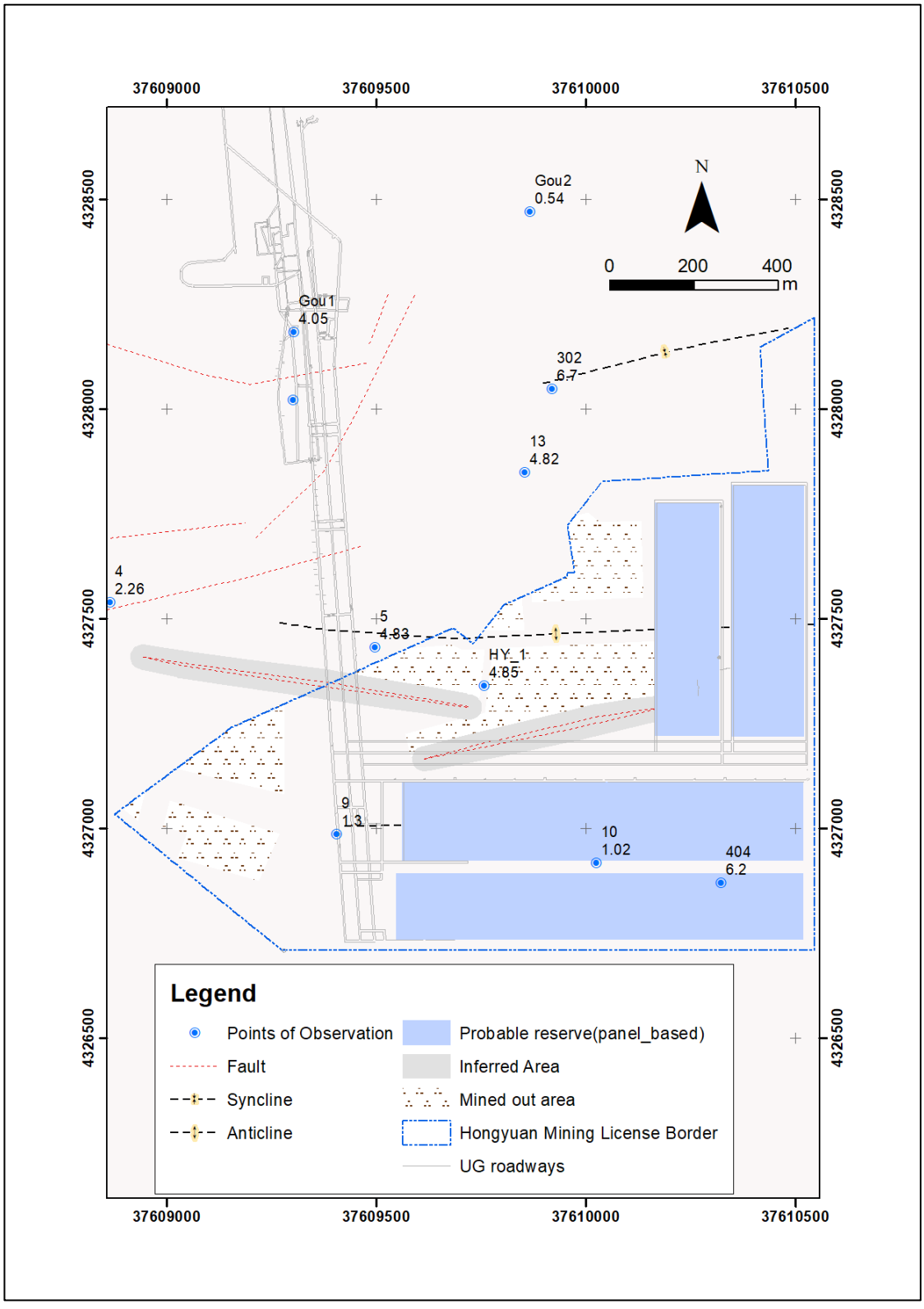
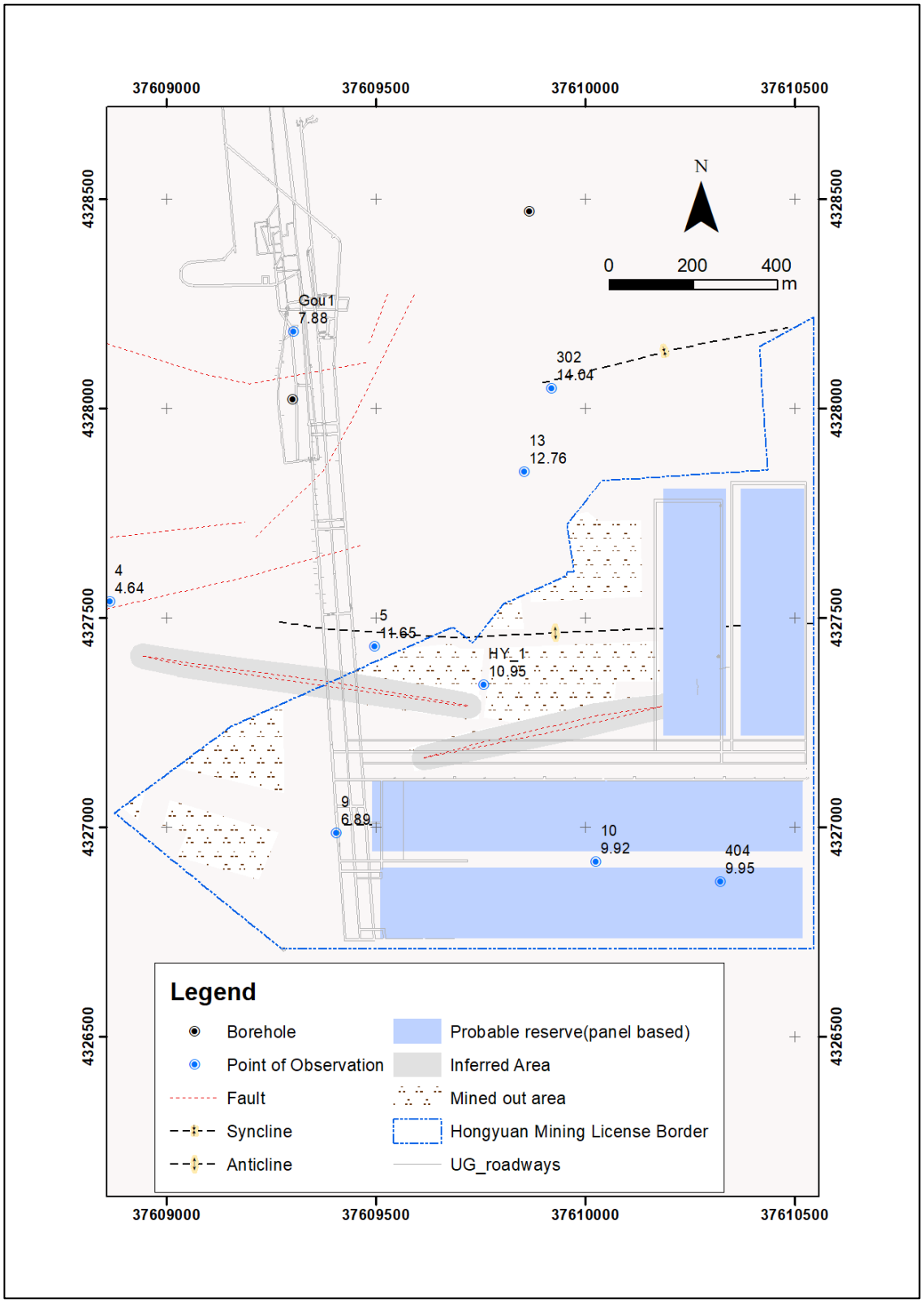


Figure 9-9: Seam 5 Panel Plan - Hongyuan Mine Project



9.3.4 Mine Development

Mine development is the mining term for “construction” of the permanent mine workings such as shafts, roadways and mine chambers and the ongoing development of the temporary panel gateways and entries before actual extraction work commences.

All five mines are underground operations and can be accessed by inclined shafts. They have followed standard design approach. Three inclined shafts are provided for each mine. One of the inclines serves for coal haulage to the surface, equipped with a belt conveyor. The second incline with a lower gradient is paved and allows for rubber tire mounted transport vehicles to access the mine. The third inclined shaft serves as air exhaust for mine ventilation and is equipped with two sets of ventilation fans at its mouth. This exhaust air incline could additionally serve as emergency exit.

The inclined shafts of the mines have an arch shape and are about 5 m wide and 4 m high and are supported (lined) with reinforced concrete, brickwork, rock anchors, wire mesh and shotcrete and the floor is partly paved. Permanent mine chambers are supported with brickwork and concrete as required. Roadways have mostly rectangular shape with about 4.0 - 5.0 m width and about 2.5 - 3.5 m height. Support and lining are provided mainly by wire mesh and rock anchors, and steel arches at less stable areas. Where possible, the roadways and inclined shafts are driven in the coal seams. For the panel gateways which are temporary workings in the coal seam, the cross sections are slightly smaller than that for the roadways. Rock anchors and wire mesh are the common support method, with supporting steel beams and arches as required.

The roadways and gateways in the mines are driven by road-headers although blasting may be applied in areas with a harder rock face.

As a conclusion, the mine workings in the five mines appear to be correctly designed and of sufficiently dimensions. Ongoing development work at the mines is partly carried out by contractors.

9.4 Mining Equipment and Capacity

9.4.1 Main Mining Equipment

Xingtao, Fengxi and Chongsheng

All three mines are operating one fully mechanized longwall system with a rear armoured conveyor for additional top coal caving in thick seams. The main equipment consists of one double drum coal shearer which is rail mounted and travels over the main armoured conveyor that can stretch the full panel width of up to 200 m in case of the three mines. The hydraulic shields to support the roof after each shearer cut are moving forward hydraulically and are also pushing the connected armoured conveyor forward toward the coal face. A single support shield is typically 1.5 m wide. About 130 shields are required to equip a longwall of 200 m. At the head and tail entries of the longwall, where the drives for the armoured conveyor and transfer units are installed special hydraulic support units are placed. Behind the hydraulic shields the rear armoured conveyor is attached. Through closing (lowering) and retraction of the shield plate the loading of the armoured conveyor and subsequent caving of the coal can be controlled. The hydraulic shields are pulling the rear armoured conveyor forward when advancing.

At the headgate of the longwall, the main belt conveyor line to the surface starts and leads through the head gateway, the haulage roadway and haulage inclined shaft. This belt conveyor line is several hundred metres long and consists of multiple belt conveyor units. At the transfer point from the armoured conveyors in the longwall to the belt conveyor line at the head gate, a crusher reduces oversize coal lumps to a suitable size for belt conveyor transport. At the surface, a pre-screening unit is provided prior to the stockpile/ROM coal silo.

Placed in the tailgate are the movable hydraulic and electric support units to supply the longwall equipment. Power supply cables along the roadway and gateway walls supply the units from the transformer sub-station.

The following table provides an overview of the main equipment for Xingtao and Chongsheng as specified in the PMD studies. For Fengxi mine, similar equipment has been specified.

Table 9-3: Summary of Main Mining Equipment - Xingtao and Chongsheng

	Xingtao Mine				Chongsheng Mine			
Description	**Specification**	**Nos.**	**Power (kW)**	**Max. Capacity**	**Specification**	**Nos.**	**Power (kW)**	**Max. Capacity**
Coal Shearer	MG400/930-WD	2	930	800 t/h	MG400/980-WD	1	980	800 t/h
Hydraulic Shield Supports	ZF8000/22/35	255		8,000 kN	ZF8000/22/35	149		8000 kN
Entry Supports	ZFG8000/22/35	15		8,000 kN	ZFT8000/22/35	4		8000 kN
Single Supports	DW-3.5m DW-3.15m	120			DW35-250/110X	288		250kN
π Supports	L=1m	40						
Armored Face Conveyor (face and rear)	SGZ800/800	2	2x400 kW	1500 t/h	SGZ764/264	2	264 kW	800 t/h
Coal Crusher	PLM3000	2	250		PLM3000	1	250	
Transfer Loader	SZZ1000/400	2			SZZ1000/400	1	400	
Telescopic Belt Conveyor	DSJ120/150/2×250	2			DSJ-100/80/320	1	320	
	DSJ120/120/250	1			DSJ-800/75	1	75	
Main Belt Conveyor	DSJ120/120/2*450	2	900		DSJ120/120/2*250	1	500	
Road-Header (Auxiliary Equipment)	EBZ200	5	325		EBZ200	2	325	

Table 9-4: Summary of Main Mining Equipment - Fengxi

	Fengxi Mine			
Description	**Specification**	**Nos.**	**Power (kW)**	**Max. Capacity**
Coal Shearer	MG250/300-WD	1	600	

		Fengxi Mine		
Hydraulic Shield Supports	ZF6400/17/32	122		6,400 kN
Transition Supports	ZFG6500/19/33	6		6,500 kN
Entry Supports	ZF8000/22/38	6		8,000 kN
Single Supports				
Armored Face Conveyor (face and rear)	SGZ630/220	2	220kw	450 t/h
Coal Crusher	PMC132	1	132	
Transfer Loader	SZD730/90	1	90	730 t/h
Telescopic Belt Conveyor	DSJ100/45/75	1	75	450 t/h
	DSJ80/40/55×2	1	110	400 t/h
Main Belt Conveyor				
Road-Header (Auxiliary Equipment)	EBZ200A	1	301	

Xinglong and Hongyuan

These two mines are planning to operate one fully mechanised longwall each, using double drum coal shearers for coal face extraction, an armoured face conveyor, and hydraulic shields for roof support with attached rear armoured conveyor. Additionalf main equipment will be the belt conveyor line to the surface comprising of several single conveyor units with drives. A coal crusher will be installed at the transfer point of coal from the longwall to the belt conveyor line in the gateway. Prior to the belt conveyor in the inclined shaft to the surface, a strata bunker (buffer bunker) of several 100 t capacity will be provided. At the head end of the belt conveyor line at the surface plant area, a pre-screen will be installed before the coal is transported to silo or stockpile respectively.

This main mining equipment is specified in the PMDs and calculations for capacity are provided, aiming at a combined average system capacity of about 550 t/h after consideration of equipment availability (downtime) and load factors. Higher maximum peak loads and rated hourly equipment capacity is provided. The average effective capacity should allow for the planned annual production of 0.9 Mt to be reached safely.

The “auxiliary equipment”, for the driving of the roadways and gateways in the coal seam, road-headers are considered however in harder rock blast hole drilling equipment will be used. For transport of material, personnel and waste rock in the mine and to the surface rubber-wheeled vehicles will be used in Hongyuan. In Xinglong a rail track system with rail cars pulled by a winch is planned and for personnel transport in the incline, a ropeway rider lift is installed. Other important auxiliary equipments are the ventilation fans, air compressors with the connected compressed air distribution system, the mine drainage pumps with pipelines to the surface, and other mine support equipment.

The power supply for the mines comprises 10 kV substations located at the mines whereby the incoming supply current from the grid is 35 kV. After stepping down to 10 kV, further stepsdowns are 3,000 V, 600 V, and 220 V to drive equipment and to supply other electrical installations. Both mines

will be supplied from the grid by a double circuit. According to the PMDs the installed power at the project mines will be about 8,500 kW in Xinglong and about 11,500 kW in Hongyuan with half of this installed power being underground. In the mine, power is distributed by cable which in the mines are installed along the walls of the inclines, roadways and gateways.

The equipment specified and used for Xinglong and Hongyuan is mainly proven standard mining equipment manufactured in China.

The planned main mining equipment for these two projects is summarized and presented in Table 9-5.

Table 9-5: Summary of Main Mining Equipment – Xingloang and Hongyuan

Item	Description	Hongyuan	Xinglong
Coal shearer	Double Drum	MG200/475-W	MG300/700-WD
Hydraulic shields	2-leg/for rear AC	ZF8600/19/33	ZF6700/22/35
Armoured face conveyor	Scraper type	SGB-764/320	SGZ-764/320
Main belt conveyor	1,000 mm	DTL100/24/2×132	DTII10080.3
Auxiliary transport		Rubber wheel vehicles	600 mm rail, winch
Main fan	model/amount	FBCDZ-8-No.26B/2	FBCDZ-8- No.25B/2
Pump	Multi-stage submersible	MD155-30×4/3	MD155-30×7/3
Air compressor		SRC-175SA/2	EAS-300/2

9.4.2 Mine Auxiliary Equipment

The auxiliary equipment for support of the underground operation consists mainly of the road-header units and belt conveyors for roadway and gateway driving. Rubber wheel mounted loaders and transport vehicles are used for the transport of materials, heavy mechanical units, spare parts, and personnel. Winches and hydraulic power tools are essential for moving and handling of equipment underground. Sufficient auxiliary equipment is available at the mines to complement the actual mining operation.

9.4.3 Mine Surface Plant and Facilities

The mine surface plants at each of the Xingtao, Fengxi and Hongyuan mines are similar in function. For the ROM coal arriving from underground, silos and stockpiling are available prior to feeding the coal into the preparation plant. Other surface facilities at the plants are power supply, transformer and distribution units, water treatment and supply, the maintenance and repair workshops and yards, material warehouse and equipment storage yard with handling crane. Mine administration and office buildings are supplementing the surface facilities. The provided plant and facilities at the three mines are sufficient to meet the needs of the current operations.

9.4.4 Mine Dewatering

Based on the water influx estimates of the mining studies and the records of the five mines, all five mines are considered to be “dry” mines with very low water influx. The mine water drainage system as designed and installed is simple. Mine water is first collected in a sump at the lowest point of the mine and is then pumped to a central pumping station near the landing of the inclined shaft. The main pumping station is provided with 3 sets of dewatering pumps. One (1) single pump can pump the nominal average water volume to the surface. A second pump is for standby and could also handle peak volumes together with the first pump. The third pump is for backup should one pump be out of operation for maintenance. The water is pumped to the surface through a pipeline installed along the wall of the inclined shaft. At the surface, the mine water receives basic treatment and is then used as industrial water at the mine plant, used for CPP process water, or is discharged. The following table shows the estimated average water influx to the mines and the designed pumping capacity.

For the Chongsheng mine the maximum water influx is estimated in the PMD to be 210 m^3/d or 8.75 m^3/h whichis considered to be a low influx. The designed pumping capacity to handle this influx with safety margin is 26 m^3/h. According to the mine management, the installed capacity matches the designed capacity and is sufficient to manage the actual mine water volume. In the other two mines, similar water influx has to be managed.

9.4.5 Mine Ventilation

Mine ventilation is essential to provide fresh air to underground workings and to dilute and remove mine gases. The five mines employ a standard design with two main ventilation fans installed at the air return shaft:

- One fan provides the required ventilation volume.
- The second fan serves as backup for maintenance and emergencies.

A system of air doors directs airflow throughout the underground workings. Local fans with flexible air ducts provide temporary ventilation during the development of roadways, gateways, and panel entries.

Based on the overall ventilation design and current requirements, the installed ventilation fans appear to meet the specifications outlined in the project's PMD.

9.4.6 Mine Control and Mine Safety

All five mines are or planned to be controlled and monitored from central control rooms located at the mine office building minion each mine site. At Xingtao mine the control is described as state-of-the-art monitoring with. gas, ventilation, diesel emission, monitoring of key operation points by CCTV camera, and radio frequency identification of the location of each worker underground in dedicated monitoring areas. Belt scales are installed on conveyors for coal production control.

Mine safety must be provided by the training but also depends on the attitude of each individual mine worker and management. Underground, safe working conditions must be provided, and the

necessary emergency equipment must be installed. Abandoned (mined out) panels must be sealed with brickwork and the gas flow must be controlled.

According to the mine management, the safety standard and regulations for coal mines in China are met and implemented and all mine workers receive safety training regularly. A mine safety plan for the mine has been prepared and is implemented. The initial mine safety inspection and operational approval (Safety Production Permit) which is compulsory for all underground coal mines in China has been granted to Xingtao, Fengxi and Chongsheng mines.

9.4.7 Maintenance and Repair

The three mine's surface industrial area houses workshops and equipment assembly facilities. These workshops are equipped to handle:

Maintenance and repair of hydraulic roof supports and other heavy mining equipment. Fabrication of steel supports (frames and arches) for roadways. Various mechanical, hydraulic, and electrical repairs for both underground and surface plant equipment. Equipment suppliers also provide on-demand maintenance and repair services.

9.4.8 Power Supply

Xingtao, Fengxi and Chongsheng

Power supply in the region is well developed. and the mines are supplied from the national grid. The grid voltage of 110 kV is stepped down at substations to 35 kV from where the mine substations are supplied with 10 kV. 3300 V is finally supplied to the main mining and surface plant machinery and for the small equipment and installations, the voltage is further stepped down. Power to the underground sectionis by power cables which are installed along the walls of the inclined shafts. The total installed power of each of the three mines is in the range of 15 MW.

The mining support vehicles in use are diesel powered and are refuelled from a tank truck or at a fuelling station at the surface plant. Fuel storage tanks of sufficient capacity for the operations are provided at the surface plant areas.

Xinglong and Hongyuan

Power supply to each of these two mines is safe and provided from the national grid at 35-kV substations near the project mines.

9.4.9 Conclusion

SRK concludes that the equipment and plant designed, specified, and operated at the mines is suitable and provides the capacity to achieve the required coal production as planned.

SRK has not conducted an audit of the installed equipment and plant at the three mines and information for this review was derived from the existing mining studies, site visit and meeting with site management. Specifications of equipment used in the mines may deviate from that indicated in this Report and in the PMD studies.

9.5 ROM Coal Production and LOM

The historical and forecast ROM coal productions of the five mines are summarized and shown in Table 9-6 and Table 9-7 below. The historical (actual) production figures shown have been provided by the Client. The production forecast for the future years is derived from the mine plans and data provided during discussion with the Client.

Table 9-6: ROM Coal Production Schedule for the Xingtao, Fengxi and Chongsheng Mines

	Historical					Projection				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Xingtao	3.30	2.84	1.84	2.88	2.39	3.00	2.00	1.14	1.00	EOM
Fengxi	2.84	3.79	2.26	2.89	3.04	0.94	EOM			
Chongsheng	2.65	2.89	2.87	1.74	1.29	1.31	2.30	0.74	0.37	EOM

Overall, SRK believes the five mines are designed, equipped, and operated to achieve the planned and forecasted production levels, as supported by the production rate over the last three years. However, SRK notes that actual annual production could deviate from the forecast due to unforeseen conditions, changes in the mining plan, or market fluctuations. Additionally, if favourable mining conditions persist or equipment upgrades are made, higher annual production might be possible. These factors could influence the actual LOM of the mine.

Given the limited amount of remaining minable resources, peak annual ROM coal production is not expected to exceed 3 million tonnes for the rest of LOM. However, further extensions to the mine life are possible, contingent on:

- Potential village relocation: Relocation could free up additional resources for extraction.
- Mining of Seam 9-2: Mining this seam beneath the former mine office area could add to the mineable reserves.
- Recovery of coal pillars: Recovering coal from previously left pillars could further extend the lifespan.

It's important to note that the three mines are nearing the end of its operational life, and future production sequencing may not be systematic. This makes accurately estimating annual production challenging.

Xinglong and Hongyuan

Once the final development work is completed and the new licenses and permits are ready, the mining operation should be able to commence and reach planned production within a short period of time, considering that experienced mining personnel will be available and that the mining conditions are known from the previous operation. One longwall face with top coal caving as designed and equipment as specified should allow to reach or exceed the designed production targets.

The production forecast for the future years is derived from the mining plans and data provided during discussion with the Client. The forecast production includes coal extracted at the longwalls and an additional 3% of “engineer” coal extracted along with the mine development heading work of the panel gateways.

SRK estimated 17 and 14 years of life-of-mine ("LOM") for Xinglong and Hongyuan respectively. These LOM figures include 2 years of permitting and construction and 15 and 12 years of "production life" respectively. Although the designed equipment should have the potential to increase the annual production, LOM estimation was based on the rated mining capacity and expected permitted production of 0.9 Mtpa for both mines.

Table 9-7: ROM Coal Production Schedule for the Xinglong and Hongyuan Mines

Project	Forecast (Mt)					
	2025 permitting	2026 construction	2027	2028 -2037	2038	2039-2041
Xinglong	---	---	0.93	0.93	0.93	0.93
Hongyuan	---	---	0.93	0.93	0.58	-
Total	**---**	**---**	**1.86**	**1.86**	**1.51**	**0.93**

9.6 Waste Rock Management, Subsidence, Mine Closure and Land Reclamation

Waste rock generated during underground development work at the mines is typically hauled to the surface and disposed of in a designated area near the mine's industrial plant.

Since the five mines employ longwall mining with top coal caving, subsidence and surface cracks are expected above the mined seam areas. While this poses minimal concern for uninhabited and non-agricultural land, damage to surface structures may require repair or compensation. It's crucial to monitor creeks, water bodies, and land drainage to prevent backwater issues caused by subsidence and potential surface water seepage into the mine workings.

9.7 Manpower

Xingtao, Fengxi and Chongsheng

The Company provided a breakdown of the workforce employed at the mine. This breakdown is shown below in Table 9-8. SRK considers the workforce comparable and in line with coal mines of similar size and conditions in China.

Table 9-8: Workforce of the three Mines

Coal Mine	Production	Administration	Management	Total
Xingtao	320	10	10	340
Fengxi	279	10	8	297
Chongsheng	270	7	8	285

Xinglong and Hongyuan

A breakdown of the workforce projected in the PMDs is shown below in Table 9-9.

Table 9-9: Planned Workforce for Xinglong and Hongyuan as per PMDs

Coal Mine	Production	Management & Administration	Service & Other	Total
Xinglong	491	63	61	615
Hongyuan	245	27	27	299

SRK noted that the planned number of the workforce for the Xinglong project is significantly higher than that for the Hongyuan project. While the PMD for Xinglong provides a latest revised manpower requirement estimate, the PMD for Hongyuan indicates that the same workforce as that proposed in the original PMD. This would lead to a higher operating cost and increased organizational and administrative efforts for Xinglong mine. SRK recommends to further analyse the reason for this difference to see if it is possible to make the workforce numbers for both projects on an equal basis.

10 Coal Preparation Plant

The Coal Plant related information described in this Section is based on following documents:

- Processing Flowchart of Xingtao, Fengxi and Chongsheng CPPs, provided by Qinfa in 2020
- Major Equipment List of Xingtao, Fengxi and Chongsheng CPPs, provided by Qinfa in 2020
- Historical production record of Xingtao, Fengxi and Chongsheng CPPs, provided by Qinfa in 2020
- Preliminary CPP Design of each mine, provided by Qinfa in 2020

The Company has constructed and operated CPPs at the three operating mines: Xingtao, Fengxi and Chongsheng mines. Each CPP is located at the surface plant area of its corresponding mine, near the shaft entry.

The three CPPs employ a similar coal preparation system with Dense Medium Vessel ("**DMV**"), Dense Medium Cyclone ("**DMC**") and Classifying Cyclone as the main separator unit.

The total throughput of the screening section and separation section of the CPP operation matches well with mines production (ROM or raw-coal production). The typical coal product of the three CPPs is mixed clean coal blended from clean coal from various separation units.

In general, the coal preparation process applied in each CPPs can lower the ash content (mineral matter) and increase the calorific value of the coal product as compared to the ROM coal feed. The sulphur content of the coal product can also be expected to be reduced as a side effect of the washing process. It is noted that only the pyritic-sulphur portion of the total sulphur content could be reduced. Organic sulphur is bound to the coal.

The CPP in Xingtao commenced operation in 2004. After upgrading and reconstruction, currently, the CPP has a total ROM coal processing capacity greater than 4 Mtpa at a maximum capacity of 500 tph in the main processing circuit (DMV). The Fengxi and Chongsheng CPP both were upgraded in 2011 and currently both the CPPs have a ROM coal processing capacity greather than 3.0 Mtpa.

Please note that there's no CPP plan for the Xinglong and Hongyuan mines. The output ROM coal is planned to be sold out directly as marketable coal.

10.1 Main Separation Circuits

According to the CPP preparation flowchart, the separation process of the CPP on Xingtao mainly relies on three separation circuits: the DMV coal separation circuit, the fine coal separation circuit (core separation unit: DMC) and the coarse slurry processing circuit (core separation unit: classifying cyclone).

The belt conveyor transports the ROM coal to the coal crusher in the transfer station, where the coal is crushed to a size of less than 200 mm. The downstream screen in the CPP then separates the flow (-200 mm) into two size groups, -13 mm group and +13 mm group. The +13 mm overflow is fed to the DMV circuit for further separation. The -13 mm underflow is conveyed to the DMC coal separation circuit after sizing and desliming. If necessary, the -13 mm underflow can also be bypassed and directly mixed with the final clean coal product.

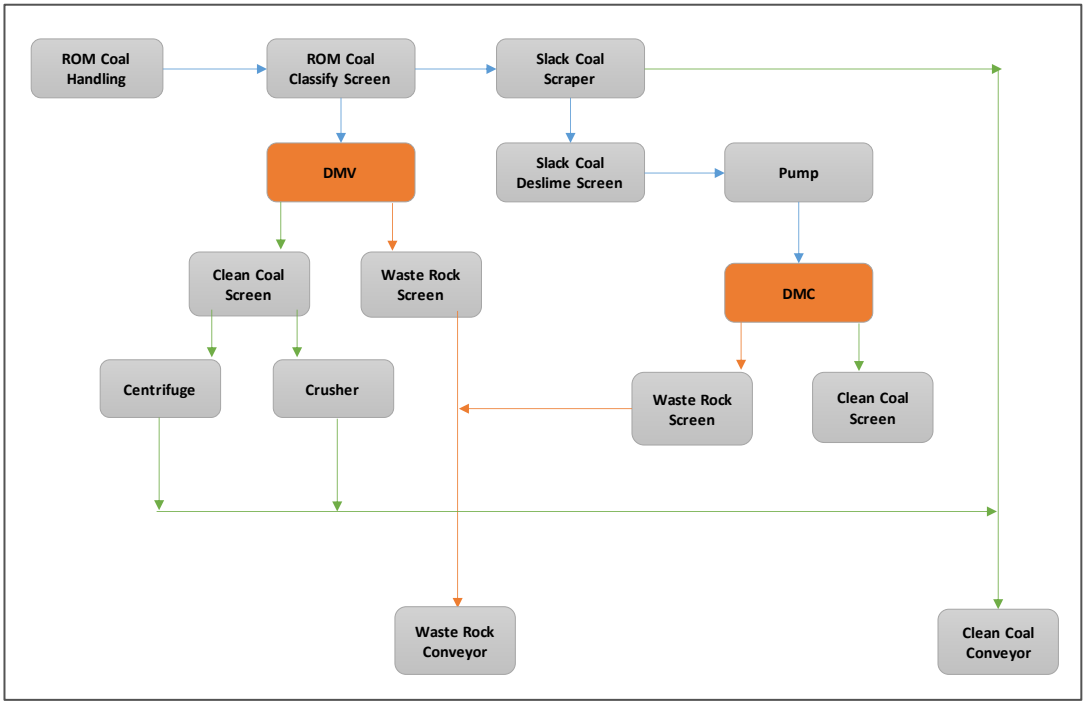
In the DMV coal separation circuit, the +13 mm overflow is blended with water and the dense medium undergoes DMV separation. The lump size waste rock and light overflow are separated inside the DMV, and the light overflow is then screened into two sizes of clean coal through a double-deck dense-medium separation screen. After further crushing and de-watering, the separated clean coal from the DMV circuit is transported to the final clean coal yard.

In the DMC coal separation circuit, the -13 mm underflow is firstly deslimed by sieve bend and deslime screen. The overflow is transported and separated in the DMC. The light flow is transported to the final clean coal yard after draining off the dense medium.

Underflow water from the deslime screens is pumped into the classify cyclone circuit for further processing. The residual fine clean coal and slurry water are separated from the circuit. Slurry water enters the thickener where coagulant (poly-aluminium chloride) and flocculant (polyacrylamide) are added to accelerate settlement of the slurry in the concentration tank, which is then retrieved and dewatered by filter press. The filter cake can be sold for its coal content or be added to other product if sales specifications allow. The water in the thickener is recycled for reuse in the CPP closed water circuit.

The dense medium used in the CPPs is a water-magnetite mixture. The diluted underflow medium from all medium draining screens is recycled and returned to the diluted medium barrel. A magnetic separator retrieves the magnetic dense media from the coal waste material and returns it to the process medium distribution tank. The dense medium system is equipped with a densitometer and a water compensation valve to allow automatic density control.

Figure 10-1: Schematic Flowchart of the CPPs



10.2 Clean Coal Yield

It is considered that the three CPPs employed similar washing process and a typical design coal balance table (all the slack coal bypassed to the mixed marketable coal product) for the three CPPs is presented in Table 10-1.

Table 10-1: Designed Output Yield and Typical Coal Product Quality of the three CPPs

Product Type	Yield (%)	Total Moisture (%)	Ash Content (db, %)	Calorific Value (kCal/kg, net, ar)
ROM Coal	100	8.0	39.0	3512
DMV Clean Coal	32.7	8.2	22.8	5017
Slack Coal - Bypass	35.5	7.9	33.2	4149
Mixed Marketable Coal	**68.2**	**8.0**	**28.2**	**4565**
Slime	9.8	20.8	35.1	3231
Waste Rock	22.0	10.3	74.5	1272

According to the historical production records, the historical operation of the CPPs achieved an average of 65% of mixed marketable coal yield with a total moisture ranging from 7 to 11, ash content ranging from 20% to 28% and calorific value ranging from 4600 to 5200 kCal/kg. ***As the estimated ash content of the ROM coal mined from the three mines would keep at the same historical level for the rest of the LOM, SRK estimated that the marketable coal yield from the CPPs would also keep at the same average of approximately 65%.***

11 Project Infrastructure

There is sufficient on-site infrastructure in the mining area to allow coal mining projects to be undertaken and mines to be operated.

The Xingtao, Fengxi and Chongsheng mines are located roughly 20 km north of Shuozhou City, about 90 km southwest of Datong City and all are well connected to the public road and highway system via short mine access roads. The access roads are suitable for coal and material transport by standard coal truck. Railway lines pass close to the mine area and Lujiayao coal loading station is at about 8 km from the mines and is suitable for intermediate truck transport. The adjacent power plants Shentou No. 1 and No. 2 are about 20 km from the mines and can be reached via the mine access road and the public road network. The railway transport connects ultimately with Qinhuangdao coal shipping terminal at the Bohai Sea, from where the coal will be shipped to other industrial centres of China.

For Xinglong and Hongyuan mine, these two coal mines are located roughly 45 km south of Shuozhou City, and both are well connected to the public road system via short mine access roads which are suitable for coal and material transportation by truck. Railway lines pass the mine area and coal loading terminals exist at an acceptable distance for intermediate truck transport.

The infrastructure including railways, coal transportation roads, power and water supplies in the area is sufficient to support the normal operation of the projects. Several major coal transportation such as Shuohuang coal transportation railway and North Tongpu Railway are passing through near the projects area and several coal-loading stations are present. Two expressways leading to both the southern and eastern coal consuming areas are near the projects area.

Power supply in the area is good and stable. Each of the five mines is connected to the national grid and electrical power is provided from multiple 35-kV substations and voltage is stepped down at the mines.

Water for each mine’s operation is sourced from wells drilled at each mine site. The well’s capacity is sufficient to provide the required water for domestic and industrial use. Mine water after basic treatment is used to supplement well water for industrial purpose and for process water at the CPP. Mine water is further used for the water spray systems of the mines for dust suppression and fire prevention.

Telecommunication for the Project region is well covered and there is access to national and international telecommunication networks from each mine. Communication in these areas is reliable and new connections to the mines could be easily established.

Construction materials and consumables typically used at the coal mines and coal processing plants can usually be sourced and purchased locally. Equipment and materials could be procured from suppliers in the region or from suppliers further afield and transported to the site.

Coal mining usually employs (sub-contracts) and requires specific services for development and operation of a mine. Typically such services are shaft sinking and roadway driving, change-over of entire longwall systems, plant and equipment hire, mechanical and electrical service, and surface plant operation and management (i.e. CPP). Shanxi Province has a long-standing coal mining industry with established service providers available. Non-mining service providers and suppliers

including medical services are available from nearby townships and cities which have a well-developed commercial infrastructure with shops, accommodation and medical facilities.

12 Environmental, Permits, Social and Community Impact

12.1 Environmental, Social, and Health and Safety Review Objective

The objective of this review is to identify and verify the existing and potential Environmental, Social, Occupational Health and Safety ("**OHS**") liabilities and risks and assess any associated proposed remediation measures for the Project. At the time of this report was written, the Project's coal mining and processing are on a commercial operation.

12.2 Environmental and Social Review Process, Scope and Standards

The process for the verification of the environmental compliance and conformance for the Project comprised a review and inspection of the Project's environmental management performance against:

- Chinese national environmental regulatory requirements; and
- Equator Principles (World Bank/International Finance Corporation ("**IFC**") environmental and social standards and guidelines) and internationally recognised environmental management practices.

12.3 Status of Environmental and Social Approvals and Permits

A summary of the environmental impact assessment ("**EIA**") reports and approvals for the five mines, as provided to SRK, is presented in Table 12-1.

Table 12-1: Environmental Impact Assessment Reports and Approvals

Project/Company	Prepared By	Report date	Approved By	Approval date
Xingtao Coal Mine Mining Expansion and Coal Processing Plant (1.5Mtpa)	Taiyuan Design Research Institute for Coal Industry	February 2014	Shanxi Environmental Protection Bureau	27 May 2014
Fengxi Coal Mine Mining Expansion (0.9Mtpa)	Taiyuan Design Research Institute for Coal Industry	October 2012	Shanxi Environmental Protection Bureau	12 April 2013
Fengxi Coal Mine Coal Processing Plant (3.0Mtpa)	Not Provided to SRK		Shuozhou Environmental Protection Bureau	16 July 2013
Chongsheng Coal Mine Mining Expansion (0.9Mtpa)	Nanjing Guohuan Science and Technology Co., Ltd	July 2013	Shanxi Environmental Protection Bureau	23 December 2013
Chongsheng Coal Mine Coal Processing Plant (3.0Mtpa)	Nanjing Guohuan Science and Technology Co., Ltd	May 2016	Shouzhou Pinglu Environmental Protection Bureau	17 June 2016
Xinglong Coal Mine	Xinzhou Environmental Protection Research Insitute	June 2013	Shanxi Environmental Protection Bureau	23 August 2013
Hongyuan Coal Mine	Shanxi Qingze Yangguang Environmental Projection	June 2013	Shanxi Environmental Protection Bureau	22 August 2013

Science and Technology
Co., Ltd

The significant environmental aspects for the Project are associated with the coal mining and processing activities at the Project site. The environmental and social review identified the most significant current and potential environmental management and legislative compliance liabilities that relate to operation and further development of the Project and defined gaps in operational management as relates to industry best practices.

The following sections identify the environmental aspects that have been addressed in the EIA reports and other related documents, as well as those environmental, social and OHS aspects that have not been addressed.

12.4 Environmental Aspects

12.4.1 Site Ecological Assessment

The landform and topography in the Project's mining area is commonly changed by mining, waste rock dumps, haul roads, office buildings and dormitories, and other facilities. The development of the Project may also result in impacts to or loss of flora and fauna habitats. If effective measures are not taken to manage and rehabilitate the disturbed areas, the surrounding land can become polluted and the land utilization function will be changed, causing an increase in water loss and soil erosion.

The EIA reports for the Project indicate that no rare or endangered flora and fauna were identified within the Project area. The primary wild animals living in the mine site area consist of hedgehog, hare, weasel, sparrow, magpie, etc. The EIA reports also state the mining operation will have little impact on the ecological environment if the appropriate preventive measures are taken. The EIA reports contain proposed measures for controlling and monitoring soil erosion and minimising loss of flora and fauna habitat. These proposed measures include water and soil conservation, geological hazard protection and ecological restoration.

SRK recommends a land disturbance and rehabilitation registry be developed for recording areas and extent of disturbances and remediation work that has been conducted to allow for effective rehabilitation planning to reduce the impact to the ecological environment.

12.4.2 Coal Gangue and Coal Refuse Management

According to the EIA reports, the coal gangue from the underground mining will be backfilled into mined out area underground, and coal refuses generated from the coal-processing plants are disposed in each of the waste rock dumps ("**WRDs**").

On average, the coal contains approximately 1% sulphur in the form of pyrite, and therefore the coal slimes or refuses from the coal processing plants are likely to contain pyrite as well. The generation of acid water occurs typically when iron sulphide minerals are exposed to both oxygen (from air) and water. As acid water migrates through a site, it further reacts with other minerals in the surrounding soil or rock and may dissolve a range of metals and salts. The dissolved metals or salts may contaminate farmlands, groundwater or water bodies adjacent to a waste rock dump or coal refuse dump. The Company has stated that it has not undertaken any comprehensive geochemical/acid rock drainage ("**ARD**") assessments for the mine's waste rock. SRK also notes that some of the EIA

reports refer to one-off leaching tests that have been conducted at the individual sites, where the coal gangue or coal refuse was classified as general solid waste under the Chinese national integrated wastewater discharge standard. SRK opines that these one-off leaching tests are insufficient to predict adequately whether there will be any impact under actual operational conditions. Therefore, SRK recommends comprehensive geochemical/ARD assessments be conducted for the project's coal gangue and coal refuse. Limestone neutralization and encapsulation with clay shall be considered for the coal refuse if heavy metal pollution issue is observed.

12.4.3 Water Management

The potential negative impacts of the Project to the surface water and ground water are due to the discharge of untreated mine water, untreated coal processing water, and untreated domestic wastewater. In addition, the mining activities may lead to the change of the groundwater table.

According to the EIA reports, mine water is treated by a sediment tank underground, and will be reused for mining activity underground. In addition, the EIA reports state that the processing plant has a sedimentation tank to treat and recycle processing water in the processing plant, in which overflow from the sediment tanks was returned to the processing plant. The water recycling system in coal processing plant can save significant amount of water for the Project. The Company states that all domestic wastewater on site is treated biologically with an underground facility and the treated wastewater is used for site irrigation.

No comprehensive groundwater and surface water quality monitoring program has been sighted for the Project. SRK recommends that quality monitoring be undertaken on the groundwater and surface water resources within the Project area (including upstream and downstream of the Project area), and also any site of water discharges. This water quality monitoring should form part of a broader site environmental monitoring program. SRK also recommends the construction of an effective drainage system to divert run-off from undisturbed areas around disturbed areas. In addition, some prevention measures, such as surface hardening, second containment facility and accident pool, are recommended to mitigate the water pollution risks.

12.4.4 Dust and Gas Emissions

The fugitive dust and gas emission sources for the Project are mainly from blasting, mining, crushing, loading, waste rock storage and handling, and movement of vehicles and mobile equipment. SRK recommends the Project adopt the following dust and gas management measures:

- Water sprinkling for coal yard and industrial site
- Haul road maintenance and watering
- Speed limitation applied to all vehicles; and
- Greening to be conducted on site

SRK also recommends including ambient air quality monitoring as part of a site environmental monitoring program.

12.4.5 Noise Emissions

The main sources of noise emissions for the Project are blasting, crushing, loaders, pumps, mobile equipment, and other noise-making equipment and machinery. SRK recommends the Project implement the following noise management measures:

- Use of low-noise equipment
- Enclosures for noisy equipment
- Setup of speed limit for vehicles
- Optimization of the layout; and
- Installation of muffler on noisy equipment

SRK also recommends including ambient noise monitoring as part of a site environmental monitoring program.

12.4.6 Hazardous Materials Management

Hazardous materials used during Project operations are processing reagents, explosives, lubricant, and a range of hydrocarbons (diesel or gasoline). The Project's EIA reports do not include an assessment or measures for storage and handling of these materials. Dedicated storage areas for these materials should be constructed on site. The Company states that all waste oil from heavy-equipment maintenance is collected and stored on site and is eventually sold to locals for recycling.

The Project needs to further develop procedures for hazardous materials management and implement these procedures along with appropriate storage facilities and conditions to comply with Chinese national regulations and best industry practices. SRK recommends that all hazardous material storage and handling facilities for the Project be constructed with secondary containment (i.e., lined and bunded areas) and in accordance with Chinese national environmental requirements and recognised international industry practices.

12.4.7 Site Closure Planning and Rehabilitation

The recognised international industry practice for managing site closure is to develop and implement an operational site closure planning process and document this through an operational closure plan. While this site closure planning process is not specified within the Chinese national requirements for mine closure, the implementation of this process for a Chinese mining project will

- Facilitate achieving compliance with these Chinese national legislative requirements; and
- Demonstrate conformance to recognised international industry management practices.

No comprehensive site closure plan was provided to SRK for review, but SRK was provided with a mine site rehabilitation geological hazard mitigation plan report/approval for Xingtao, Fengxi and Chongsheng coal mines. These sighted plans generally provide the following in respect to the proposed site closure and rehabilitation measures:

- Site Rehabilitation Objective – The rehabilitation programme is aimed at rehabilitating land disturbed by mining operations, to control soil loss and conserve the ecological environment.
- Geological-Hazards Mitigation – Measures will be taken to mitigate geological hazards, such as landslides, surface subsidence by retaining walls, or backfilling with waste rocks.

- Top-Soil Stripping – Topsoil will be stripped from the mine sites, waste rock dumps, and infrastructure areas and then stockpiled for reuse in rehabilitation.
- Progressive Rehabilitation – Rehabilitation will be conducted progressively with mining. In addition, any farmland disturbed shall be returned to agricultural use at minimum crop productivity whenever possible.
- Industrial Areas – At the time of project completion, the associated land will be rehabilitated by covering with topsoil and seeds to allow for revegetation. The species to be used will be local perennials which are capable of growing in the local conditions of the mine sites.
- Rehabilitation Monitoring – Monitoring will be carried out throughout the project lifetime and for a number of years after closure.
- Environmental Bonds – According to the related Chinese regulations, a site rehabilitation bond and a geological-hazard-mitigation bond should be paid for the licensed mine site. Phased bond payment receipts at current stage for the five Coal Mines was sighted by SRK, and a full payment at the mine site will be made in the future accordingly.

SRK notes that the above proposed approach to site rehabilitation is generally in line with the relevant recognised Chinese industry practices.

12.5 Social Aspects

The Xingtao, Fengxi and Chongsheng mine is roughly 30 km north of Shuozhou City, Shanxi Province. The land use for the general area surrounding the Project site is a mixture of forest area, coal mining, and limited agricultural activities. The Company also reported that there are no significant cultural heritage sites, cemeteries, or nature reserves within or surrounding any of the project sites.

The Company stated they had received no official notices of public complaints in relation to the activities of the Project and that they maintained a positive relationship with the local communities. SRK notes that the positive effects to the surrounding local communities are mainly direct employment of locals and use of local suppliers and service providers where practical. In addition, the Company put efforts on the social development measures amongst local communities including water and electricity supplies, schools, the development of local infrastructure.

As part of this review, SRK has not sighted any documentation in relation to any actual or potential impacts of non-governmental organizations on the sustainability of this project.

12.6 Occupational Health and Safety

SRK has reviewed the OHS management system and procedures, which provide the following summary in respect to the proposed OHS management measures for the Project:

- OHS administration
- Establishment of an emergency response plan
- Regular OHS training for relevant employees
- Safety and hazard signage
- Dust/gases monitoring and control within the workplace
- Distribution of Personal Protective Equipment (“**PPE**”) to all relevant employees
- Fire prevention and firefighting

- Lightning strike prevention
- Mining, crushing, blasting and explosives handling
- Traffic management
- Sanitary provision
- Power provision
- Labour and supervision

12.7 Evaluation of Environmental and Social Risks

The sources of inherent environmental and social risk are project activities that may result in potential environmental and social impacts. The environmental and social risks for the Project are:

- Impacts to the local ecological system due to significant land disturbance
- Impact to the groundwater and surface water
- Poor dust management; and
- Heavy metal pollution from the waste rock dumps.

The above risks are categorised as moderate/tolerable risks (i.e., requiring risk management measures). It is SRK's opinion that these risks for the project can generally be managed if the Company put sufficient efforts in to solve these issues.

13 Coal Market Aspects

13.1 Coal Market in China

The Chinese coal market has seen significant developments over the past five years, influenced both by internal dynamics and global market trends. The period from 2018 to 2024 was marked by various trends, including growth in production and consumption driven primarily by demand in power generation and the steel and iron industry. China has been the world's largest consumer and producer of coal, with the market featuring key players such as National Energy Group Corporation, China Shenhua Energy Company Limited, and Yanzhou Coal Mining Company Limited, among others.

In recent years, China has made strides in expanding its renewable energy capacity, particularly in solar and wind power, as part of its efforts to combat pollution and reduce reliance on coal. This shift towards renewables is expected to impact the coal market negatively. The government's initiative to construct significant solar and wind power generation capacity in the Gobi Desert, with around 100 GW of solar power capacity already under construction as of March 2022, exemplifies this transition.

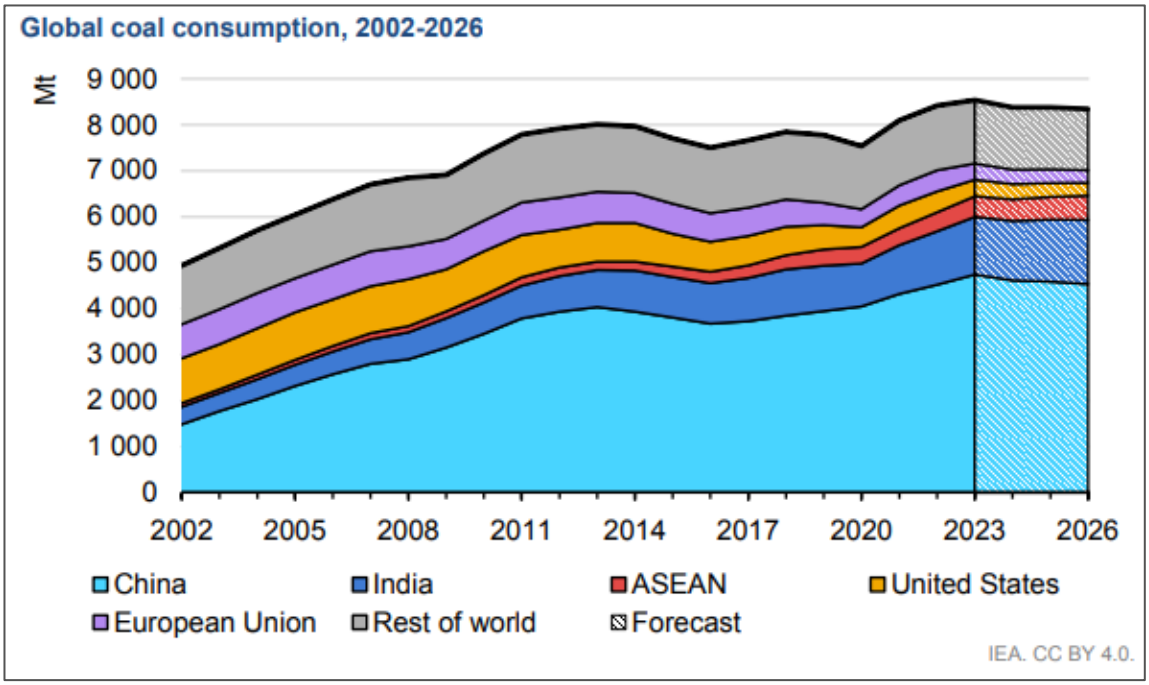
Looking at the global context, coal demand has shown resilience, supported by markets like China, which accounts for half of global consumption. However, this stability faces potential challenges from stronger climate policies, lower natural gas prices, and developments within China itself. Despite these challenges, the Chinese coal market's demand is expected to remain relatively stable, with coal continuing to play a significant role in the country's energy mix.

For the future, the period from 2024 to 2032 is forecasted to see a continued focus on the applications of coal in power generation, steel and iron production, and other industries. The market's growth is projected to be influenced by factors such as government policies, global market dynamics, and the increasing push towards renewable energy sources. While the coal market in China is likely to see some shifts in dynamics due to these factors, coal is expected to remain an essential part of the country's energy landscape in the near future.

In summary, the Chinese coal market over the past five years has been characterized by growth and resilience, driven by demand in key sectors. However, looking forward, the market faces challenges and potential changes due to the increasing focus on renewable energy and evolving global market conditions. The future of coal in China will likely be shaped by a balance between traditional demand in power generation and industry, and the country's commitment to environmental policies and renewable energy.

Figure 13-1 shows the historical and forecast electricity generation in China from 1990 to 2040 by EIA for reference.

Figure 13-1: Historical and Forecast Annual Electricity Generation in China (Source EIA)



13.2 Market and price of the Mine's Coal

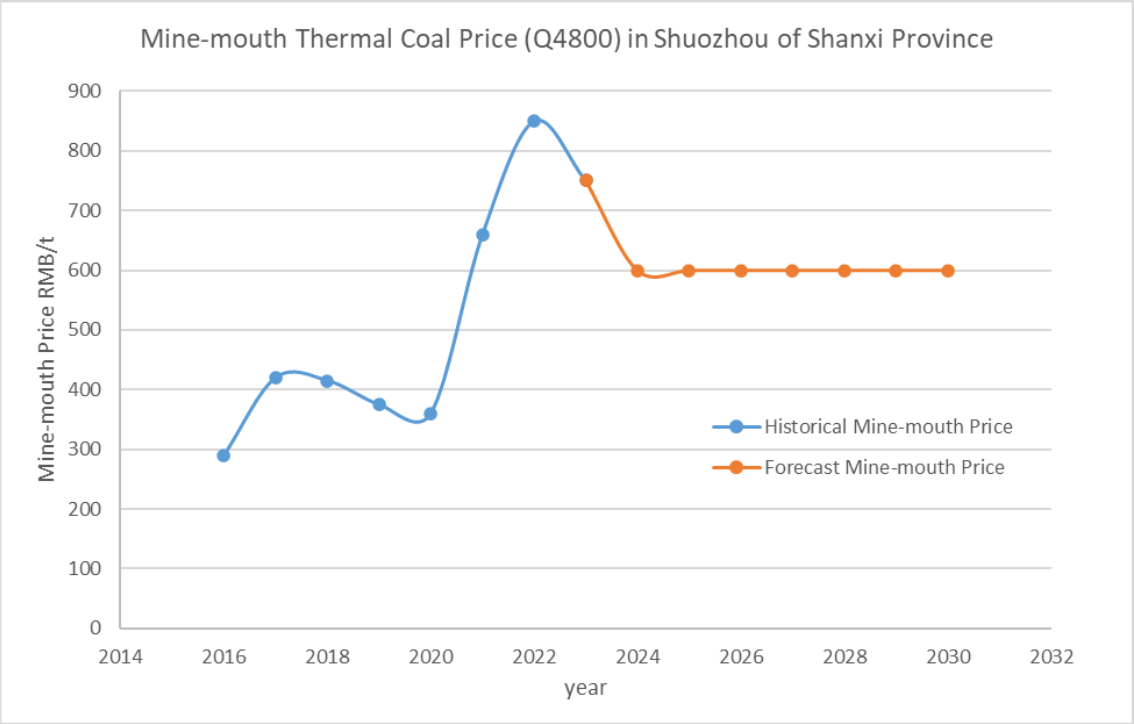
According to the information provided by the mine, the coal market for the mine can be summarized by SRK as follows:

The coal mine produces a medium quality thermal coal. The primary market and buyer are nearby power plant(s) which would take up about 60-70% of the mine production. About 30-40% of the produced coal would be sold to the local market or to coal trading companies for "export" to other Chinese provinces or Bohai Rim terminals. It is understood that for the 60-70% of the coal production sold to the power plants, the sales agreements have been secured and this part of the market is a safe long term one. Some price agreement between power plant and mine might most likely exist and that could put a ceiling on the price for the coal supply. For the remainder of the coal production, sales tonnage and price has to be negotiated either in the long term or on the spot market. SRK has sighted coal sales records for this sales segment at the mine.

Coal from the mine must be delivered/transported by truck to nearby railway loading facilities. The mine use nearby railway siding and train loading facilities to "export" sales.

Coal prices are mine-mouth price as normally coal trade agents/customers are responsible for coal transportation. As all the ROM coal is processed through CPPs to output mixed clean coal, normally only washed clean coal are marketable. According to the historical coal sales records, the clean coal (net-as-received calorific value 4,800 kCal/kg, ash 24%, Sulphur 1.0) mine-mouth price of the mine for the last five years ranges from 375 RMB/t to 750 RMB/t, averaging 600 RMB/t. SRK considers that the coal prices would keep at range between 550 RMB/t and 600 RMB/t for the long-term. Figure 13-2 demonstrates the last five years average coal price derived from Fenwei Resource Limited provided by the Client and SRK's forecast coal price for the next five years.

Figure 13-2: Historical and Forecast Thermal Coal Mine-mouth Price of the Pinglu Regional Area



Note: Historical mine-mouth price derived from Fenwei Resource provided by the Client.

14 Preliminary Economic Analysis

The Client commissioned BMI Appraisals Limited ("**BMI**") to conduct a valuation for the mines. SRK is of the opinion that the valuated results derived from BMI's valuation were conducted in a professional way and is sufficient to demonstrate the economic viability of the project to support the JORC reserve conversion in this Report. The quoted value in use as of 31 December 2024 is positive, and sufficient to support the economic viability of Coal Reserve in accordance with JORC Code.

15 Risk Assessment

15.1 Introduction

Coal mining is a relatively high-risk industry and is subject to a number of operational risks. Some of which can even be beyond a mine's management and operators' control. Project risks may decrease from the exploration and development stage to the production stage, and over LOM through mine closure stage.

Reporting standards and rules governing the listing of securities require the disclosure of general and specific risks associated with a project if relevant and material to the Company's business operation. For this risk assessment which is covering technical-economic project and operation risks, SRK has identified the following relevant risk areas for which specific risks and hazards were reviewed and rated:

- Geology
- Mine construction and development
- Mining and processing
- Capital and operating costs
- Environmental issues
- Social, health, and safety concerns; and
- Other risks (natural risks influencing operation; permitting; etc.)

The risks associated with the above items may cause incidents such as mine roof collapse, instability of mine workings and slopes, flooding, explosions caused by methane gas or coal dust, and fires. It may result in personal injury to employees as well as damage to or destruction of property, mine structures and facilities. These risks may also cause increased costs, business interruptions, legal liability, environmental damage, and other damages, and must be considered in project and investment decisions.

The risk assessment by SRK in this Report is qualitative and considers the risks at the time of the review. It follows the Australian Standards AS/NZ 3931:1998, AS/NZ 4360:1999, (Risk Management), and HB 203:2004 (Environmental Risk Management) which have been developed in line with comparable international standards.

SRK has further compared the results of its risk assessment with the risk assessment provided in the FS/PMD studies and concludes that the results and conclusions are consistent. For the IPO Prospectus, the Company will provide additional overall project risk assessment.

15.2 Risk Assessment

SRK's risk assessment covers the operating mine of Chongsheng. The risk assessment is shown in the table below. The overall technical-economic project risk for the mine would be rated by SRK as "Low" to "Medium".

Table 15-1: Risk Assessment for The Five Mines

Risk Area / Hazard	Xingtao			Fengxi			Chongsheng		
	Likelihood	Conse- quence	Risk Rating	Likelihood	Conse- quence	Risk Rating	Likelihood	Conse- quence	Risk Rating
Geological									
Coal Resource Risk (Quantitative Exploration or Estimation Errors)	Unlikely	Major	Low Risk	Unlikely	Major	Low Risk	Unlikely	Major	Low Risk
Coal Quality Risk (Exploration, Sampling, Analysis Errors)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Undetected Significant Structural Disturbances/Faults	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Severe Hydrogeological Conditions (Excessive Groundwater Influx)	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Mine Development and Plant Construction									
Delay of Underground Development	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Delay of Surface Mine Facilities and Plant Construction	Unlikely	Minor	Low Risk	Unlikely	Minor	Low Risk	Unlikely	Minor	Low Risk
Delay of Mine Equipment and Plant Procurement and Installation	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Mining & Reserve									
Inadequate Mining Method and Design	Rarely	Moderate	Neglig. Risk	Rarely	Moderate	Neglig. Risk	Rarely	Moderate	Neglig. Risk
Coal Reserve Risk (Estim. Error; Reduced Recovery by Mining Factors)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Inadequacy of Equipment and its Capacity / Equipment Failure	Possible	Major	Low Risk	Possible	Major	Low Risk	Possible	Major	Low Risk
Adverse Micro-Geological Conditions (Faults and Disturbances)	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Geotechnical Risks (Roof, Floor, Structural Stability; Stress)	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Sterilizing of Coal Reserve (Panel Extraction Sequence)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Spontaneous Combustion / Mine Fire / Coal Dust Explosion	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Coal Gas Explosion / Seam Gas Outbursts	Rarely	Catastrophic	Medium Risk	Rarely	Catastrophic	Medium Risk	Rarely	Catastrophic	Medium Risk
Lack of Skilled Labour and Operation Management	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Coal Handling, Coal Preparation, Coal Transport									
Inadequate Coal Handling Systems, Coal Silo/Stockpile Capacity	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Inadequate Coal Preparation Process, Capacity, Yield, Quality	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Coal Transport - Interruptions and Capacity (Truck, Train)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Costs, Coal Price and Market									
Construction and Development Cost Overrun	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Unexpected Capital Investment (Cost) Requirement	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Operating Costs Increase (Mining)	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Operating Costs Increase (Coal Processing)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Shortage of Funds by Poor Project Financial Management	Unlikely	Major	Medium Risk	Unlikely	Major	Medium Risk	Unlikely	Major	Medium Risk
Coal Price Decrease	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Market and Demand Shortage / Coal Oversupply	Unlikely	Moderate	Medium Risk	Unlikely	Moderate	Medium Risk	Unlikely	Moderate	Medium Risk
Environmental and Social									
Wastewater Discharge (Including possible environmental impact)	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Waste Rock and Gangue Dumping	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Dust Emission	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Hazardous Waste and Impact	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Impact to Biodiversity	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Resettlement and Land Rights	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Land Disturbance and Subsidence	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk

Mine Closure Issues	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Social and Work Force Issues	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Stakeholder, Public, Community Engagement	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Future Coal Use and CO2 Restrictions	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Legal, Political and Other Risks									
Land Acquisition, Compensation, and Regulatory Issues	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Exporation and Production Licenses	Unlikely	Minor	Low Risk	Unlikely	Minor	Low Risk	Unlikely	Minor	Low Risk
Other Licenses and Permits	Possible	Minor	Low Risk	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Natural Risks in the Mine Area (Flood, Earthquake, etc.)	Unlikely	Minor	Low Risk	Unlikely	Major	Medium Risk	Unlikely	Minor	Low Risk
Interruption of Supplies (Power, Water, Fuel)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk

Risk Area / Hazard	Xinglong			Hongyuan		
	Likelihood	Conse- quence	Risk Rating	Likelihood	Conse- quence	Risk Rating
Geological						
Coal Resource Risk (Quantitative Exploration or Estimation Errors)	Unlikely	Major	Low Risk	Unlikely	Major	Low Risk
Coal Quality Risk (Exploration, Sampling, Analysis Errors)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Undetected Significant Structural Disturbances/Faults	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Severe Hydrogeological Conditions (Excessive Groundwater Influx)	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Mine Development and Plant Construction						
Delay of Underground Development	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Delay of Surface Mine Facilities and Plant Construction	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Delay of Mine Equipment and Plant Procurement and Installation	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Mining & Reserve						
Inadequate Mining Method and Design	Rarely	Moderate	Neglig. Risk	Rarely	Moderate	Neglig. Risk
Coal Reserve Risk (Estim. Error; Reduced Recovery by Mining Factors)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Inadequacy of Equipment and its Capacity / Equipment Failure	Unlikely	Major	Low Risk	Possible	Major	Low Risk
Adverse Micro-Geological Conditions (Faults and Disturbances)	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Geotechnical Risks (Roof, Floor, Structural Stability; Stress)	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Sterilizing of Coal Reserve (Panel Extraction Sequence)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Spontaneous Combustion / Mine Fire / Coal Dust Explosion	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Coal Gas Explosion / Seam Gas Outbursts	Rarely	Catastrophic	Medium Risk	Rarely	Catastrophic	Medium Risk
Lack of Skilled Labour and Operation Management	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Coal Handling, Coal Preparation, Coal Transport						
Inadequate Coal Handling Systems, Coal Silo/Stockpile Capacity	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk

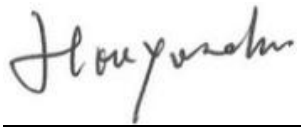
Risk Area / Hazard	Xinglong			Hongyuan		
	Likelihood	Conse- quence	Risk Rating	Likelihood	Conse- quence	Risk Rating
Inadequate Coal Preparation Process, Capacity, Yield, Quality	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Coal Transport - Interruptions and Capacity (Truck, Train)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Costs, Coal Price and Market						
Construction and Development Cost Overrun	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Unexpected Capital Investment (Cost) Requirement	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Operating Costs Increase (Mining)	Possible	Moderate	Low Risk	Possible	Moderate	Low Risk
Operating Costs Increase (Coal Processing)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Shortage of Funds by Poor Project Financial Management	Possible	Major	Medium Risk	Possible	Major	Medium Risk
Coal Price Decrease	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Market and Demand Shortage / Coal Oversupply	Unlikely	Moderate	Medium Risk	Unlikely	Moderate	Medium Risk
Environmental and Social						
Wastewater Discharge (Including possible environmental impact)	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Waste Rock and Gangue Dumping	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Dust Emission	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Hazardous Waste and Impact	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Impact to Biodiversity	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Resettlement and Land Rights	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Land Disturbance and Subsidence	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Mine Closure Issues	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Social and Work Force Issues	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Stakeholder, Public, Community Engagement	Possible	Moderate	Medium Risk	Possible	Moderate	Medium Risk
Future Coal Use and CO2 Restrictions	Possible	Minor	Low Risk	Possible	Minor	Low Risk
Legal, Political and Other Risks						
Land Acquisition, Compensation, and Regulatory Issues	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk
Exporation and Production Licenses	Unlikely	Minor	Low Risk	Unlikely	Minor	Low Risk
Other Licenses and Permits	Possible	Major	Medium Risk	Possible	Major	Medium Risk
Natural Risks in the Mine Area (Flood, Earthquake, etc.)	Unlikely	Minor	Low Risk	Unlikely	Major	Medium Risk
Interruption of Supplies (Power, Water, Fuel)	Unlikely	Moderate	Low Risk	Unlikely	Moderate	Low Risk

Closure

This report, Competent Person's Report for Five Coal Mines of China Qinfa Group, Shanxi Province, China, was prepared by

Zhuanjian Liu
Principal Consultant

and



Yongchun Hou
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

References

Example:

1. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition;
2. Remaining Reserve Verification Report of Shanxi Shuozhou Huameiao Chongsheng Coal Co., Ltd; prepared by Shanxi Dibao Energy Co., Ltd in October 2020;
3. Production Geological Report of Chongsheng Mine, prepared by Shanxi Dibao Energy Co., Ltd in April 2017;
4. Safety facility design for mining coal seam 9 of Chongsheng Mine, prepared by Shanxi Coal Planning & Design Institution in May 2015;
5. Preliminary CPP Design of Chongsheng mine, provided by Chongsheng in 2020;
6. Remaining Reserve Verification Report of Shanxi Shuozhou Huameiao Fengxi Coal Co., Ltd; prepared by Shanxi Dibao Energy Co., Ltd in October 2020;
7. Production Geological Report of Fengxi Mine, prepared by Shanxi Dibao Energy Co., Ltd in October 2023;
8. Mine Plan Layout of Fengxi Mine, prepared by Shanxi Shuozhou Huameiao Fengxi Coal Co., Ltd in 2023;
9. Historical production record of Fengxi CPP, provided by Qinfa in 2023;
10. Preliminary CPP Design of the Fengxi mine, provided by Qinfa in 2023;
11. Geological Report on Coal Mine Merge and Restructure of Shanxi Xinzhou Shenchi Xinglong Coal Co., Ltd. prepared by Shanxi Keruitong Industrial Co., Ltd in June 2012;
12. Remaining Reserve Verification Report of Shanxi Xinzhou Shenchi Xinglong Coal Co., Ltd; prepared by Shanxi Keruitong Industrial Co., Ltd in September 2012;
13. Geological Report of Hongyuan Coal Mining Co., Ltd, prepared by Shanxi Dibao Energy Co., Ltd in December 2018;
14. Preliminary Mine Design Report of Xinglong Coal Mining Acquisition Project, Shenchi county, Xinzhou municipality, Shanxi province; prepared by Coal Mine Design and Research Institute of Xinzhou municipality in November 2012;
15. Revised Preliminary Mine Design Report of Hongyuan Coal Mining Acquisition Project, Shenchi county, Xinzhou municipality, Shanxi province; prepared by Taiyuan Huamei Coal Mine Design Co. Ltd. in March 2019.

Table 1, JORC Code 2012 Edition

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Based on the Chinese geological reports, coal core samples were collected on seam basis as per borehole and parting less than 10 cm were included in the samples. • The seam depths and thickness were determined by comparing the core log with downhole geophysical log especially for the cores of low recovery. • The sampling was completed either on the borehole cores or on underground gateways.
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Most of the drillings were core drilling but the details are unknown to SRK.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Unknow to SRK, it is believed that the method was according to relevant Chinese standards. • The information/standard about collection of core samples prior to 1987 was unknow to SRK. The explorations implemented after 1987 followed the standard Chinese procedures of Chinese standard 1987-656: "Standard Practice for Collection of Coal Samples in Coal Resources Exploration".

		• According to geological reports, explorations conducted on the three mines in general achieved between 80% to 100% of coal core recovery.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature; Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• All the logging work is believed to conducted by geologists belong to state-owned exploration Brigade. The work should have followed relevant Chinese standards, however, detail information is not available to SRK.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• No detail information is available to SRK. Nevertheless, sampling is believed to follow relevant Chinese Standards.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• The QAQC procedures after the 2000s were followed the Chinese Standard DZ/T 0130-2006 “The Specification of Testing Quality Management for Geological Laboratories”.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• No information is available on the verification of sampling. • No twinned holes were drilled to verify the coal seam data through drilling. • No information regarding the documentation of primary data, data entry procedures available.

		• SRK is not aware that any adjustment to assay data.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• All the boreholes drilled after the 2000s with its collar coordinates being surveyed through either total station or static GPS surveying apparatus by adopting Beijing 1954 and Xi'an 1980 datum. The coordinates of the collars were finally converted to the coordinate system in line with the coordinate system indicated on each mining license of the five mines. The accuracy of the survey meets the requirement of the Chinese standard. The collar survey prior to the 2000s is unknown to SRK. • The topography surface for all of the mines was derived from AutoCAD based contour map and updated using borehole collars. It is considered to be adequate for the Coal Resource estimation.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Historical exploration drillings have resulted in a borehole spacing of approximately 500 m to 1,000 m in the five mines. • The Competent Person is of the opinion that the data spacings for each mine is sufficient and appropriate to reflect the degree of geological, coal seams and coal qualities continuity, and it is sufficient to conduct Coal Resource and Coal Resource estimation. • The quality variables except relative density were composited by mass basis, and the relative density was composited by length basis.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• All the boreholes of the three mines were drilled vertically due to the tabular nature of the deposit.
Sample security	• The measures taken to ensure sample security.	• The measures to ensure sample security is unknown to SRK.
Audits	• The results of any audits or reviews of sampling techniques and data.	• No external audits have been completed.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• All five mines hold valid mining permits, for details see Table 3-1 of the Report. • No any known impediments to obtaining the licenses.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Several exploration/sampling programs were carried out with each project, which are the 1950s Exploration, the 1960s Exploration, the 2000s Exploration and the 2010s Exploration. In general, SRK is of the opinion that the data acquired from the historical explorations is of acceptable standard.
Geology	• Deposit type, geological setting and style of mineralisation.	• The sedimentary formations occurring within the Xingtao mine area is the same as the regional Pingshuo coalfield as mentioned in Section 3.1 and the Taiyuan Formation is the major coal-bearing formation as its coal seams being identified with mineable potential. The stratigraphy within the mine area is generally controlled by several gentle folds and is largely formed in a relatively flat-lying deposit. The dip angle of the strata is generally less than 10 degrees to the west direction in the mine area. Based on the geological map provided by the client, coal seams cropped out in the eastern valley area within the mining license. A total of 15 faults have been identified through underground mining operation. All of the identified faults are normal fault with a vertical displacement ranging from 0.6 m to 30 m. • The stratigraphy within the Fengxi and Chongsheng area is generally controlled by several gentle folds and is largely formed in a relatively flat-lying deposit. The dip angle of the strata is generally between 2 and 8 degrees, the strata dipping to the southeast in Fengxi mine, whereas in Chongsheng mine the dip direction is controlled by several gentle folds.

		• Xinglong and Hongyuan mines share the same coal-bearing formation as the Shuozhou projects. Both are primarily controlled by a monoclinal structure, causing their coal-bearing strata to generally dip eastward. • In the Xinglong area, the strata dip and flatten in an easterly direction, with dip angles ranging from 7° to 23°. At the Hongyuan mine, this eastward-dipping monoclinal structure, which largely controls the geometry of the coal-bearing formation, is further influenced by an east-west axis anticline and a syncline. Within its permit area, the strata's dip angles range from 4° to 10°.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar. • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar. • dip and azimuth of the hole. • down hole length and interception depth. • Hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• See CPR Report.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	• The quality variables such as proximate analysis items, calorific value, total sulphur were composited by mass basis, the relative density was composited by length basis. • No sample combination prior to testing for the items of proximate analysis, total sulphur, energy and relative density.

	• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	•
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Based on the drilling techniques, and the flat lying stratified deposits, the coal seam intercepts approximate the true vertical thickness of the coal.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• A series of maps and tables were prepared in the report, tables of coal seam characteristics and typical coal qualities for each mine are presented in Section 4 and the resource maps along with collar location are shown in Section 7.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All of the data made available to SRK has been collated, analysed and reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No additional substantive exploration data and information was provided for resource estimation.
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	• As the Xingtao, Fengxi and Chongsheng mines are all in operation, 1 – 6 LOM left, no further exploration relating work is recommended by SRK. • For Xinglong and Hongyuan, production drilling is recommended.

	• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Microsoft Excel database containing borehole data including collars, picks, lithology, sample records and coal qualities were prepared for data storing and resource estimation. • Sample depths were checked against with lithology description and downhole geophysical logs to ensure consistency.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• A site visit was undertaken, the first site visit took place between the 22-25th March 2025, this visit includes: • The Competent Person visited the three mines to sight view the status of the mine, reviewed the geological and historical operation data held by the client to assess the gaps for completion the report, assessed the mining condition, coal washing and underground mining operations. •
Geological interpretation	• Confidence in (or conversely, the uncertainty of the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made.	• The Competent Person's confidence in the geological interpretation of the deposit is high and is supported by the following fact: • The Xinglong, Fengxi and Chongsheng mines have been successfully mined for many years, historical mining operations and explorations have uncovered the three deposits' coal seams with consistent thickness and coal quality. The three deposits are of flat lying and most of the identified faults have no substantial impact on the mining operation. • Xinglong and Hongyuan: Historical explorations have delineated the coal seam occurrence of these two projects. The coal seams are consistent in thickness, and major faults have been interpreted through explorations and historical small-scale mining. The CP is of the opinion that the geological interpretation would support an Indicated Resource classification. •

	• The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	•
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• See Section 4 and Section 7.
Estimation and modeling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen, include a description of computer software and parameters used.	• Geovia Minex software was chosen to build the model and estimate the resources. Geovia Minex is the recognised software of integrated geology and mine planning solutions for coal and other stratified deposits. Validated boreholes and topography data were imported to create a database. The coal seams were then correlated and the stratigraphical model was created. During the modelling process, the coal seam data from borehole logging were used to build roof, floor, partings, and seam structure using General Purpose Gridding method. The coal thickness grids used for resource estimation were modelled arithmetically. The coal quality data received from lab test such as ash content, relative density, energy etc. were loaded and gridded to build the quality model. The quality model was also used for semi-variogram simulations to classify the resources.
	• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	• The estimates have been compared with the previous estimates reported in the exploration reports to avoid any unexpected mis-estimation.
	• The assumptions made regarding recovery of by-products.	• No by-products for this kind of coal type.
	• Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	• Sulphur content has been estimated to assess the economic significance.
	• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	• No block model was used, all estimation based on grids.
	• Any assumptions behind modelling of selective mining units.	• No assumptions regarding the correlation and selective mining units.
	• Any assumptions about correlation between variables.	

	• Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	• The faults, outcrop line and weathered zone of geological interpretation were loaded into Minex Software to apply as the constraint parameters to build the grids. • No grade cutting or capping used in the three mines. • The raw data was checked and validated prior to loading into Minex Software, and the litho data and picks data were checked, any error of "From and To" depths and duplicated data is reported during the data loading. After gridding, the floor, roof and thickness grids were carefully checked associated with boreholes to avoid any abnormities.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content	• No in-situ Moisture has been determined for the three mines and the apparent relative density (ARD) was adopted in estimations for the three mines.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	The following Cut-off parameters were applied for the resource estimations for the three mines: • Minimum thickness of coal seam: 0.80 m • Maximum thickness of inclusive partings: 0.10m • Maximum ash content (air-dried basis): 40% •
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• The Xingtao, Fengxi and Chongsheng Mines have operated for several years using underground longwall top-coal caving method according to the coal seam characteristics including coal seam depth, thickness and coal qualities and the geological complexity. The Resources of the three mines were estimated to consider underground mining factors that enable the Resources have the reasonable prospects for eventual economic extraction in the future. • For Xinglong and Hongyuan: According to the coal seam characteristics including coal seam depth, thickness and coal qualities and the geological complexity, the Resources of these two projects were estimated by considering underground mining factors that enable the Resources to have the reasonable prospects for eventual economic extraction in the future.

Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• Xingtao, Fengxi and Chongsheng have coal preparation plant constructed and operated for many years. The marketable coal product is readily marketed for many years for use in power generation. • For Xinglong and Hongyuan: the coal produced from these two projects will be raw coal mainly for power generation for coal-fired power plant.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• The environment treatment measures are acceptable by the government. As such no assumptions regarding the Environmental factors to determine reasonable prospects for eventual economic extraction.
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• Due to the lack of the true relative density data, the apparent relative density (ARD) was adopted in estimationsfor the five mines, SRK is of the opinion that the apparent relative density can be used as in situ relative density to estimate the in situ coal tonnes for the five mines.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories.	• Historical exploration drillings have resulted in a borehole spacing of approximately 500 m to 1,000 m in the three mines, and the historical mining has delineated the geological structure of the three mines with the vertical displacement of the most identified faults less than 5 m. These minor faults are considered as having no substantial impact on the mining operation. As such, the geological structure complexity of the three mines is classified as moderate. In addition to the geological structure, SRK's coal seam model in conjunction with the production data has shown that the coal seam thickness and quality are of good

	• Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	consistency. Based on the above considerations, the resource classification of the five mines was determined in terms of the following principle: • Measured Resource: the areas within 500 m spacing of the Points of Observation ("PoOs"). • Indicated Resource: the areas between 500 m and 1,000 m spacing of the PoO. • Inferred Resource: the area greater than 1,000 m and less than 2,000 m spacing of the PoO.
Audits or reviews.	• The results of any audits or reviews of Mineral Resource estimates.	The Coal Resource estimates were internally cross checked within SRK China.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Competent Person applied the principles of the JORC Code 2012 in estimating the Resources at the five mines. • • Historical review of coal mining from these mines gives confidences in coal quality and resources estimating parameters.

Section 4: Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.	• SRK estimated the Coal Resource using Geovia Minex software. The estimate/modelling is described in CPR Section 7.
	• Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• The Coal Resources reported are inclusive of the Coal Reserves.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	• A site visit was undertaken, the first site visit took place between the 22-25th March 2021, this visit includes: The Competent Person visited the five mines to sight view the status of the mine, reviewed the geological and historical operation data held by the client to assess the gaps for completion the report, assessed the mining condition, coal washing and underground mining operations.
	• If no site visits have been undertaken indicate why this is the case.	
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.	• This mining assessment was carried out to provide sufficient information on the mining operations and the mining factors to support the Coal Reserve estimate according to the JORC Code as stated in this Report. • SRK reviewed the preliminary mine design reports (“PMD”) of Xingtao, Fengxi and Chongsheng mines as well as current mining plans provided by the Company. At all three mines the shallow coal seams have been mined-out, and the recent updated PMDs and mining plans were aiming at extending the existing mining workings to the deeper coal seams to effectively expand the life of mines (“LOM”). • For Xinglong and Chongsheng: SRK reviewed the PMD reports of these two projects provided by the Company. SRK is confident that the mining studies prepared for the Project meet the minimum requirements as expected at the required level that are stipulated by international reporting codes. SRK also noticed from the mining studies and from mine visits that the mining conditions and mine development are in line with the design as provided in the PMD reports and are matching well with the actual conditions. •

	• 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.	• All PMD's have been reviewed by SRK and the projects are considered to be technically achievable and economically viable.
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• For cut-off parameters for the Coal Reserve estimate please refer to CPR Section 8.2.2.
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).	• SRK has estimated the Coal Reserves independently from the PMD mining studies based on the SRK Coal Resource estimate and geological model and the latest updated mining plans provided by the Company which are detailed mine and panel designs.
	• 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.	• SRK considers the application of longwall mining technology as appropriate for the mining conditions of the five mines which are typical for the coal mines in the region.
	• The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.	• The geotechnical parameters/assumptions are following the guidelines, instructions and regulations of the Shanxi Mining Bureau. • Panel sizes are normal size but suitable and adapted to the local conditions; pre-production information is obtained from roadway/gateway development (retreat mining). • The coal quality is evenly distributed in all three mines with only small variation over LOM and which may require for selective mining and/or blending on a long-term basis.
	• The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	•
	• The mining dilution factors used.	• An average dilution tonnage of 20% for Xingtao and Fengxi, and Chongsheng were applied in the estimates. A 5% were applied for Xinglong and Hongyuan mines.
	• The mining recovery factors used.	• A 90% mining recovery in designed panels for top-coal caving mining method, and a 95% mining recovery in designed panels for one-cutting mining method.
	• Any minimum mining widths used.	• 180 – 200 m.
	• The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	• No Inferred Resources is considered for mining, reserve or LOM
	• The infrastructure requirements of the selected mining methods	• Power supply is secure. • Limited Water consumption is expected for mining.

		• Roads for transport of the expected annual production do exist. • General infrastructure in the mine areas can support mining operation of the scale of the three mines.
	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.	• Xingtao, Fengxi and Chongsheng mines have coal preparation plant constructed and readily operated for many years. All the plants utilized a similar processing technology with Dense Medium Vessel in associated Dense Medium Cyclone. • No coal preparation plant planned for Xinglong and Hongyuan mines, ROM coal will be sold as marketable product.
	• Whether the metallurgical process is well-tested technology or novel in nature	• The CPP process of the Xingtao, Fengxi and Chongsheng Mines is well-tested standard process in numerous mines in China
	• The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.	• Three mines have coal preparation plant constructed and readily operated for many years. • No coal preparation plant planned for Xinglong and Hongyuan mines, ROM coal will be sold as marketable product.
	• Any assumptions or allowances made for deleterious elements.	• Except for sulphur, no deleterious elements are considered or expected for the coal in the mines.
	• 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.	• Three mines have coal preparation plant constructed and readily operated for many years. And the marketable coal produced from the CPPs have been marketed for many years.
	• For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	• All the required studies relating to environmental were prepared and approved by the government.
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• The infrastructure in the mines region was reviewed and is considered as sufficient to support the mining operations as planned.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. • The source of exchange rates used in the study. • Derivation of transportation charges.	• SRK adopted the last three years actual cost data from the three mines and uses the average as an indication for the cost of the rest of LOM. • The coal price forecast for the financial model are based on the information provided by the client and projected by SRK; the coal price range was further compared with open source information. • Fees, dues, charges and taxes as applicable have been considered with the cost estimate, the information was from the actual historical data of the three mines.

	• The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• None.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• The demand and supply for the thermal coal in this region is relatively stable, and the price is transparent. • The marketing records that the Client provided to SRK has shown that the Client has built a stable supply chain to market coal to either local and remote coal agents or power plants. • The specifications for regional mining companies are known; testing and acceptance requirements are known.
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs	• The CAPEX, OPEX, investment schedule, and the production schedule are from the client, reviewed by SRK as appropriate. • SRK referred to the Valuation results derived from BMI's valuation.
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate	• The Project employs some local residents, which is beneficial to the local economy and the Company also actively participates in community service and charity events. Overall, the Company maintains good relationships with the local communities.
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• Unknown historical mined-out area might be a material risk along with ongoing underground mining operations. • SRK is not aware of pending legal agreements. • The Company obtained all mineral tenements for all the three mines, and environmental approvals as well.

Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• Geological confidence, general Modifying Factors and mining factors • The Coal Reserve estimate was carried out by SRK and reflects the CP's view of the deposit. Comparison of the result with earlier reserve estimates by Chinese standard show good conformity. • Overall, no probable reserve derived from Measured Resource.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• No audits.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Coal Reserve estimate is based on SRK's Minex V6.1.3 coal seam model and Resource estimate. Data for the model has been derived from historical exploration reports and related lab tests. The overall geology and setting of the deposit is well understood. The coal seams in the areas selected for mining are geologically relatively simple to moderate. The accuracy and the confidence level in the Coal Reserve estimate and the procedure used for the estimate are deemed appropriate by the Competent Person. • The Coal Reserve estimate covers the mines area.

Appendix A Boreholes and UG Sampling Points List

Borehole and UG Sampling Points of Xingtao Mine

BOREID	Easting	Northing	Elevation	FINALD	BOREID	Easting	Northing	Elevation	FINALD
93	37629524.51	4372872.19	1319.79	230.40	G1	629925.54	4372274.13	1167.88	4.38
95	37628344.93	4372855.41	1322.50	267.69	J1	629895.93	4372313.46	1208.41	5.81
B1	37630069.25	4372712.68	1206.36	1.26	J2	629790.65	4371914.86	1201.88	5.78
BK1	37628165.74	4371963.80	1300.56	313.00	M1	629659.06	4372560.53	1171.30	8.50
BK10	37628716.09	4372666.66	1329.96	301.00	M2	629785.37	4372137.34	1179.00	7.00
BK11	37630113.77	4372660.80	1318.54	183.22	M3	630217.09	4372186.11	1227.14	8.12
BK12	37630184.75	4373177.48	1309.87	176.29	X1	627764.87	4371950.52	1218.61	503.80
BK12_2	37629754.81	4373169.99	1268.10	115.03	X2	628601.53	4371858.53	1344.49	310.51
BK2	37628606.42	4372124.96	1330.57	297.00	X3	629338.08	4371981.09	1362.94	279.41
BK3	37628997.50	4372007.32	1319.33	303.90	X4	628958.20	4372465.25	1358.63	305.60
BK4	37629787.51	4372137.18	1372.23	311.34	XK16	628152.91	4371735.84	1082.80	113.00
BK4_2	37629746.27	4372179.97	1371.79	245.44	XK20	628506.03	4371736.91	1097.95	67.40
BK5	37630115.87	4371884.86	1347.21	292.84	XK23	628850.74	4371736.75	1145.08	79.05
BK5_2	37629954.86	4372078.02	1357.55	210.14	XK27	629285.62	4371734.19	1168.03	71.65
BK6	37630279.18	4372429.51	1334.07	185.38	XK4	627191.85	4371423.03	1062.38	59.60
BK7	37629768.11	4372392.81	1371.86	270.16	XK7	627399.45	4371483.94	1059.61	116.41
BK8	37629349.69	4372397.82	1365.89	294.00	XS_1	627118.29	4372091.54	1325.50	627.10
BK9	37628969.24	4372465.52	1355.50	326.00	ZK_1	627396.28	4372721.42	1256.39	261.70
D1	37628138.21	4372519.94	1077.35	0.82	ZK_2	627709.52	4372469.90	1219.76	175.64
D2	37628150.27	4372378.60	1075.02	0.69	ZK_3	627089.12	4371928.77	1313.78	327.40
					ZK_4	628481.44	4372323.40	1089.50	48.90

Borehole and UG Sampling Points of Fengxi Mine

BOREID	Easting	Northing	Elevation	FINALD
54	37626594.82	4375224.63	1347.48	211.42
57	37627384.39	4375238.37	1394.88	264.36
BK3	37627345.11	4373985.41	1344.65	291.70
FX1	37627120.67	4374586.71	1385.00	305.30
FY2	37627378.56	4375661.50	1398.35	259.62
JM91_1	37626631.36	4374162.30	1139.60	6.90
JM91_2	37626922.75	4374160.94	1119.60	6.80
JM91_3	37626780.59	4374875.56	1174.40	5.50
JM91_4	37626605.55	4375917.54	1185.30	8.50
JM92_1	37627469.30	4375509.00	1152.05	5.53
JM92_2	37627029.30	4374453.00	1109.14	6.06
JM92_3	37626549.30	4375189.00	1153.04	5.66
JM92_4	37626791.30	4374741.00	1142.42	6.18
JX01	37626771.83	4375874.46	1255.45	92.55
ZK_1	37626310.30	4375219.00	1345.55	198.00
ZK_2	37626948.56	4375224.24	1345.50	214.38

Borehole and UG Sampling Points of Chongsheng Mine

BOREID	EASTING	NORTHING	ELEVATION	FINALD
51	37629587.81	4375275.98	1289.49	201.50
52	37629152.23	4375266.97	1224.25	74.06
53	37628754.52	4375261.07	1317.14	185.83
55	37628148.22	4375252.20	1361.73	286.51
57	37627385.09	4375239.37	1394.88	264.36
31	37629374.69	4376455.60	1331.29	181.14
34	37628176.03	4376454.22	1363.62	201.80
air_return	37628150.52	4375817.76	1381.01	272.41
K1	37628940.58	4375521.40	1238.15	94.43
K2	37629626.84	4376215.64	1272.48	96.00
K3	37629487.84	4375546.79	1297.43	133.30
K4	37629465.31	4375384.26	1306.89	115.67