THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Huaibei GreenGold Industry Investment Co., Ltd.* (淮北綠金產業投資股份有限公司) (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

淮北綠金產業投資股份有限公司
(Huaibei GreenGold Industry Investment Co., Ltd.*)

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

(Stock code: 2450)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION AND DEEMED DISPOSAL OF EQUITY INTEREST IN TONGMING MINING

Financial Adviser

光大證券 國際
EVERBRIGHT SECURITIES INTERNATIONAL

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

This circular is despatched to the Shareholders for information purpose only, and a written Shareholder's approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

* *For identification purpose only*

31 October 2024

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

"Board"	the board of Directors of the Company
"Capital Injection"	the capital contribution by Leiming Kehua of RMB83,999,600 to Tongming Mining pursuant to the Capital Injection and Share Enlargement Supplemental Agreement
"Capital Injection and Share Enlargement Supplemental Agreement"	the capital injection and share enlargement supplemental agreement dated 9 August 2024 and entered into among the Company, Leiming Blasting and Leiming Kehua in relation to the Capital Injection
"Company"	Huaibei GreenGold Industry Investment Co., Ltd.* (淮北綠金產業投資股份有限公司), a joint stock company established in the PRC with limited liability and its H Shares are listed on the main board of the Stock Exchange (Stock Code: 2450), which is principally engaged in the production and sale of aggregate products and concrete products
"Director(s)"	Director(s) of the Company
"Domestic Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC incorporated entities
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the main board of the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Huaibei Construction Investment"	Huaibei City Construction Investment Holding Group Co., Ltd.* (淮北市建投控股集團有限公司), a company established in the PRC with limited liability on 24 April 2008, which was wholly-owned by Huaibei SASAC as at the Latest Practicable Date, and a controlling shareholder of the Company
"Huaibei SASAC"	State-owned Assets Supervision and Administration Commission of Huaibei Municipal People's Government (淮北市政府國有資產監督管理委員會)
"Independent Technical Consultant"	SRK Consulting (Hong Kong) Limited
"Independent Technical Report"	the independent technical report set out in Appendix III to this circular, issued by the Independent Technical Consultant, in accordance with the requirements of the Listing Rules
"Latest Practicable Date"	25 October 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leiming Blasting"	Anhui Leiming Blasting Engineering Co., Ltd.* (安徽雷鳴爆破工程有限責任公司), a company established in the PRC with limited liability on 1 April 2004, which holds 33% of the equity interest of Tongming Mining, and a connected person of the Company at the subsidiary level as at the Latest Practicable Date
"Leiming Kehua"	Anhui Leiming Kehua Co., Ltd.* (安徽雷鳴科化有限責任公司), a company established in the PRC with limited liability on 20 November 2006, which was wholly-owned by Huaibei Mining Holdings Co., Ltd.* (淮北礦業控股股份有限公司), which was an associate of Leiming Blasting as at the Latest Practicable Date, and a connected person of the Company at the subsidiary level as at the Latest Practicable Date
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"PRC"	The People's Republic of China which shall, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus issued by the Company dated 30 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the Domestic Share(s) and the H Share(s) of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Tongming Mining"	Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司), a company established in the PRC with limited liability on 29 April 2016, which is a non-wholly owned subsidiary of the Company
"Valuer"	Zhongshui Zhiyuan Assets Appraisal Co., Ltd.* (中水致遠資產評估有限公司), an independent valuer
"%"	per cent

* *For identification purpose only*

淮北綠金產業投資股份有限公司
(Huaibei GreenGold Industry Investment Co., Ltd.*)

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

(Stock code: 2450)

Registered Office and Headquarters in the PRC:
4/F, Shuangchuang Service Centre
No. 3 Taobo Road
Song Tuan Town, Lieshan District
Huaibei City
Anhui Province
PRC

Principal place of business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

31 October 2024

To the Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION AND DEEMED DISPOSAL OF EQUITY INTEREST IN TONGMING MINING

BACKGROUND

The Board refers the announcement of the Company dated 9 August 2024 in relation to the Capital Injection and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION AND DEEMED DISPOSAL OF EQUITY INTEREST IN TONGMING MINING

Reference is made to the Prospectus. Pursuant to a capital injection framework agreement dated 17 August 2021 entered into between the Company, Leiming Blasting and Leiming Kehua and a capital injection and share enlargement agreement dated 28 November 2021 entered into between the Company, Leiming Blasting and Leiming Kehua (collectively the "**Tongming Mining Capital Injection Agreements**"), Leiming Kehua proposed to provide a capital injection of approximately RMB62.7 million to the registered capital of Tongming Mining and the calculation of the consideration for the capital injection is to be based on the valuation carried out as at 31 December 2020 and such valuation shall be valid for a period of one year from 31 December 2020 (the "**2020 Valuation**"). As disclosed in the Prospectus, on 30 April 2021, Tongming Mining had received cash in advance of RMB212,099,800 from Leiming Kehua (the "**Original Capital Contribution**"), in which RMB62.7 million shall be credited to the registered capital of Tongming Mining and the remaining sum shall be credited to the capital reserve of Tongming Mining pursuant to the Tongming Mining Capital Injection Agreements should the capital injection materialise after obtaining the approval from Huaibei SASAC and the passing of the shareholders' resolutions of Tongming Mining.

Given (i) the 2020 Valuation is valid for a period of one year from 31 December 2020; (ii) no valuation of Tongming Mining was conducted after the expiration of the 2020 Valuation (save for the Current Valuation (as defined below)); and (iii) approval from Huaibei SASAC has not been obtained and the shareholders' resolutions of Tongming Mining in relation to capital injection has not been passed, the capital injection pursuant to the terms of the Tongming Mining Capital Injection Agreements did not proceed.

As disclosed in the Prospectus, the Directors entered into subsequent negotiation with the parties to the Tongming Mining Capital Injection Agreement and expected the capital injection by Leiming Kehua would proceed and the Original Capital Contribution will be used for the capital injection to be carried out. As such, the Original Capital Contribution was not returned to Leiming Kehua since then and the amount due to Leiming Kehua had been recognised as other payables for the three years ended 31 December 2023. The Original Capital Contribution had been deposited with the bank without being utilized by the Company.

On 9 August 2024 (after trading hours of the Stock Exchange), the Company, Leiming Blasting and Leiming Kehua entered into the Capital Injection and Share Enlargement Supplemental Agreement, pursuant to which Leiming Kehua agreed to make the capital contribution of RMB83,999,600 to Tongming Mining. Upon completion of the Capital Injection, the registered capital of Tongming Mining will be increased from RMB200,000,000 to RMB222,867,200, and Tongming Mining will be owned as to 60.1255% by the Company, 29.6141% by Leiming Blasting and 10.2604% by Leiming Kehua.

THE CAPITAL INJECTION AND SHARE ENLARGEMENT SUPPLEMENTAL AGREEMENT

Date: 9 August 2024 (after trading hours of the Stock Exchange)

Parties: (1) Company

(2) Leiming Blasting

(3) Leiming Kehua

As at the Latest Practicable Date, Tongming Mining was held as to 67% by the Company and 33% by Leiming Blasting. Upon completion of the Capital Injection, the registered capital of Tongming Mining will be increased from RMB200,000,000 to RMB222,867,200, and Tongming Mining will be owned as to 60.1255% by the Company, 29.6141% by Leiming Blasting and 10.2604% by Leiming Kehua. Tongming Mining will remain a non-wholly owned subsidiary of the Company and the financial results of Tongming Mining will continue to be consolidated into the consolidated financial statements of the Group.

Conditions Precedent

Unless waived in writing pursuant to the Capital Injection and Share Enlargement Supplemental Agreement, the completion of the Capital Injection shall be subject to the following conditions precedent:

(1) Tongming Mining has obtained approval for the Capital Injection from its shareholders and the Company and Leiming Blasting have waived any pre-emptive rights in respect of capital injection in Tongming Mining in writing;

(2) the Company has obtained the Shareholders' approval in relation to the Capital Injection in accordance with the requirements of the Listing Rules;

(3) Leiming Kehua has completed the necessary approval procedures for the Capital Injection, including but not limited to obtaining the approval of its board of directors and/or shareholders (if required);

(4) all necessary approvals and consents for the Capital Injection has been obtained from the relevant third parties (including the Stock Exchange, State-owned Assets Supervision and Administration Commission of Huaibei Municipal People's Government (淮北市政府國有資產監督管理委員會), any government authorities or any other relevant third parties of Tongming Mining) (if required) and there are no laws or regulations prohibiting the Capital Injection as at the date of the completion of the change of industrial and commercial registration of the Capital Injection; and

(5) the Capital Injection has been properly disclosed to the public in accordance with the requirements from the governing bodies and the relevant laws.

As at the Latest Practicable Date, save as the conditions precedent set out in paragraphs (4) and (5), the other conditions precedent set out above are fulfilled.

Consideration

Leiming Kehua subscribed for the Capital Injection at RMB83,999,600 (the "**Consideration**"), of which RMB22,867,200 will be accounted for as the registered capital of Tongming Mining, and the remaining RMB61,132,400 will be accounted for as the capital reserve of Tongming Mining. The Consideration will be deducted from the Original Capital Contribution.

Basis of the Consideration

The Consideration under the Capital Injection is determined with reference to (i) the appraised value of the entire equity interest of Tongming Mining as at 30 November 2023, which amounted to RMB734,673,000 with reference to the preliminary valuation conducted by the Valuer (the "**Current Valuation**") and the Consideration of RMB83,999,600 is calculated based on the per dollar value of the registered capital (i.e. the appraised value of the entire equity interest of Tongming Mining (RMB734,673,000) divided by the existing registered capital of Tongming Mining (i.e. RMB200,000,000)) multiplied by the amount of increase in the registered capital of Tongming Mining after the Capital Injection (i.e. RMB22,867,200); (ii) the arm's length negotiations with Leiming Kehua; and (iii) the reasons as mentioned in the section headed "Reasons for and Benefits for the Capital Injection and Share Enlargement Supplemental Agreement".

The Company has engaged the Valuer to prepare the valuation report in respect of the value of all shareholders' equity in Tongming Mining, a summary of which is set out in Appendix II of this circular.

The Directors have reviewed and enquired the Valuer's qualifications and experience in relation to the performance of the valuation. The Directors believe upon making reasonable enquiries that the Valuer is a professional valuation company experienced in performing valuation. Based on the information provided by the Valuer (i.e. company brochure and previous experience) and after making reasonable enquires, the Directors are of the view that the Valuer possesses the necessary competence and independence in preparing the valuation report.

The Directors discussed the valuation report with the Valuer and understand that regarding the valuation methodology adopted in the valuation report, the Directors noted that the Valuer has considered the commonly adopted valuation approaches in the market (namely, asset-based approach and income approach) for the purpose of determining the value of all shareholders' equity in Tongming Mining and is of the view that the asset-based approach is the most appropriate valuation methodology to determine the value of all shareholders' equity in Tongming Mining and the Valuer has considered the appropriate valuation method to determine the value of the respective asset under the asset-based approach.

Furthermore, the Directors noted the assumptions of the valuation as set out under the section headed "VI. Assumptions" in Appendix II of this circular and the Directors have not identified any major factors which would cause the fairness and reasonableness of the assumptions adopted for the valuation of the value of all shareholders equity in Tongming Mining in doubt.

Based on the above, the Directors are of the view that the valuation methodology and key assumptions adopted in the valuation report prepared by the Valuer, a summary of which is set out in Appendix II of this circular, are fair and reasonable.

Other material terms

In view of the fact that the amount of the difference between the Original Capital Contribution and the Consideration (i.e. RMB128,100,200) had been kept by Tongming Mining since 30 April 2021 and Leiming Kehua was unable to utilise such amount when the Tongming Mining Capital Injection Agreements are yet to be completed, Tongming Mining agreed to pay Leiming Kehua a compensation for the appropriation of such amount.

As such, Tongming Mining agreed to pay a compensation in a sum of RMB16,200,000 (the "**Compensation**") to Leiming Kehua, which is calculated based on (i) the difference between the Original Capital Contribution (i.e. RMB212,099,800) and the Consideration (i.e. RMB83,999,600) (being RMB128,100,200); and (ii) an interest rate of 4.34% per annum for the period from 1 May 2021 to 31 March 2024. The Compensation was determined based on (i) arm's length negotiation between the Company and Leiming Kehua; and (ii) the fact that the amount of the difference between the Original Capital Contribution and the Consideration (i.e. RMB128,100,200) had been kept by Tongming Mining since 30 April 2021 and there was an opportunity cost to such amount for Leiming Kehua. On the above basis, the Board considers that the Compensation amount is fair and reasonable and in the interest of the Company.

As such, upon the completion of the Capital Injection, Tongming Mining shall return to Leiming Kehua a total of RMB144,300,200, which comprises of (i) the amount of the difference between the Original Capital Contribution and the Consideration (i.e. RMB128,100,200) and (ii) the Compensation (i.e. RMB16,200,000), pursuant to the Capital Injection and Share Enlargement Supplemental Agreement. The payment to Leiming Kehua of (i) the amount to be returned of the difference between the Original Capital Contribution and the Consideration; and (ii) the Compensation shall be made within 30 days upon the signing of the Capital Injection and Share Enlargement Supplemental Agreement.

Completion

Completion of the Capital Injection will take place on the date when the change of industrial and commercial registration of the Capital Injection is completed.

Shareholding Structure of Tongming Mining

The table below sets forth the shareholding structure of Tongming Mining (i) immediately before the completion of the Capital Injection; and (ii) immediately after the completion of the Capital Injection:

	Immediately before the completion of the Capital Injection		**Immediately after the completion of the Capital Injection**	
	Registered Capital *(RMB)*	**Equity Interest** *(%)*	**Registered Capital** *(RMB)*	**Equity Interest** *(%)*
Company	134,000,000	67	134,000,000	60.1255
Leiming Blasting	66,000,000	33	66,000,000	29.6141
Leiming Kehua	–	–	22,867,200	10.2604
Total	200,000,000	100	222,867,200	100

REASONS AND BENEFITS FOR THE CAPITAL INJECTION AND SHARE ENLARGEMENT SUPPLEMENTAL AGREEMENT

The Directors considers that the Capital Injection will increase the registered capital of Tongming Mining and the additional funding can be used for business development of Tongming Mining, including purchase of advanced equipment, expansion of operation and production line, which in turn increases the production capacity, core competence and market competitiveness of Tongming Mining.

Furthermore, the Directors considers that the Capital Injection by Leiming Kehua, a state-owned enterprise, shows and reflects the continuous and additional support from the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會) towards the development of Tongming Mining and the Group and will increase the confidence of the Shareholders and potential investors in the Group.

On the basis of the above, the Board (including the independent non-executive Directors) considers that the terms of the Capital Injection and Share Enlargement Supplemental Agreement are fair and reasonable, and that the Capital Injection is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION OF TONGMING MINING

Set out below is a summary of the audited financial information of Tongming Mining for the two years ended 31 December 2022 and 31 December 2023:

	For the year ended 31 December 2023 *(RMB'000)*	For the year ended 31 December 2022 *(RMB'000)*
Revenue	215,921	284,008
Profit before tax	48,239	105,143
Profit after tax	42,975	78,831

The unaudited net assets of Tongming Mining as at 30 June 2024 was approximately RMB424,835,000.

FINANCIAL IMPACT OF THE CAPITAL INJECTION

Upon completion of the Capital Injection, the equity interest of the Company in Tongming Mining will be diluted from 67% to 60.1255%. Tongming Mining will remain a non-wholly owned subsidiary of the Company and the financial results of Tongming Mining will continue to be consolidated into the consolidated financial statements of the Group. The Capital Injection constitutes deemed disposal under Rule 14.29 of the Listing Rules.

The Original Capital Contribution represents a liability to the Group as the original capital injection pursuant to the terms of the Tongming Mining Capital Injection Agreements did not proceed and the Capital Injection will reduce the liability of the Group accordingly. Based on preliminary assessment, it is estimated that the Group will not expect to record significant gains or losses on the deemed disposal.

The Consideration will reduce Tongming Mining's liabilities by RMB83,999,600, while Compensation will increase interest payable by RMB16,200,000.

Upon completion of the Capital Injection, the unaudited net assets of Tongming Mining will be approximately RMB492,634,000. The balance of non-controlling interests will be approximately RMB196,436,000.

According to IFRS 10, difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received on the disposal of equity interest is recognized directly in equity. Therefore, the difference of approximately RMB11,560,000 between the increase in balance of non-controlling interests, interest payables and the consideration will be recognized in the Company's equity on consolidation basis.

The gross proceeds from the Capital Injection will be RMB83,999,600, which is intended to be used for the business development of Tongming Mining. The Board intends to utilise the gross proceeds in the following manner:

(i) approximately RMB31.5 million (37.5% of the gross proceeds) will be used by the end of 2025 to settle part of the remaining acquisition price of the mining right in respect of Phase II Gaoloushan Mine, of which a payment shall be made annually until the acquisition price is paid in full;

(ii) approximately RMB31.5 million (37.5% of the gross proceeds) will be used by the end of 2025 to settle part of the remaining capital expenditure for the development of the Phase II Gaoloushan Mine and the processing plant, such as the mine road and drainage, processing plant equipment and supporting facilities; and

(iii) approximately RMB21.0 million (25% of the gross proceeds) will be used by the end of 2027 to purchase additional mining equipment to increase the production capacity.

INFORMATION OF THE PARTIES

The Company

The Company is a joint stock company established in the PRC with limited liability, which principally engaged in the production and sale of aggregate products and concrete products.

Leiming Kehua

According to the 2023 annual report of Huaibei Mining Holdings Co., Ltd.* (淮北礦業控股股份有限公司) and to the best knowledge of the Directors, Leiming Kehua is a company established in the PRC with limited liability on 20 November 2006 and as at the Latest Practicable Date, was wholly-owned by Huaibei Mining Holdings Co., Ltd.* (淮北礦業控股股份有限公司) (stock code: 600985.SH), a joint stock company incorporated in the PRC with limited liability on 18 March 1999 and whose shares are listed on Shanghai Stock Exchange, with Huaibei Mining (Group) Co., Ltd.* (淮北礦業(集團)有限責任公司) as its single largest shareholder which was ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會) as at the Latest Practicable Date. It is principally engaged in mining and processing of aggregate products in Anhui Province. As at the Latest Practicable Date, its registered capital was RMB1,150 million.

Leiming Blasting

According to the 2023 annual report of Huaibei Mining Holdings Co., Ltd.* (淮北礦業控股股份有限公司) and to the best knowledge of the Directors, Leiming Blasting is a company established in the PRC with limited liability on 1 April 2004, was owned as to 93.99% by Leiming Kehua and 2.38%, 2.38% and 1.25% by Mr. Li Jie* (李傑), Mr. Wu Zhongzhen* (武

仲振) and Mr. Hu Kunlun* (胡坤倫), respectively, as at the Latest Practicable Date. It is principally engaged in the provision of blasting-related services. As at the Latest Practicable Date, its registered capital was RMB100 million.

Tongming Mining

Tongming Mining is a company established in the PRC with limited liability on 29 April 2016, which is a non-wholly owned subsidiary of the Company. It is principally engaged in mining and processing of aggregate products. For information in relation to the mineral resources, ore reserves and life of mine of Tongming Mining, please see the sections headed "5. Mineral Resources Estimation", "7. Ore Reserve" and "6. Mining", respectively, in Appendix III Independent Technical Report of this circular. Tongming Mining was owned as to 67% by the Company and 33% by Leiming Blasting as at the Latest Practicable Date. As at the Latest Practicable Date, its registered capital was RMB200 million.

IMPLICATIONS UNDER THE LISTING RULES

As the Capital Injection will result in the reduction of the Company's equity interest in Tongming Mining, the Capital Injection constitutes a deemed disposal under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Capital Injection exceeds 25% but all are less than 75%, the Capital Injection constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the Latest Practicable Date, given that (i) Leiming Kehua, which owns 93.99% of equity interest in Leiming Blasting, is an associate of Leiming Blasting; and (ii) Leiming Blasting, which owns 33% of equity interest in Tongming Mining, is a substantial shareholder of Tongming Mining (which is a non-wholly owned subsidiary of the Company), Leiming Kehua is a connected person of the Company at the subsidiary level. As such, the transactions contemplated under the Capital Injection and Share Enlargement Supplemental Agreement also constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As (i) Leiming Kehua is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Capital Injection; and (iii) the independent non-executive Directors have confirmed that the terms of the Capital Injection and Share Enlargement Supplemental Agreement are fair and reasonable, and that the Capital Injection is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Capital Injection is subject to the announcement requirement but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors had a material interest in the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the board resolutions to approve the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, a written Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder on the conditions that (i) no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder; and (ii) approval has been given by a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the Shares in issue giving the right to vote at general meetings to approve the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Huaibei Construction Investment, a Shareholder, which held 198,000,000 Domestic Shares in issue (representing approximately 75% of the issued share capital of the Company) has given its written approval to the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting. As a result, no extraordinary general meeting will be convened for the Company for the purpose of approving the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

RECOMMENDATION

The Directors are of the view that the terms of the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Board would recommend the Shareholders to vote in favour of the ordinary resolution in relation to the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder if the Company were to convene a general meeting for the approval of the same.

The above statement is for Shareholders' reference only given that the Company has already obtained the written approval from Huaibei Construction Investment for the Capital Injection and Share Enlargement Supplemental Agreement and the transactions contemplated thereunder and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the same.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of the interpretation.

Yours faithfully,
By order of the Board
Huaibei GreenGold Industry Investment Co., Ltd.*
Liu Yong
Chairman of the Board and Executive Director

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents of the Company, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.ljgfjt.com):

(a) the Prospectus dated 30 December 2022 (pages I-1 to I-66), which can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1230/2022123000043.pdf

(b) the Company's annual report for the year ended 31 December 2022 published on 27 April 2023 (pages 101 to 168), which can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701435.pdf

(c) the Company's annual report for the year ended 31 December 2023 published on 30 April 2024 (pages 103 to 168), which can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001061.pdf

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from intra-group liabilities, the Group had the following indebtedness:

Bank borrowings

As at the close of business on 30 September 2024, the Group had total outstanding borrowings of approximately RMB1,360 million, which were secured and guaranteed bank borrowings.

Pledge of assets of the Group

As at the close of business on 30 September 2024, mining rights of approximately RMB1,246 million have been pledged to secure against its bank borrowings.

Commitment

As at 30 September 2024, the Group had commitments contracted for but not provided of approximately RMB255,000.

Others

As at the close of business on 30 September 2024, the Group had other payables for consideration of mining rights of approximately RMB255 million which were unsecured, discounted at 5.7% effective annual rate and repayable by 2 equal annum instalments.

As at the close of business on 30 September 2024, the Group had cash advances from a related party for capital injection approximately RMB84 million, which was unsecured and interest-free.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables and contract liabilities in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, lease liabilities, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or contingent liabilities, material litigation at the close of business on 30 September 2024.

The Board confirms that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 September 2024.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the effects of the Capital Injection, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the Group's presently available banking facilities, the Group will have sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.

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

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is a construction materials provider with state-owned background located in Huaibei City, Anhui Province. The main products of the Group include aggregate products mined and processed in the Gaoloushan Mine located in Lieshan District, Huaibei City and concrete products produced and manufactured in Xiangshan District, Huaibei City. The Group mainly sells aggregate products and concrete products to construction companies, building materials companies and wholesalers.

The real estate industry is one of the important economic industries in Huaibei City and Huaibei City and its surrounding areas are expected to experience an infrastructure construction boom. With the successive commencement of projects such as the West Railway Station of Huaibei City, the Huaibei-Suzhou-Bengbu Intercity Railway and the Wuhe-Mengcheng Expressway, it is expected that there will be thriving demand for construction aggregates in Huaibei City and its surrounding cities, including Suzhou City and Bozhou City, and the sales income (i.e. sales volume multiplied by unit price) of construction aggregates in Huaibei City and its surrounding cities is expected to increase.

The Group will utilize the Phase II production line of the Group's Gaoloushan project in its production to increase the total annual production capacity of the Group, and it is planned to gradually increase the annual production volume of the Group to ultimately 8 million tonnes in 2031 with a view to meeting the increasing demand of aggregate products from the Group's existing customers and potential customers who are expected to benefit from the real estate and economic development in Huaibei City and surrounding cities.

Set out below is the English translation of the summary of the valuation report dated 19 April 2024 in respect of Tongming Mining, which is prepared by Zhongshui Zhiyuan Assets Appraisal Co., Ltd. (中水致遠資產評估有限公司), for the purpose of inclusion in this circular. Such report is prepared in Chinese, the English translation of which is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

THE VALUE OF ALL SHAREHOLDERS' EQUITY IN HUAIBEI TONGMING MINING CO., LTD.* (淮北通鳴礦業有限公司) INVOLVED IN THE PROPOSED CAPITAL INJECTION IN HUAIBEI TONGMING MINING CO., LTD.* (淮北通鳴礦業有限公司)

The valuation focuses on appraising the market value of all shareholders' equity in Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司) involved in the proposed Capital Injection in Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司) (hereinafter referred to as "Tongming Mining") as at the Valuation Benchmark Date (as defined below), in accordance with the relevant laws, regulations, assets valuation criteria and asset valuation standards, and subject to the principles of objectivity, independence, fairness and science following the necessary valuation procedures. The valuation results under the asset-based approach were adopted as the final valuation conclusion.

I. PURPOSE OF VALUATION

In consideration of the proposed Capital Injection in Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司), Zhongshui Zhiyuan Assets Appraisal Co., Ltd.* (中水致遠資產評估有限公司) has been engaged by Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司) to appraise the market value of all shareholders' equity in Huaibei Tongming Mining Co., Ltd.* (淮北通鳴礦業有限公司) involved in the aforesaid economic behavior, so as to provide a value reference for such economic behavior.

II. VALUATION TARGET AND SCOPE

(I) Valuation Target

The valuation target of this project is the entire equity of all shareholders of Tongming Mining as of the Valuation Benchmark Date.

(II) Basic Information of Assets and Liabilities within the Valuation Scope

The scope of valuation covers all audited assets and liabilities as reported by Tongming Mining. As of the Valuation Benchmark Date, being 30 November 2023, the total book value of Tongming Mining's assets amounted to RMB2,209.9457 million, while the total book value of its liabilities amounted to RMB1,788.7666 million, resulting in a net asset book value of RMB421.1791 million. The breakdown of assets and liabilities is as follows:

Currency Unit: RMB10,000

	Item	Book Value
1	Current assets	29,876.23
2	Non-current assets	191,118.34
3	Long-term receivables	1,045.12
4	Fixed assets	14,932.69
5	Construction in progress	23,597.13
6	Intangible assets	141,060.80
7	Long-term deferred expenses	59.42
8	Other non-current assets	10,423.19
9	**Total assets**	**220,994.57**
10	Current liabilities	126,977.92
11	Non-current liabilities	51,898.74
12	**Total liabilities**	**178,876.66**
13	**Net assets (owners' equity)**	**42,117.91**

The entrusted valuation target and scope are consistent with the valuation target and scope for the purpose of valuation, as audited by RSM China (Special General Partnership).

(III) Legal Ownership, Economic Status, and Physical Conditions of Major Assets within the Valuation Scope:

1. Monetary funds are represented by bank deposits.

2. Notes receivable are primarily bank acceptance bills.

3. Accounts receivable are mainly amounts due from goods.

4. Prepayments are primarily compensation fees for soil and water conservation, vehicle insurance, etc.

5. Other receivables are primarily prepaid social insurance, housing provident fund, etc.

6. Inventories include raw materials and turnover materials in use. Raw materials primarily consist of externally purchased vacuum contactors, temperature sensors, bearings, inner tubes, data modules, fuel injectors, and diesel engine oil, which are stored in the Company's warehouse. Turnover materials in use include printers, shredders, office desks and chairs, and filing cabinets, which are stored in the Company's various functional offices.

7. Other current assets are mainly prepaid income tax and deductible VAT.

8. Long-term receivables are represented by land rehabilitation deposit.

9. Fixed Assets – Buildings and Structures primarily consist of production plants and auxiliary facilities, which are located in Song Tuan Town, Huaibei City. The structural types of buildings are mainly steel-concrete structures, including office buildings, quarters, pump rooms, electrical control rooms, dining halls, etc. The structures mainly include retaining walls, buttress walls, mining roads, site roads, reclaimed water pipelines, etc. All were constructed and put into use since 2017.

   Tongming Mining has maintained regular upkeep and maintenance of all buildings and structures in good condition. According to on-site inspections conducted by asset valuation professionals, the buildings and structures show no significant subsidence or deformation, the structure of which remains in good conditions.

   Based on the information provided by Tongming Mining and the management's description, the appraised aggregate production line and related auxiliary facilities will be decommissioned by the end of 2026.

   As of the Valuation Benchmark Date, Tongming Mining has reported a total of 11 buildings and structures for valuation, with a total gross floor area of 4,612.74 square meters, in which case, the gross floor area included in property certificates is a total of 4,547.94 square meters, with the certificate holder listed as Tongming Mining, while the gross floor area pending inclusion to property certificates is 64.80 square meters.

10. Fixed Assets – Equipment consist of machinery and equipment, vehicles, and electronic devices. Among which, machinery is mainly comprised of an aggregate production line, a stepped sand-making production line, an intelligent enclosed car washing system, electronic truck scales, fog cannons, various engineering machinery, electrical equipment, and testing instruments, all of which are domestic products. They are mainly distributed within Tongming Mining's mining area, with maintenance and upkeep in normal condition, despite the working conditions being average.

According to the information provided by Tongming Mining and management's description, the appraised aggregate production line will be decommissioned by the end of 2026.

The appraised vehicles are all standard small passenger cars, and the appraised electronic equipment is distributed across various functional offices, mainly consisting of computers, air conditioners, office furniture, and other equipment.

Except for a few articles of idle equipment, the remnants are in normal operation.

11. Construction in Progress refers to the limestone production line project with a production capacity of 8 million tons per annum at the Gaoloushan mining area.

12. Intangible Assets – Land Use Rights involves two parcels of land with a total area of 310,984.64 m^2. The certificate holder is listed as Tongming Mining. Details of land registration is provided in the table below:

No.	Land rights certificate no.	Registered owner	Land location	Land purpose	Nature of land	Date of acquisition	Area (m^2)
1	Wan (2019) Huaibei City Property Rights No. 0009546 (皖(2019)淮北市不動產權第0009546號)	Tongming Mining	Taishan Village and Xinyuan Village, Song Tuan Town, Lieshan District	Industrial	Transfer	2019/3/27	207,281.30
2	Wan (2022) Huaibei City Property Rights No. 0030582 (皖(2022)淮北市不動產權第0030582號)	Tongming Mining	Song Tuan Town, Lieshan District	Industrial	Transfer	2022/12/22	103,703.34
			Total				**310,984.64**

The ownership of the parcels is state-owned, with the land use rights acquired by Tongming Mining by means of transfer.

13. Intangible Assets – Mining Rights refer to the limestone mining rights for construction materials at the Gaoloushan mining area in Lieshan District, Huaibei City, Anhui Province (hereinafter referred to as "Gaoloushan Limestone Mining Rights"). According to the mining license issued by the Huaibei City Natural Resources and Planning Bureau on 30 June 2021 (License No.: C3406002021067160152182), the mining rights holder is Tongming Mining, and the mine name is the limestone for construction materials at the Gaoloushan Mining Area in Lieshan District, Huaibei City, Anhui Province. The mineral to be mined is limestone for construction materials, adopting open-pit mining as the mining method. The production scale is 8.00 million tons per annum in a mining area of

0.8777 square kilometers, with a license valid for three years from 30 June 2021 to 30 June 2024. The mining area is delineated by 17 boundary points, with a mining depth ranging from an elevation of 216 meters to 50 meters.

14. Intangible Assets – Others consist of three sets of purchased software, including an intelligent sales information system, vehicle recognition software, and T+ weighbridge software.

15. Long-term Deferred Expenses refer to deferred land rent.

16. Other Non-current Assets consist of prepaid construction costs.

(IV) Types and Quantities of Off-balance Sheet Assets Reported by the Company

As of the Valuation Benchmark Date, being 30 November 2023, Tongming Mining reported off-balance sheet intangible assets, including seven patents and sixteen software copyrights.

1. The seven patents include two invention patents and five utility model patents, specific details of which are as follows:

No.	Name	Type	Patent number/registration number/application number	Date of application/date of acquisition	Legal status	Owner
1	A mining transport device with sorting capabilities	Invention patent	CN201710434673.1	2017/06/09	Authorized	Tongming Mining
2	An integrated rock drilling and fracturing machine	Invention patent	CN201810001488.8	2018/01/02	Authorized	Tongming Mining
3	A new type of dust remover	Utility model	CN201920420148.9	2019/03/29	Authorized	Tongming Mining
4	A comprehensive production system for stone crushing and screening	Utility model	CN201920418919.0	2019/03/29	Authorized	Tongming Mining
5	A high-pressure roller mill	Utility model	CN201920418929.4	2019/03/29	Authorized	Tongming Mining
6	A high-speed conveyor belt device	Utility model	CN201920420253.2	2019/03/29	Authorized	Tongming Mining
7	A stone conveyor belt chain device	Utility model	CN201920418869.6	2019/03/29	Authorized	Tongming Mining

2. Specific details of sixteen software copyrights are as follows:

No.	Name	Registration number	Version number	Initial issue date	Registration date	Owner
1	Stone screening system speed control system	2019SR0358704	V1.0	2018/12/27	2019/04/20	Tongming Mining
2	Personnel scheduling management system for stone blasting project	2019SR0360564	V1.0	2016/12/20	2019/04/20	Tongming Mining
3	Integrated blasting mining monitoring and warning analysis management system	2019SR0359945	V1.0	2016/12/29	2019/04/20	Tongming Mining
4	Screening stone equipment IoT CNC operating platform	2019SR0361570	V1.0	2017/12/27	2019/04/20	Tongming Mining
5	Crusher remote intelligent safety control software	2019SR0361542	V1.0	2017/12/13	2019/04/20	Tongming Mining
6	Rock splitter intelligent CNC operation technology platform	2019SR0361011	V1.0	2017/05/24	2019/04/20	Tongming Mining
7	Real-time intelligent control software for stone screening system	2019SR0362038	V1.0	2017/12/31	2019/04/20	Tongming Mining
8	Integrated intelligent control platform for stone transportation belt process system	2019SR0360147	V1.0	2017/12/25	2019/04/20	Tongming Mining
9	Stone loading and transport site safety planning management platform	2019SR0359041	V1.0	2018/06/26	2019/04/20	Tongming Mining
10	Rock crusher motor drive control system	2019SR0361552	V1.0	2017/05/30	2019/04/20	Tongming Mining
11	Construction management information system for stone mining technical project	2019SR0361471	V1.0	2016/12/14	2019/04/20	Tongming Mining
12	Integrated management operation platform for blasting mining technology center	2019SR0358758	V1.0	2018/06/30	2019/04/20	Tongming Mining
13	Ore development planning design analysis system	2019SR0361480	V1.0	2016/12/15	2019/04/20	Tongming Mining

No.	Name	Registration number	Version number	Initial issue date	Registration date	Owner
14	Remote standard operation control system for stone mining dust removers	2019SR0358603	V1.0	2018/12/18	2019/04/19	Tongming Mining
15	Standard operation personnel learning training system for stone mining dust removers	2019SR0358319	V1.0	2018/06/28	2019/04/19	Tongming Mining
16	Real-time parameter management and analysis control system for stone development site dust suppression	2019SR0356329	V1.0	2018/12/31	2019/04/19	Tongming Mining

(V) Use of Expert Work

The book value of assets and liabilities as of the Valuation Benchmark Date in this valuation report is based on the audit results as outlined in the Audit Report provided by RSM China (Special General Partnership) (Report No.: Rongcheng Zhuanzi [2024] No. 230Z1000).

III. TYPE OF VALUE

According to the purposes of this valuation, the type of value is determined as market value.

The market value is the estimated value of the valuation target on the Valuation Reference Date on which the transactions are conducted on arm's length by the voluntary purchaser and the voluntary vendor who act sensibly without being subject to any undue influence.

The selection of market value as the type of value in this valuation is in compliance with the principle that the type of value is consistent with the purpose of valuation. Taking such factors as market situations and the conditions of valuation target into full consideration, the type of value of the valuation conclusion was determined by the asset valuer when accepting the engagement of the principal.

IV. VALUATION BENCHMARK DATE

The Valuation Benchmark Date for this project is 30 November 2023, as determined by the principal.

The reasons for selecting this Valuation Benchmark Date are as follows:

(I) The Valuation Benchmark Date satisfies the requirements of the relevant economic activities and is conducive to achieving the valuation purpose.

(II) The Valuation Benchmark Date coincides with the accounting month-end reporting date of the appraised entity and the balance sheet date of the audit report, facilitating the asset valuer's full utilization of Tongming Mining's existing financial information, thereby facilitating the completion of the valuation work.

V. VALUATION APPROACH(ES) AND METHOD(S) ADOPTED BY THE VALUER AND THE REASONS FOR ADOPTION

1. Selection of valuation approach

According to the valuation purpose of this project, the scope of valuation includes the entire assets and liabilities of the enterprise. The market approach, income approach, and cost approach (asset-based approach) may be adopted as the basic methods for the valuation.

The market approach for the valuation refers to a valuation method involving the comparison between the valuation target and comparable listed companies or comparable transactions in order to determine the value of the valuation target. Common methods of the market approach include the listed company comparison method and the transaction case comparison method. As the appraised entity is not a listed company, listed companies from the same industry vary significantly from such appraised entity in terms of business structure, operating pattern, enterprise size, asset allocation and use, operation stage of the enterprise, growth potential, operation risk, financial risk and other factors, and there are very few transactions, acquisitions and mergers of comparable enterprises in the same industry in the PRC around the Valuation Benchmark Date, which makes it very difficult to obtain relevant reliable operation and financial data of comparable transaction cases and calculate an appropriate value ratio. Therefore, the market approach is not adopted for the valuation.

The income approach for the valuation refers to the valuation method in which the value of the valuation target is determined by capitalising or discounting the expected income. This valuation is premised on a going-concern assumption of the valuation target, where the enterprise may provide complete historical operating and financial information, the management of the enterprise has analysed and forecasted the enterprise's future operation, and the enterprise's future income and operating risks may be quantified based on the analysis of the enterprise' financial information. Therefore, there exist basic conditions for adopting the income approach for the valuation.

The asset-based approach for the valuation refers to the valuation method in which the value of the valuation target is determined by taking into due consideration the value of each on-balance-sheet and identifiable off-balance-sheet asset and liability of the enterprise based on the balance sheet of the appraised entity as at the Valuation Benchmark Date. Given the completeness of the data collection for all assets and liabilities within the scope of the valuation engagement for this project, it is appropriate to adopt the asset-based approach for the valuation.

According to the purpose of valuation of this project, the scope of valuation involves the entire assets and liabilities of the enterprise, and the asset-based approach has been eventually adopted for the valuation of the conclusions.

2. Application of specific valuation methods under the asset-based approach

(I) About valuation methods for current assets

1. Monetary Funds

Monetary funds refer to bank deposits. Asset valuation professionals confirm bank deposits by accessing bank statements and reconciliation statements, and carrying out confirmation procedures in respect of the balance of such bank deposits, in which case the book value after verification is recognised as the result of the valuation.

2. Accounts Receivable

This category includes notes receivable, accounts receivable and other receivables. By conducting review over relevant contracts, agreements, and original vouchers, and ensuring their accuracy, asset valuation professionals analyse specific details such as amounts, due dates, reasons for outstanding payments, payment collection status, the financial position and creditworthiness of debtors, and the current state of business management, with reference to historical information and site investigations, and then determine the valuation result for the recoverable amount of each receivable. Where there are sufficient reasons to believe that full recovery is possible, the valuation result is calculated based on the total accounts receivable. However, for amounts that are likely to be uncollectible, and when it is difficult to determine the exact amount of uncollectible accounts, the valuation result is determined by the total amount of accounts receivable less the amount derived from the risk of loss, taking into reasonable consideration the risk of loss. The provision for bad debts is determined to be zero.

3. Prepayments

Asset valuation professionals review and collect relevant materials procurement contracts or supply agreements to understand the services received and goods received between the Valuation Benchmark Date and the site valuation date. Prepayments mostly occur in the recent period, and no evidence is identified that bad debts result from debtor bankruptcy, closure, death, disappearance, or other force majeure events. For amounts that are expected to be recoverable or for which corresponding assets or rights have been obtained, the valuation result is determined based on the book value.

4. Inventory

(1) Raw Materials

Raw materials refer to materials that are purchased as needed and have a comparatively quick turnover, the valuation result of which is determined based on the book value.

(2) Turnover materials in use

Turnover materials in use mainly include printers, shredders, office desks and chairs, filing cabinets, and other low-value consumables in use. The appraised value = the actual quantity × the purchase price × the newness rate, where: The purchase price is determined based on the market price or the price of similar inventory items recently purchased, and the newness rate is determined based on the useful life and site observation.

5. Other Current Assets

Other current assets include input tax to be deducted and prepaid corporate income tax. Asset valuation professionals reviewed and collected relevant information. The appraised value is based on the book value after verification.

(II) About valuation methods for long-term receivables

This method relates to deposit for land rehabilitation of the Construction Project of limestone mining rights for construction materials at the Gaoloushan mining area in Lieshan District, Huaibei City, Anhui Province. Asset valuation professionals verify the contracts and calculation process and confirm the valuation result based on the book value after verification.

(III) About valuation methods for fixed assets – buildings and structures

For fixed assets in the form of buildings and structures, there are several assessment methods, including cost approach, market comparison approach, and income approach.

The cost approach represents a valuation method in which the valuation result is determined by the difference arrived at from the full cost required to repurchase or construct the appraised asset in a new condition under the current conditions, minus the depreciation incurred by the appraised asset.

The market comparison approach represents a method in which the valuation target is compared to comparable targets that have recent transaction records near the Valuation Benchmark Date with appropriate adjustments made to the known prices of these comparable targets so as to arrive at an objective and reasonable price or value for the valuation target.

The income approach represents a valuation method in which the future normal net income of the valuation target is estimated by discounting such net income to the point of time the valuation using an appropriate capitalization rate, and subsequently accumulating it to arrive at an objective and reasonable price or value of the valuation target.

During this valuation, different methods have been selected for the purposes of the valuation based on the characteristics of the valuation target, the valuation purpose, and the availability of information:

Due to the limited number of transaction cases in the local market, it is inadvisable to directly determine the market value of the valuation target using the market comparison approach. As it is difficult to independently obtain the income price of the appraised buildings and structures, it is challenging to produce accurate calculation of the market value of the valuation target using the income approach. Therefore, based on the valuation purpose and the characteristics of the fixed assets within the appraised property, the replacement cost approach is adopted for the valuation on a continued use basis.

The replacement cost method represents a valuation method in which the difference between all the costs required to repurchase or construct the appraised assets in brand new conditions under the current conditions and the substantive depreciation, functional depreciation and economic depreciation of the appraised assets which have already occurred is used to determine the appraised values of the appraised assets.

Basic calculation formula:

Appraised Value = Full Replacement Cost – Substantive Depreciation – Functional Depreciation – Economic Depreciation

or

Appraised Value = Full Replacement Cost × Newness Rate

The full replacement cost includes the construction and installation project cost, upfront and other expenses and capital cost.

The newness rate of the buildings and structures subject to the valuation is comprehensively determined using the useful life method and observation method. For shaft projects, the useful life method is mainly used.

Valuation Case

Case 1: Comprehensive Office Building

(1) Basic Overview

The comprehensive office building is a steel-concrete structure, completed in December 2017, with a gross floor area of 2,132.36 ㎡ and four above-ground floors. The foundation is composed of independent reinforced concrete foundations, reinforced concrete foundation beams, reinforced concrete rectangular columns, beams, and slabs. The flat roof is made of reinforced concrete with SBS waterproofing. The building features wooden doors, security doors, glass doors, and aluminum alloy windows. The exterior walls are finished with granite, glass curtain walls, and painted surfaces, while the interior walls are finished with latex paint. The ceiling includes a latex paint finish, a suspended light steel keel ceiling, and a mineral wool acoustic panel finish. The flooring

consists of marble and ceramic tiles. As of the Valuation Benchmark Date, the property rights certificate for this building has been processed, and the water, electricity, and fire protection systems function normally.

(2) Determination of Full Replacement Cost

① Construction and Installation Project Cost

Asset valuation professionals estimate the project quantity based on the construction contracts, architectural drawings, and final settlement data provided by the appraised entity, in combination with the results from site survey. In addition, the direct cost quota on the Valuation Benchmark Date is calculated using the current budget quotas for construction and installation projects as at the Valuation Benchmark Date, with reference to the cost index for current labour costs, materials costs, and machinery costs published by the local government construction authority, before they calculate the replacement cost of the construction project by applying the current cost quotas. It is estimated that the construction and installation project cost is RMB3,198,500.00.

② Upfront and Other Expenses

Upfront expenses include survey and design fees, and other expenses include management fees and project supervision fees incurred by the construction entity.

Upfront and other expenses for the appraised buildings and structures are determined by coefficients based on the asset scale on the Valuation Benchmark date as determined by the appraised buildings and structures in accordance with relevant regulations of the national government and the local government where the buildings and structures are located. It is estimated that the upfront and other expenses are RMB265,476.00.

③ Capital cost

For projects that are comparable to the appraised buildings and structures in terms of structural complexity, gross floor area, construction technology and difficulty, and the availability of facilities and equipment, a reasonable period for completion and commissioning is assumed to be one year, and the interest rate used is the Loan Prime Rate (LPR) published by the National Interbank Funding Center on 20 November 2023, with the one-year LPR being 3.45%. Assuming the funds are evenly invested, the calculated capital cost is RMB63,218.00.

④ Full replacement cost

Full replacement Cost = Construction and Installation Costs + Upfront and Other Expenses + Capital Cost

= RMB3,198,500.00 + RMB265,476.00 + RMB63,218.00
= RMB3,527,200.00 (rounded to the nearest hundred)

(3) Newness Rate

① Useful life method

The buildings and structures were completed and put into use in December 2017, and has been in use for 5.92 years as of the Valuation Benchmark Date, being 30 November 2023. The asset valuation professionals believe that under normal usage conditions, its economic useful life is 50 years, with a remaining economic useful life of 44.08 years.

Newness Rate under Useful Life Method = Remaining Useful Life/(Used Life + Remaining Useful Life) × 100%

= 44.08/(5.92 + 44.08) × 100%
= 88%

② Observation method

Following onsite inspections based on the "Standards for Assessing the Condition Levels of Buildings", the asset valuation professionals assess and score various parts of the buildings and structures, where the newness rate is determined under the observation method and arrived at 91%.

③ Determination of integrated newness rate

Integrated Newness Rate = Newness Rate under Useful Life Method × 40% + Newness Rate under Observation Method × 60%

= 88% × 40% + 91% × 60%
= 90%

(4) Valuation Determination

Appraised Value = Full Replacement Cost × Integrated Newness Rate

= RMB3,527,200.00 × 90%
= RMB3,174,480.00

(IV) About valuation method for fixed assets – equipment-based assets

For the purpose of this valuation, on a continued use basis, the replacement cost method is adopted for the valuation with reference to the features of the appraised machinery and equipment and the collection of information, wherein the appraised value is calculated by determining the replacement value based on the current market price on the Valuation Benchmark Date, and determining the newness rate based on the results from site survey. The calculation formula is as follows:

Appraised Value = Replacement Value – Substantive Depreciation – Functional Depreciation – Economic Depreciation

Or

Appraised Value = Replacement Value × Newness Rate

Functional depreciation for certain equipment with older purchase dates is already considered in the Replacement Value.

1. Determination of replacement value

The appraised entity is a sand and gravel production and sales enterprise, subject to value-added tax under the simplified method, where input tax cannot be deducted.

(1) Determination of replacement value for machinery and equipment

Replacement Value = Purchase Price (including tax) + Freight and Miscellaneous Charges + Installation and Commissioning Expenses + Other Construction Expenses + Capital Cost

(2) Determination of replacement value for vehicles

The Replacement Value of vehicles is determined by the current market price of the vehicle, vehicle purchase surcharges, and other miscellaneous charges, which is represented by:

Replacement Value = Current Market Price of the Vehicle (including tax) + Vehicle Purchase Surcharges + Other Miscellaneous Charges

(3) Determination of replacement value for electronic equipment

For the valuation of electronic equipment, if its value is low and can be used without installation, the Replacement Value is directly determined through market quotations.

Replacement Value = Purchase Price (including tax)

2. Determination of newness rate

(1) Determination of Newness Rate for Machinery and Equipment

The newness rate of machinery and equipment is calculated using a comprehensive formula.

(2) Determination of newness rate for vehicles

According to the Criteria for Compulsory Retirement of Motor Vehicles (Decree No. 12 [2012]) (《機動車強制報廢標準規定》(2012第12號令)) jointly promulgated by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, and Ministry of Environmental Protection, the newness rate of vehicles in this valuation is determined using the newness rate under the useful life method and newness rate based on mileage, whichever is the lower, as the theoretical newness rate, which will, in combination with the results from site survey, determine the final comprehensive newness rate.

(3) Determination of newness rate for electronic equipment

The final newness rate for electronic equipment is determined using the newness rate under the useful life method, with adjustments made based on the results from site survey.

Machinery and Equipment Valuation Case

Case 1: Aggregate Production Line

Purchase and commissioning date: May 2017; specifications: Processing capacity of 1,300 - 1,500 tons per hour per unit; manufacturer: Zaozhuang Xinjinshan Intelligent Machinery Co., Ltd. (棗莊鑫金山智能機械股份有限公司); quantity: 1 set.

(1) Calculation of Full Replacement Cost

The appraised aggregate production line primarily consists of a chain conveyor, reduction motor, air box pulse bag dust collector, pneumatic cleaning system, centrifugal fan, bottom discharge device, open inflatable trough, rotary feeder, steel silo, pneumatic conveying system, feeder, circular vibrating screening machine, belt conveyor, screw conveyor, motor vibrating feeder, hammer crusher, hook bridge crane, horizontal dust collector, heavy-duty impact crusher, belt conveyor machine, and stationary screw air compressor.

The appraised equipment is a domestic product purchased externally, and quoted by the manufacturer, Zaozhuang Xinjinshan Intelligent Machinery Co., Ltd. (棗莊鑫金山智能機械股份有限公司). Considering the usual differences between actual transaction amounts and quoted prices, the reasonable current purchase price for the appraised equipment is determined to be RMB18,698,000.00 per set (tax included).

The costs for transportation and miscellaneous fees for the appraised equipment are included in the equipment purchase price and are not calculated separately. Installation and commissioning costs are estimated at 10% of the equipment purchase price based on the "Latest Common Data and Parameters Manual for Asset Valuation" (《最新資產評估常用數據與參數手冊》) published by China Statistics Press and other similar industry estimates; other construction costs are calculated at 8.8% of the total of equipment purchase price (including VAT), transportation/miscellaneous fees, and installation and commissioning costs, with the management fee rate for the construction unit taken as 1.6%. The capital cost of the equipment is calculated based on the funds being evenly invested over a one-year construction period, using the interest rate that is the Loan Prime Rate (LPR) published by the National Interbank Funding Center on 20 November 2023, with the one-year LPR being 3.45%.

The calculated full replacement cost amounts to RMB22,763,800.00 (rounded).

(2) Calculation of Newness Rate

The newness rate for machinery and equipment adopts an integrated newness rate.

Integrated Newness Rate = $N_0 \times K_1 \times K_2 \times K_3 \times K_4 \times K_5 \times K_6 \times K_7$

N_0 is the newness rate under the useful life method

Newness Rate under Useful Life Method = Remaining Useful Life ÷ (Remaining Useful Life + Used Life) × 100%

Based on site inspections by the asset valuation professionals, the appearance of the appraised equipment is semi-new with certain scratches and rust identified, but major components are intact. Despite being in a poor maintenance condition and poor working environment, the equipment is currently in normal use. According to relevant documents, the aggregate production line will be decommissioned by the end of 2026. As of the Valuation Benchmark Date, it has been used for 6.50 years, with 3.08 years remaining (from the Valuation Benchmark Date to the end of 2026), resulting in the newness rate of 32% under the useful life method for N_0.

K_1 to K_7 are correction coefficients for the equipment's original manufacturing quality, load utilization, time utilization, maintenance, repair and modification, fault conditions, and environmental conditions, respectively.

It is understood that the original manufacturing quality of the appraised equipment is average, and therefore the manufacturing quality correction coefficient K_1 is set at 1;

Based on introductions from equipment management personnel and access to relevant information, the equipment's load utilization is rated as normal, and therefore the load utilization correction coefficient K_2, is set at 1;

Based on introductions from equipment management personnel and access to relevant information, the equipment's time utilization is rated as normal, and therefore the load utilization correction coefficient K_3 is set at 1;

From onsite observations, the equipment receives poor maintenance, and therefore the maintenance correction coefficient K_4 is set at 0.9.

From onsite observations and based on access to relevant information, no major repairs or modifications have been made to the equipment, and therefore the repair and modification correction coefficient K_5 is set at 1.

From onsite observations and based on access to relevant information, the equipment experiences relatively few faults, and therefore the equipment fault correction coefficient K_6 is set at 0.9.

Based on onsite observations, the equipment operates in a poor working environment, and therefore the environment correction coefficient K_7 is set at 0.9. Thus:

Newness Rate = $N_0 \times K_1 \times K_2 \times K_3 \times K_4 \times K_5 \times K_6 \times K_7$

= 32% × 1 × 1 × 1 × 0.9 × 1 × 0.9 × 0.9
= 23%

(3) Appraised Value

According to relevant documents, the aggregate production line will be decommissioned and scrapped by the end of 2026, and the amount recoverable after dismantling costs are deducted is negligible.

Appraised Value = Full Replacement Cost × Newness Rate + Recoverable Amount at End of 2026

= RMB22,763,800.00 × 23% + 0
= RMB5,235,674.00

(V) About valuation method for construction in progress

Asset valuation professionals conduct site verification over the relevant detailed accounts, vouchers, and feasibility reports, inspect the physical status of the construction in progress, and engage in discussions with project engineering technicians and other related personnel. Upon confirming the construction progress of the project, they find that the actual payments match the account records, accurately reflecting the construction cost as at the Valuation Benchmark Date. Meanwhile, for projects with high value and long construction periods (exceeding six months) as at the Valuation Benchmark Date, capital cost is included in the calculation.

(VI) About valuation method for intangible assets – land use rights

Based on the purpose of this valuation and the actual condition of the valuation target, combined with the information so collected, the appraised land parcel is characterized as industrial land. In light of abundant market transaction cases for comparable land parcels in the region, the market comparison method may be adopted for this valuation. Furthermore, reference can be made to compensation standards for recent land acquisitions in the region, so it is advisable to adopt the cost approximation method. In summary, both the market comparison method and the cost approximation method are both adopted for this valuation to determine the value of the land parcel.

1. Market comparison method

The market comparison method involves identification of three (or more) comparable land transaction cases, where the appraised land is compared to comparable land parcels recently sold in the market. Differences in factors affecting land value between the valuation target and each reference are considered, and the transaction prices of the references are adjusted accordingly, so that multiple benchmark reference values are derived. Following comprehensive analysis and adjustment, the final appraised value of the appraised land is arrived at.

The basic calculation formula is:

$P = P' \times A \times B \times C \times D$

Where: P – – – Appraised value of the appraised land parcel
P'– – – Transaction price of the reference
A – – – Correction coefficient for transaction conditions
B – – – Correction coefficient for transaction date
C – – – Correction coefficient for regional factor
D – – – Correction coefficient for individual factor

2. Cost Approximation Method

The cost approximation method for land valuation is basically to determine the land value based on the average standard of land acquisition costs and land development costs in the area where the appraised land is located, plus a certain amount of interest, profit, and land appreciation benefits. Where:

The calculation formula is as follows:

Land Value = (Land Acquisition Costs + Related Taxes and Fees+ Land Development Costs + Investment Interest + Investment Profit + Appreciation Benefits) × Term Correction Coefficient × Individual Factor Correction Coefficient

Taking into account the small difference between the unit prices of the appraised land parcel under the market comparison method and the cost approximation method, the simple arithmetic mean of the appraised unit prices under both approaches was rounded as the final appraised unit price for this valuation. On this basis, the final valuation result of the land use rights was arrived at by multiplying the area of the appraised land parcel, taking into account the relevant deed tax.

Valuation case

(1) Basic overview

The area of the land use right of the Appraised Land Parcel 01 is 207,281.30 square metres, and the details of the land registration, useful life, usage and the degree of land development of the Land Parcel are set out in the table below:

Land Registration

Land rights certificate no.	Land location	Type of land use right	Land purpose	Expiry date	Area (m^2)
Wan (2019) Huaibei City Property Rights No. 0009546 (皖(2019)淮北市不動產權第0009546號)	Song Tuan Town, Lieshan District	Transfer	Industrial	2069/3/26	207,281.30

Table of useful life, usage and the degree of land development of the Land Parcel

No. of the Land Parcel	Land purpose	Useful life set in the valuation	Degree of Development	Degree of Development set in the valuation
Land Parcel 01	Industrial land	45.35 years	Five accesses and one formation	Five accesses and one formation: Five accesses outside the red line (access to road, electricity, water, sewage and telecommunication) and in-premise formation within the red line of the land parcel

The appraised land parcel was owned by the State, and the land use right was acquired by Tongming Mining by way of transfer, and therefore the appraised land parcel is of legal origin with a clear title. There are production buildings such as factories and ancillary facilities on the appraised land parcel.

(2) Calculation Process under Market Comparison Method

① Selection of comparative cases

In line with the principle of substitution, three recent land transfer cases for the same usage in neighboring areas within the same supply and demand circle as of the Valuation Benchmark Date are selected for comparison.

Case	Date of transaction	Bid Winner	Location	Area (M^2)	Purpose	Method of transfer	Period	Unit price (RMB/m^2)
A	January 2024	Huaibei Juneng Power Co., Ltd. (淮北聚能發電有限公司)	West Song Road and South Leima Road in Lieshan District	172,374.00	Industrial	Listed for transfer	50 years	330.10
B	August 2023	Anhui Huaibei Lieshan Economic Development Zone Management Committee (安徽淮北烈山經濟開發區管委會)	West Jingyi Road and North Weiyi Road in Lieshan Economic Development Zone	66,664.06	Industrial	Listed for transfer	50 years	327.01
C	January 2023	Huaibei Xinjun Electronic Technology Co., Ltd. (淮北新駿電子科技有限公司)	West Longhe Road and South Qijia Road in Xincai Industrial Park in Lieshan District	19,018.20	Industrial	Listed for transfer	50 years	331.26

② Selection of Comparison Factors and Preparation of a Factor Comparison Table

Based on the conditions of the appraised land parcel, the main factors influencing the land price are identified as follows:

A. Transaction Time: Establishes the land price index;

B. Transaction Conditions: Determines whether the transaction is normal, fair, open, and voluntary;

C. Regional Factors: Includes transportation accessibility, infrastructure support, and environmental quality;

D. Individual Factors: Mainly refers to the shape of the land parcel, planning restrictions, and the land use duration.

A factor comparison table is prepared based on the specific circumstances of the valuation target and the comparable cases, based on which adjustments are made for transaction conditions, transaction time, regional factors, and individual factors. By comparing the factors of the valuation target to those of the comparable cases, correction coefficients for each factor are derived, resulting in a benchmark price of RMB425.73/m^2.

(3) Calculation Process under Cost Approximation Method

The cost approximation method refers to a valuation method that is based on the sum of all costs incurred in developing the land, plus certain amounts for interest, profit, taxes due, and land appreciation income to determine the land price.

The basic formula is:

Land Price = Land Acquisition Cost + Related Taxes + Land Development Cost + Investment Interest + Investment Profit + Land Appreciation Income

① Land acquisition cost

According to the "Land Administration Law of the People's Republic of China", compensation costs for acquisition of arable land include land compensation fees, resettlement subsidies, and compensation for above-ground fixtures and young crops.

Based on the "Notification of the People's Government of Anhui Province on Announcing the Comprehensive Land Price Standards for the Province" (Wan Zheng [2023] No. 62) (《安徽省人民政府關於公佈全省徵地區片綜合地價標準的通知》(皖政[2023]62號)), the comprehensive land price standard in the area of Appraised Land Parcel 01 is RMB56,370.00/mu (land compensation and resettlement subsidies), with young crops compensation at RMB2,000/mu, based on which, the land acquisition cost is arrived at RMB87.55/m^2.

② Related Taxes

A. Local Water Conservancy Construction Fund

According to the "Notice of the People's Government of Anhui Province on Issuing the *Interim Measures for the Collection and Management of Anhui Province Local Water Conservancy Construction Fund*" (Wan Zheng [2012] No. 54) (安徽省人民政府《關於印發<安徽省地方水利建設基金籌集和使用管理暫行辦法>的通知》(皖政[2012]54號)), the water conservancy construction fund is arrived at RMB500/mu, which is RMB0.75/m^2.

B. Arable Land Occupation Tax

According to the "Decision on the Applicable Tax Amount for the Arable Land Occupation Tax in Anhui Province" (《關於安徽省耕地佔用税適用税額的決定》) passed by the Standing Committee of the Anhui Provincial People's Congress at the 11th meeting of the 13th session of the Standing Committee of the Anhui Provincial People's Congress on 26 July 2019, and based on the land use of the appraised land parcel and related data collected through site surveys and investigations, the arable land occupation tax is RMB37.50/m^2.

C. Land Reclamation Fee

According to the "Notification of the Anhui Provincial Development and Reform Commission, Anhui Provincial Department of Finance, and Anhui Provincial Department of Natural Resources on Adjusting the Standards for the Collection of Arable Land Reclamation Fees" (Wan Development and Reform Fee [2019] No. 33) (《關於調整耕地開墾費徵收標準等有關問題的通知》(皖發改收費[2019]33號)), the arable land reclamation fee is RMB32/m^2.

The total of land acquisition cost and related taxes is RMB157.80/m^2.

③ Land Development Cost

Based on information provided by Tongming Mining and on-site inspections by asset valuation professionals, in combination with the development level set for the appraised land parcel, the development cost is RMB190.00/m^2.

④ Investment Interest

Based on the land area and level of development, the land development period for similar-sized plots in the area was surveyed. The development period for the appraised land parcel is set at one year. Investment interest is calculated using the Loan Prime Rate (LPR) announced by the National Interbank Funding Center that

is authorized by the People's Bank of China, with the land acquisition cost and related taxes invested as a lump sum, and land development costs are evenly distributed over the development period. The investment interest is RMB9.20/m^2.

⑤ Investment Profit

With taken into account the local land development market profit margin, the local economic growth rate, bank loan interest rates, and risk-return rates, in combination with the situation of the appraised land parcel, the annual investment profit margin for all industrial land development appraised for this time is 10%. Investment profit amounts to RMB34.78/m^2.

⑥ Land Appreciation Income

Based on information provided by the local land management department, the land appreciation income is calculated at 35% of the total cost (sum of land acquisition cost, related taxes, land development cost, investment interest, and investment profit).

Land Appreciation Income = (Land Acquisition Cost + Related Taxes + Land Development Cost + Investment Interest + Investment Profit) × Appreciation Return Rate = RMB137.12/m^2

The land use right price for the appraised land parcel's set period is RMB491.03/m^2.

The cost approximation method calculates the land price as the average for the region of the appraised land parcel, and specific individual factor correction coefficients shall be adjusted for the land price of the appraised parcel based on the location within the region and the individual conditions of the parcel itself. Since the conditions of the appraised parcel are similar to the average conditions in the region, no individual factor adjustments are necessary, and the individual factor correction coefficient is set at 0.

The cost approximation method estimates the unit price of the appraised land parcel at RMB491.03/m^2.

(4) Determination of Valuation Results

① Method of determining the valuation results

The unit prices of the appraised land parcel calculated using the market comparison method and the cost approximation method are RMB425.73/m^2 and RMB491.03/m^2, respectively. Since the difference between the two methods is insignificant, the final appraised unit price is determined by taking a simple arithmetic average of the two method's unit prices, rounded to RMB458/m^2.

② Valuation Results

Based on a thorough investigation and analysis of the actual conditions of the appraised land parcel, as well as the relevant valuation procedures and methods, the land use right price for Land Parcel 01, given its designated use and level of development, as of the Valuation Benchmark Date, being 30 November 2023, is:

Total land price for Land Parcel 01: RMB94,934,800.00.

Considering the corresponding deed tax:

Land Valuation = RMB94,934,800.00 × (1 + 3%)

= RMB97,782,900.00 (rounded)

*(VII) **About valuation method for intangible assets – mining rights***

The resource reserves of the mining rights have been verified. The "Mineral Resource Reserve Segmentation Report of Limestones as Construction Materials in Gaoloushan Mining Area, Lieshan District, Huaibei City, Anhui Province" (安徽省淮北市烈山區高樓山礦區建築石料用灰岩礦資源儲量分割報告) prepared by the East-China Metallurgical Geological Exploration Institute (華東冶金地質勘查研究院) in June 2020 has been filed with the Natural Resources and Planning Bureau of Huaibei City, indicating that there is an enormous size of resources. The "Mineral Resource Development and Utilization Plan for Limestones as Construction Materials in Gaoloushan Mining Area, Lieshan District, Huaibei City, Anhui Province" prepared by the same institute in November 2020 has passed review. Currently, the mine is operating normally and has reached its designed production scale, in which case, the mine spans a service life of 20 years during its large-scale production. The Company possesses the technical and financial information required for the valuation method. For the purpose of this valuation, with reference to the mining rights valuation method and the characteristics of the appraised mining rights and the information so collected, as well as on a continued use basis, this valuation is suitable for the discounted cash flow method.

The fundamental principle of the discounted cash flow method is to treat the exploration and development of mineral resources corresponding to mining rights as a cash flow system, and to discount the net cash flows of each year within the estimated service life to the sum of the present values at the Valuation Benchmark Date at a discount rate matching the net cash flow criteria, as the valuation result for the mining rights. The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \cdot \frac{1}{(1+i)^t}$$

Where: P – valuation result of mining rights;
CI – annual cash inflow;
CO – annual cash outflow;
$(CI - CO)_t$ – annual net cash flow;
i – discount rate;
t – year number (t =1, 2, 3, ..., n);
n – estimated service life.

The key valuation parameters are set out below:

(1) Retained resources and resources used in the valuation as of the Valuation Benchmark Date

According to the "Reserve Segmentation Report" and the "Approval Certificate for the Mineral Resource Reserves in respect of *the Mineral Resource Reserve Segmentation Report of Limestones as Construction Materials in Gaoloushan Mining Area, Lieshan District, Huaibei City, Anhui Province*" (Huai Zi Ran Zi Chu Bei Zi [2020] No. 3) (《關於<安徽省淮北市烈山區高樓山礦區建築石料用灰岩礦資源儲量分割報告>礦產資源儲量評審備案證明》(淮自然資儲備字[2020]3號)), the resource reserves as of the Valuation Benchmark Date have been adjusted by subtracting the resources used between the reserve valuation benchmark date and the Valuation Benchmark Date of this valuation. The retained resources and resources used in the valuation as of the Valuation Benchmark Date amount to 152,975,500 tonnes.

(2) The assessed available proven reserves as of the Valuation Benchmark Date amount to 145,481,500 tonnes.

(3) Valuation period

As the project is currently in normal production, the valuation does not account for an infrastructure construction period. The limestone mine at Tongming Mining produced approximately 3.9 million tonnes in 2023, which has not yet reached full production

capacity. According to data provided by Tongming Mining, full production capacity is expected to be achieved in 2031, with the annual production volumes prior to achieving full production capacity as follows:

Year	2024	2025	2026	2027	2028	2029	2030	2031
Annual production volume (million tonnes)	450.00	500.00	550.00	600.00	650.00	700.00	750.00	800.00

Based on the above scheme, the valuation period is calculated to be 20.17 years (from December 2023 to February 2044).

(4) The projected annual sales revenue for Tongming Mining's limestone mine at full production capacity is RMB496,033,600.

(5) Valuation of investment in fixed assets

The valuation was based on the investment in net fixed assets (net of idle equipment) of RMB165,071,300 and construction in progress of RMB235,971,300 as at the Valuation Benchmark Date, and the net amount of investment in Phase II (RMB337,754,900) after deduction of construction in progress (RMB235,971,300) of RMB101,783,600 was invested evenly from December 2023 to June 2024.

(6) Investment in intangible assets

Based on the afore-mentioned asset valuation results, the appraised value of intangible assets-land use rights is RMB150,976,500, and the appraised value of other intangible assets is RMB999,900.

(7) Working capital

Working capital refers to all revolving funds required to maintain production. According to the "Guiding Opinions on Determination of Mineral Rights Valuation Parameters"(《礦業權評估參數確定指導意見》), the reference index for working capital in mining enterprises is selected at 5-15% of the mine's fixed assets. For this valuation, working capital is calculated at 8% of fixed assets.

(8) Operating Costs

Based on the audited actual costs and expenses of Tongming Mining for 2022 and from January to November 2023, adjusted in accordance with the mining rights valuation standards, the annual operating cost is expected to be RMB130,341,900 if full production capacity is achieved in the forecast period.

(9) Taxes and surcharges

Taxes and surcharges include urban maintenance and construction tax, education surcharge, resource tax, environmental protection tax, water resource fee, soil and water conservation fee, water conservancy construction fund and other taxes (such as urban land use tax, property tax, vehicle and vessel tax and stamp duty). Urban maintenance and construction tax and education surcharge are calculated based on the payable VAT. If full production capacity is achieved in the forecast period, the annual taxes and surcharges payable are expected to be RMB32,824,000.

(10) Corporate income tax

According to the "Enterprise Income Tax Law of the People's Republic of China" (revised at the Seventh Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018), the corporate income tax rate is 25%. If full production capacity is achieved in the forecast period, the annual corporate income tax is expected to be RMB75,302,300.

(11) Discount rate

According to the "Guiding Opinions on Determination of Mineral Rights Valuation Parameters"(《礦業權評估參數確定指導意見》), the basic composition of the discount rate is: discount rate = risk-free return rate + risk premium rate.

The risk-free return rate is typically determined with reference to the interest rates on medium- to long-term government bonds or corresponding bank deposit interest rates. The risk-free return rate can be determined based on the coupon rate of the most recently issued long-term government bonds prior to the Valuation Benchmark Date, the weighted average of the interest rates of the long-term government bonds issued in recent years, or 5-year time deposit interest rate announced by the People's Bank of China on the date which is closest to the Valuation Benchmark Date.

The risk-free return rate for this project is determined based on the yield of long-term government bonds with a remaining maturity of over ten years as of the Valuation Benchmark Date (30 November 2023), which is 3.54% (rounded to two decimal places).

The risk premium rate refers to the ratio of risk compensation to the investment amount. In the mineral exploration and development industry, various risks, such as exploration and development stage risks, industry risks, financial and operational risks, and other specific risks, may be encountered. The risk premium rate is quantified and aggregated using the "Risk Accumulation Method" to reflect these risks. For this project, the total risk premium rate is determined to be 4.10%.

In summary, the discount rate is 7.64%.

The final valuation result for the mining rights is RMB1,550,000,000.00.

(VIII) ***About valuation method for intangible assets – other intangible assets***

1. Software Intangible Assets

For application software purchased by the enterprise, the appraised value is determined by reference to the current market price of the same software.

2. Patents and Software Copyrights

The intangible assets recorded off the book are 7 patents and 16 software copyrights.

The cost approach is a valuation method used to obtain the value of appraised assets by taking all the cost (including the opportunity cost) required to re-create or obtain the appraised assets in brand new conditions under the current conditions as the replacement cost, and estimating various depreciation factors of the appraised assets and deducting them from the replacement cast.

The market approach is a valuation method used to estimate the value of appraised assets through direct comparison or analogical analysis based on the recent trading prices of same or similar assets in the market. The value of the appraised asset is judged and estimated in the substitution principle and by making full use of the price information of similar asset transaction. Given the limited number of intangible asset transactions in the domestic market, it is difficult to find sufficient number of cases available for comparison, restricting the application of market approach. Therefore, the market approach is generally rarely adopted for the valuation of intangible assets at present.

The income approach is a valuation method in which the value of assets is determined by estimating the present value of the future expected returns of the appraised assets. With respect to intangible assets, their value is derived from the ability of the asset owner to generate income through paid licensing or by attaching the intangible asset to products. An intangible asset is of insignificant value in such extent that it does not generate revenue for the holder. As the patents filed by Tongming Mining are primarily used for equipment improvements and contribute minimally to its ongoing operations, it is not appropriate to adopt the income approach in the valuation of the patents.

In summary, the cost approach is adopted for appraising the patents and software copyrights included in this valuation.

(1) Patents

The basic formula is:

Full replacement cost = Registration fee + (material cost + labour cost) × (1 + cost margin) + capital cost

Depreciation rate = 1– remaining useful life ÷ economic useful life

Valuation result = Full replacement cost × (1 – depreciation rate)

(2) Software Copyrights

Full replacement cost of software copyrights = Material cost + labour cost + registration fee

Depreciation rate = 1 – remaining useful life ÷ economic useful life

Valuation result = Full replacement cost × (1 – depreciation rate)

(IX) About valuation method for long-term deferred expenses

Long-term deferred expenses consist of land rent. Upon verification, the original amounts are authentic and accurate, the amortization periods are reasonable and compliant, and the amortization is timely and accurate. Long-term deferred expenses can still be entitled to the corresponding rights and interests or assets in the future beneficial period and the appraised value is determined based on the rights or assets enjoyed during the future beneficial period.

(X) About valuation method for other non-current assets

Other non-current assets consist of prepayments for construction costs. Asset valuation professionals have reviewed and collected relevant procurement contracts or agreements and obtained relevant vouchers. The appraised value for this valuation is determined based on the book value.

(XI) About valuation method for liabilities

The liabilities reported by the enterprise include current and non-current liabilities. Current liabilities include accounts payable, contract liabilities, employee compensation payable, tax payable, other payables, non-current liabilities due within one year, and other current liabilities. Non-current liabilities include long-term borrowings, long-term payables, estimated liabilities, deferred income and deferred income tax liabilities. The valuation result is determined by verifying each liability based on the detailed list of items provided by the enterprise to determine whether each liability was actually incurred by the company as at the benchmark date and whether there are creditors.

1. Accounts Payable

Accounts payable mainly consist of blasting fees, fuel costs and material procurement payments. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, and conducted sample checks on relevant vouchers. The outstanding amounts are all debts that the appraised entity is still obligated to repay, and the valuation result is determined based on the verified book value.

2. Contract liabilities

Contract liabilities primarily consist of payments received for goods. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, and conducted sample checks on relevant vouchers. The outstanding amounts are all debts that the appraised entity is still obligated to repay, and the valuation result is determined based on the verified book value.

3. Employee Compensation Payable

The employee compensation payable included in the scope of valuation mainly consists of wages, social security contributions and housing provident fund. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, investigated the accrual and payment of related employee compensation, and conducted sample checks on relevant vouchers. The valuation result is determined based on the verified book value.

4. Taxes payable

Taxes payable primarily consist of value-added tax (VAT), resource tax and individual income tax. The detailed ledgers, general ledgers and reports related to taxes payable were reviewed, and tax payment vouchers were sample-checked. The valuation result is determined based on the verified book value.

5. Other Payables

Other payables primarily consist of current accounts payable. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, and conducted sample checks on relevant vouchers. The outstanding amounts are all debts that the appraised entity is still obligated to repay, and the valuation result is determined based on the verified book value.

6. Non-Current Liabilities due within One Year

Non-current liabilities due within one year consist of borrowings due within one year from banks and leasing companies. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, conducted sample checks on relevant vouchers, and issued letters of confirmation in respect of the balances. The valuation result is determined based on the verified book value.

7. Other Current Liabilities

Other current liabilities primarily consist of deferred sales tax. Asset valuation professionals have verified the related data on the books and found no discrepancies. The valuation result is based on the verified book value.

8. Long-term Borrowings

Long-term borrowings consist of long-term bank loans. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, conducted sample checks on relevant vouchers, and issued letters of confirmation in respect of the balances. The valuation result is determined based on the verified book value.

9. Long-term Payables

Long-term payables consist of payable transfer prices of mining rights. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, conducted sample checks on relevant vouchers, and issued letters of confirmation in respect of the balances. The valuation result is determined based on the verified book value.

10. Estimated Liabilities

Estimated liabilities consist of decommissioning costs payable upon the expiration of mining rights. Asset valuation professionals have reviewed the detailed ledger, general ledger and reports, and conducted sample checks on relevant vouchers. The valuation result is determined based on the verified book value.

11. Deferred Income

Deferred income consists of government grants received by Tongming Mining. The appraised entity did not provide relevant supporting documents for the government grant of RMB500,000. The appraised value in this valuation is presented at the book value.

12. Deferred Tax Liabilities

Deferred tax liabilities primarily represent temporary taxable differences due to the amortization of mining rights and interest on long-term payables. The valuation result is based on the verified book value after confirming the basis of the book value and the calculation method.

VI. ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: assuming that all assets to be valued are in the course of transaction and the valuation performed by the asset valuation professionals is based on simulated market including terms of transaction of the valued assets.

2. Open market assumption: open market assumption is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction.

3. Assumption of continuous use of assets: continuous use assumption is an assumption about the conditions of assets proposed to enter the market and status of the assets under such market conditions. It is assumed that, firstly, the valued assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, change of uses of assets and the best conditions of use are not taken into account, and the scope of use of the valuation result is limited.

4. Going concern assumption: it is assumed that the production and operation of the appraised entity can be continuously operated according to its current situation, and that its operating conditions will not change significantly during the foreseeable period of operation.

(II) Special Assumptions

1. The valuation assumes that the external economic environment remains unchanged and the current national macroeconomic conditions will not change significantly as at the Valuation Benchmark Date. There is no materially adverse impact brought by unpredictable and force majeure factors.

2. There will be no significant change in the social and economic environment where the enterprise operates and the applicable policies on tax, exchange rates, and tax rate, etc.

3. The future management members of the enterprises will duly perform their duties and continue to carry out the operation and management in the same manner as currently adopted.

4. Assuming the appraised entity will be able to obtain the approval from relevant authorities of their qualification for conducting each of their businesses upon the expiry of the necessary qualifications and their industrial or business qualification will continue to be effective.

5. Assuming the appraised entity will fully comply with all relevant laws and regulations and industrial policies of the government and there will be no event of material irregularity which will affect the development of the Company or the realisation of the economic return of the Company.

6. Assuming the accounting policies to be adopted by the appraised entity after the Valuation Benchmark Date will be consistent in all material respects with the accounting policies adopted as at the time of the preparation of the valuation report.

7. Assuming the respective scope and mode of business of the appraised entity after the Valuation Benchmark Date will remain the same as that currently adopted and based on the same management approach and standard as currently in effect.

8. Assuming the enterprises will keep their existing credit policy unchanged and they will not encounter any material fund collection problem.

9. Assuming the cash inflow and outflow of the appraised entity will remain at its average level after the Valuation Benchmark Date.

10. Assuming the basic information and financial information provided by the appraised entity is true, accurate and complete.

VII. SCOPE OF WORK PERFORMED BY THE VALUER, LIMITATION THEREON AND THE REASONS FOR SUCH LIMITATION

Scope of work

- Clarification of the basic matters of valuation engagement

- Entering into of the valuation engagement contract

- Preparation of assessment plans

- Site investigations
- Collection of evaluation information
- Reconciliation of data with the auditing organization
- Appraisal and calculation, selecting appropriate calculation methods on the basis of price inquiries and market quotes by asset class, estimating the value of each class of assets and liabilities, and conducting aggregate analyses to preliminarily determine the results of calculation under the asset-based method
- Preparation and submission of valuation report

Limitations

1. This valuation result estimates the market value of the valuation target on the basis of the purpose of this valuation and under the assumption of open market, without considering the impact on the appraised value caused by the potentially increased or decreased price resulting from the special transaction method, or the impact on the assets price caused by changes of the macroeconomic environment, the natural force and other force majeure.

2. The Valuation Benchmark Date adopted by the asset valuation report has been stated above, and our estimate of the value is based on the purchasing power of the currency of the place where the enterprise is located as at the Valuation Benchmark Date.

The valuation result of this report is based on the aforesaid assumptions and limitations. When there is significant change in the aforesaid assumptions and limitations, this valuation result will be invalid.

VIII. NATURE AND SOURCE OF THE INFORMATION RELIED UPON

- Information independently obtained directly from the market and other sources, information obtained from relevant parties such as principals and appraised entity, and information obtained from government departments, various professional organizations and other relevant parties;
- In the form of enquiry records, enquiry results, inspection records, industry information, analysis information and professional reports;
- Asset valuation professionals verify and validate information used in appraisal activities in accordance with the laws. The methods of verification and validation usually include observation, questioning, written examination, field investigation, enquiry and review.

- Asset valuation professionals analyze, summarize and collate the valuation information collected in accordance with the specific circumstances of the asset valuation business to form the basis for assessing the estimates and preparing the asset valuation report.

IX. ADOPTION OF VALUATION RESULTS UNDER THE ASSET-BASED APPROACH AS THE FINAL VALUATION CONCLUSION

According to the relevant valuation regulations, an appraisal of the market value of the entire equity interest in Tongming Mining is conducted on the basis of the principles of independence, fairness and objectivity, and necessary valuation procedures. Based on the above valuation work, the following valuation conclusions are drawn:

Under the asset-based approach, the book value of Tongming Mining's total assets is RMB2,209,945,700, and the valuation result is RMB2,523,439,500, representing an appreciation of RMB313,493,800 at an appreciation rate of 14.19%. The book value of total liabilities is RMB1,788,766,600, and the valuation result is RMB1,788,766,600, with no change in the valuation result. The book value of owners' equity is RMB421,179,100, and the valuation result is RMB734,673,000, representing an appreciation of RMB313,493,800 at an appreciation rate of 74.43%.

Amount: RMB

No.	Item	Book value	Appraised value	Appreciation/ depreciation	Appreciation rate %
1	**I. Total current assets**	**298,762,248.62**	**298,762,140.67**	**-107.95**	**–**
2	Monetary funds	278,827,415.15	278,827,415.15	–	–
3	Bills receivable	950,000.00	950,000.00	–	–
4	Accounts receivable	6,732,220.37	6,732,220.37	–	–
5	Prepayments	1,523,116.85	1,523,116.85	–	–
6	Other receivables	495,881.22	495,881.22	–	–
7	Inventories	1,018,111.04	1,018,003.09	-107.95	-0.01
8	Other current assets	9,215,503.99	9,215,503.99	–	–
9	**II. Total non-current assets**	**1,911,183,417.95**	**2,224,677,363.59**	**313,493,945.64**	**16.40**
10	Long-term receivables	10,451,168.44	10,451,168.44	–	–
11	Fixed assets	149,326,909.39	167,381,933.52	18,055,024.13	12.09
12	Construction in progress	235,971,272.12	240,041,776.56	4,070,504.44	1.72
13	Intangible assets	1,410,607,982.93	1,701,976,400.00	291,368,417.07	20.66
14	Long-term deferred expenses	594,164.53	594,164.53	–	–
15	Other non-current assets	104,231,920.54	104,231,920.54	–	–
16	**III. Total assets**	**2,209,945,666.57**	**2,523,439,504.26**	**313,493,837.69**	**14.19**
17	**IV. Total current liabilities**	**1,269,779,182.50**	**1,269,779,182.50**	**–**	**–**
18	Accounts payable	8,055,927.72	8,055,927.72	–	–
19	Contract liabilities	6,044,593.93	6,044,593.93	–	–

No.	Item	Book value	Appraised value	Appreciation/ depreciation	Appreciation rate %
20	Employee compensation payable	3,607,665.20	3,607,665.20	–	–
21	Taxes payable	2,956,763.03	2,956,763.03	–	–
22	Other payables	543,409,020.51	543,409,020.51	–	–
23	Non-current liabilities due within one year	704,919,414.90	704,919,414.90	–	–
24	Other current liabilities	785,797.21	785,797.21	–	–
25	**V. Total non-current liabilities**	**518,987,364.42**	**518,987,364.42**	**–**	**–**
26	Long-term borrowings	216,900,000.00	216,900,000.00	–	–
27	Long-term payables	260,449,639.95	260,449,639.95	–	–
28	Estimated liabilities	16,227,515.12	16,227,515.12	–	–
29	Deferred income	500,000.00	500,000.00	–	–
30	Deferred income tax liabilities	24,910,209.35	24,910,209.35	–	–
31	**VI. Total liabilities**	**1,788,766,546.92**	**1,788,766,546.92**	**–**	**–**
32	**VII. Owners' equity (or shareholders' equity)**	**421,179,119.65**	**734,672,957.34**	**313,493,837.69**	**74.43**

X. VALUATION EFFECTIVE DATE

The valuation conclusion of this report shall remain valid for one year from the Valuation Benchmark Date, i.e., from 30 November 2023 to 29 November 2024. Revaluation is required if the purpose remains unfulfilled after one year.

XI. IDENTITIES, QUALIFICATIONS AND INDEPENDENCE OF THE VALUER

The Valuer holds a valid certificate of asset valuation qualification (資產評估資格證書) issued by the Ministry of Finance of the PRC. Each of the assets appraisers responsible for the preparation of the Valuation holds a valid professional qualification certificate for asset appraisers (資產評估師職業資格證書) issued by the China Appraisal Society (中國資產評估協會). The Valuer and each of the relevant assets appraisers have confirmed that they are independent of the Company.

As at the Last Practicable Date, the Valuer was not aware of material change in the valuation results since the Valuation Benchmark Date.

Zhongshui Zhiyuan Assets Appraisal Co., Ltd.* (中水致遠資產評估有限公司)

Independent Technical Report on the Gaoloushan Construction Aggregate Project, Anhui Province, China

Gaoloushan Construction Aggregate, Huaibei, Anhui, China
Huaibei GreenGold Industry Investment Co., Ltd.*

SRK Consulting (Hong Kong) Ltd ▪ HGG001 ▪ August 2024

srk consulting

Independent Technical Report on the Gaoloushan Construction Aggregate Project, Anhui Province, China

Gaoloushan Construction Aggregate, Huaibei, Anhui, China

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Cover Image:
Open pit aerial view

Disclaimer: The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Hong Kong) Ltd (SRK) by Huaibei GreenGold Industry Investment Co., Ltd.* The opinions in this Report are provided in response to a specific request from Huaibei GreenGold Industry Investment Co., Ltd.* to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

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USEFUL DEFINITIONS

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

Term	Meaning
ACR/ASR	Alkali silica reactivity/alkali carbonate reactivity Records the presence of minerals that may react with alkali materials present in cement mixes and cause swelling and consequent structural damage
bedding	The surface that separates one layer from another in sedimentary rocks
bulk density	Property of mineral components, defined by the weight of an object or material divided by its volume, including the volume of its pore spaces
calcite	Calcium carbonate minerals
Cambrian	Time period 540-485 million years ago
CNGM	China National Geological Exploration Center of Building Materials Industry
compressive strength	The capacity of a material or structure to withstand loads tending to reduce size, measured by plotting applied force against deformation in a testing machine. It is the maximum compressive stress that can be applied to a material, such as a rock, under given conditions, before failure occurs
diorite	A coarse-grained igneous rock, intruded as a magma into pre-existing rock units where it solidifies to form a solid mass
dolomite	A sedimentary carbonate rock and a mineral, both composed of calcium magnesium carbonate $CaMg(CO_3)_2$ found in crystals, commercially referred to as marble
drill core	A solid, cylindrical sample of rock produced by an annular drill bit, generally rotatively driven but sometimes cut by percussive methods (drill core is extracted from a drill hole)

Term	Meaning
drill hole	A hole drilled in the ground by a drill rig, usually for exploratory purposes to obtain geological information and to allow sampling of rock material
Early Palaeozoic	Time period comprising Cambrian and Ordovician
ECGE	East China Metallurgical Institute of Geology and Exploration
EIA	environmental impact assessment, a comprehensive analysis of the environmental consequences of a mining project
EPCM	Engineering, Procurement, Construction and Management
EPMP	Environmental Protection and Management Plan
exploration	Activities undertaken to prove the location, volume and quality of a deposit
fault	A fracture or fracture zone in rock along which movement has occurred
feed ore	Mined rock delivered to the processing plant
flexural strength	A mechanical parameter for brittle material, defined as a material's ability to resist deformation under load
fold	A bend or flexure in a rock unit or series of rock units that has been caused by crustal movements
formation	A body of rock having a consistent set of characteristics (lithology) that distinguish it from adjacent bodies of rock
FS	feasibility study on the Phase II development, prepared by Hanchen International Engineering Design Group Co., Ltd.
g/cm^3	grams per cubic centimetre
GIS	Geographic Information System

Term	Meaning
GPS	Global Positioning System: a global navigation satellite system that provides location, velocity and time synchronisation
hauling	The drawing or conveying of the product of the mine from the working places to the bottom of the hoisting shaft, or slope
IFC	International Finance Corporation/World Bank
JGMD	Jiangsu Mineral Geology Design and Research Institute
joint	A fracture in rock which has no displacement
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
Jurassic	Time period 200-145 million years ago
k	thousand
karst	A type of topography that is formed on limestone, gypsum, and other rocks by dissolution, and that is characterised by sinkholes, caves and underground drainage
kg	kilograms
km	kilometres
km^2	square kilometres
kV	kiloVolts
kVA	kiloVolt-Amperes
kW	kiloWatts

Term	Meaning
limestone	Rocks of sedimentary origin that primarily are composed of calcium carbonate without or with limited magnesium
log	The record of, or the process of recording, events or the type and characteristics of the rock penetrated in drilling a borehole, as evidenced by the cuttings, core recovered, or information obtained from electric, sonic or radioactivity devices
LoM	Life of Mine
m	metres
M	million
m^3	cubic metres
magmatic	Pertaining to, or derived from, magma
metamorphic rock	A rock formed by transformation of existing rocks subject to elevated heat and pressure
Measured Resource(s)	part of the Mineral Resource(s) for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. A Measured Resource has a higher level of confidence than that applying to either an Indicated Resource or an Inferred Mineral Resource
Mineral Resource	Concentration or occurrence of material of intrinsic economic interest on or inside the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Resources are sub-divided into categories of Inferred, Indicated and Measured in order of increasing geological confidence
masl	metres above sea level

Term	Meaning
mm	millimetres
Modifying Factors	Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
MPa	megaPascals
Mt	million tonnes
Mtpa	million tonnes per annum
nameplate capacity	The maximum processing plant capacity, the intended full-load sustained output
OHS	Occupational Health and Safety
Oolite	A nearly spherical rock ~2 mm particle formed by concentric deposition around a nucleus; oolitic describes a rock formed from oolites
open pit	Mining of a deposit from a pit open to the surface and usually carried out by stripping of overburden materials (equivalent to a quarry)
Ordovician	A time period 485-445 million years ago, follows after Cambrian
Ore Reserve	The economically mineable part of a measured and/or indicated mineral resource(s), which include(s) diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
overburden	refers to a mixture of weathered rocks and soils generated during the mining process

Term	Meaning
plant availability	an index indicating the percentage of planned production time in which a machine actually produced
PD	Preliminary Design of the Gaoloushan Expansion Project, prepared by Hebei Building Materials Industry Design and Research Institute Co., Ltd.
Probable Ore Reserve(s)	the economically mineable part of Indicated Resource(s) within the pit. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve
Proved Ore Reserve(s)	the economically mineable parts of the Measured Resources, which include diluting materials and allowances of losses. A Proved Ore Reserve implies a high degree of confidence in the modifying factors
phyllite	A type of foliated metamorphic rock created from slate that has fine-grained mica
Quaternary	Most recent time period 2.6 million years ago to the present
RMB	Chinese Yuan, Chinese currency
RoM	Run of Mine, ore coming out of a mine prior to processing
scalpings	Material remaining after aggregate products have been removed
sedimentary rock	A rock formed from the accumulation and consolidation of sediment, usually in layered deposits and which may consist of rock fragments of various sizes, remains or products of animals or plants, products of chemical action or of evaporation, or mixtures of these
shale	A fine-grained sedimentary rock, formed from mud that is a mix of clay and silt
sill	A tabular sheet intrusion of molten rock (magma) that has intruded between older layers of sedimentary rock, a sill does not cut across the pre-existing formations

Term	Meaning
specific gravity	The ratio of its mass to the mass of an equal volume of water
SRK	SRK Consulting (Hong Kong) Limited
stratigraphy	The study of sedimentary rock units, including their geographic extent, age, classification, characteristics and formation
strike	Direction of line formed by intersection of a rock surface with a horizontal plane. Strike is always perpendicular to direction of dip
stripping ratio	The ratio of the volume of waste material required to be handled in order to extract some volume of ore
t	tonnes
vein	Sheet-like body of minerals formed by fracture filling or replacement of lost rock
waste	The part of an ore deposit that is too low in grade to be of economic value at the time of mining, but which may be stored separately for possible treatment later
water absorption	The amount of water that a material can absorb under controlled conditions
weathering	Response of materials once in equilibrium within Earth's crust to new conditions at or near contact with water, air, or living matter
wireframe	A skeletal three-dimensional model in which only lines and vertices are represented, a preliminary stage used in preparing a full three-dimensional model
WRD	waste rock dump
WSCP	Water and Soil Conservation Plan

EXECUTIVE SUMMARY

SRK Consulting (Hong Kong) Limited ("**SRK**"), an associate company of SRK Global Limited has been commissioned by Huaibei GreenGold Industry Investment Co., Ltd.* ("**GreenGold**" or the "**Company**") to prepare an Independent Technical Report ("**ITR**" or the "**Report**") on its Gaoloushan construction aggregate project (the "**Project**").

The Project, located in Huaibei City, Anhui Province of the People's Republic of China ("**PRC**"), includes an operating quarry and a processing plant. The Project has been successfully producing limestone construction aggregates since 2018. The original Phase I Mining Licence with an approved production capacity of 3.5 Mtpa was replaced by the Phase II Mining Licence, which covers a larger area (0.8777 km^2) and increases production capacity to 8.0 Mtpa. Construction of the Phase II development was completed at the end of June 2024. Trial production is currently in progress, with commercial production expected in the fourth quarter of 2024. This Report will be included in a Circular relating to a major and connected transaction in relation to capital injection and deemed disposal of equity interest in Tongming Mining.

In 2022, GreenGold commissioned SRK to prepare an ITR on the Project in connection with its listing on the Hong Kong Stock Exchange ("**HKEx**"). Following this, SRK was retained as the independent technical consultant to update the Mineral Resources and Ore Reserves of the Project. The current ITR is primarily drawn from the 2022 ITR, the subsequent updates to the Mineral Resources and Ore Reserves and a recent site visit by SRK in April 2024.

The scope of work for this Report includes review and reporting on the following technical aspects:

- Geology and aggregate quality;
- Mineral Resources;
- Mining and Ore Reserves;
- Processing;
- Capital and operating costs;
- Environmental, permits and social impacts; and
- Risk assessment.

Work programme

SRK has reviewed information provided by GreenGold, including the preliminary design ("**PD**"), drilling information, test reports and various other documents. SRK conducted site visits to the Project site in May, June and November 2021 as well as April 2024. This Report documents the results of SRK's review and assessment of the Project.

Geology

The Project area forms part of the Suzhou–Xuzhou fold and thrust belt of the southern margin of the North China Block. The regional stratigraphy consists of Early Palaeozoic limestone, dolomite and shale, underlain by older Proterozoic limestone, sandstone and phyllite. These rocks were later intruded by Jurassic granodiorite and diorite, forming sills between the sedimentary layers. A small subvertical 10 cm-wide fault zone, infilled with calcite veins, strikes southeast through the Project area.

In the Project area, the beds dip between 10° and 30° to the southeast. The target Cambrian limestone and dolomite sequence includes the oldest Zhangxia Formation (consists of oolitic limestone) with an average thickness of approximately 221 m, the Gushan Formation (consists of dolomitic and oolitic limestone) with an average thickness of approximately 61 m and the youngest Changshan Formation (consists of dolomite and limestone) with an average thickness of approximately 66 m. Together, these three formations form Domain 1 (being D1 Limestone), which has a maximum thickness of 348 m. The oldest, Zhangxia Formation, is intruded by a diorite sill with a maximum thickness of 75 m. The sill comprises Domain 2 (being D2 Diorite). It outcrops in the western portion of the Project.

The Project area has been mapped at a 1:2,000 scale in 2020 and 2021, building on earlier mapping at 1:200,000 and 1:50,000 scales. Seven drill holes for a total of 1,108 m were drilled in the 2020 and 2021 drilling programmes. The mapping and surface sampling programme has indicated that the limestones and dolomites are outcropping bedrock and have a minimal and localised weathering profile to 0.2 m, while the diorite weathering profile has an average thickness of 12.5 m.

Samples taken from the drill cores and exposed surfaces were subjected to testing to determine bulk density, wet compressive strength (water saturated), crushing index, alkali aggregate reactivity and robustness. The samples were cut to the specified size and tested. The results indicate that the quality of the limestone is suitable for use as an aggregate in accordance with the Technical Requirements for Geological Prospecting of Building Stones in Anhui Province (安徽省建築石料用礦地質勘查技術要求) (the "**Anhui Province Standard**") in a range of concrete, asphalt concrete and cement-stabilised macadam products. The diorite has failed to meet the alkali silica reactivity criteria and is not considered suitable for concrete products containing Portland cement, although it is still considered suitable for railway ballast, non-cement containing roadbase, and other applications.

There has been no exploration or additional drilling since the drilling programme in 2021.

Mineral Resources

SRK conducted geological modelling based on the latest topographic survey, geological mapping and the results of the 2020 and 2021 drilling programmes. Two units have been modelled: the D1 Limestone and D2 Diorite.

SRK is of the opinion that there is sufficient confidence in the continuity and aggregate quality of the D1 Limestone and D2 Diorite domains to classify them as Indicated Mineral Resources under the guidelines of the JORC Code within the Mining Licence area. A small proportion on the edge of the resource is classified as an Inferred Mineral Resource. No significant faults or karst cavities that may affect geological continuity were observed. The construction aggregate Mineral Resource estimated by SRK in accordance with the guidelines of the JORC Code (2012) as at 30 June 2024 is presented in Table ES-1.

Table ES-1: Gaoloushan Construction Aggregate Project Mineral Resource statement as at 30 June 2024

Domain	Mineral Resource Category	Volume *('000 m^3)*	Tonnes *(kt)*
D1 Limestone	Indicated	58,400	157,600
	Inferred	1,600	4,300
	Total	60,000	162,000
D2 Diorite	Indicated	5,700	14,800
	Inferred	400	1,100
	Total	6,100	15,900
TOTAL	Indicated	64,000	172,500
	Inferred	2,000	5,400
	Total	66,000	177,800

Source: SRK

Note: Both D1 Limestone and D2 Diorite domains are considered generally suitable for the production of construction aggregates with different potential applications; bulk density used: 2.70 t/m^3 for D1, and 2.62 t/m^3 for D2. Rounding, as required by reporting guidelines, may result in apparent summation differences between tonnes, grade and contained mineral content. Where these differences occur, SRK does not consider them to be material.

Mining

The quarry is an open pit operation that employs a conventional quarrying method, including drilling, blasting, loading and hauling. The quarry operation is designed to meet the processing plant's requirements, which are determined by its rated capacity and market demand.

The previous Phase I Mining Licence, which permitted production of up to 3.5 Mtpa was replaced on 30 June 2021 by a new Phase II Mining Licence, effective until June 2027. The Phase II Mining Licence covers a larger area and allows for a production capacity of up to 8.0 Mtpa. The construction of the Phase II development was completed at the end of June 2024.

SRK has reviewed the PD for the Phase II development and considered the level of accuracy of the Modifying Factors described in the PD, supported by data from the Phase I operation, is similar to a feasibility study ("FS"), prepared in accordance with the JORC Code guidelines. SRK conducted an open pit optimisation, mine design and production schedule for the Phase II operation based on the Modifying Factors described in the PD and the SRK's 2022 Mineral Resource Model. The operation has been following the PD without material changes. The remaining life of the mine ("LoM") is 16 years, with a ramp-up period from July 2024 to 2030 in response to the predicted market growth. From 2031, the quarry will operate at full capacity of 8.0 Mtpa. The LoM is ended in March 2041, coinciding with the expiration of the Mining License of Phase II operation.

It is SRK's opinion that the chosen quarrying method is appropriate and the selected mining equipment is reasonable. The quarrying operation is technically feasible and have a low risk of failing to meet the processing plant's demand.

Ore Reserve

The construction aggregate Ore Reserve estimate prepared by SRK in accordance with the guidelines considerations of the JORC Code as at 30 June 2024 is presented in Table ES-2. Based on the Modifying Factors, final pit design, the LoM plan from the pit to the processing plant and allowances for mining losses, SRK has classified the economically mineable part of the Indicated D1 Limestone Resource within the pit as Probable Ore Reserve. No D2 Diorite has been declared as Ore Reserve.

Table ES-2: Gaoloushan Construction Aggregate Project Ore Reserve statement as at 30 June 2024

Domain	Ore Reserve Category	Volume *('000 m^3)*	Tonnes *(kt)*
D1 Limestone	Probable	45,300	122,300

Note: Ore Reserve is inclusive of Mineral Resource; a 2% mining loss is factored.

Processing

The current Phase I Processing Plant has a designed nameplate production capacity of 1,300 t/h (3.6 Mtpa) and has been operating successfully since June 2018. The construction of the Phase II Processing Plant was completed at the end of June 2024 with a production capacity of 2,500 t/h (8.0 Mtpa). The Phase II Processing Plant commenced trial production in July 2024 and is targeted to begin commercial production in the fourth quarter of 2024. The process flowsheets of Phase I includes a two-stage closed-circuit crushing process with pre-screening, while the Phase II processing flowsheet is similar, but with one more stage of screening. The Phase I Plant is targeted to be decommissioned by the end of 2026. Mined ore is crushed and screened, and the construction aggregate products comprise four sizes of fractions (0-5 mm, 5-15 mm, 15-25 mm and 25-31.5 mm) and scalpings. The additional screening process in the Phase II Processing Plant produces two types of products: primary screening and final screening products. The latter is considered as a premium product as less fines or silts are included. The conventional aggregate production process equipment configuration are considered appropriate and reasonable. SRK considers the forecast production targets are achievable.

Environmental, Social and Permits

The operational licences and permits for the current operation obtained by GreenGold comprise a business licence, work safety licence, site discharge permit and a mining licence. The environmental impact assessment and water and soil conservation plan have been prepared and associated approvals have been granted.

The Phase II Mining Licence covering a larger area and an enabling expanded production capacity of 8.0 Mtpa (Phase II) was granted on 1 July 2024 and valid until 30 June 2027. The environmental impact assessment and water and soil conservation plan for Phase II have been prepared and associated approvals have been granted.

Capital and operating costs

The forecast capital cost for the Phase II development was RMB306.8 million, including land acquisition, new mining equipment procurement, haul road construction, drainage infrastructure, mining platform construction, and the installation of a digital mine management system. Additional costs included detailed design and construction administration.

As of June 30, 2024, the actual capital cost incurred for the Phase II development amounted to RMB299.7 million. The remaining capital expenditure of RMB12.3 million is scheduled for settlement in the second half of 2024. This will bring the total development capital cost for Phase II to RMB312.1 million.

The close alignment between the forecast and actual capital costs demonstrates a high degree of accuracy in the initial cost projections for the Phase II development and good budget control by the Company. The Phase II mining licence fee represents a major component of the capital cost, amounting to RMB1,367.7 million. An initial installment of RMB683.9 million was made in 2021. Three installments of RMB136.8 million were paid in 2022, 2023 and

January-June 2024 respectively. The remaining two installments, each totaling RMB136.8 million will be paid in 2025 and 2026 respectively. An allowance (RMB19.5 million) of the replacement of existing mining fleet replacement between 2027 and 2029 has been budgeted. An additional 1.5% annual operating cost has also been allocated as the sustaining capital. The Phase II development is now complete. The forecast capital cost primarily consists of sustaining capital, which is necessary for ongoing operations. SRK has reviewed the breakdown of the forecast capital cost and considered that sufficient capital has been allocated to support the continued operation of the project.

Over the period of 2021-June 2024, annual cash operating cost spanned RMB/t 23.5 in 2021 and RMB/t 19.0 in 2022 and RMB/t 19.2 in 2023. The cash operating unit was RMB/t 22.4 in the period of January-June 2024. Between July 2024 and 2030 (when the Project reaches its target production capacity of 8.0 Mtpa), the average operating unit cash cost is forecast at RMB/t 17.8, with a minimum of RMB/t 16.1 and a maximum of RMB/t 18.5. The Phase II processing flowsheet, while larger, builds upon the successful Phase I design, incorporating larger equipment and additional vibrating screens. This optimised design results in a more efficient operation, leading to a further reduction in the average operating cash cost. In SRK's opinion, the forecast operating costs used for the LoM model are reasonable.

Conclusion

The Phase I Gaoloushan Mine and Phase I Processing Plant have been operating successfully in the past few years and producing limestone construction aggregates for various uses. The Phase I Mining Licence has been replaced by the Phase II Mining Licence that covers a larger area and enables a higher approved production capacity of 8.0 Mtpa to be achieved. Construction of Phase II development was completed at the end of June 2024. Trial production is currently underway and commercial production is targeted to begin in the fourth quarter of 2024.

Exploration to date and historical operation show that the quality of the limestone is suitable for the local construction aggregate market. The open pit mining method and the conventional crushing and screening process are commonly used in the construction quarrying industry. SRK considers that the current operation has been running effectively and the Phase II development is technically and economically viable.

1 INTRODUCTION

1.1 Background

SRK Consulting (Hong Kong) Limited ("**SRK**"), an associate company of SRK Global Limited has been commissioned by Huaibei GreenGold Industry Investment Co., Ltd.* ("**GreenGold**" or the "**Company**") to prepare an Independent Technical Report ("**ITR**" or the "**Report**") on its Gaoloushan construction aggregate project (the "**Project**").

The Project located in Huaibei City, Anhui Province of the People's Republic of China, comprises a quarry and a processing plant. The Project has been successfully producing limestone construction aggregates since 2018. The original Phase I Mining Licence with an approved production capacity of 3.5 Mtpa was replaced by the Phase II Mining Licence, which covers a larger area (0.8777 km^2) and increases production capacity to 8.0 Mtpa. Construction of the Phase II development was completed at the end of June 2024. Trial production is currently in progress, with commercial production expected in the fourth quarter of 2024. This Report will be included in a Circular relating to a major and connected transaction in relation to a capital injection and deemed disposal of equity interest in Tongming Mining.

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1.2 Scope of work

The scope of work for this Report includes review and reporting on the following technical aspects:

- Geology and aggregate quality;
- Mineral Resources;
- Mining and Ore Reserves;
- Processing;
- Capital and operating costs;
- Environmental, permits and social impacts; and
- Risk assessment.

1.3 Reporting Standard

This Report is to be prepared in accordance with the Rules Governing The Listing of Securities on the HKEx, which permits reporting in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**").

In addition, the Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment under the guidelines of the VALMIN Code (2015).

The authors of this Report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN Code and JORC Codes.

For the avoidance of doubt, this Report has been prepared according to:

- the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)

- the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

All references to currency in this Report are expressed in terms of Chinese Yuan Renminbi ("**RMB**"). No escalation has been applied to either the historical or planned costs as presented in this Report. Accordingly, historical costs are nominal, and planned costs are in terms of 2024 RMB. All years are calendar years (01 January to 31 December). The projection of all coordinates relies on the SGS 2000/Gauss Kruger projection, Central Median 107/Zone 39 datum unless otherwise specified.

1.4 Reliance on SRK

This Report has been prepared by a multidisciplinary team, comprising consultants and associates from various offices. Their roles, responsibilities and involvement in the ITR are listed in Table 1-1. The lead office for this Report is SRK Consulting (Hong Kong) Limited, with its registered address being Suite 1818, 18th Floor, V Heun Building, 138 Queen's Road Central, Central, Hong Kong.

Table 1-1: SRK team members and responsibility

Consultant/Associate	Role	Office	Date of site visit
Dr. (Gavin) Heung Ngai Chan	Project Management; Report Compilation; Geology and Resource Review; Economic Viability Review Competent Person on Mineral Resource and assuming overall responsibility	SRK Hong Kong	25-26 November 2021
Dr. (Tony) Shuangli Tang	Geology and Resource Review; Competent Person on Mineral Resource	SRK Hong Kong	1–2 April 2024
Falong Hu	Mining and Ore Reserves Review, Competent Person on Ore Reserve	SRK China	25–27 May 2021, 1–2 April 2024
Nan Xue	Environment, Permits and Social Review	SRK China	24–25 June 2021
Lanliang Niu	Processing Review	SRK China	24–25 June 2021
Dr. Michael Cunningham	Overall Peer Review	SRK Australasia	No site visit

1.5 Project team expertise

Dr. (Gavin) Heung Ngai Chan, General Manager (Hong Kong) and Principal Consultant (Project Evaluation), PhD, FAIG

Gavin has over 19 years of academic and commercial experience in geosciences and has worked on numerous deposit styles including construction materials, dimension stones, chromite, gold, sediment-hosted Cu-Co, hard-rock lithium, iron ore, uranium, molybdenum, phosphate, and manganese. Gavin has previously worked in Africa, Asia, Europe and Australia. His expertise lies in geological mapping, geological modelling, resource estimation, geological due diligence, valuation, fatal flaw and project analysis.

Dr. (Tony) Shuangli Tang, Senior Consultant (Geology), PhD, MAusIMM, MAIG

Tony is an experienced geologist in the field of exploration, geological modelling, resource estimation, project assessment, and valuation. With over 8 years of experience, he has worked across a diverse range of commodities, including gold, copper, graphite, fluorspar, tin, tungsten, bauxite, construction aggregates, coal and petroleum. His expertise spans projects located in Asia, Africa and South America. Tony is proficient in several 3D modelling software packages, including Leapfrog Edge and Datamine Studio RM, with capabilities in 3D geological interpretation, geostatistical analysis, and geological modelling for resource estimation. Tony is also a registered mining right appraiser in China and has extensive experience in valuation review.

Falong Hu, Principal Consultant (Mining) BEng, FAusIMM

Falong worked as mining engineer and mine planner in two different international mining companies. He has over 14 years of experience and is familiar with underground and open pit mines' production systems and mine design, scheduling and cost estimates, long-hole blasting and production operation, rock mechanics, ventilation, and back-fill. As a consulting engineer, he accumulated extensive active experience in nearly 100 projects including due diligence review and audit, mine project evaluation and valuation, scoping/pre-feasibility/ feasibility studies, mining optimisation, and competent person reporting on public financial market. His experience relates to minerals including gold, silver, lead, zinc, copper, iron, bauxite, laterite-nickel, sylvine, phosphate and graphite, as well as quartzite, marble, and construction aggregate in China and other parts of Asia, America, Africa and Oceania. He is a modeller on both technical and economic matters and is also proficient in digital modelling by using Geovia Suits, Datamine and Deswik Suits. Falong holds a Bachelor's degree in Mining Engineering from Central South University.

Lanliang Niu, Principal Consultant (Processing), B.Eng. MAusIMM, MCAMRA

Lanliang has over 30 years' experience in processing testing and studies, production management and technical consultancy service. Lanliang is actively involved with the new development and application of processing technologies, facilities and reagents and has received two national awards for his achievements in this area. Since joining SRK, he has been involved in hundreds of independent technical review projects for fundraising and acquisition and has accumulated profound experience on technical reviews of mining projects.

Nan Xue, Principal Consultant (Environmental) MSc, MAusIMM

Nan holds a master's degree in environmental science from Nankai University, in Tianjin. He has twelve years' experience in environmental impact assessment, environmental planning, environmental management, and environmental due diligence. He has been involved in a number of large EIA projects and pollution source surveys for SINOPEC as well as in the environmental planning project funded by UNDP. He has particular expertise in construction project engineering analysis, pollution source calculation, and impact predictions. He also has an acute understanding of equator principles and international finance corporation environmental and social performance standards. After joining SRK, Nan has been involved in a number of IPO and due diligence projects in China, Laos, Russia, Mongolia, Philippines, Indonesia, Kazakhstan, Kyrgyzstan, South Africa, DRC, Ecuador, Chile and Ghana; the clients include the Fuguiniao Mining, Zijin Mining, Hanking Mining, Future Bright Mining, CNMC, China Gold, Shandong Gold.

Michael Cunningham, Principal Consultant (Geology), BSc Hons (Geoscience), PhD (Geology), MAusIMM, MAIG, MGSA, FGSL, MMGEI

Michael (Mike) has over 20 years' experience as a geologist. His post-doctoral research involved evaluation and modelling of active oceanic slope processes and related hazards. Mike has worked in the Irish and British civil services. He has consulted on projects in Australia and overseas (Indonesia, Laos, Sri Lanka, Kyrgyzstan, Mongolia, Tanzania, Congo, Liberia and Malaysia), and on a variety of commodities including gold, iron, graphite, lead, zinc, antimony and coal. His expertise covers 3D modelling of vein, epithermal and banded iron formation (BIF) styles of mineralisation, drill targeting, modelling, Mineral Resource estimation, and modelling and evaluation of Exploration Targets. Mike has also been involved in preparation of Independent Geologists Reports (IGRs), due diligence and valuation studies, and is a well accomplished project manager.

1.6 Effective date and publication date

The Effective Date of this Report is 30 June 2024.

The Publication Date of this Report 16 August 2024.

As informed by the Company, as at the publication date of this Report, there has been no material change since the effective date. This includes, inter alia, no material changes to the Mineral Resource and Ore Reserve estimates of the Project.

1.7 Work programme

The work programme of this commission included:

- Review of the supplied information;
- Site visits by SRK consultants in May, June and November 2021 and April 2024;
- Updates of Mineral Resources and Ore Reserves; and
- Preparation of this Report.

1.8 Corporate capability

SRK is an independent, international group providing specialised consultancy services. Among SRK's clients are many of the world's mining companies, exploration companies, financial institutions, Engineering Procurement and Construction Management ("**EPCM**") and construction firms, and government bodies.

Formed in Johannesburg in 1974, the SRK Group now employs some 1,700 staff internationally in over 45 permanent offices in 20 countries on six continents. A broad range of internationally recognised associate consultants complements the core staff.

SRK's independence is ensured by the fact that it is strictly a consultancy organisation, with ownership by staff. SRK does not hold equity in any projects or companies. This permits SRK's consultants to provide clients with conflict-free and objective support on crucial issues.

1.9 HKEx public reports

SRK has prepared many public reports for the HKEx. Selected examples are listed in Table 1-2.

Table 1-2: Public reports prepared by SRK for disclosure on the HKEx

Company	Year	Nature
Zijin Gold Mining	2004	Listing on HKEx
Lingbao Gold	2005	Listing on HKEx
China Coal Energy Company	2006	Listing on HKEx
Sino Gold Mining Limited	2007	Dual Listing on HKEx
Xinjiang Xinxin Mining Industry	2007	Listing on HKEx
United Company RUSAL	2010	Listing on HKEx
Citic Dameng Holdings	2011	Listing on HKEx
China Hanking Holdings	2011	Listing on HKEx
China Nonferrous Metal Mining	2012	Listing on HKEx
Wise Goal Enterprises	2013	Very Substantial Acquisition
Future Bright Mining	2014	Listing on HKEx
Agritrade Resources	2015	Very Substantial Acquisition
Feishang Non-metals	2015	Listing on HKEx
China Unienergy	2016	Listing on HKEx
China Mining Resources	2016	Major transaction
Heaven-Sent Gold Group	2019	Listing on HKEx
Pizu Group	2020	Major transaction
China Graphite Group Limited	2022	Listing on HKEx
Huaibei GreenGold Industry Investment	2023	Listing on HKEx
Persistence Resources	2024	Listing on HKEx

Source: SRK compilation

1.10 Statement of SRK independence

Neither SRK nor any of the project team members 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 has no prior association with GreenGold with regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on a fixed price contract. The payment of that professional fee is not contingent upon the outcome of this Report.

1.11 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the tenements that are the subject of this Report. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK's understanding of the current tenure situation is set out in Section 3.2 of this Report.

1.12 Warranties

GreenGold has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

1.13 Indemnities

GreenGold 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 GreenGold or to GreenGold not providing material information

- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.14 Reliance on other experts

SRK has not performed an independent verification of the mining licence and land titles. SRK did not verify the legality of any underlying agreements that may exist concerning the permits, commercial agreements with third parties or sales contracts.

1.15 Sources of information

This technical report is based on information made available to SRK by GreenGold, Hanchen International Engineering Design Group Co., Ltd. ("**Hanchen**"), Hebei Building Materials Industry Design and Research Institute Co., Ltd., The 325th Geological Team of Bureau of Geology and Mineral Resources of Anhui Province ("**Team 325**"), and on information collected during the site visit.

1.16 Consents

SRK consents to this Report being included, in full, in GreenGold's Circular in relation to a major and connected transaction in relation to capital injection and deemed disposal of equity interest in Tongming Mining, in the form and context in which the technical assessment is provided, and not for any other purpose.

1.17 Practitioner consents

The information in this Report that relates to Mineral Resource is based on information complied by Dr. (Tony) Shuangli Tang and Dr. (Gavin) Heung Ngai Chan. Dr. Tang is a Member and Dr. Chan is a Fellow of the Australasian Institute of Geoscientist ("**AIG**") respectively, and both are full-time employees of SRK Consulting (Hong Kong) Limited. Dr. Tang and Dr. Chan have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Dr. Tang and Dr. Chan consent to the inclusion in the Report of the Mineral Resources in the form and context which it appears. Dr. Chan also takes the overall responsibility of this Report.

The information in this Report that relates to Ore Reserves is based on information compiled by Falong Hu, a Fellow of The Australasian Institute of Mining and Metallurgy (AusIMM). He is a full-time employee of SRK Consulting (China) Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Falong Hu consents to the inclusion in the Report of the Ore Reserves in the form and context which it appears.

1.18 Stock Exchange requirements

Dr. (Gavin) Heung Ngai Chan meets the requirements of Competent Person, as set out in Chapter 18 of the Listing Rules. Dr. (Gavin) Heung Ngai Chan:

- Is a Fellow of good standing of AIG;
- has more than five years' experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken by the issuer and its subsidiaries;

- is independent of the issuer applying all the tests in section 18.21 and 18.22 of the Listing Rules;

- does not have any economic or beneficial interest (present or contingent) in any of the reported assets;

- has not received a fee dependent on the findings of this ITR;

- is not officer, employee of a proposed officer for the issuer or any group, holding or associated company of the issuer; and

- takes overall responsibility for the ITR.

1.19 Limitations

SRK, after due enquiry and subject to the limitations of this Report hereunder, confirms the following:

- The input, handling, computation, and output of the geological data and Mineral Resource and Ore Reserve information has been conducted professionally and accurately and to the high standards commonly expected within the Geoscience profession.

- In conducting this assessment, SRK has assessed and addressed all activities and technical matters that might reasonably be considered to be relevant and material to such an assessment conducted to internationally accepted standards. Based on observations, interviews with appropriate staff and a review of available documentation, SRK is, after reasonable enquiry, satisfied that there are no outstanding relevant material issues other than those indicated in this Report. However, it is impossible to dismiss absolutely the possibility that parts of the site or adjacent properties may give rise to additional issues.

- The conclusions presented in this Report are professional opinions based solely upon SRK's interpretations of the documentation received, interviews and conversations with personnel knowledgeable about the site, and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein.

For these reasons, prospective readers should make their own assumptions and their own assessments of the subject matter of this Report. Opinions presented in this Report apply to the site's conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the effective date of this Report, about which SRK has had no prior knowledge, nor had the opportunity to evaluate. Certain amounts and percentage figures included in this

Report have been subject to rounding adjustments. As a result, any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

2 CONSTRUCTION AGGREGATE

Construction aggregate is hard granular material that is suitable for use either on its own or with the addition of cement, lime or bituminous binder in the construction industry. Natural aggregate is aggregate derived from mineral and rock sources that has been subject to nothing more than physical processes such as crushing and sizing. The shape, texture and angularity among other physical and chemical characteristics of the aggregate have an impact on the strength and durability of its own or the composite material. Important applications of construction aggregate include ready-mixed concrete, asphalt/bitumen concrete (commonly referred to as asphalt or bitumen), railway ballast, cement-stabilised macadam, concrete products, mortar, drainage courses and bulk fill.

Construction aggregates are generally divided into coarse aggregate, which is usually greater than 5 mm in size (sometimes 4.5 mm), and fine aggregate which is less than or equal to 5 mm (or 4.5 mm) in size.

2.1 Coarse aggregate

Coarse aggregate includes natural gravel and crushed aggregates 5 mm (or 4.5 mm) or larger in size. A wide range of relatively hard rock types are used, such as basalt, dolerite, granite, diorite, limestone, sandstone, and crushed recycled materials.

2.2 Fine aggregate

Fine aggregate is natural sand and/or fine crushed rock. Crushed rock, up to 5 mm in size. is sometimes referred to as manufactured sand or artificial sand.

2.3 Size fractions

The crushed limestone from the Project are manufactured in the following size fractions and their major uses are:

- 0-5 mm sand (fine aggregate) products washed — road base course or manufactured sand feed
- 5-15 mm crushed rock products — asphalt concrete
- 15-25 mm crushed rock products — concrete aggregate
- 25-31.5 mm crushed rock products — concrete aggregate
- Scalping, soil and fines removed during screening — road base course or low grade building materials

SRK understands that overburden, including a mixture of weathered rocks and soils is also saleable and its major use is road sub-base course.

3 PROJECT DESCRIPTION

3.1 Location and accessibility

The Project, comprising a quarry and a processing plant, is located in approximately 18 km southeast of city centre of Huaibei City, Anhui Province of PRC. The Project is centred at geographical coordinates of longitude 116.9393° E, latitude 33.8562° N (Figure 3-1). The Project has been in operation successfully since 2018, with a permitted production capacity of 3.5 Mtpa (Phase I). The original Phase I Mining Licence with an approved production capacity of 3.5 Mtpa was replaced by the Phase II Mining Licence, which covers a larger area and increases the permitted production capacity to 8.0 Mtpa. The construction of the Phase II development was completed at the end of June 2024 and trial production commenced in July 2024. Commercial production is targeted to commence in the fourth quarter of 2024.

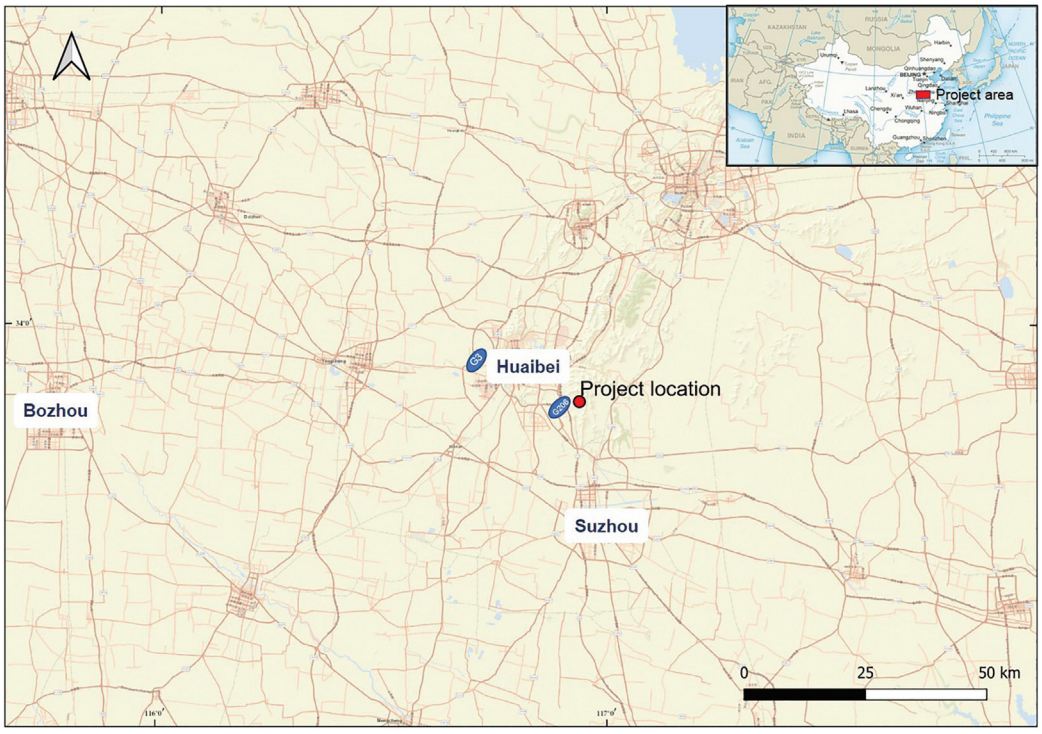
Huaibei City is a prefecture-level city in northern Anhui Province, which borders Suzhou to the southeast and Bozhou to the west (Table 3-1, Figure 3-1 and Figure 3-2).

Table 3-1: Surrounding major cities in Anhui Province

City	Population *(million)*	Transport Distance from quarry *(km)*	2023 Nominal GDP *(billion RMB)*
Huaibei	1.94	23	136.6
Bozhou	4.90	158	221.6
Suzhou	5.26	31	229.2

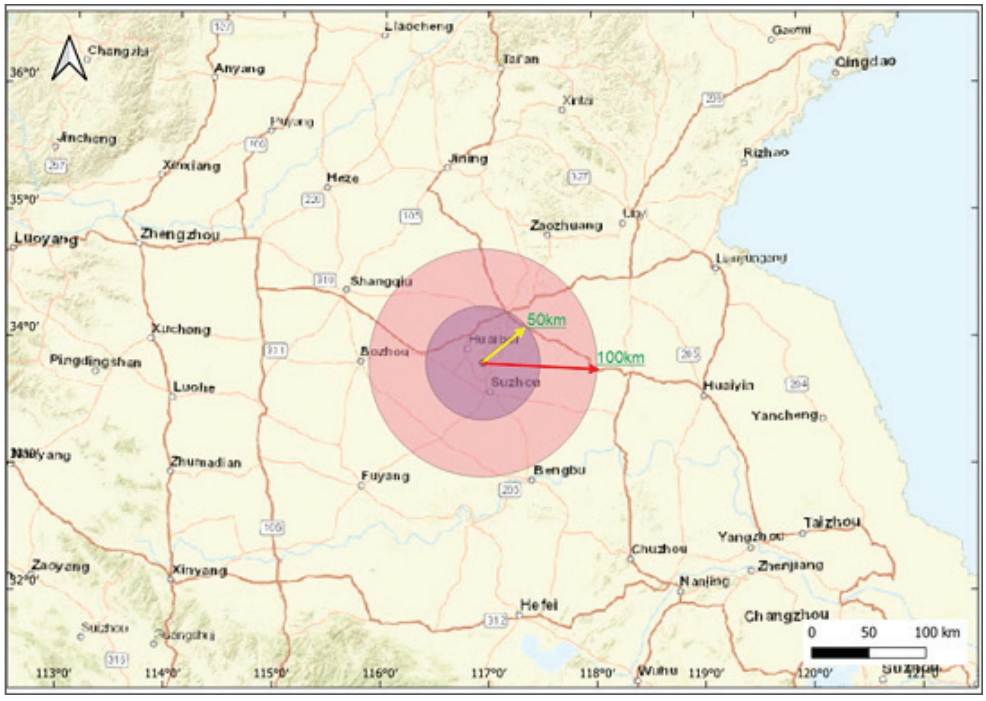
Source: CIC, Anhui Province the 7th censuses

Figure 3-1: Project location



Source: SRK, ESRI maps

Figure 3-2: Surrounding major cities



Source: SRK, ESRI maps

3.2 Mining licence

The Mining Licence for the Project is held by Huaibei Tongming Mining Company Limited (Tongming). Sixty-seven percent of the shares of Tongming is currently owned by GreenGold and the rest is owned by Anhui Leiming Blasting Engineering Company Limited (Leiming).

The Phase II mining licence (C3406000202106716015218 2) replaced the Phase I Mining Licence and was granted to Tongming on 30 June 2021. It was renewed on 1 July 2024 and is valid until 30 June 2027. The new Mining Licence covers a larger area, measuring 0.8777 km^2 laterally and extending vertically from 50 to 216 metres above sea level (m ASL). The approved annual production capacity has also been increased from 3.5 Mtpa to 8.0 Mtpa. The details of the Phase II mining licence are tabulated in Table 3-2 and Table 3-3. The licence boundaries are shown in Figure 3-3.

Pursuant to the "Notice on the Listing and Assignment of Limestone Mines for Building Stones in Gaoloushan Mining Area, Lieshan District, Huaibei City, Anhui Province"《安徽省淮北市烈山區高樓山礦區建築石料用灰岩礦採礦權掛牌出讓公告》issued by the Natural Resources and Planning Bureau of Huaibei City on 24 November 2020 and the Transfer of Mining Rights Agreement dated 21 January 2021, Tongming has obtained the mining rights at the acquisition price of RMB1,367.7 million in respect of Phase II Gaoloushan Mine for a period of 19.7 years or approximately until 30 March 2041. SRK understands that after acquiring the mining rights, the holder must obtain a mining license (採礦許可證) before starting any mining activities. To secure this license, the rights holder must submit an application to the appropriate governing authority.

Table 3-2: Mining licence details

Mining Licence No.	**C3406002021067160152182**
Owner of Mining Licence	Huaibei Tongming Mining Company Limited
Name of Mine	Gaoloushan aggregate mine
Mining Method	Open pit
Production Capacity	8.0 Mtpa
Area of Mine	0.8777 km^2
Mining Elevations	216~50 m asl
Period of Validity	1 July 2024 to 30 June 2027

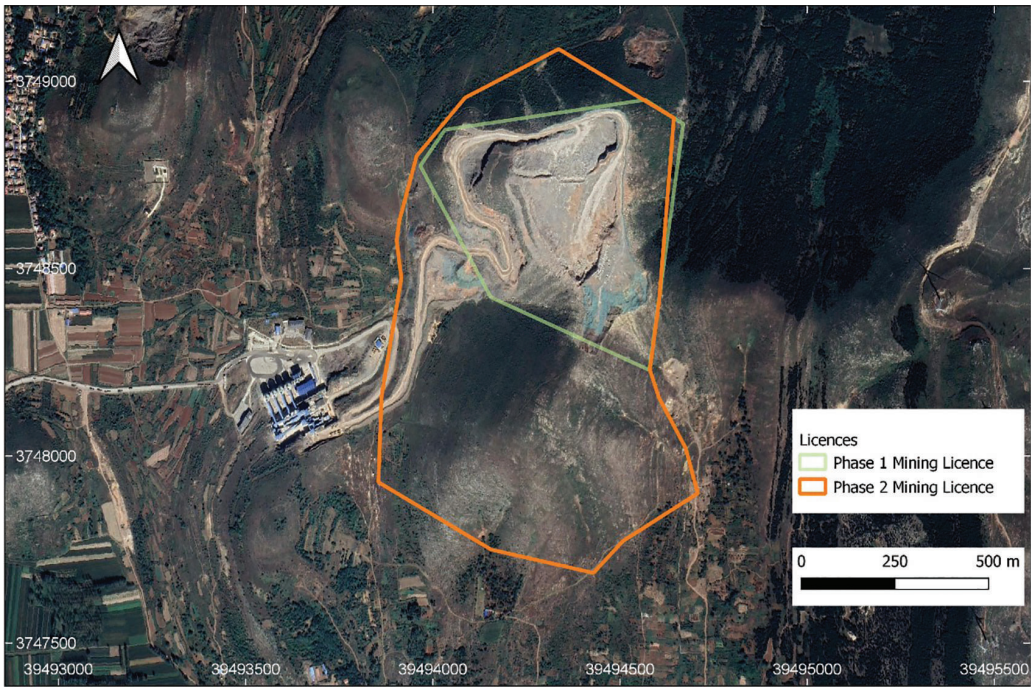
Source: Mining Licence, compiled by SRK

Table 3-3: Mining licence coordinates

Vertex	Northing	Easting
1	3748021.20	39494675.31
2	3748155.79	39494603.99
3	3748229.76	39494579.73
4	3748413.02	39494604.37
5	3748901.85	39494643.93
6	3749086.18	39494335.92
7	3748956.26	39494086.06
8	3748800.61	39493956.50
9	3748630.65	39493911.39
10	3748575.74	39493902.95
11	3748475.70	39493915.71
12	3748158.11	39493862.84
13	3747929.98	39493854.54
14	3747750.28	39494154.92
15	3747687.49	39494428.89
16	3747772.42	39494507.53
17	3747900.27	39494707.72

Source: Mining Licence, compiled by SRK

Figure 3-3: Mining licence boundary

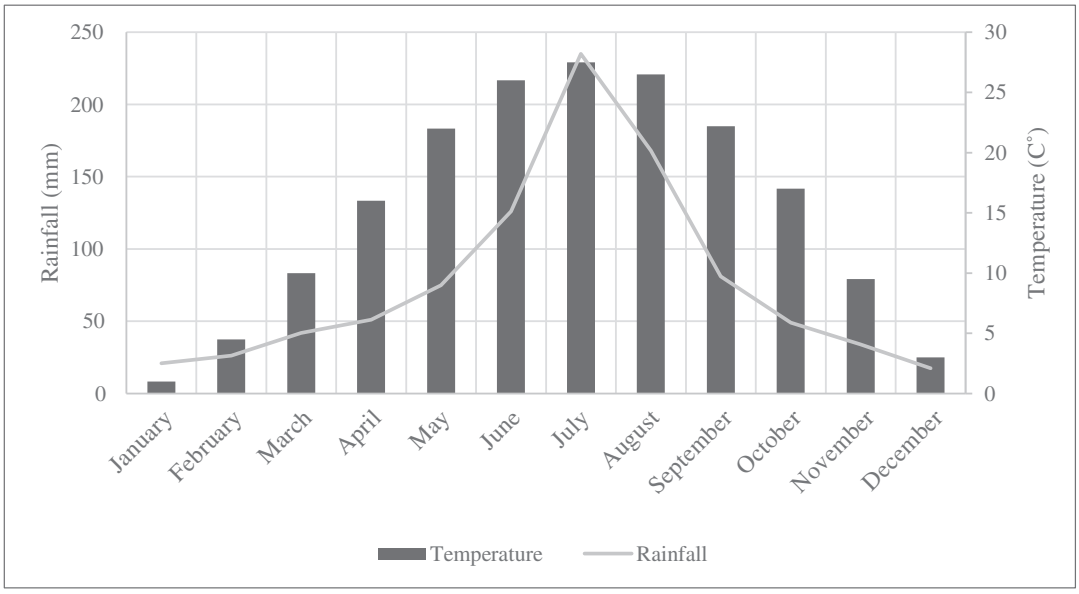


Source: SRK, Google satellite image (acquired in September 2019)

3.3 Climate, physiography and infrastructure

The city of Huaibei is the neighbouring city close to the Project area, which has a monsoon- influenced humid subtropical climate, with temperatures, ranging from -3.6°C to 31.5°C and an average temperature of 15.4°C. The annual precipitation is 912 mm, mainly concentrated in summer between June and August. The driest month is December. The winter extends from December to late February. Climatic conditions are not extreme and mining operations are continuous throughout the year (Figure 3-4).

Figure 3-4: Huaibei climate showing average monthly temperature and precipitation



Source: www.climate-data.org (accessed on 12 August 2024)

The Project area is in north–south-trending limestone hills, rising approximately 200–300 m above the surrounding plain. The elevations within the Project area vary between 30 and 247 m asl. The slopes within the Project area are gentle and range from 6° to 25°. The land use in the area is predominantly agricultural, industrial and mining practices.

Figure 3-5: Overview of the project area, looking southwest

Source: SRK site visit, April 2024.

There is a ready pool of labour in the area, which can provide sufficient for the project development. The Project area is also located in a well-developed area, providing infrastructural support to the quarry and processing plant operation.

3.4 History

In July 2016, an exploration programme was conducted over the area, including geological mapping and resource estimation by Wanyuan.

In December 2016, mining rights were obtained by way of public tender from Department of Land and Resources of Huaibei City.

In 2016, Tongling Chemical Group Chemical Research and Design Institute Co. Ltd. was commissioned to undertake a feasibility study on the Project.

In February 2017, the Phase I mining licence, covering an area of 0.336 km^2 with an approved annual production capacity of 3.5 Mtpa was granted.

In January 2018, trial production commenced.

In June 2018, commercial production commenced.

In June 2020, Land and Resource Bureau of Huaibei commissioned East China Metallurgical Institute of Geology and Exploration (ECGE) to carry out a detailed exploration beyond the current mining licence area. The objective of the exploration programme was to investigate the construction resource in the proximity of the current mining licence area.

In January 2021, a mining rights, covering the previous mining licence area and its vicinity, covering a total of 0.8777 km^2 and an approved annual production capacity of 8.0 Mt was granted by way of public tender. Pursuant to the Mining Rights Transfer Agreement dated 21 January 2021 entered between the National Resources and Planning Bureau of Huaibei City and Huaibei Mining Company Limited (TongMing Mining), the mining rights is granted for a period of 19.7 years from the date of obtaining the relevant mining licence. SRK understands that after acquiring the mining rights, the holder must obtain a mining license (採礦許可證) before starting any mining activities. To secure this license, the rights holder must submit an application to the appropriate governing authority.

In May 2021, Hanchen completed a feasibility study of the Phase II development with a designed annual production capacity of 8.0 Mtpa ("**FS**").

In June 2021, the Phase II mining licence was granted.

In April 2022, Hebei Building Materials Industry Design and Research Institute Co., Ltd. prepared the next level program of technical study, a preliminary design of the Gaoloushan Expansion Project (Phase II) with a designed annual production capacity of 8.0 Mtpa ("**PD**").

In June 2022, a engineering-procurement-construction (EPC) consortium was awarded for the construction of the Phase II development.

In June 2024, construction of the Phase II development was completed and trial production began.

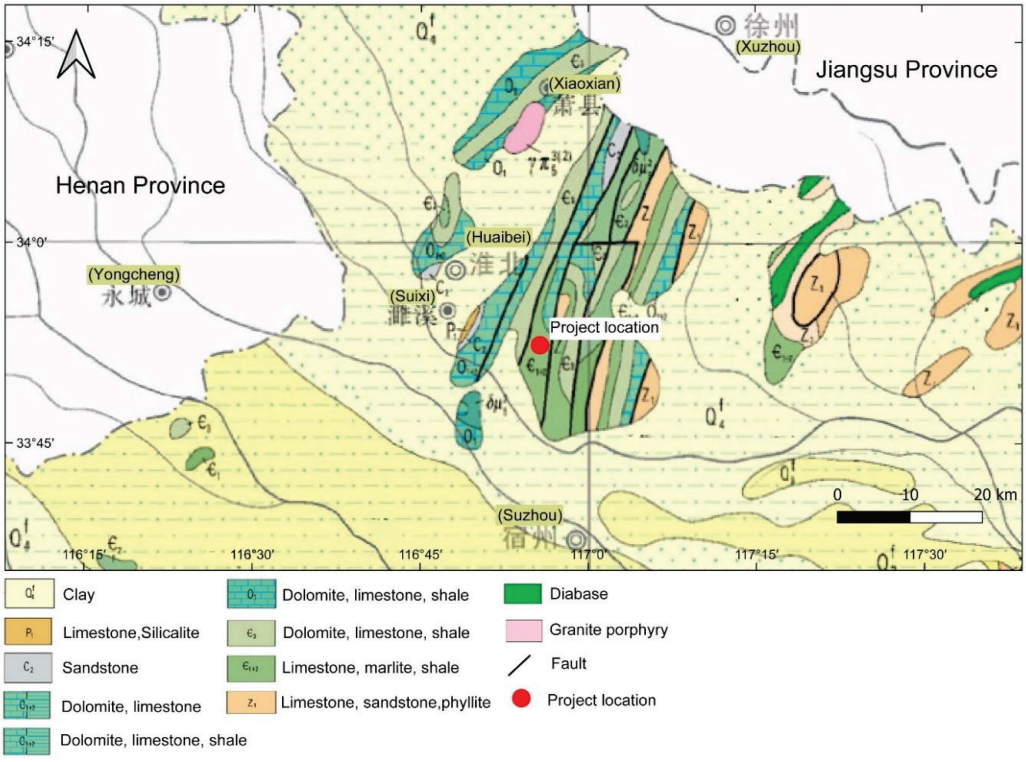
In July 2024, the mining licence was renewed and valid until June 2027.

4 GEOLOGICAL SETTING

4.1 Regional geology

The Project area forms part of the Suzhou–Xuzhou fold and thrust belt of the southern margin of the North China Block (Figure 4-1). The regional stratigraphy is represented by the Middle-Lower Ordovician and Cambrian limestone, dolomite and shale, underlain by Proterozoic limestone, sandstone and phyllite. The stratigraphy is further cut by Jurassic granodiorite and diorite. These intrusive rocks tend to occur as sills and are concordant to the stratigraphy. Structurally, regional fault systems tend to trend north-northeast.

Figure 4-1: Regional geological map



Source: Anhui Geological Map (2002)

4.2 Local geology

The Project area and its vicinity is underlain by a series of conformable Cambrian sedimentary succession, dipping gently (10°--30°) towards southeast (110°-120°), from old to young (Figure 4-2):

- The Xuzhuang Formation, consists of sandstone, limestone and shale, with an average of thickness of approximately 146 m.

- The Zhangxia Formation comprises oolitic limestone, dipping at 115° with an average thickness of approximately 221 m.

- The Gushan Formation is composed of dolomitic and oolitic limestone, with an average thickness of 61 m.

- The Changshan Formation consists of dolomite and limestone, with an average thickness of approximately 66 m.

- The Fengshan Formation consists of two members. The Lower Member is composed of argillaceous dolomite, and dolomite limestone with an average thickness of 66 m. The Upper Member comprises intercalated dolomitic limestone and argillaceous limestone with an average thickness of 130 m.

A diorite sill with a maximum thickness of 75 m cuts the Zhangxia Formation rocks. The sill can be traced from the western to the northeastern part of the licence area for up to 1,000 m. Drilling has revealed that the sill has extended along the beds of the Zhangxia Formation, but appears to diminish towards the east.

Physical and chemical tests of samples taken from the surface and drill holes together with the successful operation in the past few years have demonstrated that all the limestone within the licence area is suitable for use as construction aggregates, whereas exploration data to date show that the diorite can also be used as construction aggregate, but is restricted to certain applications, such as rail ballast or road base (Figure 4-2 and Figure 4-3). Two domains have been defined as follows:

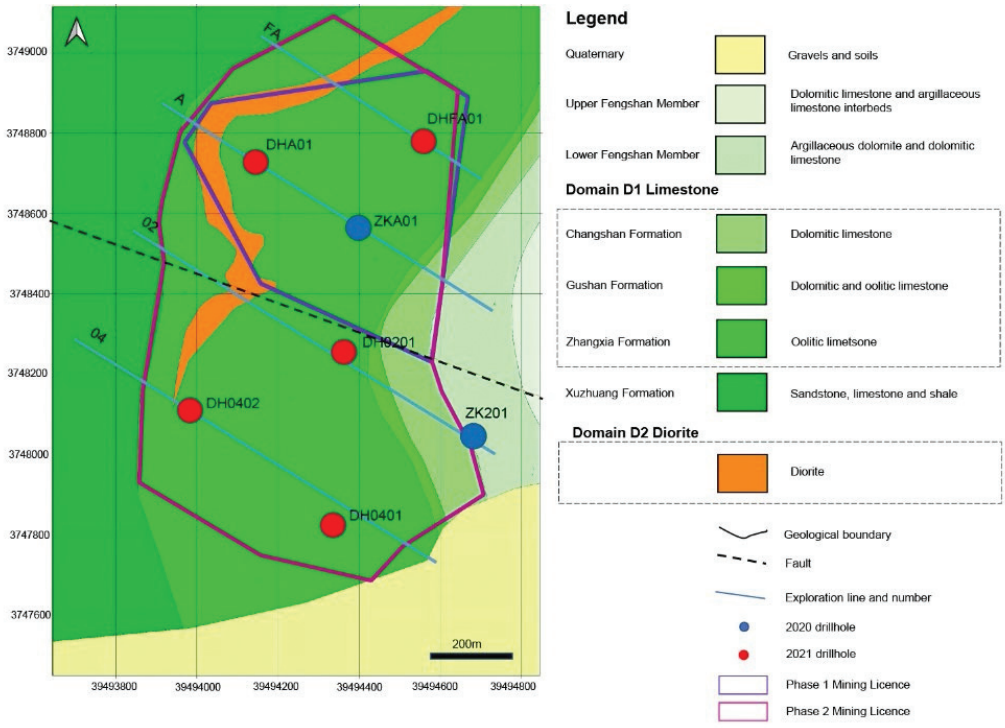
- D1 Limestone, limestones from the Cambrian Zhangxia, Gushan and Changshan Formations.

- D2 Diorite, diorite sill, cutting the Zhangxia Formation.

Quaternary sediments have covered the southeastern part of the licence area and are scattered on slopes and low-lying areas.

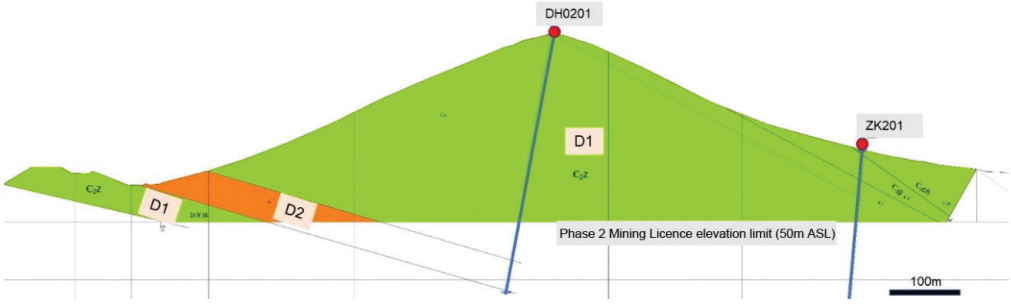
A minor subvertical fault, striking to the southeast, has bisected the Project area. Field observation showed that the fault zone is approximately 10 cm wide and is commonly filled by calcite veins.

Figure 4-2: Simplified geological map of the Project area



Source: modified after Team 325 (2021)

Figure 4-3: Cross section of exploration Line 02



Source: modified after Team 325 (2021)

4.3 Previous exploration

Since the 1970s, regional exploration and prospecting work, including regional geological mapping campaigns at scales of 1:200,000 and 1:50,000, have been conducted. In July 2016, an assessment of potential construction aggregate resource was conducted by Wanyuan. In 2018 and 2019, annual resource reports were compiled by Wanyuan.

In June 2020, Land and Resource Bureau of Huaibei engaged East China Metallurgical Institute of Geology and Exploration (ECGE) to carry out an exploration (the 2020 exploration programme) over the entire current project area and its vicinity to ascertain the potential resource beyond the current licence boundary. The work programme included a topography survey, geological mapping, hydrogeological, geotechnical and environmental investigations, and two drill holes with a total length of 393.5 m (Figure 4-2).

In 2021, SRK was commissioned by GreenGold to review the previous exploration work. A resource definition sampling programme (the 2021 exploration programme), comprising surface mapping, sampling and drilling was recommended. The surface sampling and drilling were focussed on validating the previous exploration work and improving confidence in the geological model, as well as obtaining data of adequate quality to define a Mineral Resource in accordance with the JORC Code (2012). GreenGold accepted the recommendations, including five drill holes (714.6 m) and engaged Team 325 to perform the programme.

There has been no exploration or additional drilling since the drilling programme in 2021.

The following section describes the results of the 2020 and 2021 exploration programmes.

4.4 Exploration results

4.4.1 Geological mapping

Geological mapping was conducted at a 1:2,000 scale initially by ECGE in June 2020 and revised by Team 325 in May 2021.

4.4.2 Survey

A topographic survey at a scale of 1:2,000 was conducted by real-time kinematic GPS. The same method was employed to survey drill hole, trench and sample locations. All surveying was completed on CSGS 2000/Gauss Kruger projection, Central Median 107/Zone 39 datum.

4.4.3 Drilling and sampling

Given the simple stratigraphy, exploration lines were laid at a 300 m spacing. The orientation of the exploration lines was south-southeast at 120°. Two drill holes were drilled nominally along each exploration line (Table 4-1 and Figure 4-2).

In the 2020 and 2021 exploration programmes, all drill holes were initially drilled using 110 mm diameter diamond drill core, which was subsequently reduced to 77 mm core, after passing through the shallow surface weathered zone. All holes were inclined holes with azimuth of 300° and dipping angles of 80-85°. A downhole survey was taken every 50 m. The average core recovery of the seven holes is around 95%.

Test samples for physical properties were routinely collected. The sampling frequency was one set of samples for compressive strength and bulk density measurements every 20 m and one sample every 40 m for water absorption.

After reviewing the drilling information and inspection on the drill cores during the site visit, SRK considers that the drilling quality is suitable for Mineral Resource estimation purposes (Table 4-1, Figure 4-4).

Table 4-1: Drill hole details

Year	Hole ID	Easting	Northing	Elevation *(RL m)*	Depth *(m)*	Team
2020	ZKA01	39494407	3748530	195	178.3	ECGE
2020	ZK201	39494681	3748018	78	215.2	ECGE
2021	DHFA01	39494557	3748787	190	234.9	325
2021	DHA02	39494103	3748707	147	76.2	325
2021	DH0402	39493973	3748131	106	59.9	325
2021	DH0201	39494373	3748249	210	225.5	325
2021	DH0401	39494318	3747818	94	118.1	325

Figure 4-4: Resource definition drilling

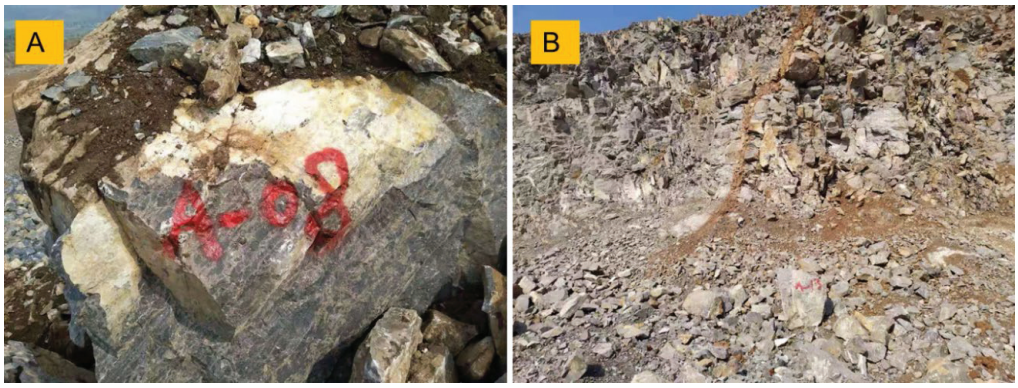
Source: Team 325, May 2021

Note: A: DHA02 drilling was underway: B: DHA02 drill cores, showing the limestone cores (each row is approximately 1 metre long).

4.4.4 Surface sampling

In the 2020 and 2021 exploration programmes, physical properties test samples were collected from the fresh surface rocks along the exploration line every 20 m to 100 m, depending on the orientations between the exploration line and bedding (Figure 4-6).

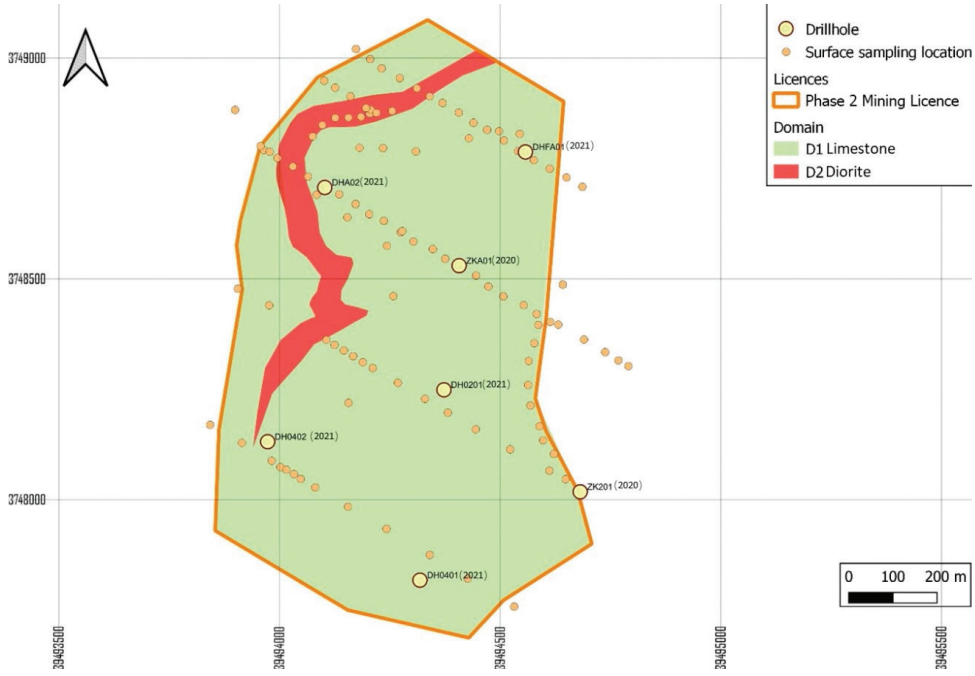
Figure 4-5: Surface sampling



Source: Team 325, May 2021

Note: A: Surface sample; B: Surface sampling line.

Figure 4-6: Surface sampling along the exploration lines



Source: modified after Team 325 (2021)

4.4.5 Weathering and karst

Geological mapping, drilling and surface field investigations have revealed that most of Project area is exposed bedrock. In Domain D1, the weathering zone is scattered in some localised areas, with thickness ranging from 0.1 m to 0.2 m. In Domain D2, diorite tends to develop a deeper weathered zone, with an average thickness of 12.5 m. The weathered zone is marked by weathered rocks, filled with orange soils.

Karst is a type of landscape that forms on limestone, gypsum and other rocks as a result of localised dissolution of the rock mass, and is characterised by a variety of large- and small-scale features such as dolines, caves, underground drainage, flutes, runnels and enlarged joints. The above karst features are not present in the Project area. However, minor cavity dissolution was observed in the drill holes. The volume of the dissolution of each drill hole has been estimated, with an average of 1.31% (Table 4-2).

Table 4-2: Cavity dissolution statistics

Hole_ID	Collar elevation *(m)*	Total depth *(m)*	Estimated volume *(%)*
ZK201	78.0	215.2	1.60
ZKA01	195.0	178.2	0.04
DHFA01	189.0	234.9	1.57
DHA02	147.2	76.2	1.80
DH0201	210.0	225.5	1.37
DH0402	105.6	59.9	1.80
DH0401	93.7	118.1	0.97
	Average	1.31	

Source: ECC (2020) and Team 325 (2021)

4.4.6 Construction materials testing

Consumers such as concrete manufacturers and construction companies require aggregates that are consistent in quality and meet specific requirements for strength, durability and safety. The specifications set by the biggest consumers (concrete manufacturers) are usually the most stringent and thus are the most important when assessing the quality of an aggregate resource. A range of construction materials properties tests were undertaken to provide information on the quality of the stone and its suitability for various commercial applications.

In the 2020 exploration programme, tests were performed at the laboratory of Anhui Branch of China National Geological Exploration Centre of Building Materials Industry (CNGM laboratory), an independent accredited laboratory located in Hefei, Anhui Province.

In the 2021 exploration programme, laboratory tests were carried out at the laboratory of Jiangsu Mineral Geology Design and Research Institute (JMGD laboratory), an independent accredited laboratory located in Xuzhou, Jiangsu Province. In the 2020 exploration programme, samples taken from drill cores and the surface were subjected to tests for bulk density, wet compressive strength (water saturated), crush index and robustness. The samples were cut to the specified size and tested according to procedures set in the Chinese National Standard of Pebble and Crushed Stone for Construction (GB/T 14685-2011).

In the 2021 exploration programme, additional construction materials properties tests were performed as required under the latest Anhui provincial standard, namely "Technical Requirements for Geological Prospecting of Building Stones in Anhui Province, China (Natural Resources Bureau of Anhui Province, 2020)". The additional properties tests consist of water absorption, soundness, alkali silica reactivity and radioactivity. The samples were prepared and tested according to the same Chinese National Standard procedures as in 2020 (GB/T 14685-2011).

Table 4-3: Construction materials properties tests

Laboratory	Item	No. of Samples		Sample size
		Surface	Drill core	
CNGM (2020)	Bulk density	45	66	Surface sample: 50 mm × 50 mm × 50 mm
	Wet compressive strength (Water saturated)	234	124	Drill core sample: Φ50 mm * 50 mm
	Crushing index	2		Particle size 1-3 cm, 45 kg/sample
	Robustness			
JMGD (2021)	Bulk density	34	12	Φ 50 mm * 50 mm
	Wet compressive strength (Water saturated	102	36	
	Water absorption	34	6	
	Crushing index	7	3	Particle size 1-3 cm, 20 kg/sample
	Soundness	7	3	
	Alkali silica reactivity/alkali carbonate reactivity	–	10	D1: Φ9 ± 1 mm × 35 ± 5 mm, 10 kg/sample D2: Powder, 10 kg/sample
	Radioactivity	–	6	Powder, 1 kg/sample

Source: SRK compilation, GB/T 14685-2011, ECC (2020) and Team 325 (2021)

Note: Φ represents sample core diameter.

The tests carried out on the samples are described below.

Bulk density

Bulk density measures the unit weight of the stone. Density varies significantly among different rock types because of differences in mineralogy and porosity. The objective of bulk density testing is to indicate the strength or quality of the material. The bulk density test also provides information on different domains for the Mineral Resource estimation.

Wet (water saturated) compressive strength

When the aggregate is immersed in water, the strength of rock can be reduced. The wet compressive strength is the maximum compressive load that a water saturated rock can withstand without crushing or deforming. It is a major factor in measuring the ability of rock to carry loads in building materials and other applications and is thus required by architects and engineers.

Water absorption

Water absorption is a measure of the amount of water that an aggregate can absorb into its pore structure. Pores that absorb water are also referred to as "water permeable voids". Water absorption can be used as an indicator of aggregate durability and resistance to staining and salt attack.

Crushing index

The aggregate crushing test evaluates the resistance of aggregates against a gradually applied load. It is expressed as a percentage by weight of the crushed (or finer) material obtained when the test aggregates are subject to a specified load under standardised conditions. The test is used to evaluate the crushing strength of rock in processing and construction.

Soundness

Soundness tests aim to determine aggregate's resistance to disintegration by weathering. The tests involve repeatedly submerging aggregate samples in a saturated solution of sodium sulphate, then drying and weighing them. The final result is expressed as a weighted average weight percentage loss for each sample.

Alkali aggregate reactivity

This test includes two type methods, which are Alkali Carbonate Reactivity (ACR) and Alkali Silica Reactivity (ASR). ACR is used for samples collected from the D1 limestone domain, and is not suitable for the siliceous aggregate, while ASR

is used for samples from the D2 diorite domain, which is not suitable for the carbonate aggregate. The test provides a means of detecting the potential of an aggregate intended for use in concrete for undergoing alkali-silica reaction resulting in potentially internal expansion.

Radioactivity

Some rocks have naturally high levels of radioactivity. China has specified requirements for natural building materials, particularly indoor areas. The test measures the amount of radionuclides in the rocks and their potential use restrictions.

Sulphate content

High sulphate content in aggregates can adversely influence the setting process of concrete leading to expansion, cracking, loss of strength and possibly disintegration. The test measures the sulphate content of the rocks.

4.4.7 Local aggregate quality requirements

It is common for construction material consumers, especially highway authorities, to specify according to provincial rather than national standard specifications. The provincial standards are usually identical or very similar to national standards, but sometimes there may be variations that reflect locally available materials or conditions.

SRK understands that the transport distance for the aggregate is generally within 100-150 km. The aggregate should meet the demand of the local market and the provincial standard. The Anhui Provincial Standard of Technical Requirements for Geological Prospecting of Building Stones (Natural Resources Bureau of Anhui Province, 2020) (Anhui Provincial Standard, 2020) states that this standard is applicable to construction aggregate projects, located within Anhui Province. The requirements of Anhui Provincial Standard are depicted in Table 4-4 and Table 4-5. A comparison with the national standard (GB/T 14685 – 2011 – Pebble and crushed stone for construction) shows that the Anhui Provincial Standard does not differ from the national standard.

Table 4-4: Wet compressive strength requirements for construction aggregates by rock type

Item	Index Sedimentary rock	Metamorphic rock	Magmatic rock
Wet compressive strength (MPa)	≥30	≥60	≥80

Source: Anhui Provincial Standard (2020)

Table 4-5: Quality requirements for construction aggregates for use in concrete

Item	Index		
	Class 1	Class 2	Class 3
Bulk density (g/cm^3)	≥2.60	≥2.60	≥2.60
Water absorption (%)	≤1.0	≤2.0	≤2.0
Soundness (% loss)	<5	<8	<12
Crushing index (% fines)	≤10	≤20	≤30
SO_3 (%)	≤0.5	≤1.0	≤1.0
Alkali reactivity		<0.10%	

Source: Anhui Provincial Standard (2020)

Note: Class 1 is suitable for concrete with strength class greater than C60; Class 2 is suitable for concrete with strength class from C30 to C60 and anti-freezing and impermeability requirements; Class 3 is suitable for concrete with strength class less than C30. C30-C60 represent different types of high-strength and high-performance concretes.

The Anhui Provincial Standard for radioactivity adheres to the national standard "GB 6566-2010 Limit of Radionuclide in Building Materials". Construction aggregates are divided into three categories according to their radioactivity levels, with restrictions on the application for which they may be used if they exceed certain values (Table 4-6).

Table 4-6: Radioactivity requirements for construction aggregates

Class	Values	Restrictions
Class A	IRa≤1.0 and Iγ≤1.3	No restrictions
Class B	IRa≤1.3 and Iγ≤1.9	Cannot be used for houses, flats, hospitals, schools, and other commercial buildings
Class C	IRa≤2.8	Can only be used on building exteriors

Source: GB 6566-2010 Limit of Radionuclide in Building Materials

Note: IRa is internal exposure index and Iγ is the external exposure index.

4.4.8 Results

Table 4-7 shows the physical properties test results from the 2020 and 2021 exploration campaigns.

Table 4-7: Physical properties results

Domain	Statistics	Bulk density (g/cm^3)	Wet compressive strength (MPa)	Water absorption (%)	Crushing index (%)	Soundness (%)	Alkali reactivity (%)
D1 Limestone	Number of samples	140	434	35	7	7	6
	Minimum	2.51	18.0	0.14	8.20	0.00	0.028
	Maximum	2.82	179.6	1.65	11.00	6.00	0.065
	Mean	2.70	65.2	0.57	9.53	2.00	0.040
	Standard deviation	0.04	27.3	0.39	0.94	1.70	0.017
D2 Diorite	Number of samples	17	62	5	3	3	4
	Minimum	2.49	17.2	0.54	7.20	1.00	0.135
	Maximum	2.68	154.2	2.25	28.6	2.00	0.310
	Mean	2.62	82.2	1.42	17.80	1.67	0.227
	Standard deviation	0.06	28.9	0.61	8.74	0.47	0.084

Source: ECC (2020) and Team 325 (2021)

Bulk density

The bulk densities of the 140 limestone samples tested range from 2.51 g/cm^3 to 2.82 g/cm^3 with a mean of 2.70 g/cm^3. Only two samples were slightly below the specified limit of 2.60 g/cm^3. The values obtained are typical for limestone and dolomitic rocks. and the samples tested are considered satisfactory for use as concrete aggregate.

The diorite is slightly less dense than the limestone, with the 17 samples tested ranging from 2.49 g/cm^3 to 2.68 g/cm^3 with a mean of 2.62 g/cm^3 and slightly higher variability than the limestone. While the mean value falls within the required value of $\geq$2.6 g/cm^3, the bulk density of the diorite is a little lower than would normally be expected for a fresh volcanic rock. The bulk density of this diorite is considered suitable for most applications such as railway ballast, asphalt concrete, road sub-base and landscaping.

Wet (water saturated) compressive strength

The wet compressive strength of the 434 limestone samples tested varied from 18.0 MPa to 179.6 MPa with a mean of 65.2 MPa. The mean value is well within the standard specified requirement of greater than or equal to 30 MPa for sedimentary rocks. While a very small number of samples (13) , representing 3 % of the samples analysed were below the specification, the overall results indicate that limestone aggregate produced from this quarry is likely to be satisfactory overall.

The wet compressive strength of the 62 diorite samples ranges from 17.2 MPa to 154.2 MPa, averaging 82.2 MPa. While the mean strength meets the requirements of the provincial code, the test results are relatively low and variable for a magmatic rock such as diorite. This material is still significantly stronger than the limestone and may be suitable for applications such as railway ballast, asphalt concrete, road sub-base and landscaping.

Water absorption

The mean water absorptions for the limestone and diorite samples are 0.57% and 1.42% respectively. The set limit for Class 1 aggregate is less than 1.0% while the limits for Classes 2 and 3 aggregates are less than 2.0%.

The water absorption of the limestone is generally suitable for concrete aggregates, but a small proportion may be unsuitable for high-strength concrete (C60 or above).

The water absorption of the diorite samples is considered not suitable for Class 1 aggregate but is generally suitable for Classes 2 and 3 aggregates.

Crushing index

The crushing index of the seven limestone samples ranged from 8.2 to 11.0 with a mean of 9.53. One of the samples taken in 2020 is above the maximum value of 10 for Class 1 aggregate. The results overall are acceptable for all three classes of aggregate.

Three diorite samples were tested for crushing index. All three samples meet the requirements for Class 3 aggregate but only one meets the requirements for Class 1 aggregate.

Soundness

Seven limestone samples were tested for soundness. All samples met the required value for Class 2–3 aggregate while one sample exceeded the maximum allowed value of 5% loss for Class 1 aggregate. Overall the limestone is considered suitable for use in all three classes of aggregate.

Only three samples of diorite were tested for soundness. All samples were well within the specifications for Classes C1 to C3 aggregate.

Alkali aggregate reactivity

Six limestone samples and four diorite samples were tested for alkali aggregate reactivity. The results have indicated that the limestone samples have met the requirements of the Anhui Provincial Standard.

The alkali silica reactivity (ASR) results for the four diorite samples indicate that two samples clearly do not meet the requirements of the Anhui building stone specifications and two samples have marginal results. This means that the diorite samples have the potential to react with Portland cement and therefore be unsuitable for use in ready-mixed concrete.

The alkali silica reactivity should not affect the use of the diorite aggregate in applications that do not involve Portland cement, for example railway ballast, landscaping, road sub-base etc., as long as the other specifications for those applications are met.

Radioactivity

Three samples were taken from each of the domains for the radioactivity test. The test results (Table 4-8) show that the radioactivity levels of these samples are very low and are classified as Class A, with no restrictions on their use.

Table 4-8: Radioactivity analysis results

Sample_ID	Domain	^{226}Ra	^{232}Th	^{40}K	I_{Ra}	I_r
DHFA01-FS01	D1 Limestone	2.8	1.9	11.6	0.0	0.0
DHA02-FS01	D1 Limestone	4.9	1.3	21.0	0.0	0.0
DH0402-FS01	D1 Limestone	1.5	2.5	30.0	0.0	0.0
DHFA01-FS02	D2 Diorite	11.1	12.6	569.8	0.1	0.2
DHA02-FS02	D2 Diorite	11.2	11.1	487.0	0.1	0.2
DH0402-FS02	D2 Diorite	14.5	11.0	494.2	0.1	0.2

Source: ECC (2020) and Team 325 (2021)

Sulphate content

A total of 10 samples were analysed to determine their chemical compositions. The samples were crushed, sub-sampled and assayed by X-ray fluorescence (XRF) for major elements (CaO, MgO, K_2O, Na_2O, SiO_2, Al_2O_3, Fe_2O_3, FeO, SO_3, Cl), and Loss on Ignition (LOI).

The assay results indicate that rocks from domains D1 and D2 contain very low levels of SO_3 (less than 0.5%, Table 4-9) and their sulphate content is suitable for all types of concrete (Table 4-5).

Table 4-9: Chemical analyses

Sample_ID	Domain	CaO (%)	MgO (%)	K_2O (%)	Na_2O (%)	SiO_2 (%)	Al_2O_3 (%)	Fe_2O_3 (%)	FeO (%)	SO_3 (%)	P_2O_5 (%)	Cl (%)	TiO_2 (%)	LOI (%)
DHFA01-H1	D1	47.06	6.55	0.05	0.02	0.68	0.17	0.10	0.08	0.04	0.01	0.04	0.01	44.83
DHFA01-H3	D1	48.88	3.70	0.30	0.03	2.36	0.84	0.42	0.14	0.03	0.01	0.03	0.03	42.46
DHA02-H2	D1	50.36	4.16	0.09	0.01	0.56	0.24	0.37	0.14	0.03	0.02	0.04	0.01	43.95
DH0402-H1	D1	50.64	3.50	0.12	0.01	1.27	0.44	0.40	0.18	0.16	0.02	0.03	0.14	43.30
DH0201-H1	D1	31.03	17.13	0.17	0.04	1.24	0.44	0.46	0.08	0.02	0.05	0.07	0.02	45.90
DH0201-H2	D1	46.72	6.32	0.05	0.02	0.49	0.19	0.18	0.08	0.05	0.01	0.04	0.00	44.72
DHFA01-H2	D2	8.18	4.40	2.63	3.52	55.05	13.73	5.34	3.56	0.14	0.19	0.01	0.43	6.22
DHA02-H1	D2	4.85	5.20	2.93	4.17	59.24	14.28	6.38	3.88	0.01	0.21	0.01	0.61	1.36
DH0201-H3	D2	6.56	4.44	2.95	3.49	57.65	14.62	5.80	3.73	0.09	0.21	0.01	0.58	4.06
DH0201-H4	D2	6.83	3.70	3.15	3.86	57.71	14.34	6.05	3.77	0.04	0.21	0.02	0.56	3.63

Source: ECC (2020) and Team 325 (2021)

4.4.9 SRK comments on the project aggregate quality

An appropriate series of tests was carried out to determine the suitability of the rocks in Domains 1 and 2 for use as construction aggregate. The samples were tested and accessed according to the Anhui Provincial Standard, which is similar to the national standard. These tests are considered generally being used in the local market.

The results of the testing indicate that the limestone test results meet the requirements of the Anhui Provincial Standard for at least Classes 2 and 3 aggregates and generally Class 1 aggregate. In some cases, a small proportion of samples are outside the requirements. Careful mining and quality control should be undertaken to ensure consistent quality of products.

The test results indicate that the diorite is less dense and has higher water absorption and crushing index than the limestone. It also has a relatively low compressive strength for a magmatic rock. The alkali aggregate reactivity test results indicate that there is considerable doubt about its suitability for use as concrete aggregate, which is the most important product of the Project. While it may not be suitable for concrete, it may be suitable for lower specification applications, such as railway ballast, asphalt concrete, road sub-base and landscaping.

It is noted that in some cases, aggregates that do not meet national or regional concrete aggregate specifications are still used in certain applications. Any variations to the accepted qualities should be based on satisfactory local experience of materials and performance.

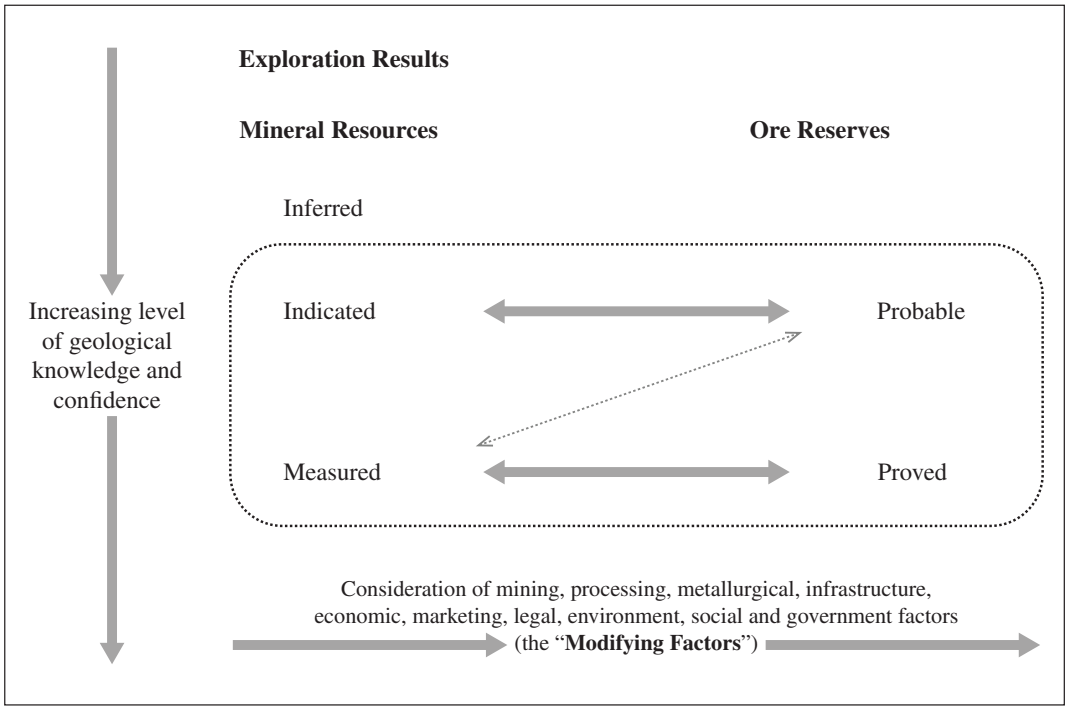
5 MINERAL RESOURCES ESTIMATION

5.1 Introduction

SRK is satisfied with the exploration work completed 2020 and 2021, which included diamond drilling, surface sampling, topographical survey and geological mapping. The sampling and laboratory analytical procedures are considered appropriate. The quality of the data obtained is considered to meet the requirements of construction aggregates in Anhui Province standard, and also be in accordance with the JORC Code (2012).

The JORC Code (2012) states that, "*A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction*". Mineral Resources are classified as Inferred, Indicated and Measured according to increasing degrees of geological confidence (Figure 5-1).

Figure 5-1: General relationship between exploration results, Mineral Resources and Ore Reserves



Source: JORC Code, 2012.

5.2 Database compilation and validation

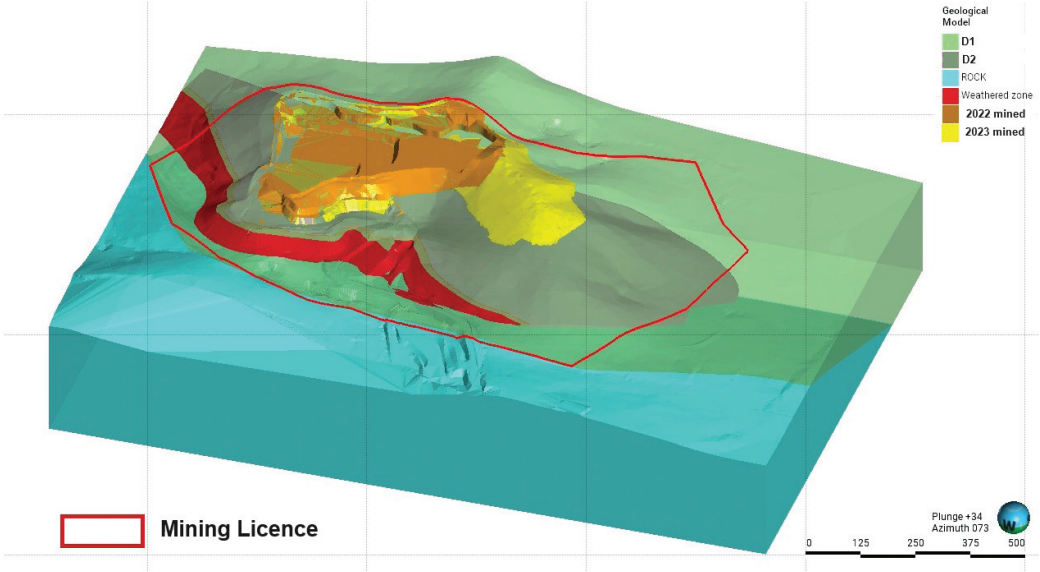
Geological maps, cross sections, drill hole geological logging, laboratory test results and topographic map were provided in *MapGIS*, a Chinese GIS software package, and Excel spreadsheet format. SRK digitised and compiled the provided data into a database that was further viewed and validated in *Leapfrog*, a 3D modelling software package.

5.3 Geological modelling

SRK constructed three-dimensional (3D) wireframe models based on topographic maps at 1:2,000 scale, drill hole and the geological map at a scale of 1:2,000, using *Leapfrog* software. The modelling procedures included import of the compiled drill hole database, together with the geological and topographic maps, into *Leapfrog*. Wireframes were constructed from the drill hole data and stratigraphic contacts from mapping. Figure 5-2 is a snapshot (oblique view) of the Leapfrog model. Three units have been modelled, from the top to bottom: D1 Limestone, D2 Diorite and the Xuzhuang Formation sandstone, a minor sandstone unit which is not the target construction materials unit, occurs at the bottom of the stratigraphic succession.

In addition, a weathering surface has been modelled, based on the drill hole logging results. The surface weathering zone mainly includes gravels and soils. The weathered zone in Domain D1 is scattered within individual local areas with a very shallow thickness of 0.10 m to 0.20 m, while in Domain D2, diorite tends to develop a deeper weathered zone, with an average thickness of 12.5 m.

Figure 5-2: Oblique view of geological model



Source: SRK

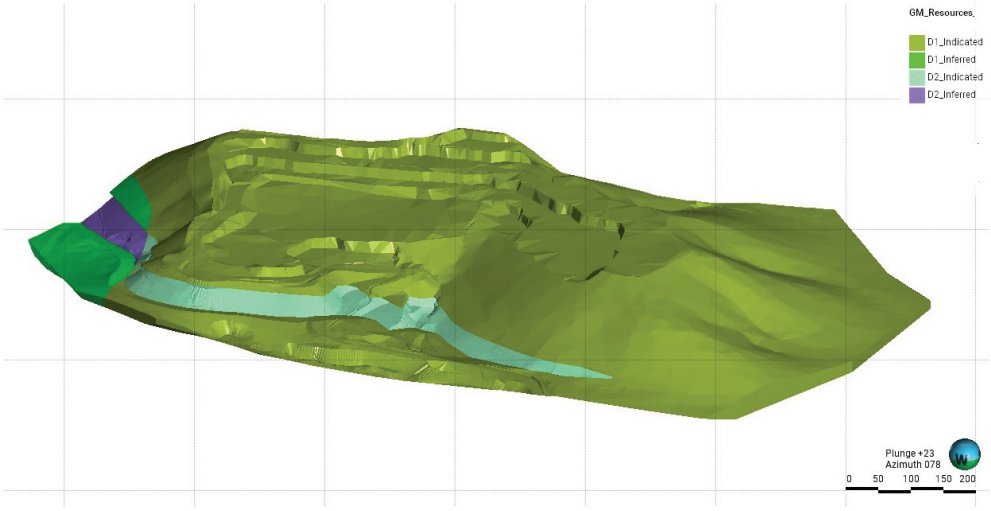
5.4 Mineral Resource classification

For this aggregate Project, Resource classification reflects the degree of confidence in the geological continuity, sample density, data quality, surface mapping and drilling spacing. The strata are generally dipping to the southeast with a gentle angle of around 20°. There were no significant faults and karst caves observed except a minor fault (10 cm wide), bisecting the Project area during the surface mapping and drilling exploration that may affect the geological continuity.

SRK is of the opinion that there is sufficient confidence in the continuity and aggregate quality of the Domains D1 and D2 to classify Indicated Mineral Resources with a buffer of 250 m for drill hole and surface sampling positions. A relatively small area with a lower confidence in the continuity of the data has been classified as Inferred Mineral Resource. No Measured Mineral Resource has been defined as insufficient drill hole and surface sampling to support higher degree of geological confidence.

Figure 5-3 provides a snapshot from the Leapfrog model showing the distribution of the Indicated and Inferred Mineral Resources for the Project.

Figure 5-3: Mineral Resource classification



Source: SRK

5.5 SRK's Mineral Resource Statement

The Mineral Resource has been limited to the area within the Phase II Mining Licence. The latest topography of the Project area as at 31 December 2023 was used to clip the defined aggregate Mineral Resources to reflect the resources extracted from the current pit. Production from 1 January 2024 to 30 June 2024 has been depleted from the Mineral Resource estimate.

Table 5-1 presents the construction aggregate Mineral Resource estimated by SRK as at 30 June 2024.

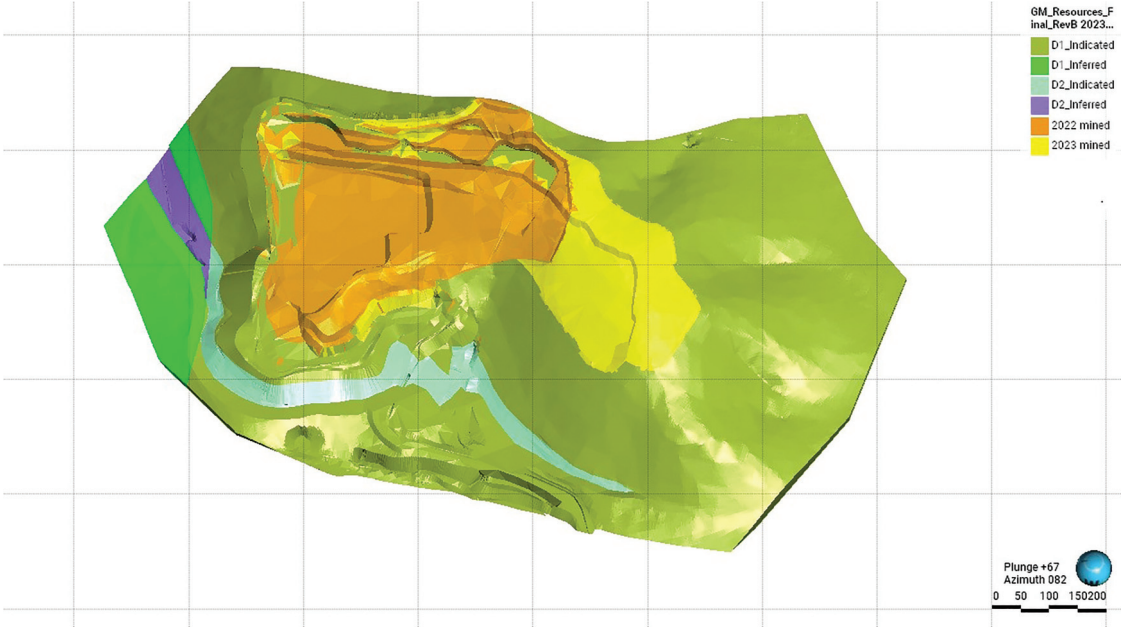
Table 5-1: Gaoloushan construction aggregate Project – Mineral Resource statement as at 30 June 2024

Domain	Mineral Resource Category	Volume *('000 m^3)*	Tonnes *(kt)*
D1 Limestone	Indicated	58,400	157,600
	Inferred	1,600	4,300
	Total	60,000	162,000
D2 Diorite	Indicated	5,700	14,800
	Inferred	400	1,100
	Total	6,100	15,900
TOTAL	Indicated	64,000	172,500
	Inferred	2,000	5,400
	Total	66,000	177,800

Source: SRK

Note: Both D1 Limestone and D2 Diorite domains are considered generally suitable for the production of construction aggregates with different potential applications; bulk density used: 2.70 t/m^3 for D1, and 2.62 t/m^3 for D2.

Figure 5-4: Model depletion



Source: SRK

5.5.1 Reconciliation

SRK has reviewed the production records from GreenGold and conducted a reconciliation analysis. This analysis compared the actual produced aggregates to the model depletion for two periods: 1. from July 2021 to November 2022, and 2. from December 2022 to December 2023, respectively (Figure 5-4). The period between December 2023 and June 2024 was not compared due to the lack of topography survey at the end of June 2024.

The updated resources model indicated a total of depletion of 10,100 kt, which was compared to the 10,088 kt of aggregate materials produced according to the records. This resulted in a difference of only 0.1% (Table 5-2). The reconciliation results demonstrated that a satisfactory consistency between the model depletion and the actual production.

Table 5-2 2022 and 2023 Reconciliation statistics

	Model depletion		Actual products		
Period	**Volume**	**Tonnes**	**Tonnes**	**Difference**	
	('000 m^3)	*(kt)*	*(kt)*	*(kt)*	*%*
Jul 2021 to Nov 2022	2,129	5,749	5,867	117	2%
Dec 2022 to Dec 2023	1,612	4,351	4,221	-130	-3%
Total	3,741	10,100	10,088	-12	-0.10%

Source: SRK

Note: Both D1 Limestone and D2 Diorite domains are considered marketable with different potential applications; bulk density used: 2.70 g/cm^3 for D1, and 2.62 g/cm^3 for D2.

6 MINING

6.1 Introduction

The existing quarry is a conventional open pit operation. The quarry operation aims to meet processing plant requirements, which are driven by its rated capacity and market demand.

The Phase I Mining licence that permitted production of up to 3.5 Mtpa has been replaced by the Phase II mining licence. The new Mining Licence is larger in size and has an expanded permitted production capacity of up to 8.0 Mtpa.

A Preliminary Design (PD) on the Phase II development was completed by Hebei Building Materials Industry Design and Research Institute Co., Ltd., a qualified and independent consultancy. The level of accuracy of the Modifying Factors, supported by the Phase I operational statistics and described in the PD, is considered by SRK to be similar to a feasibility study ("**FS**"), prepared in accordance with the JORC Code (2012). The Company plans to gradually ramp up from 2022 to 2030. From 2031, the quarry will operate at its full capacity of 8.0 Mtpa to match the same production capacity of the processing plant.

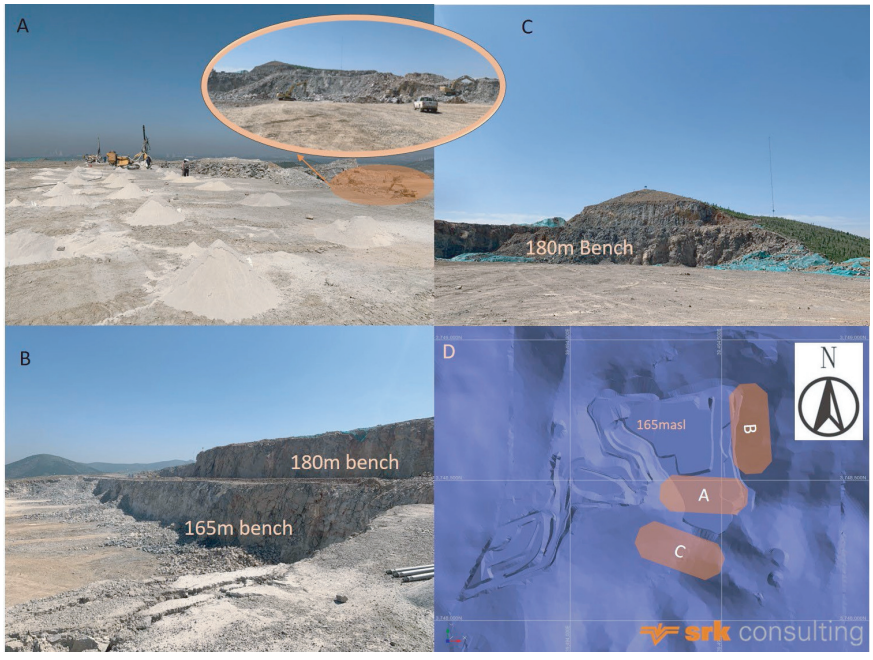
6.2 Current operation

Overburden mining commenced in mid-2017 and first ore was mined in the fourth quarter of the same year. Successful operation has continued since 2017 and supplied ore for the processing plant. From 2020 to 2024, annual production was 4.2 Mt, 4.0 Mt, 3.8 Mt, and 3.9 Mt, respectively, in response to the market demand. This production history has given GreenGold with a solid understanding of the mining conditions and operability of the pit as well as the processing plant's response to the ore. The current operation experience also builds a solid foundation for the Phase II development.

At the time of the site inspection in April 2024, the mining area was mainly on 150m asl bench, but had also reached the 135m asl bench. The 165m asl and 180m asl benches were still being operated to form the final slope, according to the designed pit. The mining method and equipment were the same as those observed during the 2021 site visit. Additional equipment purchases are in progress through the bidding process. The new excavators and trucks will be the same models as the existing ones, facilitating easier maintenance.

Loading and clearance were also on going. On the 180 m asl level, drilling was being conducted by the contractor (Figure 6-1). To date, a total of approximately 2,570 m long haul roads have been constructed and connected to the Phase I and Phase II Processing Plant. The roads have an average gradient of 5% and their widths are approximately 11m (Figure 6-2).

Figure 6-1: Quarry conditions



Source: SRK site visit, May 2021

Notes:

A: Drilling and loading by the contractor; insert showing ore loading;

B: benches at 165 m asl and 180 m asl levels;

C: 180 m asl bench;

D: location map, showing the existing pit.

Figure 6-2: Quarry current conditions

Source: SRK site visit, April 2024

Notes:

A: Aerial view of the whole quarry area;

B: Benches at 180m, 165m and 150m asl levels

6.3 Mining method and equipment

A conventional open pit mining method has been employed for the Phase I operation, comprising drilling, blasting, loading and haulage. The mining sequence is from top to bottom and two benches operate simultaneously.

Drilling and blasting are handled by a professional contractor, Leiming Blasting. The contractor is responsible for drilling, hole survey, explosive transportation, charging, stemming and blasting. The acceptable lump size is 1,000 mm. Any oversize ore is further broken down by hydraulic hammers at the work face. No explosive magazine is on site (Figure 6-1).

Leiming Blasting currently holds two down-the hole hammer (DTH) drill rigs, with mobile air compressors, and one new Epic DTH drill rig is on stand-by. The dimensions of the blast holes are 150 mm wide and 17.5 m deep. The blast holes are arranged in rectangular or quincunx patterns, with spacing of 4.5-6 m and a burden of 4-4.5 m.

GreenGold is responsible for loading and haulage to the processing plant. Loading is carried out by three 3.2 m^3 hydraulic excavators and two front-end loaders. Loaded ores are hauled to the processing plant by 14 x 55 t articulated haulage truck. Other key mining equipment owned by GreenGold includes a watering truck and a road roller.

Mining occurs according to the demand from the processing plant. No stockpile is on site.

The same mining method is employed for the Phase II operation, utilising a total of 28 x 55 t articulated haulage trucks, 7 excavators and 4 front-end loaders. The current Phase I mining fleet is scheduled to be replaced every 10 years. A historical coal ash dump is located within the blast buffer zone of the northern margin of the pit. A small portion of ore (0.4%) is therefore to be mined by the mechanical excavation method rather than the drill-and-blast method.

During the April 2024 site inspection, the existing mining fleet was identical to 2021. One flexible rental excavator was on site as a standby unit. The planned equipment is being procured through a bidding process.

The drilling will also be conducted by Leiming Blasting. Currently, the operation blasts once every three days. During the site inspection, SRK was informed that Leiming Blasting has the flexibility to deploy additional drill rigs or charging crews based on the Company's demand.

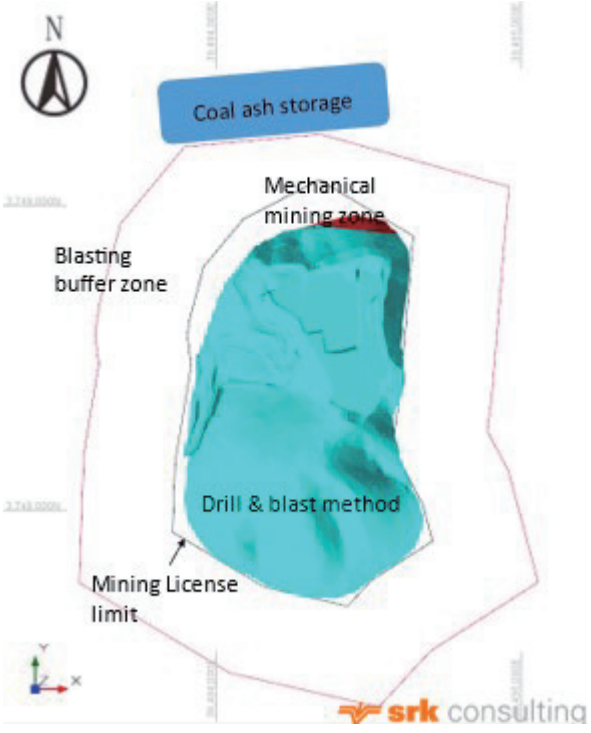
Table 6-1: Existing and proposed mining fleet

Equipment	Model	Capacity	Existing	Planned	Total
Articulated haulage truck	TL875C	55 t	14	14	28
Excavator	Cat 349 D2/LOVOL 480 ED ZSE00969	3.2 m^3	3	4	7
Front-end loader	L955F	3.0 m^3	2	2	4
Road roller	XS223JE	22 t	1	1	2
Watering truck		10 m^3	1	2	3

Source: PD and GreenGold

Due to a retired coal ash storage facility from a nearby power plant located within the 300-metre blasting buffer zone, part of the north pit will use a mechanical rock-breaking method instead of drilling and blasting. One planned excavator equipped with a rock breaker (hammer) and one planned loader will be employed for this additional work in this zone. (Figure 6-3).

Figure 6-3: Drill & blast and mechanical mining zones



Source: SRK.

It is SRK's opinion that the selected conventional open pit mining method is appropriate and is considered a low-risk solution. The existing and planned mining equipment is reasonable for the 8.0 Mtpa production capacity.

Mechanical mining typically results in higher costs and lower productivity compared to the drill-and-blast method. However, the material extracted using the mechanical mining method represents only a very small portion (0.43%) of the total material. The Company may consider whether to mine this zone in the future.

6.4 Optimisation

Open pit optimisation presents a range of nested open pit shells representing increasing product price or Revenue Factor (RF) to guide the selection of the optimal open pit shell that best suits the owner's business objectives. A RF = 1.0 is the theoretical optimum pit shell on which to base open pit designs. In 2021, SRK used the Lerchs-Grossman 3D algorithm in Whittle software (LG 3D) for the optimisation process. SRK reviewed the pit design and optimisation inputs, and there were no material changes against the pit design.

6.5 Detailed mine design

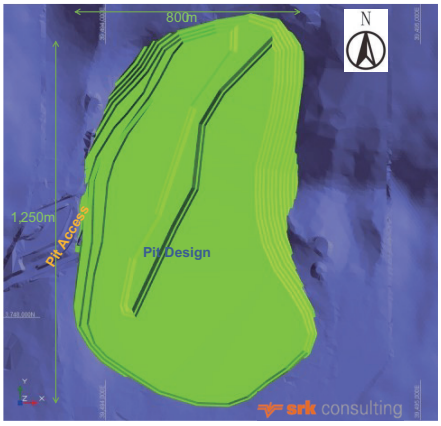
The detailed mine design was carried out using the selected LG 3D open pit shell as a guide. The proposed open pit design includes the practical geometry required in the quarry, including open pit access and haulage ramp to all open pit benches, open pit slope design, benching configurations in Table 6-2. The plan view of the open pit design is presented in Figure 6-4, while a comparison between the open pit design and LG 3D shell is shown in Figure 6-5. The open pit design indicates that above 80 m asl, the mining operation will result in the removal of the hill. Below 80 m asl, the operation will be an open pit excavation. The open pit access is at 80 m asl on the east pit edge. There are no material changes against the pit optimisation or design.

Table 6-2: Detailed open pit design parameters

Item	Unit	Parameter
Bench height	m	15
BFA	°	65
Safety berm	m	5
Catch berm	m	8
Minimum bench width	m	60
Ramp width	m	14
Road gradient	%	9
OSA	°	50

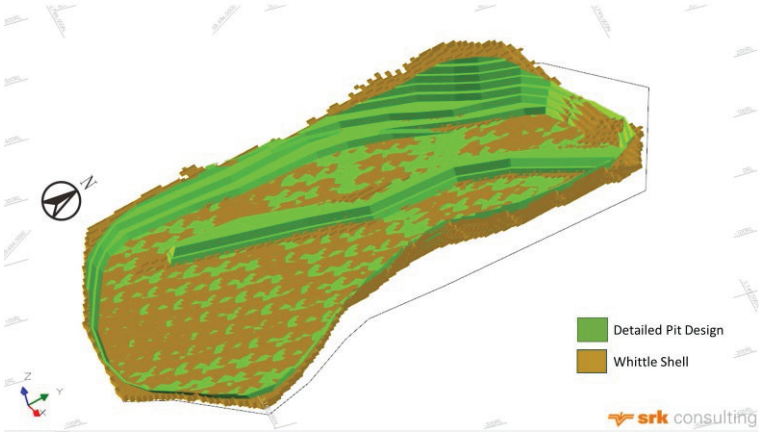
Source: PD, compiled by SRK

Figure 6-4: Plan view of open pit design



Source: SRK

Figure 6-5: Isometric view of open pit design and Whittle optimisation



Source: SRK

SRK has reviewed the latest topographic survey as of 31 December 2023 along with the production records. The reconciliation statistics are presented in Table 5-2.

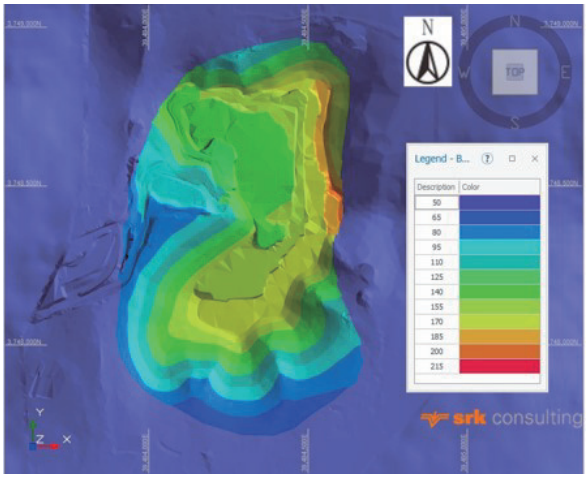
The Mineral Resources and waste materials within the open pit design on each beach are presented in Table 6-3. The mine design of the current mining operation is shown in Figure 6-6.

Table 6-3: Materials Interval within the open pit design as of December 2023

Bench name	Toe Elevation *(m ASL)*	Crest Elevation *(m ASL)*	Indicated D1 Resource *(kt)*	Indicated D2 Resource *(kt)*	Inferred D1 Resource *(kt)*	Inferred D2 Resource *(kt)*	Overburden/ Waste *(kt)*
B195	195	above	112	–	–	–	2
B180	180	195	820	–	–	–	3
B165	165	180	4,303	–	–	–	8
B150	150	165	9,068	–	–	–	10
B135	135	150	14,558	23	–	–	73
B120	120	135	16,675	547	15	–	211
B105	105	120	17,886	1,520	129	4	481
B90	90	105	19,738	2,278	62	202	673
B75	75	90	21,284	3,554	69	154	311
B60	60	75	20,399	2,357	74	26	27
B50	50	60	12,654	352	17	–	13
Total			137,496	10,630	366	386	1,812

Source: SRK

Figure 6-6: Benches interval and current operation (December 2023)



Source: SRK

6.6 Mine scheduling

In 2021, SRK re-scheduled the production based on the parameters and mining sequence proposed in the PD against Mineral Resources estimated by SRK and open pit design, and the project goal proposed by the Company, which plans to achieve the target production capacity of 8.0 Mtpa by 2031.

The mining operation has generally agreed with the schedule for the past 3 years. The mining sequence is downwards bench by bench, with two or three work benches operating simultaneously. The minimum lag distance between two benches is 50 m, and the minimum mining width is 60 m. The existing haul road within the quarry will remain at the inception of the Phase II development. SRK has divided the designed pit into four zones for the mine scheduling (Figure 6-7):

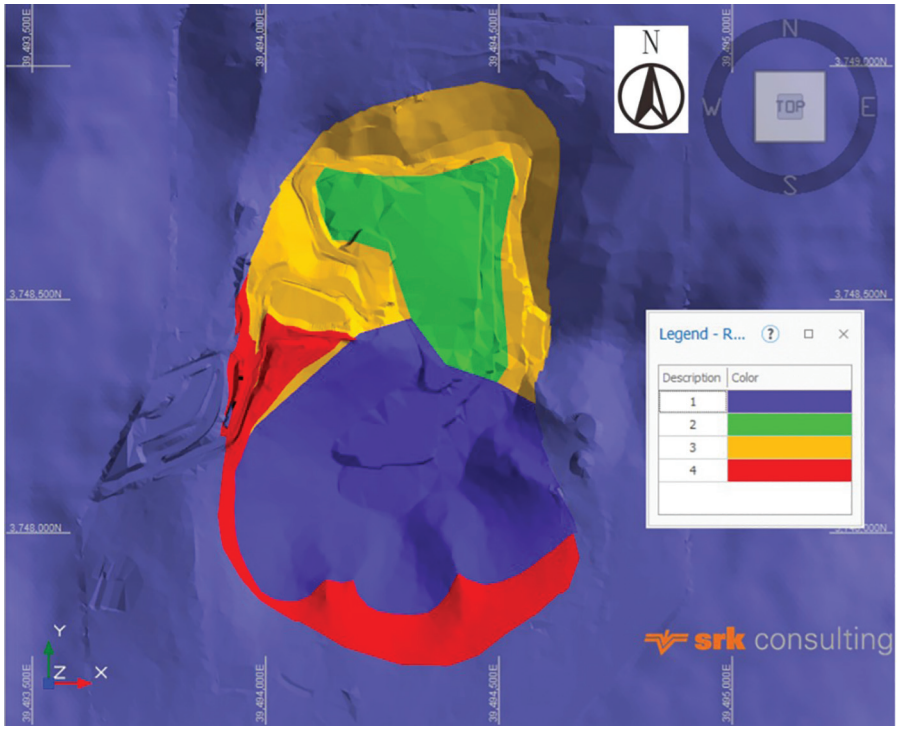
Zone 1: Adjoining to the existing Phase I pit. This zone is selected as the initial mining area. The designed bottom elevation of 90 m asl.

Zone 2: Existing Phase I pit. The existing pit will operate in conjunction with Zone 1. To achieve this, the current work face in Zone 1 will advance into Zone 2. The bottom of this zone is the same as Zone 1, i.e. 90 m asl.

Zone 3: Enclosure of the existing haul road. This zone is to preserve this existing haul zone. Mining will advance to this zone when the materials within Zones 1 and 2 are extracted. The bottom of this zone as the same as zone 1 and 2.

Zone 4: Below Zone 1, 2 and 3. This zone will form a horizontal platform and become a pit. A new downhill haul road will be developed. The bottom of this pit is 50 m asl.

Figure 6-7: Mine schedule development (December 2023)



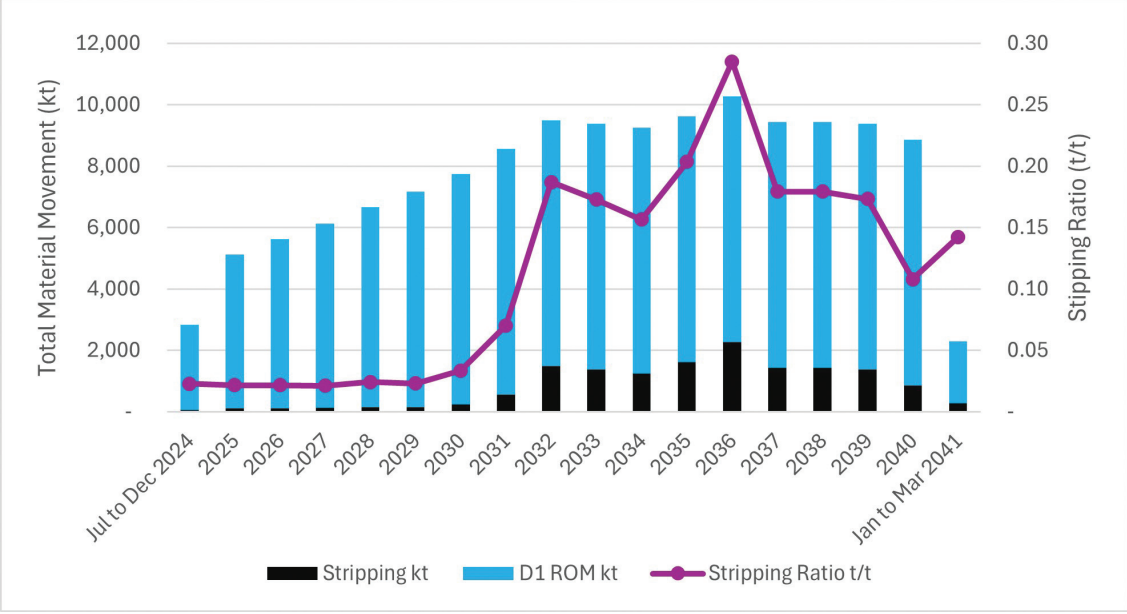
Source: SRK

SRK scheduled the production based on the sequence of development of these four zones, the defined D1 Limestone Mineral Resources and the Company production targets, which plans to achieve the target production capacity of 8.0 Mt by 2031. All D1 Limestone Inferred Mineral Resource and D2 Diorite Indicated and Inferred Mineral Resources are treated as waste.

The annual life-of-mine (LoM) open pit mining schedule for the quarry is presented in Table 6-4 and Figure 6-8. The LoM is approximately 16 years and the stripping ratio is 0.12.

It should be noted that the LoM is ended by March 2041, coinciding with the expiration of the mining license. At that time, approximately 10.7 million tonnes of Indicated Resource will remain in the pit for exploitation.

Figure 6-8: Production schedule over LoM



Note: Planned operation for 3 months in 2041.

Source: SRK

Table 6-4: Production schedule

Year	Run-of-Mine *(kt)*	Stripping *(kt)*	Total Material Movement *(kt)*	Stripping Ratio *(t/t)*
LoM Total	122,274	14,985	137,259	0.12
Jul to Dec 2024	2,767	63	2,830	0.02
2025	5,007	108	5,115	0.02
2026	5,501	118	5,619	0.02
2027	6,000	127	6,127	0.02
2028	6,500	156	6,656	0.02
2029	7,000	160	7,160	0.02
2030	7,500	251	7,751	0.03
2031	8,000	562	8,562	0.07
2032	8,000	1,495	9,495	0.19
2033	8,000	1,382	9,382	0.17
2034	8,000	1,253	9,253	0.16
2035	8,000	1,628	9,628	0.20
2036	8,000	2,281	10,281	0.29
2037	8,000	1,433	9,433	0.18
2038	8,000	1,433	9,433	0.18
2039	8,000	1,386	9,386	0.17
2040	8,000	863	8,863	0.11
Jan to Mar 2041	1,999	284	2,283	0.14

Note: Planned operation for 3 months in 2041.

Source: SRK

7 ORE RESERVE

The definition of Ore Reserves in accordance with the JORC Code (2012) is as follows:

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

The conversion from Mineral Resources to Ore Reserves is presented in Figure 5-1.

The definition of economically mineable ore is based on the results of open pit optimisation. Open pit optimisation was used to identify the optimum economic open pit shape based on the highest projected cash flow.

7.1 Modifying factors

The following modifying factors were used by SRK to determine the Ore Reserve:

- Optimal pit shell: included the Mineral Resources within the economic pit limits.
- Open pit design: the conversion factor for the Ore Reserve between the optimised open pit shell and the practical mine design has been accounted for in this parameter.
- Topographic survey as at December 2023 was provided to SRK for review. The reconciliation of survey data against the production records resulting in a variation of 0.1%.
- Mining loss: a 2% mining loss rate was adopted, which is consistent with the operational records.
- The diorite has certain potential applications, but its marketability remains uncertain. No diorite has therefore been included in the Ore Reserve.
- The scope of the mining rights. The mining rights of the Phase II area is valid until 30 March 2041 (see Section 3.2). Indicated Resources within the pit that are scheduled to be mined beyond the expiration of the mining license were not converted to Ore Reserves.

7.2 Ore Reserve estimates

The estimated Ore Reserve based on the considerations of Mineral Resources and Modifying Factors is summarised in Table 7-1.

Table 7-1: Ore Reserve estimation

Description	**Tonnage** *(kt)*
Indicated Mineral Resources (D1 Limestone only)	169,395
Indicated Resource in optimal pit shell	154,126
Indicated Resource in designed pit (2021 end of July survey)	147,801
Indicated Resource in designed pit (2023 end of December survey)	137,496
Allowance for dilution	–
Mining Ore Loss	-2,750
Mine Inventory	134,746
Mine plan up to the validity of the mining rights	-10,740
Ore Reserve as at 30 June 2024	122,274

Source: SRK

7.3 Ore Reserve statement

The construction aggregate Ore Reserve estimate in accordance with the JORC Code (2012) by SRK as at 30 June 2024 is presented in Table 7-2. This is based on the considerations of Modifying Factors, including the topographic survey as at 31 December 2023, the PD, the LoM plan from the pit to the processing plant final pit design and allowances for losses. The economically mineable part of the Indicated Mineral Resource within the pit has been classified as Probable Reserve. The Ore Reserve figures have been depleted to account for mining up to the 30 June 2024.

Table 7-2: Gaoloushan Construction Aggregate Project Ore Reserve statement as at 30 June 2024

Domain	Reserve Category	Volume *('000 m^3)*	Tonnes *(kt)*
D1	Probable	45,300	122,300

Note:

Ore Reserve is inclusive of Mineral Resource; a 2% mining loss is factored.

8 PROCESSING

8.1 Introduction

The current Phase I processing plant with a nameplate capacity of 3.6 Mt has been in operation successfully since 2017. A range of fine and coarse crushed aggregates: 0–5 mm, 5–15 mm, 15–25 mm and 25–31.5 mm, as well as scalpings are produced.

A feasibility study (FS) incorporating the construction of a new plant with a nameplate capacity of 8.0 Mtpa was completed in May 2021. The next level program of technical study, a preliminary design (PD) was completed in April 2022. The construction of the Phase II processing plant was completed at the end of June 2024. Trial production commenced in July 2024. Commercial production targeted to commence in the fourth quarter of 2024. The current Phase I processing plant and the new Phase II processing plant are shown in Figure 8-1.

Figure 8-1: Existing and proposed approximate location of the Phase II processing plant, looking east

Source: SRK site visit, April 2024

8.2 Process flowsheet

The process flowsheet of the Phase I operation adopts a two-stage closed circuit process with pre-screening, and the Phase II flowsheet proposes a similar process, but with an additional stage of screening. A summary flowsheet of Phase II is provided in Figure 8-2 and described below.

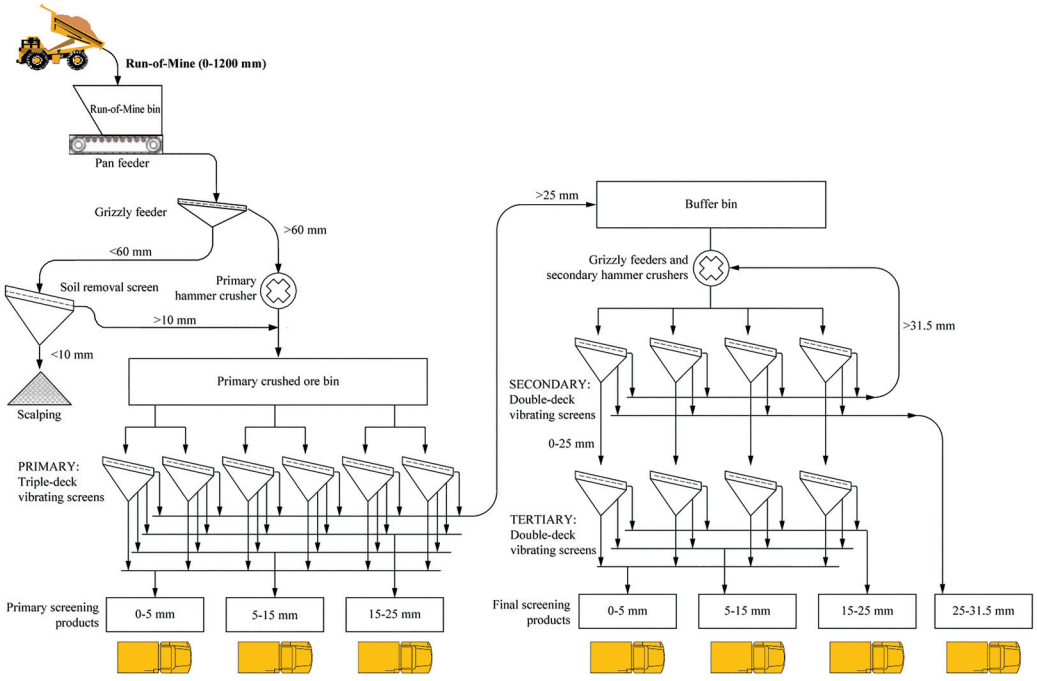
Mined ore is hauled and tipped into the Run-of-Mine (ROM) bin. From there, the material is fed and screened by a pan feeder and a grizzly feeder. The oversize (>60 mm) is fed into a hammer crusher for primary crushing, while the undersize is screened for scalping by a vibrating screen (10 mm). The scalpings are stockpiled for future sale. The material removed by scalping is combined with the material after the primary crushing, and is transported by a belt conveyor to the primary screening workshop (Figure 8-3).

The material is fed into six sets of circular primary vibrating screens, and is divided into four sizes of fractions: 0–5 mm, 5–15 mm, 15-25 mm and >25 mm as the primary screening products. The >25 mm fraction is transported to the secondary screening workshop and is fed into a hammer crusher for secondary crushing. The material is then fed into four sets of secondary circular vibrating screens. The 25–31.5 mm fraction is conveyed to the respective product silos for storage. The >31.5 mm fraction will return to the secondary hammer crusher.

The 0–25 mm fraction is fed into four tertiary vibrating screens and is divided into three fractions, 0–5 mm, 5–15 mm and 15–25 mm. The screened fractions known as final screening products are then stored in their respective silos. The final screening products are considered as premium products as less fines or silts are included. Aggregate products are released to customers' trucks through the silo bottom slide gates (Figure 8-4).

In SRK's opinion, the conventional construction aggregate processing flowsheet is reasonable and is appropriate for processing the ores from the quarry over the LoM.

Figure 8-2: Phase II processing flowsheet



Source: PD modified by SRK

Figure 8-3: Phase I processing plant

Source: SRK site visit, June 2021

Notes:

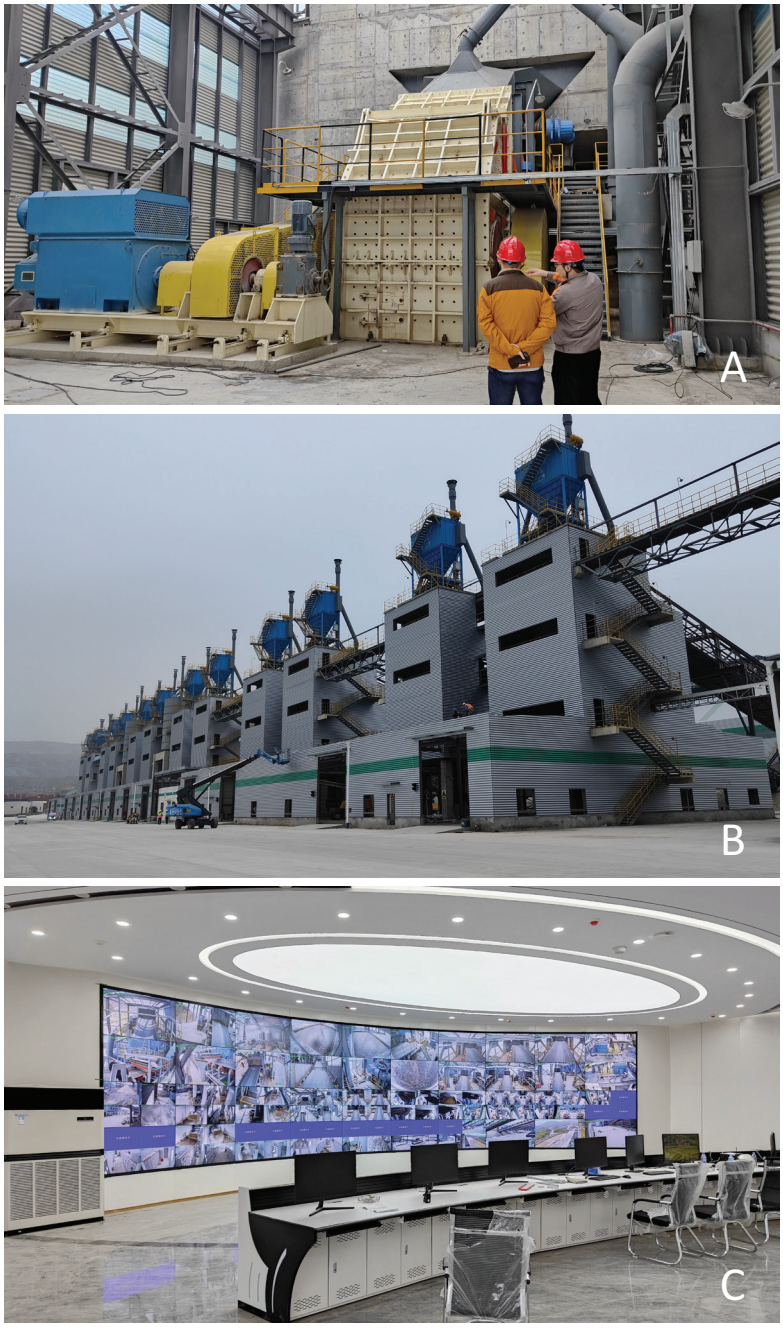
A: Primary hammer crusher

B: Secondary hammer crusher

C: Scalping vibrating screen

D: Stage 1 vibrating screens

Figure 8-4: Phase II processing plant



Source: SRK site visit, April 2024

Notes:

A: Secondary hammer crusher

B: Silos

C: Control centre

8.2.1 Processing equipment

The current processing plant is located approximately 100 m to the west of the current mining licence boundary. The recently completed Phase II processing plant is located to the immediate west of the current processing plant.

The Phase II production plant facilities are the same as for Phase I, including ROM bin, primary crushing workshop, secondary crushing workshop, scalping removal workshop, scalping shed, primary screening workshop, secondary screening workshop, tertiary screening workshop, final product silos and dust removal system. Other infrastructure comprises water supply and electrical supply.

The key equipment in the Phase I processing plant is currently in good condition and is shown in Table 8-1, and the main equipment of the Phase II processing plant is shown in Table 8-2.

Table 8-1: Key Phase I processing plant equipment

No.	Type	Model	Motor Power *(kW)*	Quantity
1	Grizzly feeder	JSZD6026	12	1
2	Primary hammer crusher	JSPCD2226	800	1
3	Secondary hammer crusher	JSPCD1616	220	1
4	Scalping removal vibrating screen	JSYZ1870	22	1
5	Primary vibrating screen	JSYZ3280	45	4
6	Secondary vibrating screen	JSYZ2680	37	1
7	Silo	10,000 t		4

Source: GreenGold

Table 8-2: Key Phase II processing plant equipment

No.	Type	Motor Power	Quantity
1	Pan feeder	220kW	1
2	Grizzly feeder	60kW	1
3	Primary hammer crusher	1,250kW	1
4	Secondary hammer crusher	800kW	2
5	Primary rotary vibrating screen	110kW	6
6	Secondary rotary vibrating screen	90kW	4
7	Scalping removal screen	110kW	1
8	Tertiary rotary vibrating screen	90kW	4
9	Silo	20,000t	7

Source: PD

8.3 Plant operating status

8.3.1 Historical production

The current processing plant is claimed to have a designed capacity of 3.6 Mtpa, estimated based on 250 working days, 11 working hours per day and 1,300 t/h hourly processing throughput capacity.

The operation has a history of regular production with a two 8-hour shifts per day and the remaining time is for regular maintenance. The sales statistics and product size fractions are presented in Table 8-3 and Table 8-4.

Table 8-3: Historical sales statistics

Products (kt)	2018	2019	2020	2021	2022	2023	Jan-June 2024
Sandpowder (0–5mm)	985	969	1,255	1,103	1,327	1,151	348
Construction aggregate (5–15mm)	793	835	1,191	982	1,123	947	306
Construction aggregate (15–25mm)	1,200	1,093	1,353	936	1,222	1,033	355
Construction aggregate (25–31.5mm)	506	310	314	359	386	518	252
Scalping	23	33	96	41	43	134	430
Total	3,508	3,239	4,209	3,422	4,101	3,783	1,691
Others	77	60	79	79	105	118	41

Note: mixture of weathered rocks and soil

Source: GreenGold

Table 8-4: Product size fractions

Proportion (%)	2018	2019	2020	2021	2022	2023	Jan-June 2024	Average
Sandpowder (0–5mm)	28.1	29.9	29.8	32.2	32.4	30.4	20.6	29.3
Construction aggregate (5–15mm)	22.6	25.8	28.3	28.7	27.4	25.0	18.1	25.3
Construction aggregate (15–25mm)	34.2	33.7	32.1	27.3	29.8	27.3	21.0	29.5
Construction aggregate (25–31.5mm)	14.4	9.6	7.5	10.5	9.4	13.7	14.9	11.5
Scalping	0.7	1.0	2.3	1.2	1.0	3.6	25.4	4.4

Source: GreenGold

8.3.2 Forecast production

The proposed Phase II processing plant has a designed nameplate capacity of 8.0 Mtpa. The hourly processing capacity is 2,500 t/h, and the designed operating conditions are 13 hours per day and 250 working days per year.

The Phase II processing plant construction completed in the end end of June and trial production commenced in July 2024. Commercial production is targeted to commence in the fourth quarter of 2024.

Currently, trial production has begun at the Phase II processing plant while production is continuing at the Phase I processing plant. The production targets of Phase II processing plant will gradually increase at a rate of 0.5 Mt per year from 2024 and finally reach the target annual production capacity of 8.0 Mt by 2031. The Phase I processing plant will contribute 3.5 Mt annually of the production targets respectively target until it is targeted to be fully decommissioned by 2026. The modest growth of the production target corresponds to the forecast market demand (Table 8-5).

In SRK's opinion, the production targets are achievable given the consistent throughput hourly capacity of the Phase I processing plant. The development of the Phase II processing plant supports the progressive increase of production targets from 4.5 Mt in 2024 to 8.0 Mt in 2031.

Table 8-5: Production Target

Production target (Mtpa)	2024	2025	2026	2027	2028	2029	2030	2031-2040	2041
Phase I	3.5	3.5	3.5	0.0	0.0	0.0	0.0	0.0	0.0
Phase II	1.0	1.5	2.0	6.0	6.5	7.0	7.5	8.0	2.0
Total	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	2.0

Source: GreenGold

The target product size fractions are shown in Table 8-6. SRK considers that the proposed processing flowsheet of Phase II Processing Plant is appropriate and the proportion of products of various specifications is in line with the historical operation statistics and can be adjusted by changing the size of the screen to fit the market demand.

Table 8-6: Target product size fractions and quantity

Products	Proportion	Quantity *(Mt)*
Sand powder (0–5 mm)	30.00%	2.4
Construction aggregate (5–15 mm)	25.50%	2.04
Construction aggregate (15–25 mm)	33.00%	2.64
Construction aggregate (25–31.5 mm)	10.00%	0.8
Scalping	1.50%	0.12
Total	100.00%	8

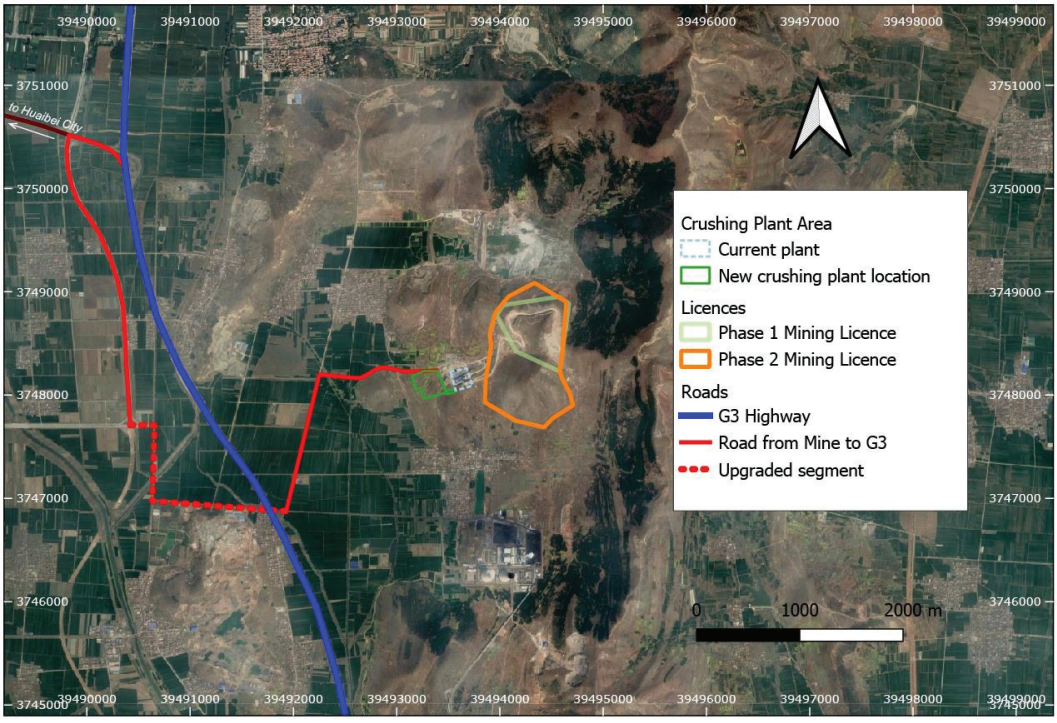
Source: GreenGold

9 PROJECT INFRASTRUCTURE

9.1 Project layout

The Project is currently fully developed and includes administration, mining, processing, dormitory, canteen and workshops. The sites have reticulated power and water. The Phase II development was constructed on the basis of the current set-up. The Phase II processing plant is located to the immediate west of the Phase I processing plant, covering an area of approximately 114,703 m^2 and requires approximately 103,703 m^2 of newly acquired land. The general layout is shown in Figure 9-1.

Figure 9-1: Current and proposed Phase II development project layout



Source: GreenGold, Google satellite imagery, SRK compilation

9.2 Roads

The Project area is easily accessible from Huaibei City centre via a series of paved roads for approximately 23 km (Figure 3-2 and Figure 9-1).

Access to Suzhou in the south and Xuzhou in the north is via the G3 highway and other all-weather roads. The Project area and the nearest G3 highway entrance is via a series of public paved roads for approximately 9 km. Part of this connecting road, measuring approximately 2 km was upgraded in 2021. The road network is appropriate for the Company's growth plan.

In the Project area, a total of approximately 2,570 m long haul roads have been constructed to date, connecting the pit to the Processing Plant. The roads have an average gradient of 5% and their widths are approximately 11m. The haul road system will continue expand as the Project progress.

9.3 Power supply

The Project's current power supply is via a 10 km-long 10 kV line with a nearby substation. The incoming station is equipped with a 3,150 kVA transformer, providing electricity to the Phase I processing plant, the quarry and other facilities. The electric power requirement of the quarry is minimal, and its main use is for the dewatering pump. Two 10kV substations have been built to supply electricity to the Phase II processing plant. The estimated annual power usage is 3,063,000 kWh. The power supply is considered reliable for the current operation and the designed power supply infrastructure is considered to have sufficient capacity to support the development plan.

9.4 Water supply

The water for production is limited to drilling, dust control, landscaping, firefighting and vehicle washing. Such water is sourced from the Huaibei City recycled water system through a 2.5 km-long 160 mm drainage pipe. A 300 m^3 storage tank has been installed on site and a 800 m^3 new storage tank and a pumping station will be constructed and connected to the current recycled water system. The Phase I domestic water supply is via a well equipped with a pump and a back-up pump. The drained water is stored in a settlement pond with a capacity of 200 m^3. The estimated daily domestic water use for Phase II is 5.0 m^3 and production water use is 316 m^3 respectively. A new pumping station has been established to support the Phase II production water use. SRK considers the water supply system is reasonable and the water supply to be adequate for the Phase I and II operations.

9.5 Diesel supply

Diesel is mainly used in the mining fleet and canteen. Diesel prices are at a discount to the prices published by the Chinese National Development and Reform Commission. Diesel is purchased and supplied by a local supplier through a long-term supply contract. The fuel is delivered to the Project site on an as-and-when-needed basis.

SRK considers the existing diesel supply logistics to be adequate to support the current operation and the development plans.

9.6 Maintenance

Regular repair and maintenance of processing and mining equipment are carried out by the in- house technicians. Major repairs can be conducted by off-site contractors.

9.7 Quality control setup

No product quality control or laboratory is built on site. The product quality is tested by customers according to the sales contracts.

9.8 Site buildings and mine services

The site buildings consist of a 4-storey administration office, a 2-storey dormitory, canteen, toilet and weighing station, covering a total of 4,547.94 m^2 gross floor area.

The plant buildings and mine services infrastructure comprise electric vehicle charging station, air compressor room, cooling pond, settling pond, waste facility, pumping room, electricity control room, weighing area and vehicle wash-down facility.

9.9 Waste rocks

No waste dumps are designed. The waste rocks, comprising a mixture of weathered materials and soil from the weathering profile are usually temporarily stockpiled and are sold by auction regularly.

9.10 Explosive Magazine

No explosive magazine is built on site. The blasting materials are managed and handled by Leiming Blasting.

10 MARKETS AND PRICES

10.1 Contracts

The limestone extracted from the Gaoloushan mine is usually mined and crushed according to customer orders hence there is limited product storage on site. All products are prepaid and picked up at the processing plant.

SRK has viewed ten major sales agreements for crushed limestone products dated March 2019 to May 2024. They included agreements for purchase of aggregates for civil engineering, construction materials, trading, and logistics companies. The terms of the contracts are similar and often constitute a supply agreement that does not include price.

The agreements are summarised in Table 10-1.

Table 10-1: Summary of ten major sales contracts

Buyer/s	Location	Date	Expiry	Specifications/ Price (RMB/t)	Quantity	Comments
civil engineering, construction materials, trading, and logistics	Huaibei City and Suzhou City	March 2019-May 2024	Not stated	Not stated/Market prices – private contract	Not stated	Daily supply according to pickup plan

Source: GreenGold SRK compilation

10.2 Prices

All limestone products from the mine are sold through direct negotiation with consumers commonly using set prices that vary frequently according to demand. Prices are generally not stated in contracts unless they are for short periods. The prices discussed here are mine gate prices, not including freight. The cost of freight means that most consumers will buy aggregate from producers as close as possible to their operations.

Average prices for products from the mine from 2021 to June 2024 are presented in Table 10-2. The prices achieved have dropped from 2021 to June 2024.

Table 10-2: Sales prices for aggregate products from the Project

Products	2019 Average selling price *RMB/t*	2020 Average selling price *RMB/t*	2021 Average selling price *RMB/t*	2022 Average selling price *RMB/t*	2023 Average selling price *RMB/t*	Jan-June 2024 Average selling price *RMB/t*
Sandpowder (0-5mm)	83	73	61	60	44	43
Construction aggregate (5-15mm)	107	93	80	80	65	57
Construction aggregate (15-25mm)	111	100	87	86	73	67
Construction aggregate (25-31.5mm)	109	95	81	82	69	67
Scalping	54	47	39	39	34	40
Others	22	21	19	17	18	22

Source: GreenGold

Note: Others refer to mixture of weathered rocks and soil

10.2.1 Forecast prices

The Company provided SRK with a price forecast. The forecast indicates a modest price increase in 2025, followed by a slight decline in 2026, and remain nearly stable until 2029 (Table 10-3). SRK considers the forecast is reasonable and is consistent with the China macro-economy forecast. The forecast does not include a long term price. SRK has assumed that the price remains the same from 2029.

Table 10-3: Forecast prices (RMB) for limestone from the Project

	Oct-Dec 2025	2026	2027	2028	2029	Long Term Price
Sand powder (0-5 mm)	54	49	50	51	50	50
Construction aggregate (5-15 mm)	69	65	64	66	65	65
Construction aggregate (15-25 mm)	78	74	73	75	74	74
Construction aggregate (25-31.5 mm)	74	71	70	72	71	71
Scalping	43	45	42	43	43	43
Others	15	15	15	15	15	15

Source: GreenGold

Note: Others refer to overburden and waste generated during the mining process.

11 ENVIRONMENTAL, SOCIAL AND PERMITS

11.1 Operational licences and permits

The previous Phase I mining licence, which permitted production of up to 3.5 Mtpa, was replaced by a Phase II mining licence on 30 June 2021 that covers a larger area and allows the production capacity of up to 8.0 Mtpa. The Company is currently transitioning from the Phase I to Phase II developments. The construction of the Phase II related mine roads and drainage was completed at the end of June 2024. Trial production of the Phase II processing plant commenced in July 2024. Commercial production is expected to start in the fourth quarter of 2024.

As there are significant changes to the production capacity of the operation, the current Phase I operational licences and permits have been renewed as the Phase II development progresses. These licences and permits include, but are not limited to, Work Safety Licence, Water Use Permit, Site Discharge Permit and Land/Forest Use Permit.

This chapter presents a review of the current relevant operational licences and permits and the status of application of various licences and permits of the Phase II operation.

The operational licences and permits currently being held by GreenGold are listed below:

- Business Licence (No. 91340600MA2MUW7Y4B) – issued to Huaibei Tongming Mining Company Limited by the Market Supervision Bureau of Xiangshan District, Huaibei City on 10 July 2024.

- Mining Licence (C3406002021067160152182) – issued to Huaibei Tongming Mining Company Limited by the Land Resources Bureau of Huaibei City. The Mining Licence is valid from 1 July 2024 to 30 June 2027. The permitted mining method is open pit mining. The production scale and area are 8.0 Mtpa and 0.8777 km^2, respectively.

- Work Safety Licence (No. [2024]Y056) – issued to Huaibei Tongming Mining Company Limited by Anhui Province Emergency Management Department on 15 May 2024. The Work Safety Licence is valid from 8 June 2024 to 7 June 2027.

- Site Discharge Permit (No. 91340600MA2MUW74B001W) – issued to Huaibei Tongming Mining Company Limited by the Ecological Environmental Bureau of Huaibei City on 29 August 2023 and is valid until 23 November 2028.

- Two Water Use Permits (No. C340604G2021-0009 and No. C340604S2021-0010) were issued to Huaibei Tongming Mining Company Limited by the Huaibei City Water Bureau on 27 October 2021. Both permits are valid until 26 October 2026. One permit states that the approved source of supply is groundwater with an annual allocation of 35,000 m^3, and another permit states the approved source of supply is surface water with an annual allocation of 245,000 m^3.

- Land Use Permit (No. Wan(2022)0030582) was issued to Huaibei Tongming Mining Company Limited on 28 December 2022. The Permit is valid until 21 December 2072. The land use type is industrial use and the area is 103,703.34 m^2.

11.2 Environmental and Social Review Process, Scope and Standards

The process for the verification of the environmental compliance and conformance of 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.

The methodology applied for this environmental review of the Project consisted of a combination of documentation review, site visit, and interviews with Company technical representatives. The site visit for the environmental review was undertaken from 24 to 25 June 2021.

11.3 Status of Environmental Approvals

The basis of environmental policy in China is contained in the 2004 Constitution of the PRC. Pursuant to Article 26 of the Constitution, the state protects and improves the environment in which people live and the ecological environment. It prevents and controls pollution and other public hazards. The state organises and encourages afforestation and the protection of forests.

The following are other Chinese laws that provide environmental legislative support to the Minerals Resources Law of the People's Republic of China (1996) and the Environmental Protection Law of the PRC (2014):

- Environmental Impact Assessment (EIA) Law (2016).
- Law on the Prevention & Control of Atmospheric Pollution (2015).
- Law on the Prevention & Control of Noise Pollution (1996).
- Law on the Prevention & Control of Water Pollution (2017).
- Law on the Prevention & Control of Environmental Pollution by Solid Waste (2016).
- Forestry Law (1998).
- Water Law (2016).
- Land Administration Law (2004).
- Protection of Wildlife Law (2016).
- Regulations on the Administration of Construction Project Environmental Protection (2017).

In accordance with Chinese legislation, the Project has been subjected to a comprehensive Environmental Impact Assessment (EIA) to assess the environmental impacts of the proposed development on the human and natural environment prior to the commencement of mining operations.

The Company has provided SRK with an EIA report for the Phase I operation that was produced by Anhui Tongji Environmental Technology Company Limited. The EIA report for the Phase I operation was approved by Huaibei City Environmental Protection Bureau on 13 March 2017. The opinion of Environmental Final Checking and Acceptance for the 3.5 Mtpa Project was issued on 15 July 2018. SRK has also been provided the EIA report for the Phase II operation which was compiled by Anhui Shuanghong Engineering Consulting Company Limited in March 2022. The EIA report for the Phase II operation was approved by Huaibei City Lieshan District Ecological and Environmental Bureau on 19 April 2022.

The Water and Soil Conservation Plan (WSCP) for the Phase I operation was produced by Xuancheng Jianghe Water Engineering Design and Consulting Company Limited in January, 2017. The WSCP approval for the Phase I operation was issued by Huaibei City Water Bureau on 16 February 2017. The Phase II WSCP was prepared by Anhui Diyan Ecological Technology Company Limited in December 2021. The Phase II WSCP approval was issued by Huaibei City Lieshan District Agriculture and Water Bureau on 21 December 2021.

11.4 Environmental Conformance and Compliance

SRK has reviewed the Phase I and Phase II EIA reports and considered that such report have been prepared in accordance with the relevant Chinese laws and regulations. SRK has conducted an environmental site visit to the Project area and checked against recognised international industry environmental management standards, guidelines, and practices.

SRK observed that the Project area was being developed and/or operated in accordance with the Project's environmental management and approval conditions.

11.5 Key environmental and social aspects

In the following sections, SRK provides comments on the Project's proposed environmental management measures.

11.5.1 Site ecological assessment

The landform and topography in the Project area are commonly changed by mining activities, waste rock dumps, haulage roads, office buildings and dormitories, and other infrastructure. The development of the Project may also result in an impact on or loss of flora and fauna habitats. If effective measures are not taken to manage and rehabilitate the disturbed areas, the surrounding land may be polluted and the land utilisation function will be changed, causing an increase in land desertification, water loss and soil erosion.

The EIA reports for the Project included an ecological baseline study, which revealed that there was basically no vegetation cover within the evaluation area, but only a few herbaceous plants and shrubs. Due to the significant previous human activities in and around this area, the habitat has changed considerably and many animals have been disturbed and migrated to other places. No rare and endangered animal species were seen in this area. The Project's EIAs have also proposed that ecological protection measures should be taken in order to reduce and manage the potential impacts.

11.5.2 Waste rock management

According to the Phase II PD, the waste rock will be sold as products and there is no waste rock dump (WRD) on site. The PD proposes that the stripped covered soils should be stored temporarily for rehabilitation. The EIA reports state that the waste rock is partially backfilled in the historical illegal mined-out area and partially stored in the

temporary WRD for future environmental treatment after the mine's closure. At the time of the site visit in June and December 2021, SRK observed that there was no WRD but only some stripped soil was piled up on site. The Company stated that the waste rock generated by mining activities are sold regularly, which is consistent with the sales records.

One potential risk to the environment from waste rock is acid rock drainage (ARD), which is created when reducing sulphide minerals are exposed to air, precipitation and bacteria and, through an oxidation reaction, produce sulphuric acid during mining, transportation, processing, waste rock discharge, and tailings storage. ARD has the potential to introduce acidity and dissolved metals into water, which can be harmful to surface and groundwater. The EIA report for the Phase I operation states that the waste rock from the Project belongs to Class 1 general industrial solid waste. Furthermore, no evidence was observed during the site visit of any leaching or acid rock drainage impacts.

11.5.3 Water Management

The Project area is located on the northern slope of Gaolou Mountain in Song Tuan Town, Lieshan District, Huaibei City, which is part of the Huaihe River basin with a relatively developed surface water body. The Jigou River and Zhahe River are located to the west of the Project area, both flowing southward and feeding into the Sui River. The Jigou River is located about 2.8 km west of the Project area and flows from northwest to southeast. It was artificially excavated and eventually flows into the Sui River. The Jigou River is a seasonal river and has a width of approximately 30m. The Zhahe River is located at about 5km west of the mine site and flows from northwest to southeast.

The current water for mining, processing and production of the Phase I operation is provided by the Water Plant of Huaibei Lingyun Electric Power Industry Corporation. The domestic water consumption is pumped by a self-provided well. According to the Phase II PD, the water for production and vehicle washing is provided by the municipal water treatment plant. The groundwater will be used as a source of domestic water.

The potential negative impact of the Project on surface water and groundwater is mainly due to the arbitrary discharge of untreated production and domestic wastewater. In addition, mining activities may also cause changes to groundwater levels. The main wastewater pollution sources of the Project include run-off from the quarry and processing plant, sewage from the maintenance workshop, and domestic sewage.

The Phase II PD states that the open pit drains will be installed and run-off will be drained to settling ponds to manage potential water pollution risk before being discharged into the nearby rivers. The wastewater from the processing plant will be treated by the settling pond, before being re-used for production. Domestic sewage is treated and discharged or re-used for greening.

The EIA reports for the Project propose the following management measures:

- Construct drains and settling sedimentation ponds for the open pit and industrial site, for reuse or discharge;
- Collect WRD leachate and rainwater from the mine site, for sedimentation and reuse or discharge;
- Collect the wastewater from the washing of transportation vehicles, for sedimentation and re-use; and
- Collect domestic sewage and re-use it for agricultural irrigation and as fertiliser.

During the site visit, SRK inspected the settling ponds that were constructed in the industrial site and on the haul road. SRK believes that the measures recommended in the EIA reports and the PD are reasonable. In addition, SRK recommends that quality monitoring be undertaken of the groundwater and surface water resources within the Project area (including upstream and downstream of the Project area), and also any site water discharges.

11.5.4 Dust and Noise Emissions

The dust emission sources for the Project are mainly from mining, loading and unloading, crushing and movement of vehicles, and mobile equipment. The Phase II PD and EIA reports for the Project proposes the measures to reduce the impact of fugitive dust, including water spraying, dust collector installation, workshop sealing, road maintenance, greening, vehicle speed limits, etc. During the site visit, SRK observed that dust collectors were installed for the crushers and the industrial site was sprinkled by water truck.

The main sources of noise emissions for the Project are from drilling, explosions, excavators, air compressors, loaders, crushers, vibrating screens and vehicles. The Phase II PD and EIA reports for the Project propose noise management measures including enclosure of highly noisy equipment, selection of low noise equipment, layout optimisation, greening, etc.

11.5.5 Hazardous Materials Management

Hazardous materials have the characteristics of being corrosive, reactive, explosive, toxic, flammable and potentially biologically infectious, and pose a potential risk to human and/or environmental health. Hazardous materials will be generated mainly during a mining project's construction and, mining, and include hydrocarbons (i.e. fuels, waste oils, and lubricants), chemical and oil containers, batteries, medical waste, and paint. The hazardous materials for the Project mainly comprise fuels and waste oils. During the site visit, SRK noted a temporary hazardous waste storage room next to the maintenance workshop.

SRK recommends that the Company should collect the waste oil generated by the Project and hand it over to a qualified contractor for disposal. SRK also recommends that the collected waste oil and fuel storage should adopt measures such as hardening the ground and setting up secondary containment facilities to reduce the risk of pollution caused by leakage.

11.5.6 Occupational Health and Safety

A well-developed and comprehensive safety management system comprises site inductions, site policies, safe work procedures, training, risk/hazard management (including signage), use of personal protective equipment (PPE), emergency response processes, incident/accident reporting, an onsite first aid/medical centre, designated safety responsibilities for site personnel and regular safety meetings.

SRK has reviewed the Safety Assessment Reports as provided by the Company and is of the opinion that the reports cover items that are generally in line with recognised Chinese industry practices and Chinese safety regulations. SRK notes that the measures proposed by the safety assessment reports could be the basis for operational OHS management systems and procedures.

SRK has had no sight of historical occupational health and safety (OHS) records for the Phase I operation as part of this review. SRK recommends that the Company should maintain a safety record and develop incident analysis reports for the mitigation of possible future injuries. The proposed reports analysed the cause of injuries and identify measures to prevent reoccurrence, which is in line with internationally recognised OHS accident monitoring practice.

11.5.7 Site Closure Planning and Rehabilitation

The Chinese national requirements for rehabilitation and mine closure are covered by Article 21 of the Mineral Resources Law of the PRC (1996), the Rules for Implementation of the Mineral Resources Law of the People's Republic of China (2006), the Mine Site Geological Environment Protection Regulations (1 May 2009), and the Land Rehabilitation Regulation (2011) issued by the State Council. In summary, these legislative requirements cover the need to conduct land rehabilitation, to prepare a site closure report, and submit a site closure application for assessment and approval.

According to the Chinese legal requirements, a Geological Environment Protection and Land Reclamation Plan is required for the Project's development. In addition, a mine geological environment treatment and restoration fund account should be established by the mine.

The Geological Environment Protection and Treatment Plan for the Phase I operation was produced by Xuzhou Wanyuan Geological and Mineral Research Company Limited in January, 2017.

Such plan has been updated and incorporated into the Geological Environment Protection and Land Reclamation Plan, covering both the Phase I and Phase II development. The new Plan was compiled by Anhui Province Geological and Mineral Exploration Bureau 325 Brigade and approved by the National Resources and Planning Bureau of Huaibei City in June, 2021. The total static investment of geological environment protection and land reclamation for the Project is RMB19,832,600, and the total dynamic investment is RMB23,973,800. According to the Plan, the amount of annual deposit is RMB1,195,000.

*11.5.8 **Social aspects***

The Project is located in Lieshan District, Huaibei City, Anhui Province. The general surrounding land of the Project comprises mainly forest and wasteland.

The main administrative body for the Project is the Anhui Provincial Government, with some delegation of environmental regulation to the city of Huaibei and Lieshan District. According to the provided documentation and Company statement, SRK has not had sight of any historical or current non-compliance notices and or other documented regulatory directives in relation to the development of the Project. The Company states that there are no natural reserves or significant cultural heritage sites within or surrounding the Project area; and the EIA reports also do not report any natural reserves or protected cultural heritage sites in this area.

The EIA report for the Phase I operation states that most of the surveyed public support the construction and implementation of this project, and there is no opposition. SRK also recommends the conducting of detailed analysis on the concerns of stakeholders, and design and implement a public consultation and disclosure plan to ensure that local communities continue to participate in project construction and operation.

11.6 Conclusion

SRK has reviewed the EIAs, operational licences and permits and considered the EIAs was prepared in accordance with the relevant Chinese laws and regulations.

The Company has already completed and obtained the required permits and licences for the Phase II development.

12 CAPITAL AND OPERATING COSTS

12.1 Capital cost

In the period of 2021-June 2024, a total of RMB1,693.7 million capital cost has been incurred (Table 12-1). The forecast capital cost projections from July 2024 to 2030 are presented in Table 12-1. These capital cost projections prepared by GreenGold are based on the EPC contract, the mining licence agreement and forecast prepared by the Company.

The forecast capital cost for the Phase II development was RMB306.8 million, including land acquisition, new mining equipment procurement, haul road construction, drainage infrastructure, mining platform construction, and the installation of a digital mine management system. Additional costs included detailed design and construction administration.

As of June 30, 2024, the actual capital cost incurred for the Phase II development amounted to RMB299.7 million. The remaining capital expenditure of RMB12.3 million is scheduled for settlement in the second half of 2024. This will bring the total development capital cost for Phase II to RMB312.1 million.

The close alignment between the forecast and actual capital costs demonstrates a high degree of accuracy in the initial cost projections for the Phase II development.

The Phase II mining licence fee represents the major component of the capital cost, amounting to a total of RMB1,367.7 million. In the first quarter of 2021, an initial payment of RMB683.9 million was already made. Three installments of RMB136.8 million were paid in 2022, 2023 and January-June 2024 respectively. The remaining two installments, each totaling RMB136.8 million will be paid in 2025 and 2026 in accordance with the mining licence agreement.

Sustaining capital for the Project has included two components. The existing mining fleet is scheduled to be replaced between 2027 and 2029, and an allowance of RMB19.5 million (RMB 15.9 million in 2027 and RMB3.6 million in 2029) has been made. The processing plant equipment and other equipment will require ongoing replacement and refurbishment over the LoM. An additional 1.5% annual operating cost has also been budgeted as the sustaining capital. In the period of July 2024-2030, the sustaining capital amounts to RMB34.5 million.

The Phase II construction is now complete. The forecast capital cost primarily consists of sustaining capital, which is necessary for ongoing operations. SRK has reviewed the breakdown of the forecast capital cost and considered that sufficient capital has been allocated to support the continued operation of the project.

Table 12-1 Actual and forecast capital costs (RMB million)

	2021	2022	2023	Jan-June 2024	July-Dec 2024	2025	2026	2027	2028	2029	2030
Land acquisition fee	–	33.8	–	–	–	–	–	–	–	–	–
Development Capital	–	107.5	134.8	23.7	12.3	–	4.8	–	4.4	–	2.3
Subtotal	–	141.3	134.8	23.7	12.3	–	4.8	–	4.4	–	2.3
Mining Licence Fee	683.9	136.8	136.8	136.8	0.0	136.8	136.8	–	–	–	–
Sustaining	–	–	–	–	0.7	1.4	1.5	17.5	1.8	5.5	–
Total	683.9	419.4	406.3	184.1	25.4	138.2	147.8	17.5	10.5	5.5	4.6

Source: GreenGold

12.2 Operating cost

12.2.1 Historical operating cost

The historical operating cost profile for the period 2021 to June 2024 is presented in Table 12-2 and Figure 12-1. Over this period, annual cash operating cost spanned RMB/t 23.5 in 2021, RMB/t 19.0 in 2022 and RMB/t 19.2 in 2023. The cash operating unit cost was RMB/t 22.4 in the period of January-June 2024.

The key cost components comprise blasting, royalty and government charges and employment. The Project is an owner-operated operation except the drilling and blasting is handled by the contractor, Leiming. The contractor is responsible for drilling, hole survey, explosive transportation, charging, stemming and charging and breaking the rocks to a minimum size of 1,000 mm. Employment includes salaries and benefits for the mining and processing labours. The royalty and government charges include resource tax, city maintenance and construction levy, education levy, stamp duty, environmental tax and property tax. Other costs include diesel for the mining fleet and other vehicles, environmental and safety, water and electricity and consumables.

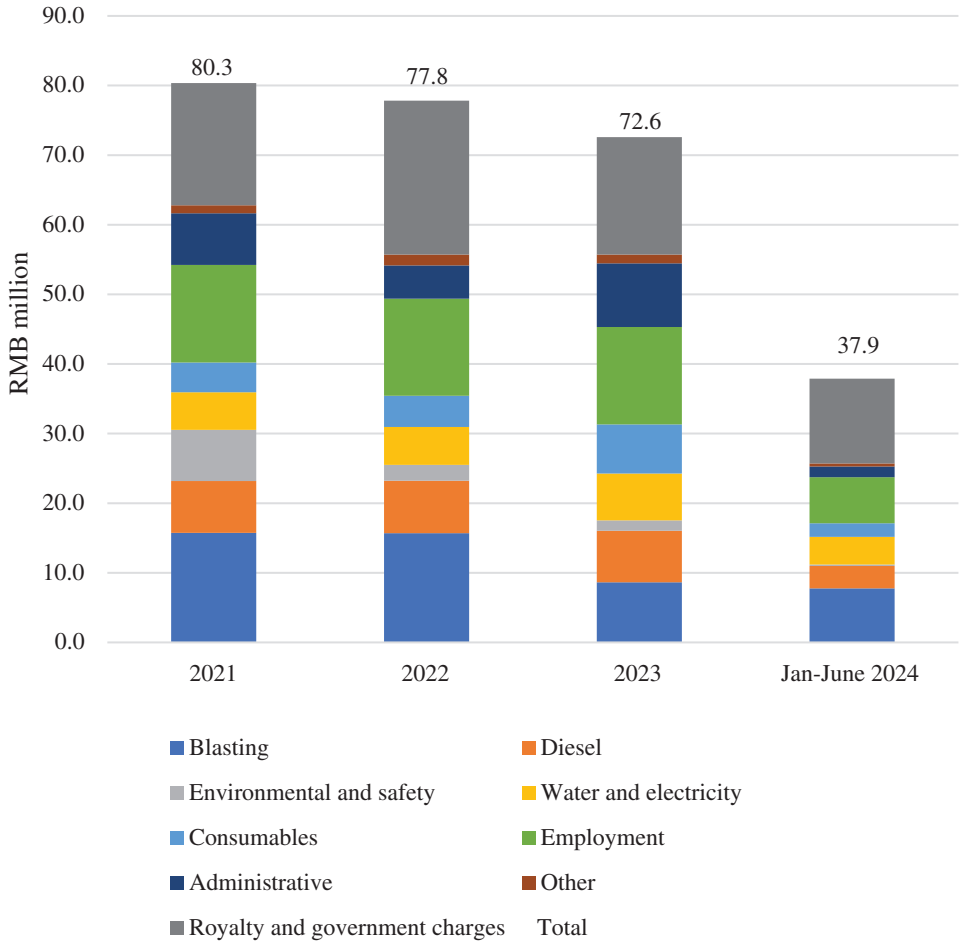
Table 12-2 Historical cash operating cost (2021 to June 2024)

Cash operating cost		2021	2022	2023	Jan-June 2024
Blasting	RMB million	15.8	15.7	8.6	7.8
Diesel	RMB million	7.4	7.5	7.4	3.2
Environmental and safety	RMB million	7.3	2.3	1.5	0.2
Water and electricity	RMB million	5.4	5.4	6.7	4.0
Consumables	RMB million	4.3	4.5	7.0	1.9
Employment	RMB million	14.0	14.0	14.0	6.6
Administrative	RMB million	7.4	4.8	9.1	1.5
Other	RMB million	1.1	1.6	1.3	0.4

Cash operating cost		2021	2022	2023	Jan-June 2024
Royalty and government charges	RMB million	17.6	22.1	16.9	12.2
Total	RMB million	80.3	77.8	72.6	37.9
Operating cash unit cost	RMB/t	23.5	19.0	19.2	22.4

Source: GreenGold

Figure 12-1 Historical cash operating cost (2021 to June 2024)



Source: SRK analysis

12.2.2 Forecast operating cost

The forecast operating cost between July 2024 and 2031 are tabulated in Table 12-3. The forecast provided by GreenGold is based on:

- contracts between GreenGold and contractors and suppliers;
- actual operating costs between 2021 and June 2024;
- royalty and government charges; and
- PD.

Between July 2024 and 2030 (when the Project reaches its target production capacity of 8.0 Mtpa), the average operating unit cash cost is forecast at RMB/t 17.8, with a minimum of RMB/t 16.1 and a maximum of RMB/t 18.5. The operating unit cash cost will gradually lower when the production gradually ramps up (Table 12-3).

In SRK's opinion, the Project is a simple and conventional operation and the forecast operating costs used for the LoM model are reasonable and are supported by historical costs. The forecast cash operating cost is in the same order of magnitude of projects of similar scales. The Phase II processing flowsheet, while larger, builds upon the successful Phase I design, incorporating larger equipment and additional vibrating screens. This optimised design results in a more efficient operation, leading to a further reduction in the average operating cash cost.

Table 12-3 Forecast operating cost

Production Profile	Unit	July-Dec 2024	2025	2026	2027	2028	2029	2030
Limestone	Mt	2.8	5.0	5.5	6.0	6.5	7.0	7.5
Waste	Mt	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Total materials moved	Mt	2.9	5.1	5.6	6.1	6.7	7.2	7.8
Cash operating cost								
Blasting	RMB million	13.0	23.5	25.8	28.2	30.8	33.2	35.8
Diesel	RMB million	4.4	7.9	8.9	9.7	10.6	11.4	12.3
Environmental and safety	RMB million	0.7	1.3	1.5	1.6	1.7	1.9	2.0
Water and electricity	RMB million	2.0	3.6	4.0	4.4	4.7	5.1	5.5
Consumables	RMB million	3.2	5.8	6.4	7.0	7.6	8.2	8.8
Transportation of workforce	RMB million	–	–	–	–	–	–	–
Employment cost	RMB million	4.3	18.1	19.2	20.2	21.2	22.2	23.1
Product marketing and transport	RMB million	–	–	–	–	–	–	–
Administrative	RMB million	2.5	4.0	4.0	4.4	4.4	4.7	5.1

Production Profile	Unit	July-Dec 2024	2025	2026	2027	2028	2029	2030
Other	RMB million	0.3	1.4	1.5	1.6	1.6	1.7	1.8
Royalty and government charges	RMB million	10.8	21.4	22.1	23.8	26.4	28.1	30.1
Contingency allowances	RMB million	–	–	–	–	–	–	–
Total	RMB million	41.3	87.1	99.3	100.7	109.5	116.9	124.9
Operating cash unit cost	RMB/t	16.1	18.5	18.1	17.9	18.0	17.8	17.8

Source: GreenGold

12.3 Economic analysis

An analysis of the economic viability of the Project has been conducted. The analysis is based on the capital and operating costs, the production schedule (Table 6-4 and Table 8-5) presented in this Report. A base case scenario of the Project from 30 June 2024 to the end of the LoM was constructed. It is important to note that the purpose of the analysis is only to demonstrate the economic viability of the Project. The derived net present values (NPVs) do not indicate the fair market values or the profitability of the Project. In the base case analysis, the forecast sale price (Table 10-3) and a discount rate of 10% were used. The discount rate used in the base case analysis was based on the considerations of the real, risk free, long-term interest rate (2.15% for the ten year PRC Government Bond Rate), mining project risk (2% to 4%) and country risk (2% to 4%).

The analysis shows that the after-tax (25% corporate income tax) NPV at a discount rate of 10%, returned a positive NPV as of 30 June 2024. Any finance costs or company debt have not been taken into account in this analysis. The breakeven analysis shows that the NPV will become zero when the weighted average sales price of all products reach RMB/t 13.9. The estimated payback period is 6.8 year.

A post-tax sensitivity analysis has also been undertaken with respect to the capital and operating costs and sales revenue (Table 12-4, Table 12-5 and Table 12-6). The analysis shows that:

- A 1% increase in operating cost will result in a negative 0.40% change in NPV.
- A 1% increase in capital cost will result in a negative 0.13% change in NPV.
- A 1% increase in sales price will result in a positive 1.31% change in NPV.

The NPV of the post-tax cash flows for the Project at different discount rates in RMB are set out in Table 12-7.

The economic analysis of the Project together with the sensitivity analysis have demonstrated that the Project is economically viable and justified the reporting of Ore Reserves determined in Section 7. At the forecast production rates, it will take approximately 16 years to exhaust the Reserves.

Table 12-4: Post-tax NPV twin-sensitivity analysis (capital cost vs operating cost) RMB million

		Operating cost sensitivity										
		25%	**20%**	**15%**	**10%**	**5%**	**0%**	**-5%**	**-10%**	**-15%**	**-20%**	**-25%**
Capital cost sensitivity	25%	1,976	2,022	2,068	2,113	2,159	2,205	2,251	2,296	2,342	2,388	2,434
	20%	1,991	2,037	2,083	2,129	2,174	2,220	2,266	2,311	2,357	2,403	2,449
	15%	2,007	2,052	2,098	2,144	2,189	2,235	2,281	2,326	2,372	2,418	2,463
	10%	2,022	2,068	2,113	2,159	2,204	2,250	2,296	2,341	2,387	2,433	2,478
	5%	2,037	2,083	2,128	2,174	2,219	2,265	2,311	2,356	2,402	2,447	2,493
	0%	2,052	2,098	2,143	2,189	2,235	2,280	2,326	2,371	2,417	2,462	2,508
	-5%	2,068	2,113	2,159	2,204	2,250	2,295	2,341	2,386	2,432	2,477	2,523
	-10%	2,083	2,128	2,174	2,219	2,265	2,310	2,356	2,401	2,447	2,492	2,537
	-15%	2,098	2,143	2,189	2,234	2,280	2,325	2,371	2,416	2,461	2,507	2,552
	-20%	2,113	2,159	2,204	2,249	2,295	2,340	2,386	2,431	2,476	2,522	2,567
	-25%	2,128	2,174	2,219	2,265	2,310	2,355	2,401	2,446	2,491	2,537	2,582

Source: SRK analysis

Table 12-5: Post-tax NPV twin-sensitivity analysis (operating cost vs sales price) RMB million

		Sales price sensitivity										
		25%	**20%**	**15%**	**10%**	**5%**	**0%**	**-5%**	**-10%**	**-15%**	**-20%**	**-25%**
Operating cost sensitivity	25%	2,790	2,643	2,495	2,347	2,200	2,052	1,905	1,757	1,610	1,462	1,315
	20%	2,838	2,690	2,542	2,394	2,246	2,098	1,950	1,802	1,654	1,506	1,358
	15%	2,886	2,738	2,589	2,440	2,292	2,143	1,995	1,846	1,698	1,549	1,401
	10%	2,934	2,785	2,636	2,487	2,338	2,189	2,040	1,891	1,742	1,593	1,444
	5%	2,982	2,833	2,683	2,534	2,384	2,235	2,085	1,936	1,786	1,637	1,487
	0%	3,030	2,880	2,730	2,580	2,430	2,280	2,130	1,980	1,830	1,680	1,530
	-5%	3,078	2,927	2,777	2,627	2,476	2,326	2,175	2,025	1,874	1,724	1,573
	-10%	3,126	2,975	2,824	2,673	2,522	2,371	2,220	2,069	1,918	1,767	1,616
	-15%	3,174	3,022	2,871	2,720	2,568	2,417	2,265	2,114	1,962	1,811	1,660
	-20%	3,222	3,070	2,918	2,766	2,614	2,462	2,310	2,158	2,007	1,855	1,703
	-25%	3,270	3,117	2,965	2,813	2,660	2,508	2,355	2,203	2,051	1,898	1,746

Source: SRK analysis

Table 12-6: Post-tax NPV twin-sensitivity analysis (capital cost vs sales price) RMB million

		Sales price sensitivity										
		25%	20%	15%	10%	5%	0%	-5%	-10%	-15%	-20%	-25%
Capital cost sensitivity	25%	2,955	2,805	2,655	2,505	2,355	2,205	2,055	1,905	1,755	1,605	1,455
	20%	2,970	2,820	2,670	2,520	2,370	2,220	2,070	1,920	1,770	1,620	1,470
	15%	2,985	2,835	2,685	2,535	2,385	2,235	2,085	1,935	1,785	1,635	1,485
	10%	3,000	2,850	2,700	2,550	2,400	2,250	2,100	1,950	1,800	1,650	1,500
	5%	3,015	2,865	2,715	2,565	2,415	2,265	2,115	1,965	1,815	1,665	1,515
	0%	3,030	2,880	2,730	2,580	2,430	2,280	2,130	1,980	1,830	1,680	1,530
	-5%	3,045	2,895	2,745	2,595	2,445	2,295	2,145	1,995	1,845	1,695	1,545
	-10%	3,060	2,910	2,760	2,610	2,460	2,310	2,160	2,010	1,860	1,710	1,560
	-15%	3,075	2,925	2,775	2,625	2,475	2,325	2,175	2,025	1,875	1,725	1,575
	-20%	3,090	2,940	2,790	2,640	2,490	2,340	2,190	2,040	1,890	1,740	1,590
	-25%	3,105	2,955	2,805	2,655	2,505	2,355	2,205	2,055	1,905	1,755	1,605

Source: SRK analysis

Table 12-7: Post-tax NPV sensitivity at different discount rates

Discount rate	RMB million
4.0%	3,541
6.0%	3,031
8.0%	2,617
10%	2,280
12.0%	2,003
14.0%	1,772
16.0%	1,580

Source: SRK analysis

13 RISK ASSESSMENT

SRK has undertaken a risk assessment and provided a qualitative assessment of the likelihood and consequence of each specific risk identified for the Project.

Risk has been classified from major to minor:

- Major risk: the factor poses an immediate danger of a failure which, if uncorrected, will have a material effect (>15% to 20%) on the project cashflow and performance and could potentially lead to project failure

- Moderate risk: the factor, if uncorrected, could have a significant effect (10% to 15%) on the project cashflow and performance unless mitigated by some corrective action

- Minor risk: the factor, if uncorrected, will have little or no effect (<10%) on project cashflow and performance.

In addition to the risk factor, the likelihood of risk must also be considered. Likelihood of occurrence within a 7-year timeframe can be considered as:

- likely: will probably occur
- possible: may occur
- unlikely: unlikely to occur.

The degree or consequence of a risk and its likelihood are combined in an overall risk assessment as presented in Table 13-1. The risk assessment including a risk rating is presented in Table 13-2.

Table 13-1: Risk assessment rating

	Consequence		
Likelihood	**Minor**	**Moderate**	**Major**
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

Table 13-2: Risk assessment

Risk	Description	Control Recommendations	Likelihood	Consequence	Rating
Geological structure	Geological continuity is disrupted by structural or rock quality issues	Production in-fill drilling to maximise yields	Unlikely	Moderate	Low
Physical Properties	Physical properties are poorer than anticipated resulting in lower prices	Production drilling to identify quality variations. Increased production quality control	Possible	Moderate	Medium
Weathering and karst	More weathering and karstic voids resulting in lower yield or lower-quality product	Identify markets for lower quality products	Unlikely	Minor	Low
Mine plan	Failure to meet production targets	Ensure adequate planning and supervision to ensure maximum efficiency, identify and address issues that may cause production delays	Unlikely	Moderate	Low

Risk	Description	Control Recommendations	Likelihood	Consequence	Rating
Skilled labours	Shortage of mining personnel resulting in failure to meet production targets	Ensure miners and operators are adequately trained and remunerated	Unlikely	Minor	Low
Equipment utilisation	Inadequate utilisation and availability of equipment causing reduction in production capacity	Ensure regular and timely maintenance and staff training	Possible	Minor	Low
Water management	Pollution of surface and/or groundwater	Develop a comprehensive water monitoring programme and prevention of wastewater leakage	Unlikely	Moderate	Low
Dust and noise management	Dust and noise generated by the quarry have a negative impact on the local community	Develop a monitoring system and management programme as proposed in the EIA	Unlikely	Moderate	Low
Environmental approvals	Failure to obtain the required approvals	Prepare and submit relevant environmental approval applications and timely communication with relevant government authorities	Possible	Moderate	Medium
Land disturbance, site rehabilitation and closure requirements	Lead to soil erosion and impact on the ecological and botanical systems	Survey and record the operational areas of land prior to quarrying and progressively rehabilitation as the Project progresses	Possible	Minor	Low
OHS procedures	Greater potential for injury due to substandard OHS procedures Loss of productivity	Ensure staff are adequately trained Implement site hazard audit and monitoring programme. Identification of major hazards and implementation of risk controls	Likely	Minor	Medium
Capital and operating costs	Higher capital and operating costs, resulting in poor financial performance	Secure long-term contracts with contractors and confirm advanced procurement orders with suppliers	Possible	Moderate	Medium
Processing equipment efficiency	Lower throughput and performance	Regular maintenance and repair	Unlikely	Minor	Low

Risk	Description	Control Recommendations	Likelihood	Consequence	Rating
Failure to produce the planned size fractions	Unable to meet target size fractions, resulting in lower revenue	Stringent process monitoring	Unlikely	Minor	Low
Product quality	Lower quality product produced, reducing profit margins	Extraction, process monitoring and flowsheet optimisation	Possible	Moderate	Medium
Sales and pricing	Forecast sales not achieved at expected prices, reducing cashflow	Modify production volume; actively seek new customers and establish long-term contracts	Possible	Moderate	Medium
Increased competition or reduced demand due to fluctuations in construction industry	Competition and possible reduction of price and sales volume leading to reduced cashflow	Market and prices be monitored to ensure the prices received are maximised	Possible	Moderate	Medium
Transport cost	Transport cost is borne by buyers, but increase in transport cost will reduce interest from potential buyers to purchase products from the Company, which in turn will result in a reduction in profit	Continue to seek additional markets. Monitor transport options	Possible	Moderate	Medium

14 CONCLUSION

GreenGold's Gaoloushan quarry and processing plant have been producing limestone construction aggregate for the local road base course, concrete, asphalt concrete and cement-stabilised macadam markets since 2018. The previous mining licence has been replaced by a larger licence that allows production to increase from 3.5 Mtpa to 8 Mtpa with the Phase II processing plant with matching capacity. The LoM is estimated at about 16 years.

Geological investigations and physical testing of surface and core samples have indicated that the limestone and diorite are generally suitable for the production of construction aggregate for various uses. There is sufficient confidence in the continuity and aggregate quality of the limestone and diorite to estimate Indicated and Inferred Mineral Resources of the limestone and diorite.

SRK considers the mining methods to be mature mining technology commonly used in open pit mining practices. They are technically reasonable and feasible. The proposed production schedule is considered reasonable and adequate to meet the needs of the processing plant.

The economically mineable parts of the Indicated D1 Limestone Resources within the open pit design and the limits of Phase II Mining Licence, including allowances of losses, are classified as Probable Ore Reserves.

The major risks to a profitable project is a drop in demand or increased market competition driving sales prices down. Project development risks have been significantly reduced by the production to date. Other identified risks are rated as low to medium, and are considered by SRK as manageable.

On the basis of this investigation, SRK considers that the Gaoloushan Construction Aggregate Project is technically and economically viable.

CLOSURE

This report, Independent Technical Report on the Gaoloushan Construction Aggregate Project, Anhui Province, China, was prepared by

Dr. (Gavin) Heung Ngai Chan
Principal Consultant, Project Evaluation

and reviewed by

Dr. Michael Cunningham
Principal Consultant, Geology

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

Hanchen International Engineering Design Group Co., Ltd. (Hanchen), 2021, Feasibility Study on the Gaoloushan Construction Aggregate Project.

Hebei Building Materials Industry Design and Research Institute Co., Ltd., 2022. Preliminary Design of the Gaoloushan Expansion Project.

The 325th Geological Team of Bureau of Geology and Mineral Resources of Anhui Province, Geological and Mineral Resource Report on the Gaoloushan Project.

APPENDIX A JORC (2012) TABLE 1

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• Two phases of exploration programmes were completed within the current mining licence area March 2020 and May 2021, respectively. • The deposit was explored by seven inclined diamond drill holes and surface samples along the exploration lines. The exploration line spacing was 300 m. Along each exploration line, two drill holes were drilled, and surface samples were collected every 20–100 m based on the orientations between the exploration lines and bedding. • The collars were measured by RTK GPS. • Core samples were routinely collected. • Samples were cut to the specific sizes for physical tests, namely bulk density, water absorption, wet compressive strength (water saturated), soundness, crushing index, alkali silica reactivity and radioactivity and whole-rock chemical analysis.
Drilling techniques	• All 7 drill holes were diamond holes. • All drill holes were initially drilled in HQ size (110 mm) and reduced to NQ (77 mm) size after passing through the surface weathering zone. • Hole depths ranged from 59.94 m to 234.88 m.
Drill sample recovery	• The average core recovery was approximately 95%.
Logging	• Recovery, lithology, texture, colour and RQD were logged.
Sub-sampling techniques and sample preparation	• The core and surface samples were cut to specific sizes according to different physical and chemical test specifications. • Physical properties samples taken from the drill holes and surface for bulk density, water absorption, compressive strength (water saturated), soundness and crushing index tests, as well as geochemical analysis, alkali silica reactivity and radioactivity analyses. • No certified reference materials or blanks were inserted in the sample batches for whole rock chemical analysis. • Sampling protocols were implemented according to National Standard of Pebble and Crushed Stone for Construction (GB/T 14685-2011), and the local provincial standard of Technical Requirements for Geological Prospecting of Building Stones in Anhui Province (2020).

Criteria	Commentary
Quality of assay data and laboratory tests	• In the 2020 exploration programme, physical properties tests were performed at the laboratory of Anhui Branch of China National Geological Exploration Centre of Building Materials Industry (CNGM laboratory), located in Hefei, Anhui Province), an independent and accredited laboratory. • In the 2021 exploration programme, laboratory tests were carried out at the laboratory of Jiangsu Mineral Geology Design and Research Institute (JMGD laboratory), an independent and accredited laboratory, located in Xuzhou, Jiangsu Province. • The physical properties tests were conducted according the Chinese standard (GB/T 14685-2011) • The analytical technique for whole rock chemical analysis was by X-ray fluorescence. • No certified reference materials or blanks were inserted in the sample batches for whole rock chemical analysis. Blanks were not required for physical tests. The chemical analyses did not require any references or blanks for dimension stone purposes except those used for internal laboratory quality control.
Verification of sampling and assaying	• SRK reviewed the previous exploration work and recommended an exploration programme, with the objectives of validating the previous exploration work and improving confidence in the geological model, as well as obtaining data of adequate quality to define a Mineral Resource in accordance with the JORC Code. • SRK monitored the drilling progress by real-time communication with geologists of Team 325. • In May 2021, a SRK consultant visited the site and checked the drill hole collars, surface sample locations and drill cores. • The geology and physical properties of the deposit was validated via verification drilling and surface sampling.
Location of data points	• Drill hole collars, surface sample locations and topographic survey were surveyed by the RTK method. • The topography was surveyed at a 1:2,000 scale. – Datum: CSGS 2000 – Projection: 2000/Gauss Kruger projection, Central Median 107/Zone 39 datum – Height datum: 1985 national elevation datum (China).

Criteria	Commentary
Data spacing and distribution	• The nominal exploration line spacing was 300 m. • Along each exploration line, two drill holes were drilled nominally; surface samples were collected every 20–100 m. • Sufficient geological continuity to support the definition of Mineral Resources in accordance to the JORC Code.
Orientation of data in relation to geological structure	• All drill holes were inclined holes and the downhole survey was conducted every 50 m.
Sample security	• During the 2020 and 2021 exploration programmes, the samples were collected, labelled and dispatched to the laboratories by the local geologists. • The remaining drill cores were stored onsite and kept in labelled trays.
Audits or reviews	• A review of the historical sampling techniques and data was carried out by SRK when the initial Mineral Resource was declared in 2022.

SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	• The mining rights covering an area of 0.8777 km^2 is valid until 30 March 2041.
Exploration done by other parties	• In June 2020, Land and Resource Bureau of Huaibei requested East-China Metallurgical Institute of Geology and Exploration (ECGE) carry out a detailed exploration over the entire current project area to identify resources available for further production. • In May 2021, the 325th Geological Team of Bureau of Geology and Mineral Resources of Anhui Province (Team 325) was commissioned by GreenGold to perform a resource definition programme, designed by SRK. The objectives of the programme were to validate the previous exploration work, improve confidence in the geological model and obtain data of adequate quality to define a Mineral Resource in accordance with the JORC Code.
Geology	• The Project area and its vicinity is underlain by a series of conformable Cambrian sedimentary sequences, dominated by limestone, dipping gently (10–30°) towards southeast (110°–120°). • The limestone is cut by a diorite sill with a maximum thickness of 75 m. • Physical and chemical tests of samples taken from the surface and drill holes together with the successful operation in the past few years have demonstrated that all the limestone and diorite within the licence area is generally suitable for use as construction aggregates except the diorite cannot be used for concrete products. Two domains have been defined: D1 Limestone and D2 Diorite.
Drill hole Information	• A total of 7 diamond drill holes were drilled, totalling 1108.01 m. The details of these drill holes are presented in this Report.

Criteria	Commentary
Data aggregation methods	• Weighting averaging techniques were not applied. • Metal equivalent values are not applicable to construction aggregate projects.
Relationship between mineralisation on widths and intercept lengths	• The inclined drilling has adequately intersected and tested Domains D1 and D2. • The surface sampling across the mineralisation is considered adequate.
Diagrams	• Appropriate maps and sections were viewed, and reported in this Report.
Balanced reporting	• Reporting is fully representative of the data.
Other substantive exploration data	• Karst rate statistics was estimated by drill hole logs.
Further work	• No further work is planned as at 30 June 2024.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
Database integrity	• Drill cores were logged on paper and later entered into Excel spreadsheets. Data transfer was electronic via cloud storage. • The data were compiled in an electronic database. • Validation cheques were carried out using Leapfrog 3D modelling software to identify potential overlapping entries.
Site visits	• Falong Hu undertook site visits in May 2021 and April 2024. Dr Gavin Chan visited the site in November 2021. Dr Tony Tang had a site visit in April 2024 together with Falong Hu. • During the visit, notes and photos were taken of the Project site, outcrops, drill and surface sampling sites, open it quarry, benches, Phase I and Phase II processing plants were inspected. Discussions held with the geologists of Team 325, and the senior manager and mining engineers of GreenGold.
Geological interpretation	• The degree of confidence in the geological interpretation is considered good. • Geological mapping and drill core logging results were used to define stratigraphic and intrusion boundaries. • Aggregate Domain D1 of limestone units and Domain D2 of diorite were modelled according to the drill hole logs, surface investigation and surface mapping. • A weathered surface has also been modelled.
Dimensions	• The dimension of aggregate resources is of 1,300 m (length) × 750 m (width) × 120 m (height). • All resources have been restricted to the mining licence surficial extent and elevation limits.
Estimation and modelling techniques	• Volumetric models were created by Leapfrog, a 3D modelling software, using geological mapping and drilling results. The modelling procedures include import of the compiled drill hole database, and geological and topographic maps into Leapfrog. Wireframes were constructed from the drill hole data and geological mapping.

Criteria	Commentary
	• A surface corresponding to the weathered/fresh interface of Domain D2 was also modelled based on its logged position in the drill cores and interpretation. • No block model was created. • No selective mining units were assumed. • Correlation between variables is not applicable to a construction aggregate project. • Grade capping is not applicable to construction aggregate units. • No geostatistical analysis was undertaken as it is not applicable to construction aggregate units. • The karst rate was estimated based on the drilling logs. • The 2023 Mineral Resource update was based on the 2021 Mineral Resource and confined by the 31 December 2023 topography. The 30 June 2024 Mineral Resource update has been based on the 2023 Mineral Resource and production between 1 January 2024 and 30 June 2024 has been depleted from the Mineral Resource.
Moisture	• The resource is reported as a tonnage, hence the moisture content is not relevant to the resource estimate.
Cut-off parameters	• Cut-off parameters are not applicable to construction aggregate.
Mining factors or assumptions	• Traditional open pit method is used in the current mining operation.
Metallurgical factors or assumptions	• Not applicable to aggregate project.
Environmental factors or assumptions	• The EIA report for the Phase I operation was approved by Huaibei City Environmental Protection Bureau on 13 March 2017. The EIA report for the Phase II operation was approved by Huaibei City Lieshan District Ecological and Environmental Bureau on 19 April 2022.
Bulk density	• The bulk density is of 2.79 t/m^3 in Domain D1, and bulk density is of 2.62t/m^3 in Domain D2.
Classification	• The resource classification is based on the degree of confidence in the geological continuity, data quality and spatial distribution of the data.

Criteria	Commentary
	• The Indicated Mineral Resource classification is based on good degree of confidence in the geological continuity, aggregate quality, drill hole and surface data, and within a buffer of 250 m for drill hole and surface sampling positions. • The materials in the weathered zone have been removed from the resource model. • The Mineral Resource Estimate appropriately reflects the view of the Competent Person.
Audits or reviews	• The Mineral Resource estimates have been subject to SRK internal peer review.
Discussion of relative accuracy/confidence	• The Competent Person's opinion of relative accuracy and confidence in the Mineral Resource estimate is adequately expressed by the classification categories applied. • The Mineral Resource statement relates to global volumetric estimates.

SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	Commentary
Resource estimate for conversion to Ore Reserves	• The aggregate Ore Reserves estimate was based on the Mineral Resource models developed by the SRK team. Inferred Resources are excluded. • The aggregate Ore Reserves are reported inclusive of Mineral Resources. • The Ore Reserve estimate is derived from open pit optimisation, pit design and mining loss assumptions.
Site visits	• SRK consultants visited the site in May, June, November 2021 and April 2024.
Study Status	• Operational statistics from 2017 to June 2024 were provided to SRK. • An PD on the Phase II (8.0 Mtpa) completed in April 2022. • SRK considers the PD is similar to a FS level study in accordance with the JORC Code
Cut-off parameters	• No cut-off was applied to Mineral Resource or Ore Reserve estimates as all ores are saleable.
Mining factors or assumptions	• Conventional open pit mining method is employed, including drilling, blasting, loading and haulage. • Conversion of Resources to Reserves is based on pit optimisation which considers Indicated Resources only (there is no Measured Resource for this Mine). • There is no pit optimization updated since last review in 2022. The main inputs for pit optimisation in 2022 were: – Mining cost is RMB10.40 per tonne of total material moved; – Processing cost is RMB3.90 per tonne of feed ore – General and administration cost is RMB1.40 per tonne of feed ore – Royalties and tax are RMB5.90 per tonne of feed ore – Mining loss is 2% – Weighted average products sales price is RMB103.5 per tonne – The overall slope angle is 50 degrees.

Criteria	Commentary
	• The pit design developed base on the optimisation shell as the revenue factor 1.0: – Bench height is 15 m – Bench face angle is 65 degrees – Safety berm is 5 m wide – Catch berm is 8 m wide, on catch in every two safety berms – The ramp is 14 m wide for dual-lane – The road gradient is 9% – The overall stope is less than 50 degree. • The LoM is scheduled to be 16 years, with peak total material movement of about 10.7 Mtpa, considering the following: – The LoM plan is developed based on the schedule strategy proposed by the PD, which is mining from top downwards with 2 benches operated simultaneously. – The existing roads of Phase I are also be utilised as proposed by the Company, therefore, mining regions are separated for operation transition from Phase I to Phase II and preservation of the existing roads. – The mining ramp-up period is from 2022 to 2030, and full capacity is forecast to be reached in 2031. – The life of mine will be ended in March 2041, due to the Mining Rights expire then.
Metallurgical factors or assumptions	• Not applicable for aggregate project
Environmental	• The EIA report for the Phase I operation was approved by Huaibei City Environmental Protection Bureau on 13 March 2017. The EIA report for the Phase II operation was approved by Huaibei City Lieshan District Ecological and Environmental Bureau on 19 April 2022.
Infrastructure	• Connected to the local grid. • Domestic water is supplied by a well, while production water is sourced from a water treatment plan.
Costs	• The actual capital cost forecast for the Phase II development is expected to be RMB312.1 million
Revenue factors	• Revenue forecasts are based on sales of five main products as well as the overburden and waste. • All sales prices are the mine gate prices.

Criteria	Commentary
Market assessment	• An independent Market Study has been prepared, demonstrating the potential market. • Previous sales records also demonstrate the marketability of the products
Economic	• The actual and forecast capital and operating costs were provided by GreenGold and reviewed by SRK as reasonable. • An economic viability analysis shows that post tax (25% corporate tax) at a discount rate of 10% returned a positive NPV, suggesting the Ore Reserves defined is economically viable.
Social	• The general surrounding land use is mainly farmland. The nearest residents live beyond the applied licence boundaries.
Other	• The Project has been in operation for more than 6 years. • A risk assessment is included in this Report.
Classification	• The Probable Ore Reserves were based on Indicated Resources. The classification is further supported by the PD, production records and other data provided by GreenGold. No Proven Ore Reserve has been declared. Most quarry operators do not publicly disclose their Mineral Resource and Ore Reserves estimates which is in contrast to most major metal producers. As quarries are seeking only to extract the rock (rather than the inherent minerals therewithin), the quantification of the volume and tonnages available for future extraction is less difficult to estimate and not subject to the same degree of uncertainty as for metal producers. As such, the use of the JORC classifications is less important to quarry operations relative to metal producers. There has been no industry norm as to whether the lack of Measured Resources or Proven Ore Reserves is a common practice or not.
Audits or reviews	• No external audits of the Ore Reserve have been undertaken. SRK has completed an internal audit review as part of the Ore Reserve derivation process.
Discussion of relative accuracy/confidence	• All mining estimates are based on current operation conditions or PD. • There are no unforeseen Modifying Factors at the time of this statement that will have material impact on the Ore Reserve estimate.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons/entities (other than the Directors, Supervisors and chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company, its group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held[(Note 1)]	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Huaibei City Construction Investment Holding Group Co., Ltd.* (淮北市建投控股集團有限公司)	Domestic Shares	Beneficial owner	196,020,000(L)	99%	/	74.25%
		Interest in controlled corporation[(Note 2)]	1,980,000(L)	1%	/	0.75%

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held(Note 1)	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
CHU DAVID (朱偉東)	H shares	Beneficial owner	3,664,500(L)	/	5.55%	1.39%
Huatai Securities Co., Ltd.	H shares	Beneficial owner	3,379,500(L)	/	5.12%	1.28%

Notes:

(1) The letter "L" denotes the entity/person's long position in the Shares.

(2) Huaibei Cultural Tourism Investment Development Group Co., Ltd.* (淮北市文化旅遊投資發展集團有限公司) held 1,980,000 Domestic Shares, representing 1% equity interest of the Company. Huaibei Construction Investment holds the entire equity interest of Cultural Tourism Investment. Accordingly, by virtue of the SFO, Huaibei Construction Investment is deemed or taken to be interested in all the Shares which are beneficially owned by Cultural Tourism Investment.

Save as disclosed above, the Directors, Supervisors and chief executive of the Company are not aware that, as at the Latest Practicable Date, any other person (other than the Directors, Supervisors and chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are required to be entered into the register of the Company pursuant to Section 336 of the SFO.

4. SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term of until the expiry of the term of office of the second session of the Board.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and Supervisors had entered into or proposed to enter into any service agreement/appointment letter with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. OTHER INTERESTS OF DIRECTORS AND SUPERVISORS

Save as disclosed in this circular, as at the Latest Practicable Date:

(a) none of the Directors and Supervisors was interested, directly or indirectly, in any assets which, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(b) none of the Directors and Supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, save as aforesaid or as otherwise mentioned herein, none of the Directors and Supervisors and their respective close associates (as defined in the Listing Rules) had any interest in a business apart from the business of the Group, which competed or might compete either directly or indirectly, with the business of the Company.

7. LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date of which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

(a) The joint company secretaries of the Company are Ms. Lu Junzhe and Mr. Li Kin Wai, an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

(b) The registered office and headquarters in the PRC of the Company is 4/F, Shuangchuang Service Centre, No. 3, Taobo Road, Song Tuan Town, Lieshan District, Huaibei City, Anhui Province, the PRC. The principal place of business in Hong Kong of the Company is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

(c) The Hong Kong share registrar and transfer office of the Company is at Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. MATERIAL CONTRACTS

The Group has entered into the following material contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(a) the Deed of Indemnity dated 21 December 2022 as defined and set out in the Prospectus;

(b) the Deed of Non-competition dated 21 December 2022 as defined and set out in the Prospectus;

(c) the Hong Kong Underwriting Agreement dated 29 December 2022 as defined and set out in the Prospectus;

(d) International Underwriting Agreement dated 16 January 2023 as defined and set out in the Prospectus; and

(e) Capital Injection and Share Enlargement Supplemental Agreement

11. EXPERT'S QUALIFICATION AND CONSENT

The qualifications of the experts who have made statements in this circular are set out as follows:

Name	Qualification
Zhongshui Zhiyuan Assets Appraisal Co., Ltd.* (中水致遠資產評估有限公司)	Independent certified PRC public valuer
SRK Consulting (Hong Kong) Limited	Independent Technical Consultant

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of the circular with the inclusion of its letter or report and reference to its name in the form and meaning in which it respectively appears.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the above experts was third party independent of the Group and was not a connected person of the Group. As at the Latest Practicable Date, each of the above experts had no shareholding interest, direct and indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company (http://www.ljgfjt.com) from the date of this circular up to and including the date which is 14 days from the date of this circular:

(a) the Capital Injection and Share Enlargement Supplemental Agreement;

(b) the written consents referred to in the paragraph headed "11. Expert's Qualification and Consent" in this appendix;

(c) summary of the valuation report from the Valuer, the text of which is set out in Appendix II to this circular;

(d) the Independent Technical Report prepared by the Independent Technical Consultant, the text of which is set out in Appendix III to this circular; and

(e) this circular.