



EXTERNAL REVIEW IN THE FORMAT OF SECOND PARTY OPINION

ON COMPLIANCE OF THE GREEN BONDS AND THE GREEN
FINANCE FRAMEWORK OF **KHAMTIIN EKH BULAG LLC**
WITH THE GREEN BOND PRINCIPLES OF THE INTERNATIONAL
CAPITAL MARKET ASSOCIATION (ICMA)

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13 October, 2025

EXECUTIVE SUMMARY

Opinion on compliance / non-compliance of the Issuer's Green Finance Framework with the GBP¹



We believe that that Khamtiin Ekh Bulag LLC's green bonds and the Green Finance Framework comply with the Green Bond Principles of the International Capital Market Association.

Opinion on assigning a degree of alignment with the GBP ranging from "Excellent" (High) to "Poor" (Low)



In accordance with the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the GBP we assigned the degree of compliance "Excellent" meaning that Khamtiin Ekh Bulag LLC demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance.

Scope of External Review

This assessment is intended to evaluate the alignment of Khamtiin Ekh Bulag LLC's (hereinafter referred to as Company or KEB) Green Finance Framework (hereinafter referred to as GFF, or Framework) with GBP, including a review of the potential use of proceeds from the Company's debut green bond issuance, tentatively scheduled for Q4 of 2025, specifically, to finance a project of adopting fully electric mining machinery in the Company's operations, such as electric excavators, dump trucks, loaders and haulers, supported by a dedicated small-scale (2 MW) wind power plant.

This external review by GFC in the form of a Second Party Opinion contains an evaluation of the Company's Green Finance Framework as approved on October 10th, 2025, by the decision of the CEO.

Importantly, while this review concerns the Company's planned green bonds issuance and its alignment with the GBP, its conclusions are valid with respect to any possible green loans should there be a decision by the Company to alter the source and/or instruments of financing (e.g. switching from green bonds to green loans or seeking a mix of borrowing sources for the project in question. Thus, any such green loans shall be deemed aligned with the Green Loan Principles (GLP) formulated by the Loan Market Association (Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association), in view of the full alignment between the GBP and the GLP, and the GBP being the more stringent standard.

The preparation of the Second Party Opinion includes the study of the Company's relevant documentation and inputs provided through direct interaction with the Company as per Annex, as well as other publicly available

¹ See Methodology section below for clarification

information that may provide a description, details on and confirmation of compliance of processes involved in the implementation of the Company's policies for green bonds and loans.

AIFC Green Finance Centre Ltd. (GFC) confirmed with the Company, through document review and interviews held, that the proceeds from upcoming green bonds will be used exclusively to finance and/or refinance eligible green projects that correspond to the GBP and contribute to environmental objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP. Reporting and disclosure of information on the use of proceeds and on the expected impact of the implemented projects will be provided on an annual basis and made available to investors, regulators and the relevant stock exchange. The Company's long-term decarbonization and sustainability objectives (5-10 years outlook) include: electrifying 100% of fleet within 10 years; reducing diesel fuel use by 80%; initiating at least 2 green mineral projects (i.e. diversifying operations into critical minerals (e.g., lithium, cobalt) that support green technologies) by year 5; reducing carbon footprint per unit of mineral extracted; covering 50% of energy needs via renewables by year 5; reducing greenhouse gas emissions from operations by at least 40%; achieving carbon neutrality in core operations by 2030; etc.

Evaluation Date: October 13, 2025

Issuer Location: Ulaanbaatar, Mongolia

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USE OF PROCEEDS. GFC considers that investments in the Eligible Projects as defined in the Use of Proceeds section of the Green Finance Framework are aligned with the GBP and can have positive environmental impacts.

The project being considered by the Issuer for financing through the prospective issue of green bonds under the Green Finance Framework, specifically the project of adopting fully electric mining machinery in the Company's operations in Zaamar Soum district, Mongolia, such as electric excavators, dump trucks, loaders and haulers, supported by a dedicated small-scale (2 MW) wind power plant, corresponds to a GBP category for renewable energy (including electricity generation from renewable energy and renewable energy appliances) and clean transportation.

PROJECT EVALUATION AND SELECTION. The Company has established a process for green project selection and evaluation carried out in accordance with the Company's internal processes, including financial and technical evaluations, and with its Green Finance Framework, with a separate Green Projects Working Group (GPWG) constituted for approving a list of eligible green projects.

GFC considers that the project selection process is aligned with GBP in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of projects and assets.

Company shall ensure compliance with its own criteria established in the Green Finance Framework.

MANAGEMENT OF PROCEEDS. Allocation of the Company's net proceeds from green bonds/loans to Eligible Green Projects will be made through a special account for separate tracking and control of the funds. The Company will maintain a register of green bonds/loans and keep track of their intended use, thus comprehensively monitoring allocated and unallocated funds.

GFC considers that the management of proceeds is aligned with the GBP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

REPORTING. The Issuer adopted a Green Finance Framework and made it available prior to issuance. The Company intends to make available an allocation report and an impact report on instruments issued under this Framework. The first report will be provided within one year of issuance of the Company's inaugural green bond. Reporting of allocated and unallocated proceeds and impact will be done at least yearly with the Annual Report, and the GPWG will be responsible to ensure that this reporting is done as required.

GFC considers that the reporting processes are aligned with the GBP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

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1. METHODOLOGY OF THE AIFC GREEN FINANCE CENTRE LTD. ON PREPARATION OF AN EXTERNAL REVIEW

To assess the compliance of companies' Sustainable Finance Frameworks and the corresponding business processes with the international Green, Social Bond Principles, Sustainability Bond Guidelines and Green, Social Loan Principles, AIFC Green Finance Centre Ltd. (hereinafter referred to as GFC) applies a number of approved methodologies as part of its External Review activity.

Specifically, GFC's Methodology in relation to sustainable bond issues (i.e. green, social and sustainability bonds) is employed for the preparation of External Reviews (Second Party Opinions) for compliance of a Green/Social/Sustainability Bond and other sustainability debt issues, including the Issuer's Green/Social/Sustainability Financing Framework, with the Green Bond Principles (hereinafter referred to as GBP, or Principles), Social Bond Principles ((hereinafter referred to as SBP, or Principles) and Sustainability Bond Guidelines (hereinafter referred to as SBG, or Guidelines). The Principles are formulated by the International Capital Market Association (hereinafter referred to as ICMA).

With regard to green and social loans, a separate methodology is employed by GFC to express an independent opinion (Second Party Opinion) on the compliance of loans, including borrowers' sustainability finance frameworks to raise funds in the form of green/social loans, to the Green Loan Principles and Social Loan Principles (hereinafter referred to as GLP and SLP, respectively). The Principles were formulated by the Loan Market Association (Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association).

However, given the full harmonization between the Green/Social Bond Principles and the Green/Social Loan Principles established by the above international standards setters, GFC's external review (Second Party Opinion) methodologies for sustainability bonds and sustainability loans are also aligned to a significant degree. Accordingly, in order to streamline the process of evaluating a company's Green Finance Framework that covers both bonds and loans, GFC applies to these sustainable finance instruments its Methodology on preparation of an external review for compliance of a sustainable bond issue to the green/social bond principles or sustainability bond guidelines, due to said Methodology setting more stringent requirements for compliance with international standards in relation to the issuance of bonds, while the criterial analysis required by the Methodology will be applied equally to possible loan instruments.

The preparation of a report in the form of a Second Party Opinion includes the study of the Issuer's relevant documentation, regulatory documents, reports, and presentations, if any, as well as other publicly available information that may provide a description, details on and confirmation of compliance of processes involved in the implementation of the company's policies for sustainability bonds, sustainability loans and sustainable financing in general. The information used for these purposes is obtained through direct interaction with the Issuer and/or from any open sources that the GFC considers reliable.

In the External Review GFC expresses its opinion according to criteria-based assessments in the following order:

1. Opinion on compliance/non-compliance of the Company's Sustainability Finance Framework with the GBP, SBP, SBG. *Minimum threshold levels for all assessment criteria need to be met all at once for us to confirm that the Issuer's Sustainability Finance Framework is in line with the GBP, SBP, SBG.*
2. Opinion on assigning a degree of alignment with the GBP, SBP, SBG ranging from "Excellent" (High) to "Poor" (Low). *Here, the assessment is carried out by calculating a weighted criterial grade depending on the significance of criteria. This opinion serves as additional information and is aimed at establishing a degree of alignment with the GBP, SBP, SBG. According to this methodology, any degree of alignment other than "Poor" (Low) should be considered consistent with the GBP, SBP, SBG.*

In preparing the External Review, four criteria are assessed:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting.

Each criterion is graded on a scale of "1" to "5". For each criterion, there is a number of indicators (subfactors). Each indicator (subfactor) that is assessed as fulfilled is assigned either a "1" score (for an important indicator that corresponds to a core principle in the GBP or SBP), a "0.5" score, or a "0.25" score (for less significant indicators that correspond to recommendations or encouraged practices in the GBP or SBP), depending on the criterion scoring scale. The final score for each criterion is calculated as a sum of scores assigned to the indicators (subfactors). The tables for criterion scoring, as well as the tables matching a sum of scores to a grade are provided in GFC's Methodology for each criterion.

For a positive opinion to be provided regarding the compliance of the Company's Green Finance Framework with the GBP, SBP, SBG, this methodology establishes a grade threshold for each assessed criterion at "3" at the least. If these requirements are met, in our opinion, the Issuer's Green Finance Framework will comply with the GBP, SBP, SBG. If these conditions are not met, we shall conclude that the Issuer's Green Finance Framework does not comply with the GBP, SBP, SBG and issue a respective opinion.

To express an opinion on the degree of alignment with GBP, SBP, SBG ranging from "Excellent" (High) to "Poor" (Low), the following algorithm for calculating criteria grades shall be used. A weighted criterial grade is calculated by multiplying a criterion grade by its weight (significance). We established that the significance of each criterion corresponds to the following weight in the overall grade:

<i>Criterion</i>	<i>Weight (significance) in the cumulative assessment:</i>
<i>Use of Proceeds</i>	45%

<i>Process of Project Evaluation and Selection</i>	20%
<i>Management of Proceeds</i>	15%
<i>Reporting and Disclosure</i>	20%

Grading Scale for the Level of Alignment with the GBP, SBP, SBG according to GFC's Methodology

<i>Threshold Grade</i>	<i>Degree</i>	<i>Definition</i>
High > 4.5	Excellent	Proceeds from the issuance of Green/Social/Sustainability bonds are most likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability bond issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance
Average 3,5 – 4,5	Good	Proceeds from the issuance of Green/Social/Sustainability bonds are very likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability bond issuer demonstrates a good level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance
Satisfactory 3 – 3,5	Satisfactory	The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at an average level. The Green/Social/Sustainability bond issuer demonstrates a satisfactory level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.
Low < 3	Poor	The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at a low level. The Green/Social/Sustainability bond issuer demonstrates a poor level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.

The prepared External Review is submitted to the Issuer, after which it is to be publicly disclosed. Public disclosure is carried out through the publication of the External Review on GFC's website - <https://gfc.aifc.kz/>, and can also be communicated through a press release via news services and/or relevant web sources.

2. DESCRIPTION OF THE COMPANY'S GREEN FINANCE FRAMEWORK AND OTHER SUSTAINABILITY-RELATED STRATEGIC DOCUMENTS

COMPANY OVERVIEW AND SUSTAINABILITY-RELATED POLICIES

Khamtiin Ekh Bulag LLC, founded in 2011 by CEO Mr. Ganzorig Volooj, has emerged as one of Mongolia's leading companies in the gold mining sector. Over the last 13 years, KEB has shown steady growth, improved profitability, and ongoing investment in advanced technologies to boost operational efficiency. Through a strong emphasis on innovation and sustainability, the company has established itself as a leading gold mining enterprise in Mongolia.

In China as well, KEB has established robust partnerships and operational collaborations that enable technology transfer and strengthen supply chain integration, effectively supporting the company's expansion and diversification efforts.

KEB currently holds three active mining licenses, strategically positioned to maximize resource extraction efficiency. According to the most recent Technical and Economic Feasibility Study, the company has confirmed an authorized gold reserve of 300 kilograms at its active site, approved by the Mongolian government, while total estimated reserves stand at approximately 50 tons. To date, KEB has extracted around 700 kilograms of gold. The company's primary operations are based at the Tuuliin Zuun Denj site, located about 350 kilometers from Ulaanbaatar. This site serves as KEB's main mining location, with the two additional licensed areas situated nearby. The company employs between 50 and 100 personnel at the site, focusing on sustainable and environmentally responsible mining practices.

Beyond traditional gold mining operations, KEB has been significantly increasing its focus on decarbonisation in recent years, and promoting inclusive employment for women and youth. By reducing reliance on fossil fuels in Mongolia's mining sector, the Company demonstrates a scalable model for sustainable resource management and supports the country's climate and development goals.

The company is currently pilot testing and utilizing fully electric mining machinery designed specifically for Mongolian weather and geological conditions. This state-of-the-art equipment, primarily sourced from China—the world's leading supplier of specialized mining machinery—is custom-designed for KEB to guarantee maximum efficiency and durability. Buregkhangai Soum (administrative district (soum) in Bulgan Province of Mongolia with approximately 2,000 residents and Zaamar Soum in Töv (Central) Province where KEB operates face unique challenges—including limited access to reliable, affordable electricity and high environmental impacts from traditional mining methods. Transitioning to electric machinery aligns with global efforts to combat climate change and showcases Mongolia's

commitment to sustainable development. By utilizing fully electric machinery, KEB significantly lowers fuel expenses and reduces CO2 emissions, establishing itself as a trailblazer in eco-friendly mining within Mongolia.

The company has outlined its **Long-Term Decarbonization Goals and Sustainability Objectives (5–10 Years Outlook)** to guide its future environmental strategy. These include transitioning to fully electric mining machinery, expanding into green mining projects, integrating renewable energy sources such as wind, solar, and hybrid systems, achieving carbon neutrality in core operations, and implementing digital monitoring systems with efficiency-related KPIs.

Long-Term Decarbonization Goals and Sustainability Objectives (5-10 Years Outlook)

Key Direction / Activity	Description / Goals	Projected Capital Expenditures / Activities	KPIs / Targets
Transition to Fully Electric Machinery	Gradually electrify all mining equipment, replacing fossil fuel-dependent machinery with renewable-powered alternatives.	Capital investment in electric machinery, infrastructure upgrades, and energy storage systems; phased rollout over 5 years.	100% of fleet electrified within 10 years; reduction of diesel fuel use by 80%.
Expansion into Green Mining Projects	Diversify operations into critical minerals (e.g., lithium, cobalt) that support green technologies.	Explore new mining licenses, develop environmentally friendly extraction methods, and invest in environmentally optimized processing plants.	Initiation of at least 2 green mineral projects by year 5; reduction in carbon footprint per unit of mineral extracted.
Adoption of Renewable Energy Solutions	Achieve a near-zero reliance on fossil fuels by integrating renewable energy sources such as wind, solar, and hybrid systems.	Invest in renewable energy infrastructure, including wind and solar farms, with a target capacity of 10-20 MW in the next 5 years.	50% of energy needs supplied via renewables by year 5; reduction of greenhouse gas emissions from operations by at least 40%.
Carbon Neutral / Zero Emissions Operations	Strive towards making operations fully low-carbon or zero-emission, with no reliance on fossil fuels.	R&D in innovative carbon offset projects, energy efficiency programs, and potential hydrogen fuel technology pilot projects.	Achieve carbon neutrality in core operations by 2030; ongoing reduction of scope 1 and scope 2 emissions.

Implementation of Digital Monitoring & Efficiency KPIs	Improve operational efficiency and emissions tracking through digital tools and KPIs.	Investment in IoT monitoring systems, real-time emissions tracking, and data analytics platforms.	Establish baseline emissions; achieve 10% improvement in energy efficiency annually.
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The company, through its operations, directly or indirectly supports the advancement of 5 out of the 17 United Nations Sustainable Development Goals (UN SDGs).

DESCRIPTION OF THE COMPANY'S GREEN FINANCE FRAMEWORK

The Green Finance Framework of the Khamtiin Ekh Bulag LLC has been developed taking into account the recommendations specified in the Green Bond Principles of the International Capital Market Association (ICMA) and the Green Loan Principles of the credit market associations (Green Loan Principles, Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association – GLP), and is consistent with the national environmental legislation of Mongolia and internal acts of the company.

Under this Framework, the Company plans to issue green bonds, obtain green loans, or utilize other forms of green financing as needed, with proceeds exclusively allocated to financing or refinancing Eligible Projects that provide environmental benefits, as outlined in the "Use of Proceeds" section (Green Financing Instruments).

Therefore, for every transaction involving green financing instruments, KEB commits to aligning with the four core principles of the GBP and GLP:

- use of proceeds;
- process for project evaluation and selection;
- management of proceeds;
- reporting.

USE OF PROCEEDS

The Company intends to allocate 100% of the net proceeds from its green financing instruments exclusively to the financing and/or refinancing (in whole or in part) of Green Projects, in line with the eligibility criteria outlined below. These Eligible Green Projects include, but are not limited to:

Green Project Category	Un UN SDGs	ICMA Green Bond Principles Category	Green Project Eligibility criteria aligned with the Mongolia Finance Category and Sustainable Taxonomy	Indicative Indicators Impact
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<p>1. Renewable energy sources</p>	 	<p>Renewable energy (including production, transmission, appliances and products)</p>	<p>1.1 WIND</p> <p>1.1.1 Energy Generation Facilities</p> <p>Construction and operation of onshore wind electricity generation facilities, distributed wind electricity generation facilities, wind turbines</p> <p>1.1.2 Distributed wind generation facilities</p> <p>Construction and operation of small-scale portable wind home systems, mini grid and other types of stand alone systems to power small communities</p> <p>1.1 SOLAR</p> <p>1.2.1 Power generation (PV & CSP) and thermal application facilities</p> <p>Construction and operation of onshore centralised and distributed solar power facilities, including concentrated solar power (CSP) plants, solar photovoltaic (PV) power, distributed solar PV station. Construction and operation of facilities for application and generation of solar thermal energy, including solar water heating and other thermal applications of solar power in all sectors</p> <p>1.2.2 Small-scale distributed solar systems</p> <p>Construction and operation of small-scale portable solar home systems, mini grid and other types of stand alone systems to power small communities</p>	<p>1. Annual amount of GHG emissions reduced/avoided (tCO2e)</p> <p>2. Total renewable energy capacity installed (MW)</p> <p>3. Annual energy generated and/or consumed in Company operations, and/or supplied to the grid (KWh/hr)</p> <p>4. Number of permanent, temporary, and contracted green jobs created by gender (# of people)</p>
<p>2. Clean transportation</p>		<p>Clean transportation (such as electric, hybrid, public, rail, non-motorised,</p>	<p>8.1.1 Low emission vehicles purchase of low emission vehicles</p> <p>Thresholds/Criteria/Exclusion</p> <p>1. Should be electric vehicles, hydrogen vehicles, bicycle,</p>	<p>1. Number of clean vehicles deployed (e.g. electric or LPG) (#)</p> <p>2. Carbon avoided or saved annually per means of transport</p>

		multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);	scooter 2. Engine older than 5 years are not eligible 8.2.1 Low emission freight and cargo transportation low carbon logistics; hybridization and alternative fuels for trucks (advanced biofuels, synthetic renewable fuels) for road freight	(Annual emission tool) (tCO2) [Emission estimation tool is suggested to be developed, where type of car*age*emission factor is calculated] Amount of goods transported through low carbon freight/cargo (kg of goods per km) 2. Carbon avoided or saved annually per means of transport (Annual emission tool) (tCO2)
3. Energy efficiency		Energy efficiency (energy storage, smart grids, appliances and products);	2.2.1 Energy efficient equipment Energy efficiency measures based on energy audit report, such as installation of energy-efficient motors, VFD drives for compressors, pumps and fan systems, high energy-efficient boilers, electrification of industrial equipment using renewable electricity At least 20% reduction in energy consumption compared to the baseline (before the implementation of the project)	Annual energy savings (MWh) Annual GHG emissions reduced (tCO2e)

The Company intends to allocate the proceeds from its first green bond to support the purchase of fully electric mining machinery – including electric excavators, dump trucks, loaders, and haulers – as well as the construction of a dedicated small-scale renewable energy plant (2 MW) to power the machinery.

As a result, the project offers an integrated approach to sustainable mining practices and rural development in Zaamar Soum and Buregkhangai Soum.

Project Specific Objectives:

- Reduce carbon emissions and lower operational noise associated with mining activities.
- Create employment and skill development opportunities for women and youth within the local community.
- Enhance local energy resilience through clean energy generation.

- Build capacity in renewable energy management and sustainable mining practices.
- Support the community's broader electricity needs during times of surplus energy production.

Expected outcomes of the Project:

- A marked reduction in the carbon footprint of mining activities
- Reliable, clean energy supplied for mining and local community needs.
- Increased employment opportunities for women and young workers.
- Enhanced local skills in renewable energy and sustainable mining.
- Improved environmental and community health indicators.
- A scalable model demonstrating sustainable, inclusive rural development.

PROCESS FOR PROJECT EVALUATION AND SELECTION

During the preliminary review of projects potentially eligible for financing or refinancing through Green Financing Instruments, each project is evaluated to ensure it aligns with the categories, descriptions, and thresholds (if applicable) of Eligible Green Projects outlined in Section 1, as well as the Company's strategic objectives. The assessment also considers environmental and social risks, ensuring compliance with environmental, social, and corporate governance (ESG) principles and the Company's internal Environmental and Social Impact Assessment (ESIA) Framework.

To clarify, the Company's Green Financing Instruments explicitly exclude funding for the following activities:

- Fossil fuel energy
- Investments involving conventional Internal Combustion Engines (ICE)
- Nuclear energy
- Large hydropower projects exceeding 25 MW
- Gambling
- Tobacco
- Alcohol
- Weapons.

Eligible Green Projects may be refinanced provided they are operational, meet the applicable eligibility criteria at the time of issuance, and continue to demonstrate significant impact. The refinancing look-back period is set at 3 years; for projects with operating expenditures exceeding 50%, the period is 2 years; and for projects with 100% operating expenditures, the look-back period is 1 year.

The Company will maintain a portfolio of eligible projects under the Green Finance Projects Portfolio. A dedicated Green Projects Working Group (hereinafter referred to as the Working Group) has been established to oversee the project evaluation and selection process. The Working Group will consist of a finance specialist, ESG/sustainability expert,

project manager, environmental specialist, and relevant technical experts to assess aspects such as technical feasibility, energy efficiency, machinery needs, and environmental risks.

The Working Group's key responsibilities include:

- Overseeing the selection, assessment, and evaluation of green projects that align with the Company's environmental and sustainability objectives;
- Ensuring that projects comply with applicable ESG (Environmental, Social, and Governance) standards and best practices;
- Facilitating coordination among departments to support project approval and ongoing monitoring;

The Working Group will:

- Meet regularly to review and evaluate project proposals;
- Prepare evaluation reports and provide recommendations to senior management;
- Monitor project implementation and report on results.

If a project is positively assessed as meeting the criteria for Eligible Projects and approved for inclusion in the Green Finance Projects Portfolio, it may be financed or refinanced with proceeds from Green Financing Instruments, subject to compliance with the Company's established regulations and procedures. Projects that do not meet the criteria for Green Projects will not be eligible for financing or refinancing through Green Financing Instruments. When necessary, the Company may engage external consultants to support the selection and evaluation process.

MANAGEMENT OF PROCEEDS

The Working Group will oversee the organisation, execution, and management of the proceeds from Green Financing Instruments, ensuring proper tracking and allocation. The Company commits to depositing the net proceeds from green bond or loan issuances, or an equivalent amount, into a dedicated bank account.

The Green Projects Working Group maintains a Register of Green Projects (the Register), which tracks all projects financed and/or refinanced with proceeds from Green Financing Instruments and serves as the basis for allocation reporting.

The Working Group will be responsible for organising, overseeing, and executing the process of proceeds management, including monitoring the bank account balance and project funds quarterly, and identifying any discrepancies between the total amount of Green Projects and the proceeds from Green Financing Instruments.

All proceeds from Green Financing Instruments are intended to be allocated to Eligible Projects promptly and within a reasonable timeframe, with the Company striving to complete allocation within 24 months of the instrument's issuance.

Green projects listed in the Register will be reviewed for compliance with Green project criteria at least annually.

Any project that ceases to meet the criteria outlined in the Use of Proceeds section of the Framework will be removed from the Register, and financing from Green Financing Instrument proceeds for that project will be discontinued. Funds previously allocated to such projects will be considered unallocated and available for reallocation by the Working Group. Whenever possible, the Working Group will replace excluded projects with new Eligible Green projects, with appropriate disclosures provided in the annual reports.

If proceeds from Green Financing Instruments remain unallocated pending investment in Eligible Projects, they will be temporarily managed according to the Company's Investment Policy for Unassigned Funds. Under this policy, unallocated funds may be invested in:

- **Bank deposits:** Short-term, fixed deposits with banks that meet specified criteria, with maturities not exceeding six months;
- **Short-term securities:** Highly rated, short-term financial instruments such as treasury bills, commercial paper, or money market funds, with a maximum maturity of three months.

The Company also ensures that the management of Green Financing Instrument proceeds is reviewed by an independent external consultant.

REPORTING

The Company will provide annual reports on the allocation of proceeds from Green Financing Instruments, detailing their intended use and the outcomes of Green project activities, as well as reports following any significant changes. These statements will be published on the Company's official website, <http://www.hebmines.mn/>, until the full allocation of the Green Financing Instruments is completed.

The reports will include, but are not limited to, the following details:

Regarding the allocation of proceeds from Green Financing Instruments:

- Net proceeds from each Green Financing Instrument;
- Amount of proceeds allocated to each Green project;
- Balance of unallocated proceeds at the end of the reporting period.

Regarding the environmental or social impact of each Green project:

- Progress and current status of Green project implementation;
- Actual (where available) and/or projected impacts, measured both quantitatively and qualitatively, including but not limited to the impact indicators outlined in Section 1 "Use of Proceeds."

The Company aims to align these impact indicators, to the best of its ability, with the reporting guidelines specified in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2023)."

EXTERNAL REVIEW

The Company has engaged an external reviewer to deliver a Second Party Opinion on the Green Financing Framework, verifying its compliance with the GBP and GLP. This opinion is accessible on the Company's website at <http://www.hebmines.mn/>.

Starting one year after issuance and continuing until full allocation, the Company will annually request an assurance report from an external reviewer, covering the allocation and impact of Green Financing Instrument proceeds to Eligible Projects.

3. EVALUATION OF THE COMPANY'S GREEN FINANCE FRAMEWORK AND OTHER DOCUMENTS

In this section, we describe the assessment of the GFF and other relevant documents of the Company for compliance with the GBP in accordance with GFC's Methodology for preparing an external review. The information used for these purposes was obtained by means of direct interaction with the Company (see Annex).

GENERAL ASSESSMENT AND DETERMINATION OF THE DEGREE OF COMPLIANCE

GFC confirmed with the Company, through document review and interviews held, that the proceeds from green financing instruments will be used exclusively to finance and/or refinance eligible green projects. The categories and criteria for eligible green projects correspond to the GBP and contribute to environmental objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP. Reporting and disclosure of information on the use of proceeds and on the expected impact of the implemented projects will be provided on an annual basis and made available to investors, regulators and the relevant stock exchange.

1. **Opinion on compliance / non-compliance of the Issuer's Green Bonds and the Green Finance Framework with the GBP.** Based on the evaluation for meeting the minimum threshold levels for all assessment criteria, we are of the opinion that the Company's GFF meets the mandatory and partially additional values of the criteria, and, accordingly, **we are of the opinion that Khamtiin Ekh Bulag LLC's Green Bonds and the Green Finance Framework comply with the Green Bond Principles of the International Capital Market Association.**
2. **Opinion on assigning a degree of alignment with the GBP ranging from "Excellent" (High) to "Poor" (Low).** In accordance with the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the GBP **we assigned the degree of compliance "Excellent"** meaning that Khamtiin Ekh Bulag LLC demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and social significance.

Grading Scale for the Level of Alignment with the GBP and GLP

<i>Threshold Grade</i>	<i>Degree</i>	<i>Definition</i>
High 5	Excellent	Proceeds from the issuance of Green Financing Instruments are most likely to be used for the implementation of Green Projects. The Issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance.

EVALUATION OF THE CRITERION – USE OF PROCEEDS

The indicators listed below reflect our assessment of the criterion “Use of Proceeds”.

<i>Indicator</i>	<i>Characteristic of the indicator (permissible, mandatory indicator, not recommended)*</i>	<i>Grade</i>
1. 100% of proceeds are allocated to implementing and financing/refinancing of Green Projects that bring environmental benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP with regard to their qualitative and/or quantitative characteristics	Permissible	5
WEIGHTED CRITERIAL GRADE		2,25

The Green Eligible Projects Categories specified in the GFF correspond to the project categories set forth in the GBP and GLP, specifically, the following:

- **Renewable energy** (including production, transmission, equipment and products).
- **Clean transportation** (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)
- **Energy efficiency** (such as energy storage, smart grids, appliances and products).

The green eligibility criteria set in GFF criteria are fully aligned with the Mongolia Sustainable Finance Taxonomy Category (via direct reference).

In terms of the alignment of green eligibility criteria set in GFF criteria with specific taxonomies, and peer benchmarks, the level of ambition can be deemed aligned with recognised international green taxonomies (EBRD Paris-Aligned list, Climate Bonds Initiative’s (CBI) Taxonomy). For example, with regards to wind and solar energy the threshold criteria – i.e. no specific threshold criteria – are aligned with EBRD Paris-Aligned list and CBI Taxonomy, while with regards to clean transportation – the CBI eligibility criteria for zero-carbon transport (investments in zero-emission freight vehicles such as electric vehicles) are also reflected in the GFF criteria. The criterion of 20% energy efficiency

improvements can be considered reasonable when taking into account the local context (the current carbon-intensive fuel mix in Mongolia's heat and power sector) and available technologies. For example, in heat generation, replacing older boilers with more efficient models can result in efficiency improvements ranging from as little as 5% to over 20%, depending on the fuel type and technology. This variation in efficiency should be taken into consideration.

The categories of eligible projects established in the GFF are also aligned with the priority UN Sustainable Development Goals to which they contribute as per ICMA's High-Level Mapping to the Sustainable Development Goals Guidance, June 2023².

Therefore, GFC considers that investments in the Eligible Projects as defined in the Use of Proceeds section of the GFF are aligned with the GBP and can have positive environmental impacts.

ABOUT THE PROJECT EXPECTED TO BE FINANCED AS PART OF THE USE OF PROCEEDS FROM THE FIRST GREEN BOND

Khamtiin Ekh Bulag LLC plans to allocate the proceeds from the first green bond to be issued to finance a project of adopting fully electric mining machinery in operations supported by a dedicated small-scale wind power plant in Zaamar Soum district, Mongolia. The main environmental benefit of the project will be the reduction of Mongolia's contribution to climate change in terms of avoided GHG emissions.

Project: Adopting fully electric mining machinery in operations supported by a dedicated small-scale wind power plant in Zaamar Soum district, Mongolia

Purpose and description of the Project:

The project's objective is to transform the Company's mining operations in Zaamar Soum district, Mongolia, by adopting fully electric mining machinery supported by a dedicated small-scale (2 MW) renewable power plant. The initiative targets environmental sustainability by significantly reducing carbon emissions, while simultaneously fostering socioeconomic development through inclusive employment opportunities, especially for women and youth in a remote community.

Specific Project Objectives:

- Reduce carbon emissions associated with mining activities.
- Create employment and skill development opportunities for women and youth within the local community.
- Enhance local energy resilience through clean energy generation.
- Build capacity in renewable energy management and sustainable mining practices.

² <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Green-Social-and-Sustainability-Bonds-A-High-Level-Mapping-to-the-Sustainable-Development-Goals-June-2023-220623.pdf>

- Support the community’s broader electricity needs during times of surplus energy production.



Project activities eligible for inclusion in the Green Project expenditures include:

- Design & Construction of the Power Plant: Develop a small renewable energy facility (approx. 2 mWt capacity) utilizing wind technology suited for local conditions.
- Procurement & Deployment of Electric Machinery: Identify, select, and acquire electric mining equipment suitable for local operations.
- Capacity Building & Training: Conduct training workshops for local workers, with a focus on operation, maintenance, and renewable energy management.
- Implementation & Integration: Deploy machinery and connect to the power plant, initiating pilot mining operations.
- Monitoring & Evaluation: Continuously assess environmental impacts, operational efficiency, and socioeconomic benefits.

Tentative implementation timeline:

Year	Key Activities
2025	Conduct feasibility studies, stakeholder engagement, secure green financing
2026	Design and construct the renewable power plant; begin procurement of electric machinery
2027	Deploy and commission renewable energy infrastructure; initiate machinery training
2028	Full operation of electric machinery; continuous capacity building and community engagement
2029	Impact assessment; optimization; planning for scaling and replication
2030	Final reporting, evaluation, and dissemination of project results

Expected Output for the 2 MW WPP: approx. 6 096 MWh/year³.

Specifications for Electric Mining Machinery to be purchased

³ Assuming an average site capacity factor of 35%. Overall, the estimated output for WPPs, depending on the capacity factors, could normally range from 4 380 to 7 884 MWh/year

1. Electric Excavators:

Parameter	Typical Value / Description
Model Range	30-100 ton capacity (depending on operational)
Power Source	Lithium-ion or nickel-manganese batteries; hybrid
Rated Power	150-400 kW (peak)
Battery Capacity	300-800 kWh (for heavy-duty models)
Operating Time	8-12 hours per charge (based on load and cycle)
Recharge Time	1-4 hours with fast charging options
Features	Hydraulic stability, dust resistance, remote



2. Electric Dump Trucks:

Parameter	Typical Value / Description
Model Range	30-100 ton payload capacities
Power Source	Large lithium-ion battery systems or hydrogen fuel cells
Battery Capacity	500-1500 kWh, depending on size
Range per Charge	10-20 km (depending on load and terrain)
Charging Time	2-6 hours (fast charging preferred)
Features	All-wheel drive, regenerative braking, advanced



3. Electric Loaders and Haulers:

Parameter	Typical Value / Description
Model Range	20-60 ton capacity loaders / haulers
Power Source	Lithium-ion or specialized battery packs
Rated Power	100-300 kW
Battery Capacity	200-600 kWh
Operational Runtime	6-10 hours per charge
Charge Time	Less than 3 hours with fast chargers
Features	Real-time diagnostics, high torque, low noise

Environmental Benefits: Reduced CO2 emissions and lower operational noise.

Customization: All models can be customized for extreme temperatures, dust, and remote operation.

Charging Infrastructure: Includes on-site fast chargers, energy management system, and possibly renewable energy integration.

Compliance: Designed to meet international safety and efficiency standards.

Key environmental impact: Annual avoided GHG emissions at approx. 4 078 tonnes eCO2 per year.

BOX 1. Environmental Impact calculations

Assumptions:

Annual ore processing volume: 750 000 tonnes; **Diesel consumption rate:** 3 liters per tonne of ore.

Therefore: **Annual diesel consumption:** 2 250 000 liters

Expected Output for the 2 MW WPP: approx. 6 096 MWh/year

Given the fuel density of diesel fuel (0,84 kg/liter) annual diesel consumption in kilograms: 2 250 000 liters * 0,84 = 1 890 000 kg

Given that the Lower heating value of diesel is 43 TJ/Gg, the energy amount consumed through diesel use is $43 * 1\,890\,000 / 1\,000\,000 = 81,27$ TJ (annual energy consumption), which, converted to megawatt hours is equal to: $81,27 \text{ TJ} * 277.778 = 22\,575$ MWh/year. Thus, the expected output for the 2 MW WPP can potentially cover 27% of energy consumption in operations at the site, effectively resulting in the corresponding reduction of fossil fuel use.

The electric mining machinery and vehicles to be purchased (Electric Excavators, Dump Trucks, Electric Loaders and Haulers) have zero direct GHG emissions and fully meet the criteria of low-carbon and energy efficient transport and equipment.

The main environmental benefit of the project will be the reduction of Mongolia's contribution to climate change. As mentioned above, WPPs, as low-carbon alternatives to thermal power plants, make it possible to avoid (prevent) considerable amounts of GHG emissions into the atmosphere. Currently, about 90% of electricity in the Mongolian grid is supplied by coal-fired CHP plants⁴, though the country has also been incorporating hydro, solar, and wind power and includes imported electricity in its fuel mix. Therefore, the fuel mix's impact on the grid emission factor is dominated by coal, resulting in a high overall factor.

Given the forecast electricity generation by the 2MW WPP in question of 6 096 MWh/year and based on the specific Emission Factor of 680 g CO₂/kWh or 0.68 tCO₂/MWh (for Mongolia), the annual greenhouse gas emissions avoided can be expected to be 6 096 MWh x 0.680 tCO₂/MWh = 4 145 tCO₂. However, according to the Intergovernmental Panel on Climate Change (IPCC), the average life cycle CO₂ equivalent emissions for wind power projects are 0,011 tCO₂ equivalent/MWh, therefore, and with this adjustment, annual avoided GHG emissions are expected to be 6 096 MWh x (0.680-0.011=0.669 tCO₂)/MWh = **4 078 tCO₂**.

Note: Usually, when selecting the appropriate country-specific grid emission factor for the purposes of estimation of avoided GHG emissions in renewable power projects, GFC utilises the IFI Dataset of Default Grid Factors table, version 3.2 (used by IFIs as a basis for accounting for greenhouse gas emissions). According to that Dataset, the Combined Margin Grid Emission Factor for Mongolia in relation to wind and solar energy projects is set at 1230 g CO₂/kWh (or 0.1230 tCO₂/MWh), while the Operating marginal GHG emission factor of the power system for Mongolia is set at 1366 gCO₂/kWh (including for use in accounting for greenhouse gas emissions according to the PCAF methodology). As mention above, the reason behind this high grid emission factor is the high coal-based carbon intensity of the power system in Mongolia. However, in order to make a more conservative assessment of avoided GHG emissions relating to renewable energy generation, GFC shall apply an emission factor of 0.68 tCO₂/MWh for the WPP in question, which is the emission factor of the most efficient coal-fired CHP (Combined Heat and Power) plant in Mongolia, i.e. an emission factor used in accordance with the Joint Crediting Mechanism (JCM) Methodology for a solar photovoltaic system and battery energy storage project⁵.

Summary of ESIA findings

⁴ [https://www.jcm.go.jp/mn-](https://www.jcm.go.jp/mn-jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator)

[jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator](https://www.jcm.go.jp/mn-jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator)

⁵ [https://www.jcm.go.jp/mn-](https://www.jcm.go.jp/mn-jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator)

[jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator](https://www.jcm.go.jp/mn-jp/methodologies/156/attached_document1#:~:text=An%20emission%20factor%20of%200.68,to%20a%20captive%20power%20generator)

The EIA report on the larger open-pit mining project for the Tuul East Terrace gold placer deposit located in Buregkhangai soum, Bulgan aimag (i.e. an area where the machinery electrification project is to be implemented and which is close to Zaamar Soum, where the renewable energy plant is to be constructed), was prepared by conducting a multi-faceted study, assessing the environmental status of the project area, identifying and recommending mitigation measures to identify potential negative impacts on the environment from the mining and exploitation of the deposit. Based on the results of the survey conducted at the project site, the environmental and socio-economic background information was used to determine the climate, air quality, soil, flora, fauna, protected areas, historical and cultural monuments, and socio-economic conditions. The Environmental Impact Section lists 32 potential negative impacts of the project on the environment and includes 76 recommendations for prevention, mitigation, and protection. The overall assessment of the main potential impacts of the Tuul East Terrace deposit, including air pollution, dust, noise, and groundwater and surface water pollution intensity, is 2-8 out of 7 indicators, indicating that the impact level is **moderate** and that it is possible to prevent, reduce, and manage the impact on the environment. The main factors that may affect the environment and people in the future of the mine are issues related to water consumption, waste, and soil erosion and damage, and therefore require further consideration and detailed studies are included in the ESIA. ESIA contains a comprehensive Environmental Monitoring Program, as well as Environmental management plans such as the Environmental Protection Plan, Mitigation plan, Waste Management, Rehabilitation plans with the required budgets and cost estimates. In order to eliminate, mitigate, and minimize the negative impacts of the project on air quality, it is necessary to regularly water the areas and roads where equipment is used, provide personal protective equipment to employees to protect them from dust, and train employees to use them, avoid dumping fuel and gasoline into the environment when repairing machinery and equipment, and regularly inspect machinery and equipment and monitor their use. To protect the region's biodiversity and population, it is necessary to cooperate with local administrations, environmental services, and soum environmental experts, provide assistance and exchange opinions when necessary, and keep the noise level generated during project activities and mining operations at a low level, for instance by using equipment that produces low noise and has good technical specifications. Since dust generated by mining operations and transportation leads to the migration and loss of shelter of animals, additional dust suppression devices on vehicles that produce a lot of dust are to be installed, or regularly water dirt roads. As per the draft EIA, the operations on the Tuuliin Zuun Denj gold placer deposit will have a positive influence in social aspects by creating new jobs in the local area and solving the social problems of employees, thereby increasing the economic capacity of the company and contributing to the national and local budgets to a certain extent.

The green project in consideration (*Adopting fully electric mining machinery in operations supported by a dedicated small-scale wind power plant in Zaamar Soum district, Mongolia*), in and of itself, due to the small scale of the renewable energy facility and low environmental impact of electrified machinery to be purchased doesn't necessitate an ESIA, while also being conducive to environmental and community health indicators and creating employment and skill development opportunities for women and youth within the local community.

CONCLUSION ON THE GREEN PROJECT



We are of the opinion that the project to be implemented and financed through the upcoming Green Bonds (*Adopting fully electric mining machinery in operations supported by a dedicated small-scale wind power plant, in Zaamar Soum district, Mongolia*) complies with the descriptions and criteria for eligible green projects set out in the GFF, as well as with the Renewable Energy and Clean Transportation categories specified in the Green Bond Principles of International Capital Markets Association (ICMA), is assessed as permissible and cleared for implementation given the EIA findings (re: a larger operations site) of there being no significant environmental or social impacts, and is, therefore, determined as environmentally sustainable for green finance purposes.

EVALUATION OF THE CRITERION – PROCESS FOR PROJECT EVALUATION AND SELECTION

The objectives of eligible green projects are positioned within the context of the Company’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability, which is in alignment with the GBP and GLP, and the Company established a decision-making process which it uses to determine the eligibility of projects and assets. The Company’s long-term decarbonization and sustainability objectives (5-10 years outlook) include: electrifying 100% of fleet within 10 years; reducing diesel fuel use by 80%; initiating at least 2 green mineral projects (i.e. diversifying operations into critical minerals (e.g., lithium, cobalt) that support green technologies) by year 5; reducing carbon footprint per unit of mineral extracted; covering 50% of energy needs via renewables by year 5; reducing greenhouse gas emissions from operations by at least 40%; achieving carbon neutrality in core operations by 2030; etc.

The Company has established a process for green project selection and evaluation carried out in accordance with the Company’s internal processes, including financial and technical evaluations, and with its Green Finance Framework, with a separate Green Finance GPWG constituted for approving a list of eligible green projects.

GFC considers that the project selection process is aligned with GBP and GLP in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of projects and assets. The indicators listed below reflect our assessment of the criterion “Process for Project Evaluation and Selection”.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1. Disclosure by the Issuer of information in the context of its goals, policies, strategies, and processes related to sustainable development in environmental aspects, including goals to achieve improvements in the ecological environment, as well as the issuer’s participation in various activities and initiatives that indicate commitment to the principles of sustainable development and improvements in the ecological environment.	1	Compliant, disclosed in GFF
2. Disclosure by the issuer of the goals of issuing green bonds/projects with directions and indicators of environmental effect.	1	Compliant, disclosed in GFF
3. The issuer has an internal document defining criteria for the selection of projects of environmental orientation and the procedure of their assessment, selection, and coordination with the issuer’s governing bodies.	1	Compliant, disclosed in GFF
4. Disclosure of complementary information on processes by which the Issuer identifies and manages perceived environmental risks associated with the relevant project(s)	1	Compliant, disclosed in GFF
5. Disclosure of clear qualification criteria used in determining the compliance of projects with the categories of environmental projects and their selection, including exclusion criteria	1	Compliant, disclosed in GFF
6. The Issuer has quality certificates for ongoing environmental projects or conclusions from leading international or independent local verifiers confirming the compliance of projects with the required environmental standards, including conclusions on compliance with the current regulatory requirements for infrastructure facilities prepared within the framework of	0	

the project documentation. The leading verifiers are those who have certificates and licenses to conduct expertise or proven experience in assessing environmental projects, the quality of social services (for social projects) and / or compliance with investment requirements in the field of sustainable development		
7.The Issuer has created a special subdivision, which, among other things, controls the selection and implementation of projects. The division's employees generally understand the tasks assigned to them, while some of them have experience in supporting green projects	0,5	Compliant, disclosed in GFF
8.Engaging an independent qualified party to make a decision on the selection of projects corresponding to the categories of environmental projects / social projects	0	
9.The Issuer has a policy for determining environmental risks either in the project documentation or in the policy for determining environmental and / or social risks, which discloses qualification criteria for determining environmental risks associated with the implementation of projects	0,5	Compliant, disclosed in GFF and ESIA Framework
Sum of scores	6	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	1	

EVALUATION OF THE CRITERION – MANAGEMENT OF PROCEEDS

Allocation of the Company's net proceeds from green bonds/loans to Eligible Green Projects will be made through a special account for separate tracking and control of the funds. The Company will maintain a register of green bonds/loans and keep track of their intended use, thus comprehensively monitoring allocated and unallocated borrowings.

GFC considers that the management of proceeds is aligned with the GBP and GLP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

The indicators listed below reflect our assessment of the "Management of Proceeds" criterion.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1.The net proceeds from the issuance of Green bonds are credited to a sub-account or moved to a different portfolio or otherwise tracked by the issuer in an appropriate manner	1	Compliant, disclosed in GFF
2.The separate accounting method for the Green bond proceeds is clearly defined in the Issuer's documentation	0,5	Compliant, disclosed in GFF
3.The Issuer, while the Green bonds are outstanding, monitors the sub-account on an ongoing basis, and there is a procedure in place for excluding projects that become unfit from the portfolio	1	Compliant, disclosed in GFF
4.The Issuer informs investors about the intended types of instruments for temporary placement of unused Green bond proceeds	1	Compliant, disclosed in GFF and Investment Policy for Green Bond Unassigned Funds

5. Clear rules in place for investing temporarily unused Green bond proceeds taking into account ESG-factors	0	
6. Engaging an auditor or another third party to check the method for internal tracking of the intended use of Green bond proceeds	0,5	Compliant. Seeking verification of the management of proceeds is stated in the relevant chapter of GFF
Sum of scores	4	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	0.75	

EVALUATION OF THE CRITERION – REPORTING AND DISCLOSURE

The Issuer adopted a Green Finance Framework and made it available prior to issuance. The Company intends to make available for investors, regulators and the relevant stock exchange an allocation report and an impact report on instruments issued under this Framework. The first report will be provided within one year of issuance of Khamtiin Ekh Bulag LLC’s inaugural green bond. Reporting of allocated and unallocated proceeds and impact will be done at least yearly with the Annual Report, and the GPWG will be responsible to ensure that this reporting is done as required.

GFC considers that the reporting processes are aligned with the GBP and GLP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

The indicators listed below reflect our assessment of the “Reporting” criterion.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1. The Issuer provides a detailed report (with a list of projects) and disclosures after issuance in relation to the use of proceeds from the placement of Green bond*	1	Compliant, specified in GFF
2. Reporting includes the disclosure of information on the nature of investments and the expected environmental impact	1	Compliant, specified in GFF
3. The disclosed reports are to be issued at least once a year, and there is also a procedure for monitoring data accuracy	1	Compliant, specified in GFF
4. The Issuer discloses information on the projects to which proceeds have been allocated, with a detailed breakdown by area (category), as well as on the environmental and/or social effect and implementation progress of individual projects	0,5	Compliant, specified in GFF
5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental performance indicators are available	0	
6. The Issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bonds/ Social bonds and Sustainability Bonds Framework	0,5	Compliant, specified in GFF

Sum of scores	4	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	1	

* Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information may be presented by the Issuer in generic terms or on an aggregated portfolio basis.

FINAL WEIGHTED CRITERIAL GRADE

Criterion	Weighted Grade:
<i>Use of Proceeds</i>	2,25
<i>Process of Project Evaluation and Selection</i>	1
<i>Management of Proceeds</i>	0.75
<i>Reporting and Disclosure</i>	1
FINAL WEIGHTED GRADE FOR CRITERION	5

DISCLOSURE AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green and/or Sustainable Bonds and on the compliance of the Issuer's Green and Sustainable Financing Framework with the GBP, SBP and SBG administered by International Capital Market Association and the GLP administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association. There is a likelihood of an inaccuracy in the final conclusion due to unforeseen changes in the economic environment and the financial market.

An External Review is an independent assessment carried out based on the information provided by the Issuer in line with the GFC's methodology, it does not disclose the Issuer's confidential information and is not an indication for any investment decisions.

We do not assume any responsibility for the use and implementation of an External Review in making investment decisions.

An External Review may be updated after publication, with the reasons for such an update disclosed.

CEO
AIFC Green Finance Centre Ltd.



MANAS GIZHDUANIYEV

October 13th, 2025

ANNEX. List of Documents Reviewed and Interviews

Review of Documentation

Documents provided by Khamtiin Ekh Bulag LLC that relate to the prospective green bonds under the GFF are listed below. These have been used as direct sources of evidence for the SPO conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

1. Green Finance Framework, dated October 10th, 2025
2. Draft Offer document on the inaugural Bond Issue
3. Working spreadsheets templates on the tracking of Khamtiin Ekh Bulag LLC's green bond issues / green loans and allocation to green projects (excel file)
4. Order on establishing Green Projects Working Group, №011/25, dated September 25th, 2025
5. Presentation on the green project (Transition to 100% GREEN Fully Electric Mining Machinery and Renewable Power Support in Zaamar Soum, Mongolia)
6. ESIA for the larger operations site (open-pit mining project for the Tuul East Terrace gold placer deposit located in Buregkhangai soum, Bulgan aimag)
7. Investment Policy for Green Bond Unassigned Funds approved by CEO on September 25th, 2025
8. The Charter of the Khamtiin Ekh Bulag LLC, dated February 5th, 2024
9. Khamtiin Ekh Bulag LLC's State Registration Certificate as of June 3rd, 2011
10. Environmental and Social Impact Assessment (ESIA) Framework, approved by CFO on September 25th, 2025.

Interviews and Information Collected from Khamtiin Ekh Bulag LLC

GFC primarily communicated with Khamtiin Ekh Bulag LLC's team to gather information about the Bond issue and the Company.

The following key persons were involved in these communications:

1. Naranzul Ganzorig, CFO, Khamtiin Ekh Bulag LLC
2. Ganzorig Volooj, CEO, Khamtiin Ekh Bulag LLC