

No: 2908-01/2025/CV-KSLC
Re: *Explanation of the Disclaimer of Opinion
on the 2025 Semi-Annual Consolidated and
Parent Company Financial Statements.*

Lao Cai , August 29, 2025

**Respectfully submitted to: - State Securities Commission of Vietnam
- Hanoi Stock Exchange**

Lao Cai Mineral Exploitation and Processing Joint Stock Company (LCM) would like to extend our sincere thanks to the Hanoi Stock Exchange and the State Securities Commission for your support and cooperation over the past period, and we look forward to continuing to receive your attention and assistance in the future.

We would like to provide the following explanation to your esteemed agencies regarding the basis of the Disclaimer of Opinion on the Consolidated Financial Statements:

I. Basis for the Auditor's Disclaimer of Opinion on the Consolidated Financial Statements and the Company's Explanation:

1. Disclaimer of Opinion regarding the inventory items

As we did not attend the inventory count as of June 30, 2025, with a value of VND 3,271,750,000, and were also unable to perform alternative procedures, we are therefore unable to express an opinion on the existence and valuation of the inventory items, as well as on the impact of these items on other figures presented in the Company's interim consolidated financial statements for the financial period ended June 30, 2025.

- At the time of auditing the 2025 semi-annual financial statements, a storm occurred, causing severe landslides on the road leading to the warehouse of Gia Long mine. As a result, we were unable to bring the audit team to conduct the assessment and inventory count of the goods. Therefore, the auditors were unable to evaluate the inventory item.

2. Disclaimer of Opinion regarding investments in associates

We were unable to obtain access to the financial statements and audited financial statements of Van Son Green Environment Cooperative, with an investment value under the equity method of VND 24.145 billion, and of Binh Thanh Green Environment Investment and Construction Joint Stock Company, with an investment value under the equity method of VND 23.769 billion. Alternative procedures could not be performed. Therefore, we are unable to assess the net value of these investments or their impact on the related items in the Company's consolidated financial statements for the financial period ended June 30, 2025.

- At the time of auditing the 2025 semi-annual financial statements, we had not yet been able to contact the management or accountants of the two associated companies mentioned above. Consequently, the provision of financial records related to these companies was delayed, which resulted in the auditors being unable to assess the impairment provision of these investments



3. Disclaimer of Opinion regarding receivables:

We were also unable to obtain sufficient appropriate evidence regarding management's assessment of the recoverability of receivables from cash loans to individuals without collateral, with principal and interest balances of VND 55.129 billion and VND 2.851 billion, respectively, as of June 30, 2025. Accordingly, we could not determine whether it was necessary to make a provision for doubtful debts or to adjust related items in the Company's interim consolidated financial statements.

- At the time of auditing the 2025 semi-annual financial statements, we had not yet recovered the above loan principals and interest. Therefore, the auditors were unable to assess the necessary level of provision. At present, we are in the process of recovering the entire amount, as disclosed in the relevant section..

4. Disclaimer of Opinion regarding short-term receivables

As of June 30, 2025, the item "Other short-term receivables" included advances to certain officers and employees for business operations amounting to VND 61,200,000,000. We have not been provided with sufficient documentation regarding the utilization of these advances. Although Management has assessed these advances as recoverable and not resulting in any loss of the Company's assets, as of the issuance date of this report, we are also unable to assess the reasonableness, purpose of use, or recoverability of these advances.

- At the time of auditing the 2025 semi-annual financial statements, we had not yet recovered the advances to certain officers and employees for business operations amounting to VND 61,200,000,000. Therefore, the auditors were also unable to assess the reasonableness of the balances of these advances.

5. Opinion on the Company's Going Concern Status

As of June 30, 2025, the Company recorded an accumulated loss of VND 132.574 billion, and loans and financial lease liabilities amounting to VND 2.23 billion were overdue. In addition, the gold mining project in Luong Son District, Hoa Binh Province, under Mining License No. 80/QD/UBND dated November 12, 2009 of Gia Long Hoa Binh Joint Stock Company (a subsidiary), has expired and has not yet been renewed. These events, together with the matters described in the section "Basis for Disclaimer of Opinion" above, indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. As of the issuance date of this report, we do not have sufficient basis to express an opinion on whether the going concern assumption applied in the preparation of the Company's financial statements is appropriate.

- At present, our Company is focusing on the renewal of the gold mining project of Gia Long Hoa Binh Co., Ltd. (a subsidiary). As a result, the main operations at both the subsidiary and the parent company have been temporarily interrupted. However, other business activities continue to operate normally. Accordingly, we would like to affirm and ensure the Company's ability to continue as a going concern at present as well as in the foreseeable future.

II. Basis for the Auditor's Disclaimer of Opinion on the Parent Company's Financial Statements and the Company's Explanation:

1. Disclaimer of Opinion regarding short-term receivables

2020
Y CỎ
HAI T
CHẾ
QANG
LÀO C
CAIT

As of June 30, 2025, the item “Other short-term receivables” included advances to certain officers and employees for business operations amounting to VND 28,000,000,000. We have not been provided with sufficient documentation regarding the utilization of these advances. Although Management has assessed these advances as recoverable and not resulting in any loss of the Company’s assets, as of the issuance date of this report, we are also unable to assess the reasonableness of the balances of these advances or their intended purposes.

We were also unable to obtain sufficient appropriate evidence regarding Management’s assessment of the recoverability of receivables from cash loans to individuals without collateral, with a balance of VND 40,500,000,000 as of June 30, 2025. Accordingly, we could not determine whether it was necessary to make a provision for doubtful debts or to adjust related items in the Company’s interim separate financial statements.

- At the time of auditing the 2025 semi-annual financial statements, we had not yet recovered the advances to certain officers and employees for business operations amounting to VND 28,000,000,000. Therefore, the auditors were also unable to assess the reasonableness of the balances of these advances.

2. Disclaimer of Opinion regarding investments in associates

We have not received the financial statements or the audited financial statements of Van Son Green Environment Cooperative (an associate of the Company), in which the original investment value is VND 24,150,000,000. Alternative procedures could not be performed. Accordingly, we were unable to assess the net value and any impairment provision of this investment (if any), as well as their impact on the related items in the Company’s separate financial statements..

- At the time of auditing the 2025 semi-annual financial statements, we had not yet been able to contact the management or accountants of the above associate company. As a result, the provision of financial records related to this company was delayed, which led to the auditors being unable to assess the impairment provision of this investment..

3. Opinion on the Company’s Going Concern Status

According to the reviewed financial statements of the subsidiary – Gia Long Hoa Binh Joint Stock Company (“Gia Long”) – the auditors issued a Disclaimer of Opinion on these financial statements due to the pervasive effects of the following matters: inability to assess the net value of an investment in an associate amounting to VND 23.8 billion; inability to assess the recoverability of long-term loan receivables of VND 14.6 billion; inability to obtain documentation for advances amounting to VND 32.2 billion; inability to obtain documentation for construction-in-progress costs amounting to VND 6.034 billion; and inability to assess the going concern assumption. We were also unable to obtain sufficient appropriate evidence regarding Management’s assessment of the reversal of provisions, the net value of the investment, additional provision requirements arising from the above limitations, as well as their impact on other related items in the Company’s interim separate financial statements.

As of June 30, 2025, the Company recorded accumulated losses of VND 135,872,115,017, equivalent to 55% of equity. Current liabilities exceeded current assets by VND 863,171,180, and loans and finance lease liabilities of VND 2,230,000,000 were overdue. These factors, together with the matters disclosed in Note 2.2, indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. As of the date of this Report, we do not have sufficient basis

to express an opinion on whether the going concern assumption applied in the preparation of the Company's financial statements is appropriate.

- At present, our Company is focusing on the renewal of the gold mining project of Gia Long Hoa Binh Co., Ltd. (a subsidiary). Therefore, the main operations at both the subsidiary and the parent company have been temporarily interrupted. However, other business activities continue to operate normally. Accordingly, we affirm and ensure the Company's ability to continue as a going concern at present as well as in the foreseeable future.

The above constitutes our explanation regarding the Disclaimer of Opinion on the 2025 semi-annual consolidated financial statements. We respectfully seek the understanding and support of the Hanoi Stock Exchange and the State Securities Commission regarding the issues mentioned above.

Sincerely!

Recipients:

- *As addressed above;;*
- *Filed at Administration & General Affairs Department..*



**LAO CAI MINERAL EXPLOITATION AND
PROCESSING JOINT STOCK COMPANY
GENERAL DIRECTOR**

