

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on Hedging Business in 2024

The Board of Directors and all Director of the Company warrant that this announcement does not contain any false records, misleading statements or major omissions, and they will bear legal liabilities for the authenticity, accuracy and completeness of its contents.

Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as the "Company") held the 26th meeting of the 8th Board of Directors on March 29, 2024. At the meeting, the "Proposal on Carrying out Hedging Business in 2024" was deliberated and adopted, and it was agreed that the company and its subsidiaries carry out precious metals, non-ferrous metals and foreign exchange hedging business related to production and operation. The relevant matters are hereby announced as follows:

1. The purpose of hedging

In order to avoid the price risk of gold, electrolytic copper and other major products and the risk of foreign exchange rate fluctuations, ensure the profit margin of product sales, and control the capital costs such as gold leasing financing and foreign currency borrowing, the company uses the hedging function of financial instruments to carry out hedging business on major products and foreign exchange risk exposures related to production and operation, so as to enhance the company's ability to defend against risks and guarantee steady operation.

1. The basic situation of hedging

(1) Type of transaction

① Hedging business varieties: gold, copper, zinc and other precious metals and non-ferrous metals, foreign exchange hedging products and other varieties related to the company's production and operation.

② Hedging instruments: hedging instruments are limited to futures, spot exchange futures, options, forward contracts or derivatives trading instruments of financial institutions such as banks that are legally operating at home and abroad.

(2) The scale of hedging

① As to hedging for gold leasing financing in 2024, the amount of position does not exceed the amount of gold leased by the financing;

② As to hedging of gold, silver, copper, zinc and other products related to the company's main business in 2024, the position shall not exceed 10% of the planned output in 2023;

③ The scale of foreign exchange hedging in 2024 shall not exceed the corresponding scale of foreign currency business.

(3) The scale and source of funds

①. The total margin of hedging operations in 2024 does not exceed 5% of the audited net assets in 2023.

②. The source of funding is the company's own funds.

(4) Implementation entity: According to the business needs, the implementation entity is the company and its subsidiaries.

(5) Authorization period: valid for 12 months from the date of deliberation and approval by the board of directors.

3. Hedging risk analysis

The company's product hedging business is not for speculation, mainly to avoid the adverse impact of price fluctuations on the company's production and operation, but there will also be certain risks, mainly as follows:

(1). Price fluctuation risk: affected by various factors such as international and domestic economic policies and economic situation, exchange rate and interest rate fluctuations, the market of hedging products changes greatly, which may produce the

risk of large price fluctuations and cause transaction losses;

(2). Internal control risk: hedging transactions are highly professional and complex, which may cause risks due to imperfect internal control systems;

(3). Capital risk: in the case of large fluctuations in the price of hedging products in a short period of time, when the company does not make up the margin in time, it may be forced to liquidate the position and suffer losses.

(4). Technical risks: due to uncontrollable and unpredictable system failures, network failures, communication failures, etc., the trading system is not operating normally, so that the transaction instructions are delayed, interrupted, which brings corresponding risks.

(5). Operational risk: trading losses may be caused by the operation errors of traders.

4. Risk control measures

(1) Strictly control the variety and scale of the company's futures hedging business, match it with the production and operation business, and put an end to investment behavior.

(2) The company will reasonably schedule and strictly control the scale of hedging funds in accordance with the relevant fund management system, and reasonably plan and use the margin.

(3) The company has established a hedging management system, which stipulates the organizational structure, business process management and risk control of the company's hedging business, so as to effectively prevent the risks of trading business.

(4) Strengthen the study and training of professional knowledge for personnel related to hedging business, and improve professional quality.

5. Deliberation procedures performed

(1) Deliberation by the Board of Directors

The Company held the 26th meeting of the 8th Board of Directors on March 29, 2024. With 10 votes in favor, 0 against and 0 abstention, the "Proposal on Carrying out Hedging Business in 2024" was deliberated and adopted. This proposal is within the scope of the deliberation authority of the board of directors of the company and does not need to be submitted to the general meeting of shareholders for deliberation.

(2) Opinions of independent directors

The independent directors believe that prior to carrying out the product and foreign exchange hedging business related to the company's production and operation, the company and its subsidiaries performed the necessary approval procedures, and complied with relevant laws and regulations and the relevant provisions of the articles of association; the company has established a sound organizational structure, business operation process, approval process and management system for the conduct of hedging business; under the premise of ensuring normal production and operation, carrying out hedging business is conducive to avoiding risks, ensuring profit margins of product sales, controlling capital costs such as gold leasing financing and foreign currency borrowing, and does not harm the interests of the company and all shareholders. It was agreed that the company could carry out hedging business.

This is hereby announced.

Board of Directors

Chifeng Jilong Gold Mining Co., Ltd.

March 30, 2024