

No. 3103-01/2025/CV-KSLC

Re: *Explanation of the Disclaimer of Opinion
on the 2024 Consolidated and Parent Company
Financial Statements.*

Lao Cai, March 31, 2025

To: - **The State Security Commission of Vietnam**
- **Hanoi Stock Exchange**

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

Our company would like to provide an explanation to your esteemed agencies regarding the basis for the disclaimer of opinion on the consolidated financial statements as follows:

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

1. Disclaimer of Opinion on Investments in Associates

We do not have access to the financial statements and audited financial statements of Van Son Green Environment Cooperative with an equity investment value of VND 24.145 billion and of Binh Thanh Green Environment Investment and Construction Joint Stock Company with an equity investment value of VND 23.769 billion. Replacement procedures are not feasible. Therefore, we are unable to assess the net value of the investments nor their impact on the indicators related to the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2024.

- At the time of auditing the semi-annual financial statements for 2024, we were unable to contact the management and accountants of the two associated companies. As a result, the provision of financial documents related to these companies was delayed, preventing the auditors from assessing the impairment provision for these investments.

2. Disclaimer of Opinion on Receivables:

We are also unable to gather sufficient pertinent evidence related to the assessment of the Board of Directors regarding the ability to recover receivables from loans to individuals in cash without collateral with principal and interest values as at 31/12/2024 of VND 55.129 billion and VND 855 million, respectively. Accordingly, we cannot determine whether it is necessary to set aside provisions for receivables or adjust relevant items on the Company's consolidated financial statements

- At the time of auditing the semi-annual financial statements for 2024, we had not yet recovered the loans and related interest. As a result, the auditors were unable to assess the



necessary provision. We are currently in the process of completing the procedures to recover the full amount.

3. Disclaimer of Opinion on Short-term Receivables:

On December 31, 2024, in the item "Other short-term receivables", advances are being recorded for several officials and employees to carry out production and business activities with an amount of VND 35,500,000,000. We have not been provided with sufficient documents related to the use of the above-mentioned advances. Although the Board of Directors has assessed the above advances as recoverable and do not affect the Company's asset losses. However, at the time of issuing this report, we have not been able to assess the reasonableness, purpose of use as well as the recoverability of the above-mentioned advances.

- At the time of auditing the semi-annual financial statements for 2024, we had not yet recovered advance payments made to certain officers and employees for the company's business operations, totaling VND 35,500,000,000. As a result, the auditor was unable to assess the reasonableness of the outstanding advance balances.

4. Opinion on the Company's Operational Status

As of December 31, 2024, the Company's accumulated loss is VND 133.144 billion, Loans and financial lease debts with a value of VND 2,230,000,000 are overdue. At the same time, the gold ore mining project in Luong Son district, Hoa Binh province under the mineral exploitation license No. 80/QD/UBND dated 12/11/2009 of Gia Long Hoa Binh Joint Stock Company (a subsidiary) has expired and has not been extended. These events, together with the issues set out in the paragraph "Grounds for refusal to give an opinion" above, exist material uncertainties that may lead to significant doubts affecting the Company's ability to continue operating. At the time of the issuance of this Report, we do not have sufficient grounds to give an opinion on whether the assumption of the Company's continuing operations is appropriate.

- Currently, our company is focusing on renewing the gold mining project of Gia Long Hoa Binh Co., Ltd. (a subsidiary). However, we still generate revenue from other core business activities. Accordingly, we also commit to and ensure the company's ability to continue operating at present and in the future.

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

1. Disclaimer of Opinion on Short-term Receivables.

As of December 31, 2024, the item "Other short-term receivables" includes an advance payment to certain of officers and employees to carry out production and business activities with an amount of VND 3,500,000,000. We have not been provided with sufficient documentation regarding the utilization of these advances. Although the Board of General Directors has assessed these advances as recoverable and not affecting the loss of the company's assets, however, up to the time of issuing this report, we have not been able to assess the reasonableness of the balance of these advances as well as the purpose of using these advances.

We were unable to obtain sufficient appropriate audit evidence regarding the Board of General Directors's assessment of the recoverability of unsecured individual loan receivables in cash, amounting to VND 40,500,000,000 as of December 31, 2024.

Accordingly, we could not determine whether it is necessary to make a provision for receivables or adjust the related items in the Company's Separate Financial Statements

- As of the time of the semi-annual audit of the 2024 financial statements, we have not yet recovered the advance payments made to certain officers and employees for business operations, amounting to VND 3,500,000,000. Therefore, the auditors have not been able to assess the reasonableness of the outstanding balance of these advance payments.

- Regarding unsecured cash loans amounting to VND 40,500,000,000, we are currently in the process of recovering these funds..

2. Disclaimer of Opinion on Investments in Associates

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

- As of the audit of the semi-annual financial statements for 2024, we have not yet been able to contact the management or accountants of the affiliated company. As a result, the provision of financial records related to this company has been delayed, preventing the auditors from assessing the impairment provision for the investment.

3. Opinion on the Company's Operational Status

According to the audited Financial Statement of the Subsidiary - Gia Long Hoa Binh Joint Stock Company ("Gia Long"), the auditor issued a disclaimer of opinion due to the pervasive nature of the issues that led to the disclaimer "Unable to assess the net value of the Investment in an Associate Company with a value of VND 23.8 billion, unable to assess the ability to recover the receivables for long-term loans with a value of VND 14.6 billion; unable to obtain documentation for advance payments with a value of VND 32 billion, and unable to assess the going concern assumption". However, during the year, the Board of General Directors reversed the provision for the investment in Gia Long with a value of VND 914 million. We were unable to obtain sufficient appropriate evidence regarding the Board of General Directors' assessment regarding this provision reversal, the net value of the investment, any additional required provision, or the impact of these factors on other relevant items in the Company's Separate Financial Statements.

As of December 31, 2024, the Company's accumulated loss was VND 136,442,802,965, equivalent to 55% of its owners' equity. Current liabilities exceeded current assets by VND 1,222,326,332. Borrowings and finance leases with a value of VND 2,230,000,000 were overdue. These factors, together with the issues presented by the Company in Note 2.4, indicate that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, At the time of issuance of this report, we do not have sufficient basis to express an opinion on whether the Company's going concern assumption is appropriate or not.

- Currently, our company is focusing on renewing the gold mining project of Gia Long Hoa Binh Co., Ltd. (a subsidiary), which has temporarily disrupted the main mining activities at both the parent company and the subsidiary. However, other core business activities continue to operate normally and without interruption. Accordingly, we hereby

affirm and ensure the company's ability to continue operating both at present and in the future.

The above is our company's explanation regarding the disclaimer of opinion on the Parent Company Financial Statements and the Consolidated Financial Statements for 2024. We sincerely hope to receive the understanding and support from the Stock Exchange and the Commission regarding the issues mentioned above.

Best regards!

Recipients:

- As addressed;
- Filed at Administration and Organization Department.

LAO CAI MINERAL EXPLOITATION & PROCESSING JSC

GENERAL DIRECTOR



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TỔNG GIÁM ĐỐC
Nguyễn Đức Cường

