**LCM: Explantion on difference in profit in 2023**

On June 06, 2024, Lao Cai Mineral Exploitation & Processing Joint Stock Company announced Official Dispatch No. 0606/2024/CV-KSLC explaining the difference in profit in 2023 between the Holding Company and the Consolidated Report before and after the audit; this year compared to the same period last year as follows:

* For the Holding Company's Financial Statements: The profit after tax during the reporting period had a difference of more than 5% before and after the audit:
* The profit after tax in 2023 before audit: VND 1,049,419,652
* The profit after tax in 2023 after audit: VND 3,295,383,310

The accumulated profit in 2023 before and after the audit had the above difference due to: The auditor's report having an "Reversal of financial investment provision" item, leading to an increase in profit compared to before the audit.

* The profit after tax in the Holding Company's report during the reporting period turned from a loss in the previous year's audit report to a profit in this period:
* The profit after tax in 2022 after audit: VND (105,698,400,749)
* The profit after tax in 2023 after audit: VND 3,295,383,310

The accumulated loss in the Holding Company's report in 2022 after the audit was due to the Subsidiary having a large other expense (1). This year's auditor’s report has a large "Reversal of financial investment provision" item, leading to an increase in the Holding Company's profit in 2023.

* The profit after tax in the Consolidated Report during the reporting period turned from a loss in the previous year's audit report to a profit in this period:
* The profit after tax in 2022 after audit: VND (109,531,688,107)
* The profit after tax in 2023 after audit: VND 3,244,999,272

The accumulated loss in the Consolidated Report 2022 after the audit was due to the Subsidiary (Gia Long Hoa Binh Company Limited) having a large other expense (1). In 2023, both the Holding Company and the Subsidiary had a significant increase in revenue from goods sales and service provision, resulting in a large profit increase during the year.

(1): “The gold ore exploitation project in Thung Chua area, Bac Son Commune (now Hung Son Commune), Kim Boi District and Ngoc Lam Village, Cao Ram Commune (now Cao Son Commune), Luong Son District, Hoa Binh Province according to Mineral Mining License No. 80/QD-UBND dated November 12, 2009 of Gia Long Hoa Binh Company Limited (Subsidiary) has expired. Currently, Gia Long Hoa Binh Company Limited (Subsidiary of LCM) is completing the procedures to extend the mining license, and soon resume mining operations. However, the audit determined that the rights related to the Subsidiary's mining license and the investment costs in the above project are not certain to bring economic benefits to the Group in the future. The audit has made a provision for the financial investment in Gia Long Hoa Binh Company Limited, leading to a sharp increase in other expenses of VND 107,544,990,216, causing the Holding Company's Profit after tax to be VND (105,698,400,749)." ”

On June 06, 2024, Lao Cai Mineral Exploitation & Processing Joint Stock Company announced Official Dispatch No. 0506/2023/CV-KSLC on explaining the auditor's disclaimer of opinion on the Consolidated Financial Statements and Holding Company’s Financial Statements 2023 as follows:

1. Basis for the auditor's disclaimer of opinion and the explanation of the entity:
2. Disclaimer of opinion on investment in joint ventures:

We were also unable to access the Audited Financial Statements of the Van Son Green Environment Cooperative with a balance of VND 24,145,465,329 (value according to the owners' equity method) and the Binh Thanh Green Environment Investment and Construction Joint Stock Company with a balance of VND 23,769,201,121 (value according to the owners' equity method). According to the Company's books, we were unable to perform alternative audit procedures. Therefore, we are unable to assess the recoverability and the necessary provision for the decline in the value of these investments (if any) as well as their impact on the related items in the Consolidated Financial Statements for the fiscal year ended December 31, 2023.

* At the time of auditing the Financial Statements 2023, we were unable to contact the Board of Managers and accountants of the two aforementioned joint ventures, leading to a delay in providing the relevant financial dossiers, which prevented the auditors from assessing the necessary provision for the decline in the value of these investments.
1. Disclaimer of opinion on receivables:

As presented in Note 08 and Note 09 of the Notes to the Consolidated Financial Statements, as of December 31, 2023, the "Short-term loan receivables" and "Other short-term receivables" items on the Company's Consolidated Financial Statements include short-term loans and interest from short-term loans of Gia Long Hoa Binh Company Limited amounting to VND 14,629,000,000 and VND 793,971,602, respectively. We were unable to obtain sufficient appropriate audit evidence to evaluate the fair value and recoverability of these loan receivables and interest receivables. We were unable to perform alternative audit procedures. Therefore, we are unable to assess the necessary provision and its impact on other items presented in the accompanying Consolidated Financial Statements.

* At the time of auditing the Financial Statements 2023, we were unable to collect these loan and interest receivables, so the auditors were unable to assess the necessary provision. Currently, we have collected the full amount as mentioned in the "Other Matters" section of the Financial Statements.
1. Disclaimer of opinion on short-term receivables

As presented in Note 8 of the Notes to the Consolidated Financial Statements, as of December 31, 2023, under the item "Other short-term receivables" there is a recorded prepayment of VND 24,000,000,000 to some employees and workers to carry out business production activities. We have not been provided with complete documentation related to the status of the use of the above-mentioned prepayments. Although the Board of Management has assessed the above prepayments as recoverable and not causing asset loss to the company, as of the time of issuing this report, we have also not been able to evaluate the reasonableness of the balances of the above-mentioned prepayments, as well as the purpose of using these prepayments.

* At the time of auditing the Financial Statements 2023, we have not yet recovered the prepayments to some employees and workers to carry out business production activities in the amount of VND 24,000,000,000, so the auditors have not yet been able to assess the reasonableness of the balances of the above-mentioned prepayments.
1. Opinion on the unit's operational situation

As explained in Note 2.4 of the Notes to the Consolidated Financial Statements. As of December 31, 2023, the company's accumulated losses are VND 134,773,923,533, corresponding to 54.7% of owners’ equity. At the same time, the gold ore mining project in Luong Son District, Hoa Binh Province under the mineral mining license No. 80/QD/UBND dated November 12, 2009 of Gia Long Hoa Binh Company Limited (a subsidiary) has expired and as of the time of issuing this report, it has not yet been extended. These events, together with the issues mentioned in Note 2.4, contain uncertainties that affect the company's going concern ability. At the time of issuing this auditor's report, we do not have a sufficient basis to express an opinion on whether the going concern assumption adopted by the Company is appropriate or not.

* Currently, our Company is focusing on extending the gold mining project of Gia Long Hoa Binh Company Limited (a subsidiary), so the main activities of the Subsidiary and the Holding Company are temporarily interrupted. However, other business activities are still operating continuously and normally. Accordingly, we would also like to commit and guarantee the company's going concern ability at present as well as in the future.

II. Basis for the auditor's disclaimer of opinion on the holding company's report and the unit's explanatory opinion:

1. Disclaimer of opinion on short-term receivables

As presented in Note 09 of the Separate Financial Statements, as of December 31, 2023, the "Other Short-term Receivables" account recorded advances to several staff and workers to carry out business production activities amounting to VND 8,500,000,000. We have not been provided with complete documentation related to the status of the use of the above-mentioned prepayments. Although the Board of Management has assessed that the prepayments above are recoverable and do not cause asset losses for the company, as of the time of issuing this report, we have not been able to evaluate the rationale of the balance of the prepayments mentioned above or the purpose of using these prepayments.

* At the time of auditing the Financial Statements 2023, we have not yet recovered the prepayments to some staff and workers to carry out business production activities amounting to VND 8,500,000,000, so the auditor has not been able to assess the reasonableness of the balance of the prepayments mentioned above.
1. Disclaimer of opinion on investments in joint ventures

We have also not received the Financial Statements and Audited Financial Statements of the Van Son Green Environment Cooperative in the amount of VND 24,150,000,000 recorded in the "Investments in joint ventures" item on the Separate Balance Sheet. According to the Company's books, we were unable to perform alternative audit procedures. Therefore, we are unable to assess the recoverability and the investment allowance (if any) as well as its impact on the related targets in the Separate Financial Statements for the fiscal year ended December 31, 2023 of the Company.

* At the time of auditing the Financial Statements 2023, we have not been able to contact the Board of Managers and accountants of the joint ventures mentioned above, so the provision of the related financial dossiers has been delayed, preventing the auditor from assessing the devaluation provision for the above investment.

3. Opinion on the unit's operational situation

The Financial Statements as of December 31, 2023 of Gia Long - Hoa Binh Company Limited (a subsidiary) are audited reports, in which the Auditor expressed a disclaimer of opinion due to the pervasive nature of the qualified items in the report. The qualified items in the report have not been quantified and adjusted in the Financial Statements of Gia Long - Hoa Binh Company Limited, so the provision for investment in the subsidiary presented in the Separate Financial Statements is not sufficiently reliable and certain. The alternative audit procedures could not be performed. Therefore, we do not express an opinion on the investment provision in the subsidiary amounting to VND 117,484,386,621 in the Separate Financial Statements, as well as the impact on other related targets in the Separate Financial Statements for the fiscal year ended December 31, 2023 of the Company.

As disclosed in Note 2.4, as of December 31, 2023, the Company's Accumulated Losses were VND 138,071,929,580, equivalent to 56% of owner's equity. At the same time, the net cash flow from operating activities is negative VND 2,659,312,602. These events, together with the issues mentioned in Note 2.4, involve uncertain factors affecting the Company's ability to continue as a going concern. At the time of issuing this Audit Report, we do not have sufficient basis to express an opinion on whether the going concern assumption used in the preparation of the Company's Financial Statements is appropriate.

* Currently, our Company is focusing on extending the operation of the Gold Mining Project of Gia Long Hoa Binh Company Limited (a subsidiary), so the main activities at the Subsidiary and the Holding Company are temporarily disrupted. However, other business activities are still operating continuously and normally. Accordingly, we would also like to commit and guarantee the Company's going concerns up to date as well as in the future.