**LCM: Explanation on and remedy for LCM stock under trading restriction**

On June 13, 2024, Lao Cai Mineral Exploitation & Processing Joint Stock Company announced Official Dispatch No. 1306/2024/CV-KSLC on explanation and solutions to overcome trading restriction as follows:

1. The reason for the audit company’s disclaimer of opinion for the Separate Financial Statements 2023 is:

* “Other short-term receivables” are recording prepayments to several officers and employees to carry out production and business activities in the amount of VND8,500,000,000. The auditor has not been provided with complete documents related to 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. However, by the time of releasing this report, the Auditor could not evaluate the reasonableness of the balance of the above-mentioned prepayments as well as the purpose of using these prepayments.
* The Auditor also has not received the Financial Statements and Audited Financial Statements of Van Son Green Environment Cooperative in the amount of VND24,150,000,000 in the Item "Investment in joint ventures and affiliated companies" on the separate Balance Sheet. According to the Company's books, the Auditor failed to perform alternative audit procedures. Therefore, we cannot evaluate the recoverability and the provision for devaluation of the investment (if any) as well as their impact on targets related to the separate Financial Statements for the fiscal year ending December 31, 2023 of the Company.
* The Financial Statements as of December 31, 2023 of Gia Long Hoa Binh Company Limited (Subsidiary) is an audited report, in this report, the Auditor gave a disclaimer of opinion due to the pervasive nature of the qualified items on the report. The qualified items in the report have not been adjusted and quantified in the Financial Statements of Gia Long Hoa Binh Company Limited, so the provision for investment in the subsidiary that is being set up and shown in the Separate Financial Statements does not have a reliable and certain basis. The alternative audit procedures could not be performed. Therefore, the Auditor gave a disclaimer of opinion on the provision for investment in subsidiaries amounting to VND117,484,386,621 in the Separate Financial Statements as well as the impact on other targets related to the Company's Separate Financial Statements for the fiscal year ending December 31, 2023.
* As of December 31, 2023, the Company's accumulated loss is VND138,071,929,580, equivalent to 56% of owners’ equity. At the same time, the net cash flow from operating activities is negative VND 2,659,312,602. These events, together with the matters set out in Note 2.4, create uncertainties that affect the Company's ability to continue as a going concern. At the time of issuance of this auditor's report, the Auditor does not have sufficient basis to express an opinion on whether the Company's going concern assumption has been appropriately established or not.

1. The reason for the audit company’s disclaimer of opinion on the Consolidated Financial Statements 2023:

* The auditor also could not access the Financial Statements and Audited Financial Statements of Van Son Green Environment Cooperative with an amount of VND24,145,465,329 (Value according to the owner’s equity method) and of Công ty Cổ phần Đầu tư và Xây dựng Môi trường Xanh Bình Thành (tentatively translated as Binh Thanh Green Environment Construction and Investment Joint Stock Company) with the amount of VND 23,769,201,121 (Value according to owners’ equity method). According to the Company's books, the Auditor failed to perform alternative audit procedures. Therefore, the Auditor cannot evaluate the recoverability and necessary provision of the investment (if any) as well as their impact on targets related to the Consolidated Financial Statements for the fiscal year ending December 31, 2023 of the Company.
* "Short-term loan receivables" and "Other short-term receivables" on the Company's Consolidated Financial Statements include short-term loans and interest from short-term loans of Gia Long Hoa Binh Company Limited with the values ​​are VND14,629,000,000 and VND793,971,602 respectively. The auditor was unable to collect sufficient appropriate audit evidence as a basis for assessing the fair value and recoverability of these loans and loan interest receivable. The auditor failed to perform alternative audit procedures. Therefore, the Audit cannot assess the necessary level of provisioning and their impact on other targets presented in the accompanying Consolidated Financial Statements.
* “Other short-term receivables" are recording prepayments to a number of officials and employees to carry out production and business activities in the amount of VND24,000,000,000. The auditor has not been provided with complete documents related to 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. However, at the time of releasing this report, the Auditor could not evaluate the reasonableness of the balance of the above-mentioned prepayments as well as the purpose of using these prepayments.
* As of December 31, 2023, the company's accumulated losses are VND134,773,923,533, 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 matters set out in Note 2.4, create uncertainties that affect the Company's ability to continue as a going concern. At the time of issuance of this auditor's report, the Auditor does not have sufficient basis to express an opinion on whether the Company's going concern assumption has been appropriately established or not.

1. Solutions to overcome audit opinions:

* With 2 investments in 2 affiliated companies at the time of the next Financial Statements, we commit to provide Financial Statements and Audited Financial Statements of Van Son Green Environment Cooperative and of Binh Thanh Green Environment Construction and Investment Joint Stock Company.
* For short-term loans and interest from short-term loans of Gia Long Hoa Binh Company Limited with values ​​of VND14,629,000,000 and VND793,971,602, respectively. We will collect and lend to individuals and organizations by mortgaging assets, to ensure payment with the least possible risk. Accordingly, the disclaimer of opinion on this issue will no longer be in the Company's next Audited Financial Statements.
* For the amount currently recorded as prepayments for several officials and employees to carry out production and business activities with the amount of VND 24,000,000,000 in 2024, we will recover the entire amount to continue production and business.
* In addition, currently the Company is focusing on extending 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 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.