FEISHANG

Feishang Anthracite Resources Limited
飛尚無煙煤資源有限公司
(Incorporated in the British Virgin Islands with limited liability)
(Stock code: 1738)

UPDATE ANNOUNCEMENT

This announcement is made by Feishang Anthracite Resources Limited ("**Company**", and together with its subsidiaries, "**Group**") to update the shareholders of the Company ("**Shareholders**") and potential investors about the actions taken and expected to be taken by the Group as at 30 June 2026 for resolving the disclaimer of opinion expressed by the Company's auditors on the Company's financial statements for the years ended 31 December 2024 and 2025 relating to going concern ("**Disclaimer Opinion**").

An extract of the Disclaimer Opinion is set out on pages 62 to 64 of the Company's annual report for the financial year ended 31 December 2025 published on 29 April 2026.

ACTIONS FOR RESOLVING THE DISCLAIMER OPINION

For ease of reference, the actions taken and expected to be taken by the Group as at 30 June 2026 are set out under the headings below.

Financial Support

Capital raising

The Group had considered various forms of capital raising exercise in view of the prevailing market conditions. In this regard, preliminary discussions with potential investors had been carried out although no firm commitment or arrangement had been reached.

The Group would continue to consider various forms of capital raising exercise in view of the prevailing market conditions.

Divestiture plan

The Group had considered divestiture plan for lowering the debt and gearing ratio. In this regard, preliminary discussions with potential purchasers of interests in Dayun Coal Mine and Liujiaba Coal Mine had been carried out although no firm commitment or arrangement was reached.

The Group would continue to consider divestiture plan for lowering the debt and gearing ratio.

Negotiations with lenders

The Group had continued to meet with its lenders for the negotiation of repayment proposals. Whether the Group is able to obtain desirable terms from the lenders is critical to the Group's operational continuity, cash flow, profitability and stability.

Litigations/Arbitrations

The Group had entered into negotiations with each of the plaintiffs about settling the litigation/arbitrations initiated by them or determined in their favour. The Group would continue to carry out such negotiations.

Legal Proceedings in relation to the Pledged Shares of Controlling Shareholder

For details in connection with the legal proceedings with Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司), please refer to the announcement of the Company dated 1 December 2025.

Production Output

For the months of January to June 2026, the total production volume came to about 248,000 tons, compared to approximately 416,000 tons for the months of January to June 2025.

Coal Quality Management

The Group has established a coal quality control team to formulate strict coal quality management policies and measures. Comprehensive coal quality management measures have been implemented throughout the entire production and sale process, from coal mining, underground transportation, screening, washing, to sales, ensuring accountability for coal management at every stage. Performance evaluations were utilized to enhance the overall effectiveness of coal quality management. The sales department regularly formulated sales strategies based on market changes and continuously adjusted the product structure to improve overall efficiency.

The Group would continue to implement the above coal quality management measures or other measures as appropriate.

Cost Controls

The Group has implemented the following measures to strengthen cost and expense control:

* promote the use of gob-side entry retaining (GSER) technology to reduce roadway driving costs

* optimize roadway driving plans to reduce roadway driving meters per ton of coal produced

* execute directional pre-splitting at upper/lower ribs in Yongsheng Coal Mine or other mines as appropriate, achieving the expected maintenance cost reductions

The Group would continue to implement the above measures or other measures as appropriate.

Discussion with Auditors

The Group had carried out discussions with the auditors on various matters including the Group's production and sales, borrowings and litigations/arbitrations, both regularly and when the needs arose. It is expected that the Group would continue to carry out such discussions.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
FEISHANG ANTHRACITE RESOURCES LIMITED
LI Zongyang
Chairman

Hong Kong, 27 July 2026

As at the date of this announcement, the executive Director is Mr. LI Zongyang; and the independent non-executive Directors are Ms. LIANG Ying, Mr. LUI Tin Shun and Mr. WANG Xiufeng.

The English names of the PRC entities mentioned in this announcement which are marked with "" are translation, or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese name of the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail.*