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南戈壁資源有限公司\*

*(A company continued under the laws of British Columbia, Canada with limited liability)*

*(Hong Kong Stock Code: 1878)*

*(TSX Venture Exchange Stock Symbol: SGQ)*

## **INSIDE INFORMATION UPDATE ON MONGOLIA TAX AUDIT**

This announcement is made by SouthGobi Resources Ltd. (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the announcement of the Company dated July 31, 2023 (the “**Announcement**”) in relation to the Mongolia tax audit.

As previously disclosed in the Company’s Announcement, on July 18, 2023, the Company’s wholly owned subsidiary in Mongolia, SouthGobi Sands LLC (“**SGS**”), received a notice (the “**Notice**”) from the Mongolian Tax Authority (the “**MTA**”) relating to a periodic tax audit on certain SGS’s financial information between 2017 and 2020 (the “**Audit**”). The MTA notified SGS that they are imposing a tax penalty against SGS in the amount of approximately US\$75.0 million as a result of the Audit. According to Mongolian law, SGS has a 30-day period from the date of receiving the Notice to file an appeal regarding the Audit.

As at the date of this announcement, SGS has engaged an independent tax consultant in Mongolia to provide tax advice and support to the Company in relation to the Audit. On August 17, 2023, SGS filed an appeal letter in relation to the Audit with the MTA in accordance with the Mongolian laws. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate.

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

*\* For identification purposes only*

By order of the Board  
**SouthGobi Resources Ltd.**

**Mao Sun**  
*Lead Director*

Vancouver, August 18, 2023

Hong Kong, August 18, 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Ruibin Xu, Ms. Chonglin Zhu and Mr. Chen Shen; the independent non-executive directors of the Company are Mr. Yingbin Ian He, Mr. Mao Sun and Ms. Jin Lan Quan; and the non-executive directors of the Company are Mr. Zhu Gao and Mr. Zaixiang Wen.*