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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**” and together with its subsidiaries, the “**Group**”) 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 announcements of the Company dated July 31, 2023, August 18, 2023 and February 26, 2024 (the “**Announcements**”) in relation to the Mongolia tax audit. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On May 15, 2024, the Company’s wholly owned subsidiary in Mongolia, Southgobi Sands LLC (“**SGS**”) received a notice (the “**Revised Notice**”) from the Mongolian Tax Authority (“**MTA**”) regarding the re-assessment result on the periodic tax audit as disclosed in the Announcements (the “**Tax Audit**”). The re-assessed amount of the tax penalty is approximately US\$80.0 million (the “**Re-assessment Result**”). In accordance with applicable Mongolian laws, SGS is entitled to file an appeal to the Tax Dispute Resolution Council regarding the Re-assessment Result within a 30-day period from the date of receiving the Revised Notice (the “**Appeal Period**”).

The Company’s management is currently reviewing the Revised Notice with its independent tax consultant in Mongolia and intends to file an appeal against the Re-assessment Result within the Appeal Period. Therefore, the actual time to resolve the Tax Audit may be extended.

\* For identification purposes only

Despite the above, the Company wishes to inform its shareholders and potential investors that the above Re-assessment Result does not impact the Group's financial statements unless and until the appeal result is final and conclusive.

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.**

By order of the Board  
**SouthGobi Resources Ltd.**  
**Mao Sun**  
*Lead Director*

Vancouver, May 22, 2024

Hong Kong, May 22, 2024

*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.*