



SOUTHGOBI RESOURCES LTD.

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 Code: SGQ)

July 25, 2024

To the independent Shareholders

Dear Sir/Madam,

We refer to the Management Proxy Circular of the Company dated July 25, 2024 (the “**Circular**”) to its Shareholders of which this letter forms part. Capitalized terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you on: (i) the fairness and reasonableness of the terms of the March 2024 Deferral Agreement, the April 2024 Deferral Agreement, the Convertible Debenture Amendment and the transactions contemplated thereunder; and (ii) how to vote on the resolutions regarding the March 2024 Deferral Agreement, the April 2024 Deferral Agreement and the Convertible Debenture Amendment at the Meeting, after taking into account the recommendations of the Independent Financial Adviser.

DL Securities (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders as to whether the terms of the March 2024 Deferral Agreement, the April 2024 Deferral Agreement, the Convertible Debenture Amendment and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the independent Shareholders on how to vote on the relevant resolution.

Your attention is drawn to:

- the information set out on pages IBC-1 to IBC-2 of the Circular which contains its recommendation to the independent Shareholders and the additional information set out in the Appendix to the Circular; and
- the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-16 of this circular which contains its advice to the Independent Board Committee and the independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from the Independent Financial Adviser, we are of the view that: (i) the March 2024 Deferral Agreement, the April 2024 Deferral Agreement, the Convertible Debenture Amendment and the transactions contemplated thereunder have been entered

into in the ordinary and usual course of business of the Group and on normal commercial terms (on arm's length basis or terms no less favourable to the Group than terms available from independent third parties) or better; and (ii) the terms of the March 2024 Deferral Agreement, the April 2024 Deferral Agreement and the Convertible Debenture Amendment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolutions in relation to the March 2024 Deferral Agreement, the April 2024 Deferral Agreement and the Convertible Debenture Amendment to be presented at the Meeting.

Yours faithfully,

For and on behalf of the Independent Board Committee



Mr. Yingbin Ian He

Independent Non-Executive Directors



Ms. Jin Lan Quan



Mr. Fan Keung Vic Choi