

April 30, 2024

SouthGobi Resources Ltd.  
20th floor – 250 Howe Street  
Vancouver, BC.  
V6C 3R8

SouthGobi Sands LLC  
8th Floor, Monnis Building,  
Orgil Stadium 22, Great Mongolian State Street,  
15th Khoroo, Khan-Uul District,  
Ulaanbaatar 17011 Mongolia

SGQ Coal Investment PTE Ltd.  
6 Shenton Way OUE Downtown 1 #38-01  
Singapore 068809

Attention: Mr. Mao Sun

Dear Sirs/Mesdames:

**Obligations of SouthGobi Resources Ltd., formerly SouthGobi Energy Resources Ltd. (the “Issuer”) and SouthGobi Sands LLC (“SG Sands”) and SGQ Coal Investment PTE Ltd. (“SGQ”) (SG Sands and SGQ, the “Guarantors”) to JD Zhixing Fund L.P. (“JDZF” or the “Subscriber”) pursuant to a Convertible Debenture issued on November 19, 2009 originally in the principal amount of U.S. \$500,000,000 (the “Convertible Debenture”), and obligations of the Issuer and SG Sands to JDZF pursuant to an Amended and Restated Cooperation Agreement dated April 23, 2019 (the “Amended and Restated Cooperation Agreement”).**

## **I. DEFINITIONS**

Except as otherwise provided herein, capitalized terms used but not defined herein shall have the meanings set out in the Convertible Debenture.

## **II. EFFECTIVENESS OF THIS AGREEMENT**

The parties acknowledge and agree that the effectiveness of this Agreement and the respective covenants, agreements and obligations of each party under this Agreement are subject to the Issuer providing notice to, and obtaining acceptance (if any), of this Agreement from the TSX Venture Exchange (“**TSX-V Acceptance**”), and obtaining requisite approval of this Agreement from disinterested shareholders of the Company in accordance with Part 5 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* under Canadian Securities Laws and Rule 14.33 and Rule 14A.36 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. If the Issuer does not obtain TSX-V Acceptance and requisite shareholder approval on or before August 30, 2024 or such later date as the Issuer and Subscriber may

agree in writing, this Agreement shall automatically terminate and cease to be of any force and effect, without liability of any party to any other party hereto.

### III. THE INDEBTEDNESS AND SECURITY

1. The parties acknowledge that as a result of the completion of a private sale transaction (the "**Sale Transaction**") among Land Breeze II S.a.r.l ("**Land Breeze**"), Fullbloom Investment Corporation ("**Fullbloom**"), an affiliate of Land Breeze, and JDZF on August 30, 2022, (i) Land Breeze has sold all of its interests in the Convertible Debenture to JDZF; and (ii) Land Breeze and Fullbloom have assigned to JDZF all of Land Breeze's and Fullbloom's respective rights in and obligations under the Convertible Debenture and related security documents, the Amended and Restated Cooperation Agreement and related documents, and the deferral agreements among Land Breeze, Fullbloom, the Issuer and certain of the Issuer's subsidiaries which relate to the deferral of certain interest payments and other outstanding fees under the Convertible Debenture and the Amended and Restated Cooperation Agreement.
2. Following the Sale Transaction and pursuant to the Convertible Debenture, the Issuer and the Guarantors are indebted to JDZF in the principal amount of US\$250,000,000 as of the date hereof, together with interest, fees, and costs incurred or accruing in respect of the Convertible Debenture (the "**Indebtedness**").
3. As security for the Indebtedness and the obligations under the Convertible Debenture, JDZF holds comprehensive security over all of the property, assets and undertakings of the Issuer (the "**GSA**") and over all of the property, assets and undertakings of the Guarantors (the "**General Deed of Charge Agreements**"), which includes, but is not limited to, the security over the Issuer's present and future securities in the share capital of SGQ (the "**Share Charge**") as well as security over the pledged Collateral (as defined in the Pledge Agreement originally between SGQ and Land Breeze (the "**Pledge Agreement**"), which has been assigned to JDZF) held by SGQ in SG Sands (collectively, the "**Security Documents**").

### IV. DEFERRAL

1. Pursuant to a letter dated November 11, 2022 (the "**November 2022 Deferral Agreement**"), JDZF granted the Issuer a deferral of the Deferred Amounts (as such term is defined in the November 2022 Deferral Agreement) (the "**November 2022 Deferred Amounts**"), which included, amongst other things, payment-in-kind interest payment in the amount of US\$1,100,000 (the "**November 2022 PIK Interest**"), which was originally due and payable on November 19, 2022 under the Convertible Debenture. Pursuant to the November 2022 Deferral Agreement, the November 2022 Deferred Amounts comprising the payment of the November 2022 PIK Interest was deferred until November 19, 2023.
2. On November 17, 2023, JDZF agreed to, amongst other things, a conditional waive (the "**Waiver**") the Company's payment obligations under the November 2022 Deferral Agreement with respect to the November 2022 Deferred Amounts relating to the November 2022 PIK Interest, which was payable on November 19, 2023. The Waiver was

originally effective up to and until January 19, 2024, but was subsequently further extended by JDZF up to and until April 30, 2024. As of date of this Agreement, the conditions set forth in the Waiver have not been fulfilled.

3. The Issuer has advised the Subscriber that it requires a deferral of the November 2022 Deferred Amounts relating to the November 2022 PIK Interest which were payable on November 19, 2023 under the November 2022 Deferral Agreement.
4. Subject to the terms and conditions herein, each of which are acknowledged and agreed to by the execution and delivery of this letter agreement (the “**Agreement**”) by the Issuer and the Guarantors and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by JDZF,
  - (a) JDZF acknowledges and agrees that payment of November 2022 Deferred Amounts relating to the November 2022 PIK Interest (the “**Deferred Amounts**”), shall be deferred until August 31, 2025 (the “**Deferral Date**”) and, together with the Deferral Fee (as defined below), shall be paid in full on the Deferral Date in cash or such other dates as may be agreed upon by the parties in accordance with the terms and conditions herein.

## V. DEFERRAL CONDITIONS

### A. Confirmation & Acknowledgement

1. Each of the Issuer and the Guarantors confirm, acknowledge, covenant and agree that:
  - (a) the Indebtedness and this Agreement, the Convertible Debenture, the Amended and Restated Cooperation Agreement and the Security Documents and all other executed documents delivered by the Issuer and the Guarantors have been duly authorized by all necessary actions; have not been assigned, released, discharged, waived or varied except to the extent as provided herein or in any prior amendments or agreements in writing with JDZF; are in full force and effect; constitute legal, valid and binding obligations of each of the Issuer and the Guarantors as the case may be; and are enforceable against each of the Issuer and the Guarantors, as the case may be, in accordance with their respective terms;
  - (b) the guarantees provided by the Guarantors pursuant to separate guarantees between each Guarantor and JDZF have been duly authorized by all necessary actions, have not been assigned, released, discharged, waived or varied except to the extent as provided herein or in writing with JDZF; are in full force and effect; constitute legal, valid and binding obligations of each of the Guarantors, as the case may be; and are enforceable against each of the Guarantors as the case may be, in accordance with their respective terms;
  - (c) each of the Guarantors hereby (i) affirms the terms of the Convertible Debenture; and (ii) consents to and approves the terms herein, and nothing herein shall limit the obligations of any of the Guarantors to JDZF;

- (d) there is no dispute regarding the liability of the Guarantors in connection with the Indebtedness and the Obligations (as defined in the General Security Documents), including without limitation, the obligations of the Guarantors to repay the Indebtedness and perform all other obligations according to the provisions of the Convertible Debenture and the Security Documents, as the case may be;
- (e) the Security has been properly perfected and registered, as the case may be, in all applicable jurisdictions, and constitutes:
  - (i) a first-priority charge on (x) all of the present and after acquired personal property of the Issuer and each of the Guarantors and (y) all of the Shares (as defined in the Share Charge Agreement) of the Issuer in SGQ; and
  - (ii) a first-priority security interest in all of the Shares (as defined in the Pledge Agreement) of SG Sands held by SGQ. For greater certainty, as a result of applicable laws, the parties acknowledge that the Security has not been registered in Mongolia;
- (f) the Security secures, among other things and without interruption or impairment of any kind, the Obligations (as defined the Security Documents);
- (g) interest continues to accrue on the Indebtedness under and pursuant to the Convertible Debenture, all amounts deferred under the deferral agreements dated November 19, 2020, July 30, 2021, May 13, 2022, November 11, 2022, March 24, 2023, October 13, 2023 and March 19, 2024 in accordance with the terms thereof (the “**Existing Deferral Agreements**”) and on each of the Deferred Amounts pursuant to the terms hereof;
- (h) the Issuer and the Guarantors shall comply with all covenants under and pursuant to the Convertible Debenture and the Existing Deferral Agreements, and shall not take any action that is restricted under the Convertible Debenture, including, without limitation, the making of distributions to holders of Common Shares;
- (i) each of the Issuer and the Guarantors shall not sell, transfer or assign or otherwise dispose of (other than in the ordinary course of business and for the purpose of carrying on same) any of their respective property or assets or enter into any agreement to do so other than with the prior written consent of JDZF;
- (j) other than with the prior written consent of JDZF, each of the Issuer and the Guarantors shall not create, incur, assume or permit to exist any (i) additional Debt other than Debt of the Issuer under section (iv) of the definition of Permitted Debt under the Convertible Debenture or, (ii) Debt related to non-coal business related opportunities without first receiving the written consent of JDZF, and shall not grant a charge, pledge, mortgage, hypothec or security interest in any of their respective assets or enters into any agreement to do so;
- (k) the Issuer and the Guarantors hereby agree to grant reasonable access and provide any financial information including, proposed funding plans, any financial reports,

financial statements, opinions, valuations or financial analysis and slide decks prepared for board of directors meetings (each subject to solicitor client privilege and any applicable bona fide confidentiality restrictions imposed by third parties) to, and otherwise co-operate with the financial advisor designated by JDZF, as JDZF may require in that regard;

- (l) each of the Issuer and the Guarantors shall not amend or modify the terms and conditions of, provide waivers with respect to, or terminate or otherwise abandon, any material contract without the prior written consent of JDZF;
- (m) except as otherwise provided herein, the Issuer and the Guarantors shall continue to operate the Business in the ordinary course;
- (n) the Issuer and the Guarantors: (i) shall provide JDZF with written notice at least twelve (12) days prior to the commencement of any action, application, petition, suit or proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency, winding-up or similar law of any jurisdiction now or hereafter in effect, for the relief from or otherwise affecting creditors of the Issuer or any of the Guarantors, including without limitation, under the *Bankruptcy and Insolvency Act* (“BIA”) (including the filing of a notice of intention to make a proposal), *Companies’ Creditors Arrangement Act* (“CCAA”) or the *Winding-up and Restructuring Act* (“WURA”) by the Issuer or any of the Guarantors; and (ii) shall not seek any debtor-in-possession financing in connection with the commencement of any such action, application, petition, suit or proceeding without the prior written consent of JDZF;
- (o) each of the Issuer and the Guarantors shall not object to the appointment of an interim receiver, receiver or receiver-manager or other Court Officer over their respective property and assets in the event that JDZF exercises any of its rights and remedies under any of the Convertible Debenture and Security Documents or at law or equity upon an Event of Default or upon a Deferral Event of Default (as defined herein); and
- (p) upon the request of JDZF, the Issuer and the Guarantors shall allow JDZF and/or its advisors, during normal and reasonable business hours and at JDZF’s expense, to (i) inspect and audit the financial statements, books and records of the Issuer and its subsidiaries and affiliates and make copies thereof, and (ii) conduct due diligence and investigation of the business operation of the Issuer and its subsidiaries and affiliates, and shall use best efforts to cooperate and provide necessary support for such inspection, audit, due diligence or investigation, including but not limited to facilitating access to (1) the auditors of the Issuer and its subsidiaries and affiliates, (2) management personnel and employees, (3) site visits, (4) contracts, business plans, budgets, research reports, feasibility studies, management memorandums and presentations, statistics and other materials relating to the business operation, and (5) customers, suppliers, contractors and agents.

**B. Further Assurances**

1. Neither the Issuer nor any of the Guarantors shall enter into any transactions with any of their Affiliates or related persons other than on arm's-length commercially reasonable terms.
2. Each of the Issuer and the Guarantors shall provide such further or additional documents and information including, without limitation, financing statements and financing change statements, whether provided for in the Convertible Debenture and Security Documents or otherwise as JDZF may require.

**C. Continuing Agreements**

In all respects, other than as expressly supplemented by this Agreement, the provisions of the Convertible Debenture, Security Documents, the Existing Deferral Agreements and Amended and Restated Cooperation Agreement shall continue to apply unamended and shall remain in full force and effect, including, for greater certainty, Article 5 of the Convertible Debenture which applies to all payments to JDZF under the Convertible Debenture and under this Agreement and if the Issuer shall be required by Applicable Law to deduct and remit any Taxes, as defined in the Convertible Debenture, from or in respect of any sum payable to JDZF hereunder or under the Convertible Debenture, including in respect of any Additional Amounts, Article 5.1 of the Convertible Debenture shall apply and the Issuer shall provide to JDZF evidence of any such withholding and remittance as required by Applicable Law or as may be reasonably requested by JDZF.

**D. Consideration for Deferral**

1. As consideration for the deferral of the Deferred Amounts in accordance with this Agreement which relate to payment obligations arising from the Convertible Debenture, the Issuer agrees to pay JDZF a deferral fee at a rate per annum of six and four tenths of one percent (6.4%) (the "**Deferral Fee**") on the outstanding balance such Deferred Amounts, calculated on the basis of a 360 day year, commencing on the date on which each such Deferred Amount would otherwise have been due and payable under the Convertible Debenture.
2. The Issuer covenants and agrees with JDZF to use its best efforts to pay the Deferred Amounts and Deferral Fees due and payable hereunder to JDZF. During the period beginning as of the date hereof and ending as of the Deferral Date (the "**Deferral Period**"),
  - (a) the Issuer shall on a monthly basis, no later than the 10<sup>th</sup> calendar day after each calendar month end, provide JDZF with such information regarding the Issuer's financial status and business operations as JDZF may reasonably request in order to assess the Issuer's financial condition and working capital position;
  - (b) based on the information furnished by the Issuer pursuant to subsection 2(a) above, the Issuer and JDZF agree to discuss and assess in good faith from time to time and in any event no later than the 15<sup>th</sup> calendar day after each calendar month end, the amount (if any) of the Deferred Amounts and Deferral Fees that the Issuer may be

able to repay to JDZF having regard to the working capital requirements of the Issuer's operations and business at the time and with the view of ensuring that the Issuer's operations and business would not be materially prejudiced as a result of any repayment; and

- (c) if at any time the Issuer and JDZF mutually agree pursuant to subsection 2(b) above to a repayment amount, the Issuer and JDZF shall set forth the terms of such repayment in writing, which shall include the timing of such payment and such other terms as may be agreed to by the Issuer and JDZF.
3. Commencing as of the date of this Agreement and until such time before the November 2022 PIK Interest is fully repaid, JDZF reserves the right to require the Issuer to pay and satisfy the November 2022 PIK Interest deferred hereunder, either in full or in part, by way of issuing and delivering PIK Interest Shares in accordance with the procedures set out in Section 2.3 of the Convertible Debenture, provided the Issuer can complete such Issuance in accordance with Applicable Law, including Canadian Securities Laws.

## **VI. DEFAULT AND TERMINATION**

- 1. Nothing in this Agreement shall prejudice JDZF's rights to pursue any of its remedies at any time and from time to time pursuant to the terms of the Convertible Debenture.
- 2. Other than as may be consented to in writing by JDZF, the occurrence of any of the following events shall constitute an event of default hereunder, provided same is continuing, including an event which with the passage of time or the giving of notice or both would constitute an event of default (each a "**Deferral Event of Default**"):
  - (a) if the Issuer or any of the Guarantors, as the case may be, fails to comply with or defaults in performance or observance of the terms, conditions, covenants, agreements or undertakings under or provided in this Agreement or the Existing Deferral Agreements, including for greater certainty, failure to make payment by the Issuer of any of the payments described in any of the Convertible Debenture and Security Documents, as the case may be, or an Event of Default occurs;
  - (b) if any representation, warranty or other statement made or deemed to be made in any of this Agreement, the Existing Deferral Agreements, the Transaction Documents (as defined in the Convertible Debenture), the Security Documents or in any of the documents and information to be delivered to JDZF pursuant to this Agreement by the Issuer or any of the Guarantors shall prove untrue in any material respect;
  - (c) the failure of the Issuer and the Guarantors (i) to notify JDZF at least twelve (12) days prior to the commencement by the Issuer or any of the Guarantors of any action, application, petition, suit or proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency, winding-up or similar law of any jurisdiction now or hereafter in effect, for the relief from or otherwise affecting creditors of the Issuer or any of the Guarantors, including without limitation, under the BIA (including the filing of a notice of intention to make a proposal), CCAA or

the WURA, or (ii) to obtain the prior written consent of JDZF to any debtor-in-possession financing in connection with the commencement of any such action, application, petition, suit or proceeding;

- (d) the commencement of any action, application, petition, suit or other proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency, winding-up or similar law of any jurisdiction now or hereafter in effect, for the relief from or otherwise affecting creditors of the Issuer or any of the Guarantors, including without limitation, under the BIA (including the filing of a notice of intention to make a proposal), the CCAA or the WURA against or in respect of the Issuer or any of the Guarantors;
- (e) any receiver, receiver-manager, interim receiver, monitor, liquidator, assignee, custodian, trustee, sequestrator or other similar official shall be appointed in respect of the Issuer or any of the Guarantors or all or any part of their respective property or assets;
- (f) if the Issuer or any of the Guarantors (i) makes a general assignment for the benefit of its creditors, including without limitation, any assignment made pursuant to the BIA, (ii) acknowledges its insolvency or is declared or becomes bankrupt or insolvent, (iii) fails to meet its liabilities generally as they become due, or (iv) commits an act of bankruptcy under the BIA or any similar law of any jurisdiction;
- (g) any holder of any security interest, mortgage, lien, charge, claim or encumbrance of any kind enforces against, delivers any notices of intention to enforce security pursuant to Section 244 of the BIA, or otherwise takes possession, management or control of all or any part of the Issuer's or the Guarantors' property or assets or all or any part of the interest of the Issuer or any of the Guarantors therein;
- (h) a distress, execution, warrant, garnishment, attachment, sequestration, levy, writ, or any similar process is enforced upon or against all or any part of any of the Issuer's or the Guarantors' assets with a total collateral value which is in excess of \$500,000 (including, without limitation, by a lessor under any lease) and which is not dismissed or resolved within 20 days, or any third party demand is issued by any governmental authority in respect of the Issuer or any of the Guarantors or all or any part of their respective assets or any other seizure is made in respect of all or any part of any of the Issuer's or the Guarantors' assets with a total collateral value which is in excess of \$500,000 and which is not dismissed or resolved within 20 days or if the Issuer or any of the Guarantors ceases or threatens to cease to carry on their respective businesses. For greater certainty, the parties acknowledge that the payment of funds by SG Sands to the Government of Mongolia in connection with the proposed settlement of the tax penalty arising out of a judgment of the Mongolian Second District Criminal Court of Justice in February 2015 does not contravene this paragraph or result in an Event of Default or a Deferral Event of Default;



- (i) if the Issuer or any of the Guarantors contests or denies in any manner the legality, validity, binding nature or enforceability of any of the Convertible Debenture and Security Documents, the Existing Deferral Agreements or this Agreement; or
  - (j) if JDZF determines that a Material Adverse Effect (as defined in the Convertible Debenture) after the date of this Agreement in the financial or business condition of the Issuers or any of the Guarantors have occurred, including, without limitation, the termination of any material contract.
  - (k)
    - (i) If at any time before the Deferred Amounts and Deferral Fee are fully repaid, the Issuer proposes to appoint, replace or terminate one or more of its Chief Executive Officer, its Chief Financial Officer or any other senior executive(s) in charge of its principal business function or its principal subsidiary (each, a “**Senior Executive Officer**”), the Issuer will first consult with, and obtain written consent (such consent shall not be unreasonably withheld) from JDZF prior to effecting such appointment, replacement or termination. In case JDZF objects to the proposed appointment, replacement or termination, the Issuer will use reasonable efforts to work with representatives of JDZF to ensure that JDZF’s concerns are addressed and acceptable personnel are appointed to the applicable position.
    - (ii) JDZF understands that the directors of the Issuer are subject to fiduciary duties under applicable corporate laws, including, without limitation, the duty to appoint, retain, oversee, and, if necessary, terminate or replace such management in the best exercise of their fiduciary duties. JDZF acknowledges and agrees that nothing in this clause (k) shall be construed as fettering the discretion of the directors to properly exercise their fiduciary duties as required by law, and confirms that JDZF’s consent provided for in sub-clause (i) shall not be withheld if the board of directors of the Issuer (the “**Board**”) proposes to appoint, replace one or more of its Senior Executive Officers with nominees selected by the Board, provided that the directors of the Issuer are acting honestly and in good faith with a view to the best interests of the Issuer, and exercising the care, diligence and skill that reasonably prudent individuals would exercise in comparable circumstances, in the best exercise of their fiduciary duties pursuant to applicable corporate laws. JDZF further acknowledges and agrees that a failure of JDZF to grant a consent in such circumstances shall be deemed to be an unreasonable withholding and the appointment, termination or replacement of any Senior Executive Officer in such circumstance does not contravene this Agreement or result in an Event of Default or a Deferral Event of Default.
3. Notwithstanding anything contained to the contrary in any of the Convertible Debenture and Security Documents, upon the occurrence of an Event of Default or a Deferral Event of Default:
- (a) JDZF shall be entitled to pursue any or all remedies available against one or more of the Issuer and the Guarantors at any time and from time to time in accordance with the Convertible Debenture and Security Documents, including, without limitation, by enforcing some or all of the Security; and

- (b) the Indebtedness and all other obligations under this Agreement, the Convertible Debenture and Security Documents shall be immediately due and payable, without any requirement for JDZF to deliver a notice to the Issuer and the Guarantors without presentment, demand, protest or other requirements of any kind, each of which (together with any notice) are expressly waived by the Issuer and the Guarantors to the extent permitted by law.

**VII. NOTICES**

**A. Notice**

1. All notices, demands, requests and other communications to be given or exchanged for the purposes of this Agreement shall be in writing and shall be sent by personal delivery or facsimile telecommunication or electronic mail to the respective addresses hereinafter set forth or to such other addresses as any party hereto may from time to time designate by written notice to the others as herein required.
2. Any such communication shall be addressed as follows:

If to JDZF at:

JD Zhixing Fund L.P.  
Attention: Chonglin Zhu  
Fax:  
Email: 635181983@qq.com

With copies to:

Attention:  
Email:  
Fax:

If to the Issuer or the Guarantors, to it at:

SouthGobi Resources Ltd.  
Attention: Corporate Secretary  
Fax: (852) 2156 1439

With copies to:

SouthGobi Sands LLC  
c/o SouthGobi Resources Ltd.  
Attention: Corporate Secretary  
Fax: (852) 2156 1439

SGQ Coal Investment Pte. Ltd.  
c/o SouthGobi Resources Ltd.  
Attention: Corporate Secretary  
Fax: (852) 2156 1439

or to such other address or facsimile number as a party hereto may from time to time designate to all the other parties hereto in such manner. All such notices and communications shall, when required or permitted to be delivered or confirmed hereunder by facsimile transmission, be effective when so delivered or confirmed.

### **VIII. ADDITIONAL NOMINATION RIGHTS**

1. Capitalized terms used in this Article VII that are not otherwise defined in this Agreement shall have the meanings ascribed to them in the Securityholders Agreement among Land Breeze and the Issuer dated November 19, 2009 (the “**Securityholders Agreement**”), which has been assigned by Land Breeze to JDZF pursuant to the Sale Transaction.

2. In addition to its existing right to nominate one director (the “**Initial JDZF Nominee**”) pursuant to the Securityholders Agreement:

- (a) for as long as JDZF and its Affiliates beneficially own, directly or indirectly, 20% or more of the outstanding Common Shares, JDZF will be entitled (but not obliged), to nominate two (2) additional individuals who meet the qualification criteria set out in Section 4 of this Article VIII (each an “**Additional JDZF Nominee**”) for appointment or election, from time to time, to the board of directors of the Issuer (the “**Board**”);
- (b) for as long as JDZF and its Affiliates beneficially own, directly or indirectly, 10% or more, but less than 20%, of the outstanding Common Shares, JDZF will be entitled (but not obliged), to nominate one (1) Additional JDZF Nominee for appointment or election, from time to time, to the Board.

JDZF may give Notice to the Issuer at any time and from time to time identifying the individuals JDZF intends to nominate as its Additional JDZF Nominees.

3. The Issuer will, within thirty (30) days following receipt of JDZF’s Notice identifying the individual(s) it intends to nominate as its Additional JDZF Nominee(s), cause such individual(s) to be appointed to the Board as additional director(s) in accordance with Applicable Law and the Constating Documents, provided that if such Notice is received by the Issuer after the date upon which the Issuer delivers a management proxy circular to its shareholders in respect of a meeting

of its shareholders at which directors are to be elected but prior to the date upon which the election of directors at such meeting takes place, the Issuer will cause the individual(s) nominated by JDZF as its Additional JDZF Nominee(s) to be appointed to the Board within thirty (30) days following the date of such meeting. Unless and until JDZF gives Notice to the Issuer, as provided above, nominating a new individual(s) to replace any incumbent Additional JDZF Nominee(s) on the Board, the Issuer will continue to include the incumbent Additional JDZF Nominee(s) among the Issuer's management nominees for election to the Board at each meeting of the shareholders of the Issuer at which directors are to be elected. If, at any time, JDZF ceases to be entitled to nominate an Additional JDZF Nominee(s), JDZF will, if and when requested by the Issuer to do so, promptly procure the resignation of the incumbent Additional JDZF Nominee(s).

4. Each Additional JDZF Nominee will be an individual who:
  - (a) consents in writing to act as a director of the Issuer; and
  - (b) is not disqualified from acting as a director of the Issuer under Applicable Law, provided that such person need not be a Canadian resident.
5. The Issuer will compensate the Additional JDZF Nominees on a basis no less favourable than the basis upon which it compensates its incumbent non-management directors.
6. The Additional JDZF Nominees and the Initial JDZF Nominee shall be entitled to the benefit of any directors' liability insurance to which the directors of the Issuer are entitled.
7. For so long as JDZF is entitled to an Initial JDZF Nominee and/or Additional JDZF Nominees, the Issuer shall include the applicable nominee(s) on management's form of proxy and the Issuer shall recommend a vote "for" the election of the Initial JDZF Nominee and Additional JDZF Nominees, as applicable.
8. The Parties recognize and agree that if for any reason any of the provisions of this Article VII of the Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or injury may be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that in addition to any other remedies the other Party shall be entitled to at law or equity, the other Party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement. In the event that any action shall be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

## **IX. GENERAL**

1. In the event that any provision (or any portion of a provision) of this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not invalidate, render unenforceable or otherwise affect any other provision hereof, and this Agreement shall be construed without giving effect to such invalid, illegal or unenforceable provision (or such portion of a provision) as if it had never been contained herein.

2. Any conflict between this Agreement and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of the Convertible Debenture will be deemed to be governed by the terms, conditions and provisions of this Agreement, which shall take precedence and priority.
3. No waiver or indulgence by JDZF of any of its rights and remedies under any of the Convertible Debenture and Security Documents or at law or equity shall be construed as a waiver of any other or subsequent right or remedy of JDZF and no delay or omission in the exercise or enforcement by JDZF of its rights and remedies under any of the Convertible Debenture and Security Documents or at law or equity shall be construed as a waiver of any right or remedy of JDZF, and JDZF reserves all rights, claims and remedies that each has or may have against the Issuer and the Guarantors under any of the Convertible Debenture and Security Documents or at law or equity.
4. For greater certainty, except as provided in Section IV.4 hereof, nothing in this Agreement shall constitute a waiver of any default or Event of Default which has or may occur under any of the Convertible Debenture and Security Documents.
5. Subject to Section 2, this Agreement shall become effective as between JDZF, the Issuer and the Guarantors when it shall have been executed by all of JDZF, the Issuer and the Guarantors and thereafter shall be binding upon and enure to the benefit of JDZF, the Issuer, the Guarantors and their respective successors and permitted assigns.
6. Time is of the essence hereof.
7. The Issuer and the Guarantors shall not be entitled to assign any of their respective rights and/or obligations hereunder or any interest herein without the prior written consent of JDZF.
8. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard for any conflict of laws or choice of laws principles that would permit or require the application of the laws of any other jurisdiction.
9. Any dispute, claim, question or difference arising out of or relating to this Agreement shall be referred to arbitration at the Hong Kong International Arbitration Centre in Hong Kong Special Administrative Region of the People's Republic of China under the UNCITRAL Arbitration Rules in force at the time of arbitration. The language of the arbitration shall be English. The arbitral award shall be final and binding on the parties to the dispute and arbitration. The parties hereto agree that the arbitral tribunal has the power and authority to grant equitable remedies including, but not limited to specific performance and injunction. The parties hereto further agree that, notwithstanding the foregoing, a court of competent jurisdiction has the power and authority to grant temporary injunctive relief until any matter in dispute is determined by the arbitral tribunal.
10. The Issuer and each of the Guarantors hereby waives the right, if any, to trial by jury in any action, suit, counter-claim or other proceeding arising out of or related to any of the Convertible Debenture and Security Documents.

11. This Agreement may be executed in counterparts, whether by original copy or facsimile and each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument.

If the foregoing is acceptable to you, please signify your acceptance in the space provided below.

**JD ZHIXING FUND L.P.**

By: 朱重临

\_\_\_\_\_  
Name: Chonglin Zhu

Title: Director

[signatures continue on the next page]

## ISSUER AND GUARANTOR ACKNOWLEDGEMENT AND ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, the Issuer and the Guarantors hereby acknowledges, confirms and agrees to the terms and conditions set out in this Agreement.

The Issuer and each of the Guarantors hereby jointly and severally represents and warrants to JDZF, specifically acknowledging that JDZF is relying upon all of such representations and warranties in entering into this Agreement, as follows:

- (a) no Event of Default has or is occurring by the Issuer or the Guarantors pursuant to the Convertible Debenture or any Security Document; and
- (b) each of the Issuer and the Guarantors are in compliance with all covenants and obligations under the Convertible Debenture and the Security Documents.


The Issuer and each of the Guarantors further acknowledges and agrees that, except as provided in Section IV.4, neither the covenants or agreements of JDZF in this Agreement, nor the performance thereof at any time, shall constitute or be deemed or implied to be a waiver by JDZF of any Event of Default under the Convertible Debenture or the Security Documents. Except as provided in Section IV.4, JDZF reserves all rights and remedies under the Convertible Debenture, the Security Documents and this Agreement.

The Issuer and each of the Guarantors hereby acknowledges and agrees that it has had an opportunity to review this Agreement with legal counsel and further, that they have been advised of and understand the terms and the consequences of signing same.

The Issuer and each of the undersigned Guarantors hereby confirms their agreement to the foregoing and acknowledge having received both a copy hereof on this \_\_\_\_\_, 2024 and sufficient consideration to support its agreement, and each of the Guarantors further acknowledges the continuing liability of each such Guarantor under their respective guarantees and the Security delivered to JDZF.



**SOUTHGOBI RESOURCES LTD.**

By: 

Name: Mao Sun

Title: Independent Director

**SGQ COAL INVESTMENT PTE LTD.**

By: \_\_\_\_\_

Name: Man Ho Alan Ho

Title: Director

**SOUTHGOBI SANDS LLC**

By: \_\_\_\_\_

Name: Jinsheng Xu

Title: Executive Director

**SOUTHGOBI RESOURCES LTD.**

By: \_\_\_\_\_

Name: Mao Sun

Title: Independent Director

**SGQ COAL INVESTMENT PTE LTD.**

By: \_\_\_\_\_

Name: Man Ho Alan Ho  
Title: Director

**SOUTHGOBI SANDS LLC**

By:  \_\_\_\_\_

Name: Jinsheng Xu

Title: Executive Director

**SOUTHGOBI RESOURCES LTD.**

By: \_\_\_\_\_  
Name: Mao Sun  
Title: Independent Director

**SGQ COAL INVESTMENT PTE LTD.**

By: \_\_\_\_\_  
Name: Man Ho Alan Ho  
Title: Director

**SOUTHGOBI SANDS LLC**

By: \_\_\_\_\_  
Name: Jinsheng Xu  
Title: Executive Director