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 Symbol: SGQ)

SOUTHGOBI ANNOUNCES FOURTH QUARTER AND FULL YEAR 2024 FINANCIAL AND OPERATING RESULTS

SouthGobi Resources Ltd. (the "**Company**" or "**SouthGobi**") today announces its financial and operating results for the quarter and year ended December 31, 2024.

Please see the attached announcement for more details. The information included in the attached announcement is available under the Company's profile on SEDAR+ and HKEXnews respectively, at www.sedarplus.ca and www.hkexnews.hk.

By order of the Board
SouthGobi Resources Ltd.
Yingbin Ian He
Lead Director

Vancouver, March 28, 2025
Hong Kong, March 28, 2025

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, Ms. Jin Lan Quan and Mr. Fan Keung Vic Choi; and the non-executive directors of the Company are Mr. Zhu Gao and Mr. Zaixiang Wen.

* *For identification purpose only*

March 28, 2025

SOUTHGOBI ANNOUNCES FOURTH QUARTER AND FULL YEAR 2024 FINANCIAL AND OPERATING RESULTS

HONG KONG – SouthGobi Resources Ltd. (**Hong Kong Stock Exchange ("HKEX"): 1878, TSX Venture Exchange ("TSX-V"): SGQ**) (the "Company" or "SouthGobi") today announces its financial and operating results for the quarter and year ended December 31, 2024. All figures are in U.S. dollars ("USD") unless otherwise stated.

The Board of Directors (the "Board") wish to inform that the Company's independent auditors, BDO Limited, have completed their audit of the consolidated financial statements of the Company for the year ended December 31, 2024 in accordance with Canadian generally accepted auditing standards and would like to announce the audited annual results of the Company for the year ended December 31, 2024 together with the comparative figures for the previous year and the respective notes in this announcement.

SIGNIFICANT EVENTS AND HIGHLIGHTS

The Company's significant events and highlights for the year ended December 31, 2024 and the subsequent period to March 28, 2025 are as follows:

- ***Operating Results*** – The Company increased the scale of its mining operations in 2024, as well as implementing various coal processing methods, including screening, wet washing and dry coal processing, which have resulted in improved coal quality and enhanced production volume and growth of coal export volume into China during the year.

  In response to the market demand for different coal products, the Company focused on expanding the categories of coal products in its portfolio, including mixed coal, wet washed coal and dry processed coal. In addition, the Company has experienced success with processing its inventory of F-grade coal products through cost-effective screening procedures. As a result of the improvement in the quality of the processed F-grade coal, the Company was able to meet the import coal quality standards established by Chinese authorities and has been exporting this product to China for sale since the first quarter of 2024, further enhancing the Company's coal export volume.

  The Company recorded sales volume of 7.0 million tonnes in 2024 compared to 3.6 million tonnes in 2023, while the Company recorded an average realised selling price of $70.4 per tonne in 2024 compared to $93.0 per tonne in 2023. The decrease in the average realised selling price was mainly due to the Company facing headwinds in the China coal market in 2024, leading to the Company changing its product mix to sell a greater percentage of lower-priced coal products.

- ***Financial Results*** – The Company recorded a $153.9 million profit from operations in 2024 compared to $75.9 million profit from operations in 2023. The financial results for 2024 were impacted by the expansion of its sales network and diversification of its customer base, and a reversal of additional tax and tax penalty of $48.5 million, which was recorded in the fourth quarter of 2024.

- ***Build-Operate-Transfer Agreement*** – On July 15, 2024, the Company's wholly-owned Mongolian subsidiary, Southgobi Sands LLC ("SGS"), entered into a Build-Operate-Transfer agreement (the "BOT Agreement") with Tangshan Shenzhou Manufacturing Group Co., Ltd ("Tangshan"), pursuant to which Tangshan will be responsible for the construction, operation, and quality management of a new dry coal separation system, including key machinery (collectively, the "Dry Coal Separation System") at the Company's Ovoot Tolgoi Mine in Mongolia, which will be a stand-alone plant separate from the Company's existing dry processing plant. Tangshan will also be responsible for the construction of all related facilities for the Dry Coal Separation System. Under the BOT Agreement, SGS has the right to supervise and manage the overall work of coal quality assurance and operation, including, but not limited to, the supervision and management of operational safety, production planning, and operations management.

  The total consideration payable by the Company over the term of the BOT Agreement is approximately $10.9 million, together with certain additional processing volume-based fees. Subject to the terms as set out therein, the BOT Agreement is effective from July 15, 2024 until October 1, 2029.

- ***Additional Tax and Tax Penalty Imposed by the Mongolian Tax Authority ("MTA")*** – On July 18, 2023, SGS received an official notice (the "Notice") issued by the MTA stating that the MTA had completed a periodic tax audit (the "Audit") on the financial information of SGS for the tax assessment years between 2017 and 2020, including transfer pricing, royalty, air-pollution fee and unpaid tax payables. As a result of the Audit, the MTA notified SGS that it is imposing a tax penalty against SGS in the amount of approximately $75.0 million. The penalty mainly relates to the different view on the interpretation of tax law between the Company and the MTA. Under Mongolian law, the Company had a period of 30 days from the date of receipt of the Notice to file an appeal in relation to the Audit. Subsequently the Company engaged an independent tax consultant in Mongolia to provide tax advice and support to the Company and filed an appeal letter in relation to the Audit with the MTA in accordance with Mongolian laws on August 17, 2023.

  On February 8, 2024, SGS received notice from the Tax Dispute Resolution Council ("TDRC") which stated that, after the TDRC's review, the TDRC issued a decision in relation to SGS' appeal of the Audit, and ordered that the audit assessments set forth in the Notice of July 18, 2023 be sent back to the MTA for review and re-assessment.

  On February 22, 2024, SGS received another notice from the MTA stating that the MTA anticipated commencing the re-assessment process on or about March 7, 2024 and the duration of such process will be approximately 45 working days.

On May 15, 2024, SGS received a notice (the "Revised Notice") from the MTA regarding the re-assessment result on the Audit (the "Re-assessment Result"). The re-assessed amount of the tax penalty is approximately $80.0 million. In accordance with applicable Mongolian laws, SGS is entitled to file an appeal to the TDRC regarding the Re-assessment Result within a 30-day period from the date of receiving the Revised Notice.

On June 12, 2024, following consultation with its independent tax consultant in Mongolia, SGS submitted an appeal letter to the TDRC regarding the Re-assessment Result, in accordance with applicable Mongolian laws.

On January 10, 2025, SGS received a resolution dated December 19, 2024 (the "Resolution") from the TDRC in response to the appeal letter sent by SGS to the TDRC on June 12, 2024, relating to the Re-assessment Result. As set forth in the Resolution, the TDRC has determined to reduce the re-assessed amount of tax penalty against SGS from approximately $80.0 million to approximately $26.5 million (the "Revised Re-assessment Result"). In accordance with the applicable Mongolian laws, SGS is entitled to file an appeal to the Administrative Court in Ulaanbaatar, Mongolia (the "Administrative Court") regarding the Revised Re-assessment Result within a 30-day period from the date of receiving the Resolution. After careful consideration and consultation with the Company's independent tax consultant in Mongolia, the Company has determined not to pursue a further appeal of the Revised Re-assessment Result with the Administrative Court.

As at December 31, 2024, the Company recorded an additional tax and tax penalty in the amount of $45.5 million (2023: $85.1 million), which consists of a tax penalty payable of $26.5 million (2023: $75.0 million) and a provision for additional late tax penalty of $19.0 million (2023: $10.1 million). As a result of the Revised Re-assessment Result, the Company recorded a reversal of additional tax and tax penalty of $48.5 million in 2024 (2023: $nil). To date, the Company has paid the MTA an aggregate of $1.7 million in relation to the aforementioned tax penalty. The Company anticipates paying down the outstanding amount of the tax and tax penalty from cash generated from operations in the normal course. According to Mongolian tax law, the Mongolian tax authority has a legal authority to demand payment of the outstanding amount of the Revised Re-assessment Result from the Company at its discretion.

- ***2025 March Deferral Agreement*** – On March 20, 2025, the Company and JD Zhixing Fund L.P. ("JDZF") entered into an agreement (the "2025 March Deferral Agreement") pursuant to which JDZF agreed to grant the Company a deferral of (i) the cash and payment-in-kind interest ("PIK Interest"), management fees, and related deferral fees in the aggregate amount of approximately $111.6 million which will be due and payable to JDZF on or before August 31, 2025 pursuant to the deferral agreement dated March 19, 2024 and the deferral agreement dated April 30, 2024; (ii) semi-annual cash interest payment of approximately $7.9 million payable to JDZF on May 19, 2025 under the Convertible Debenture; (iii) semi-annual cash interest payments of approximately $8.1 million payable to JDZF on November 19, 2025 and the $4.0 million in PIK Interest payable to JDZF on November 19, 2025 under the JDZF convertible debenture (the "Convertible Debenture"); and (iv) management fees in the aggregate amount of approximately $6.1 million payable to JDZF on May 16, 2025, August 15, 2025, November 15, 2025 and February 15, 2026, respectively, under the amended and restated mutual cooperation agreement (the "Amended and Restated Cooperation Agreement") (collectively, the "2025 March Deferred Amounts").

The effectiveness of the 2025 March Deferral Agreement and the respective covenants, agreements and obligations of each party under the 2025 March Deferral Agreement are subject to the Company obtaining the requisite approval of the 2025 March Deferral Agreement from shareholders in accordance with the requirements of applicable 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 (the "Listing Rules"). The Company will be seeking approval of the 2025 March Deferral Agreement from disinterested shareholders at the Company's upcoming annual general meeting ("AGM") of shareholders, which will be held at a future date to be set by the Board.

The principal terms of the 2025 March Deferral Agreement are as follows:

- Payment of the 2025 March Deferred Amounts will be deferred until August 31, 2026 (the "2025 March Deferral Agreement Deferral Date").

- As consideration for the deferral of the 2025 March Deferred Amounts which relate to the payment obligations arising from the Convertible Debenture, the Company agreed to pay JDZF a deferral fee equal to 6.4% per annum on the outstanding balance of such 2025 March Deferred Amounts, commencing on the date on which each such 2025 March Deferred Amounts would otherwise have been due and payable under the Convertible Debenture.

- As consideration for the deferral of the 2025 March Deferred Amounts which relate to payment obligations arising from the Amended and Restated Cooperation Agreement, the Company agreed to pay JDZF a deferral fee equal to 1.5% per annum on the outstanding balance of such 2025 March Deferred Amounts commencing on the date on which each such 2025 March Deferred Amounts would otherwise have been due and payable under the Amended and Restated Cooperation Agreement.

- The 2025 March Deferral Agreement does not contemplate a fixed repayment schedule for the 2025 March Deferred Amounts or related deferral fees. Instead, the 2025 March Deferral Agreement requires the Company to use its best efforts to pay the 2025 March Deferred Amounts and related deferral fees due and payable under the 2025 March Deferral Agreement to JDZF. During the period beginning as of the effective date of the 2025 March Deferral Agreement and ending as of the 2025 March Deferral Agreement Deferral Date, the Company will provide JDZF with monthly updates of its financial status and business operations, and the Company and JDZF will on a monthly basis discuss and assess in good faith the amount (if any) of the 2025 March Deferred Amounts and related deferral fees that the Company may be able to repay to JDZF, having regard to the working capital requirements of the Company's operations and business at such time and with the view of ensuring that the Company's operations and business would not be materially prejudiced as a result of any repayment.

- If at any time before the 2025 March Deferred Amounts and related deferral fees are fully repaid, the Company 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, the Company 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.

- ***Changes in Directors and Management***

  Ms. Chonglin Zhu: Ms. Zhu was appointed as Chief Financial Officer on February 2, 2024.

  Mr. Alan Ho: Mr. Ho was redesignated from Chief Financial Officer to a new management position within the Company on February 2, 2024.

  Mr. Fan Keung Vic Choi: Mr. Choi was elected as an independent non-executive director at the Company's AGM held on June 27, 2024.

  Mr. Mao Sun: Mr. Sun did not stand for the re-election at the AGM and ceased to be an independent non-executive director on June 27, 2024.

- ***Going Concern*** – Several adverse conditions and material uncertainties relating to the Company cast significant doubt upon the going concern assumption which includes the deficiencies in assets and working capital.

  See section "Liquidity and Capital Resources" of this press release for details.

OVERVIEW OF OPERATIONAL DATA AND FINANCIAL RESULTS

Summary of Annual Operational Data

		Year ended December 31, 2024		2023
Sales Volumes, Prices and Costs				
Premium semi-soft coking coal				
Coal sales *(millions of tonnes)*		**0.91**		2.08
Average realised selling price *(per tonne)*	**$**	**105.10**	$	106.91
Standard semi-soft coking coal/premium thermal coal				
Coal sales *(millions of tonnes)*		**2.96**		0.53
Average realised selling price *(per tonne)*	**$**	**71.86**	$	70.58
Standard thermal coal				
Coal sales *(millions of tonnes)*		**0.86**		–
Average realised selling price *(per tonne)*	**$**	**38.40**	$	–
Processed coal				
Coal sales *(millions of tonnes)*		**2.29**		0.98
Average realised selling price *(per tonne)*	**$**	**66.62**	$	75.23
Total				
Coal sales *(millions of tonnes)*		**7.02**		3.59
Average realised selling price *(per tonne)*	**$**	**70.40**	$	93.02
Raw coal production *(millions of tonnes)*		**10.20**		4.05
Cost of sales of product sold *(per tonne)*	**$**	**51.37**	$	44.07
Direct cash costs of product sold *(per tonne)* (i)	**$**	**39.56**	$	30.46
Mine administration cash costs of product sold *(per tonne)* (i)	**$**	**1.58**	$	1.39
Total cash costs of product sold *(per tonne)* (i)	**$**	**41.14**	$	31.85
Other Operational Data				
Production waste material moved *(millions of bank cubic meters)*		**59.47**		25.71
Strip ratio *(bank cubic meters of waste material per tonne of coal produced)*		**5.84**		6.36
Lost time injury frequency rate (ii)		**0.06**		0.17

(i) *A Non-International Financial Reporting Standards ("non-IFRS") financial measure. Refer to "Non-IFRS Financial Measures" section. Cash costs of product sold exclude idled mine asset cash costs.*

(ii) *Per 200,000 man hours and calculated based on a rolling 12 month average.*

Overview of Annual Operational Data

The Company recorded an average realised selling price of $70.4 per tonne for 2024 compared to $93.0 per tonne for 2023. The decrease was mainly due to the Company facing headwinds in the China coal market in 2024, leading to the Company changing its product mix to sell a greater percentage of lower-priced coal products. The product mix for 2024 consisted of approximately 13% of premium semi-soft coking coal, 42% of standard semi-soft coking coal/premium thermal coal, 12% of standard thermal coal and 33% of processed coal compared to approximately 58% of premium semi-soft coking coal, 15% of standard semi-soft coking coal/premium thermal coal and 27% of processed coal in 2023.

The Company's unit cost of sales of product sold was $51.4 per tonne in 2024 compared to $44.1 per tonne in 2023. The increase was due to change in product mix with the Company expanding into certain categories of processed coal with higher production costs.

Summary of Annual Financial Results

$ in thousands, except per share information	**Year ended December 31, 2024**	2023
Revenue [(i)]	**$ 493,378**	$ 331,506
Cost of sales [(i)]	**(360,588)**	(158,195)
Gross profit excluding idled mine asset costs [(ii)]	**133,286**	173,487
Gross profit	**132,790**	173,311
Other operating expenses, net	**(3,698)**	(870)
Administration expenses	**(13,454)**	(10,437)
Evaluation and exploration expenses	**(1,362)**	(991)
Reversal of/(provision for) additional tax and tax penalty	**39,666**	(85,143)
Profit from operations	**153,942**	75,870
Finance costs	**(37,766)**	(49,072)
Finance income	**3,626**	5,084
Share of earnings of joint ventures	**3,227**	2,840
Share of earnings of associates	**587**	4
Current income tax expenses	**(31,119)**	(33,818)
Net profit attributable to equity holders of the Company	**92,497**	908
Basic earnings per share	**$ 0.312**	$ 0.003
Diluted earnings per share	**$ 0.311**	$ 0.003

(i) *Revenue and cost of sales related to the Company's Ovoot Tolgoi Mine within the Coal Division operating segment. Refer to note 3 of the selected information from the notes to the consolidated financial statements in this press release for further analysis regarding the Company's reportable operating segments.*

(ii) *A non-IFRS financial measure, idled mine asset costs represents the depreciation expense relates to the Company's idled plant and equipment.*

Overview of Annual Financial Results

The Company recorded a $153.9 million profit from operations in 2024 compared to $75.9 million profit from operations in 2023. The increase was mainly due to an increase of 3.4 million tonnes of sales volume in 2024 as compared to 2023 and a reversal of additional tax and tax penalty of $48.5 million was recorded in the fourth quarter of 2024.

Revenue was $493.4 million in 2024 compared to $331.5 million in 2023. The financial results were impacted by increased sales volume, as a result of expansion of its sales network, diversification of its customer base and expansion of the categories of coal products in its portfolio.

Cost of sales was $360.6 million in 2024 compared to $158.2 million in 2023. The increase in cost of sales was mainly due to increased sales and the Company expanding into certain categories of processed coal with higher production costs.

Cost of sales consists of operating expenses, share-based compensation expense, equipment depreciation, depletion of mineral properties, royalties and idled mine asset costs. Operating expenses in cost of sales reflect the total cash costs of product sold (a Non-IFRS financial measure, refer to “Non-IFRS Financial Measures” section of this press release for further analysis) during the year.

$ in thousands	**Year ended December 31, 2024**	2023
Operating expenses	**$ 288,773**	$ 114,346
Share-based compensation expense	**18**	4
Depreciation and depletion	**19,924**	5,165
Royalties	**51,377**	38,504
Cost of sales from mine operations	**$ 360,092**	$ 158,019
Cost of sales related to idled mine assets	**496**	176
Cost of sales	**$ 360,588**	$ 158,195

Operating expenses in cost of sales were $288.8 million in 2024 compared to $114.3 million in 2023. The overall increase in operating expenses was due to the Company expanding into certain categories of processed coal with higher production costs.

Cost of sales related to idled mine assets in 2024 included $0.5 million related to depreciation expenses for idled equipment (2023: $0.2 million).

Other operating expenses were $3.7 million in 2024 (2023: $0.9 million). The increase was due to increased management fee in 2024 and no reversal of impairment on materials and supplies inventories was recorded in 2024 (2023: $5.0 million).

	Year ended December 31,	
$ in thousands	**2024**	2023
Management fee	**$ 6,630**	$ 4,879
Provision for doubtful trade and other receivables	**10**	59
Foreign exchange loss, net	**134**	1,202
Gain on disposal of items of property, plant and equipment, net	**(261)**	–
Impairment/(reversal of impairment) on materials and supplies inventories	**231**	(4,988)
Rental income from short term leases	**–**	(68)
Penalty on late settlement of trade payables	**–**	454
Gain on contract offsetting arrangement	**(3,046)**	(668)
Other operating expenses, net	**$ 3,698**	$ 870

Administration expenses were $13.5 million in 2024 as compared to $10.4 million in 2023. The change was mainly due to higher daily administration fees and increased salaries and benefits as a result of expansion of operations.

	Year ended December 31,	
$ in thousands	**2024**	2023
Corporate administration	**$ 3,688**	$ 2,673
Legal and professional fees	**2,836**	2,483
Salaries and benefits	**6,415**	4,779
Share-based compensation expense	**45**	10
Depreciation	**470**	492
Administration expenses	**$ 13,454**	$ 10,437

The Company continued to minimise evaluation and exploration expenditures in 2024 in order to preserve the Company's financial resources. Evaluation and exploration activities and expenditures in 2024 were limited to ensuring that the Company met the Mongolian Minerals Law requirements in respect of its mining licenses.

Finance costs were $37.8 million and $49.1 million in 2024 and 2023 respectively, which primarily consisted of interest expense on the $250.0 million Convertible Debenture.

Summary of Quarterly Operational Data

Quarter Ended	**2024** **31-Dec**	30-Sep	30-Jun	31-Mar	2023 31-Dec	30-Sep	30-Jun	31-Mar
Sales Volumes, Prices and Costs								
Premium semi-soft coking coal								
Coal sales *(millions of tonnes)*	**0.16**	0.10	0.29	0.36	0.54	0.64	0.57	0.33
Average realised selling price *(per tonne)*	**$ 89.56**	$ 116.48	$ 102.61	$ 111.01	$ 107.59	$ 100.33	$ 103.33	$ 124.72
Standard semi-soft coking coal/ premium thermal coal								
Coal sales *(millions of tonnes)*	**1.31**	1.09	0.28	0.28	0.29	0.18	0.05	0.01
Average realised selling price *(per tonne)*	**$ 69.30**	$ 72.54	$ 77.04	$ 76.07	$ 72.41	$ 68.43	$ 67.09	$ 73.52
Standard thermal coal								
Coal sales *(millions of tonnes)*	**0.38**	0.24	0.12	0.12	–	–	–	–
Average realised selling price *(per tonne)*	**$ 36.99**	$ 37.20	$ 36.10	$ 47.91	$ –	$ –	$ –	$ –
Processed coal								
Coal sales *(millions of tonnes)*	**0.81**	0.68	0.51	0.29	0.13	0.33	0.26	0.26
Average realised selling price *(per tonne)*	**$ 68.66**	$ 63.65	$ 73.04	$ 56.65	$ 77.23	$ 66.03	$ 82.99	$ 78.19
Total								
Coal sales *(millions of tonnes)*	**2.66**	2.11	1.20	1.05	0.96	1.15	0.88	0.60
Average realised selling price *(per tonne)*	**$ 65.72**	$ 67.77	$ 77.55	$ 79.52	$ 92.93	$ 85.57	$ 95.34	$ 104.11
Raw coal production *(millions of tonnes)*	**4.19**	2.75	2.01	1.25	1.34	1.18	0.97	0.56
Cost of sales of product sold *(per tonne)*	**$ 48.92**	$ 52.77	$ 61.32	$ 43.36	$ 38.17	$ 42.23	$ 47.76	$ 51.59
Direct cash costs of product sold *(per tonne)* (i)	**$ 37.92**	$ 41.74	$ 47.15	$ 30.70	$ 26.20	$ 32.26	$ 33.79	$ 28.95
Mine administration cash costs of product sold *(per tonne)* (i)	**$ 1.88**	$ 0.94	$ 2.42	$ 1.08	$ 1.83	$ 0.82	$ 1.60	$ 1.48
Total cash costs of product sold *(per tonne)* (i)	**$ 39.80**	$ 42.68	$ 49.57	$ 31.78	$ 28.03	$ 33.08	$ 35.39	$ 30.43
Other Operational Data								
Production waste material moved *(millions of bank cubic meters)*	**17.48**	15.04	14.59	12.36	7.81	7.34	7.73	2.83
Strip ratio *(bank cubic meters of waste material per tonne of coal produced)*	**4.17**	5.48	7.27	9.87	5.85	6.24	7.93	5.07
Lost time injury frequency rate (ii)	**0.00**	0.00	0.00	0.22	0.22	0.21	0.23	0.00

(i) *A non-IFRS financial measure. Refer to section "Non-IFRS Financial Measures". Cash costs of product sold exclude idled mine asset cash costs.*

(ii) *Per 200,000 man hours and calculated based on a rolling 12 month average.*

Overview of Quarterly Operational Data

The Company experienced a decrease in the average selling price of coal from $92.9 per tonne in the fourth quarter of 2023 to $65.7 per tonne in the fourth quarter of 2024, as a result of the Company facing headwinds in the China coal market in 2024, leading to the Company changing its product mix to sell a greater percentage of lower-priced coal products. The product mix for the fourth quarter of 2024 consisted of approximately 6% premium semi-soft coking coal, 49% standard semi-soft coking coal/premium thermal coal, 14% standard thermal coal and 31% of processed coal compared to approximately 56% premium semi-soft coking coal, 30% standard semi-soft coking coal/premium thermal coal and 14% of processed coal in the fourth quarter of 2023.

The Company sold 2.7 million tonnes for the fourth quarter of 2024, compared to 1.0 million tonnes for the fourth quarter of 2023.

The Company's unit cost of sales of product sold increased from $38.2 per tonne in the fourth quarter of 2023 to $48.9 per tonne in the fourth quarter of 2024. The increase was mainly due to the Company expanding into certain categories of processed coal with higher production costs.

Summary of Quarterly Financial Results

The Company's annual financial statements are reported under the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards"). The following table provides highlights, extracted from the company's annual and interim consolidated financial statements, of quarterly results for the past eight quarters.

$ in thousands, except per share information	**2024**				2023			
Quarter Ended	**31-Dec**	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Financial Results								
Revenue [i]	**$ 174,640**	$ 143,748	$ 92,821	$ 82,169	$ 88,504	$ 97,979	$ 83,243	$ 61,780
Cost of sales [i]	**(130,119)**	(111,354)	(73,582)	(45,533)	(36,645)	(48,569)	(42,027)	(30,954)
Gross profit excluding idled mine asset costs [ii]	**44,757**	32,544	19,303	36,682	51,908	49,491	41,227	30,861
Gross profit including idled mine asset costs	**44,521**	32,394	19,239	36,636	51,859	49,410	41,216	30,826
Other operating income/ (expenses), net	**(1,194)**	(294)	(1,157)	(1,053)	4,308	(413)	(4,001)	(764)
Administration expenses	**(3,627)**	(3,400)	(3,014)	(3,413)	(3,879)	(1,846)	(2,656)	(2,056)
Evaluation and exploration expenses	**(314)**	(1,003)	(23)	(22)	(91)	(808)	(28)	(64)
Reversal of/(provision for) additional tax and tax penalty	**39,666**	–	–	–	(10,153)	–	(74,990)	–
Profit/(loss) from operations	**79,052**	27,697	15,045	32,148	42,044	46,343	(40,459)	27,942
Finance costs	**(6,893)**	(10,679)	(10,322)	(11,021)	(12,334)	(13,266)	(11,558)	(11,914)
Finance income	**3,247**	733	722	73	40	4,915	44	85
Share of earnings of joint ventures	**1,206**	133	1,055	833	1,101	809	428	502
Share of earnings/(loss) of associates	**578**	(1)	–	10	4	–	–	–
Current income tax expenses	**(4,899)**	(7,844)	(8,585)	(9,791)	(6,519)	(9,452)	(9,087)	(8,760)
Net profit/(loss)	**72,291**	10,039	(2,085)	12,252	24,336	29,349	(60,632)	7,855
Basic earnings/(loss) per share	**$ 0.244**	$ 0.034	$ (0.007)	$ 0.041	$ 0.082	$ 0.099	$ (0.205)	$ 0.027
Diluted earnings/(loss) per share	**$ 0.228**	$ 0.034	$ (0.007)	$ 0.041	$ 0.082	$ 0.099	$ (0.205)	$ 0.027

(i) *Revenue and cost of sales relate to the Company's Ovoot Tolgoi Mine within the Coal Division operating segment. Refer to note 3 of the selected information from the notes to the consolidated financial statements in this press release for further analysis regarding the Company's reportable operating segments.*

(ii) *A non-IFRS financial measure, idled mine asset costs represents the depreciation expense relates to the Company's idled plant and equipment.*

Overview of Quarterly Financial Results

The Company recorded a $79.1 million profit from operations in the fourth quarter of 2024 compared to a $42.0 million profit from operations in the fourth quarter of 2023. The financial results for the fourth quarter of 2024 were impacted by the Company recording a reversal of additional tax and tax penalty of $48.5 million during the quarter as a result of the Revised Re-assessment Result.

Revenue was $174.6 million in the fourth quarter of 2024 compared to $88.5 million in the fourth quarter of 2023. The increase was due to: increased sales volume, as a result of expansion of its sales network, diversification of its customer base and expansion of the categories of coal products in its portfolio.

Cost of sales was $130.1 million in the fourth quarter of 2024 compared to $36.6 million in the fourth quarter of 2023. The increase in cost of sales in the fourth quarter of 2024 was mainly due to increased sales and the Company expanding into certain categories of processed coal with higher production costs.

Cost of sales consists of operating expenses, share-based compensation expense, equipment depreciation, depletion of mineral properties, royalties and idled mine asset costs. Operating expenses in cost of sales reflect the total cash costs of product sold (a Non-IFRS financial measure, refer to section "Non-IFRS Financial Measures" for further analysis) during the quarter.

	Three months ended December 31,	
$ in thousands	**2024**	2023
Operating expenses	**$ 105,873**	$ 26,906
Depreciation and depletion	**8,908**	1,436
Royalties	**15,102**	8,254
Cost of sales from mine operations	**$ 129,883**	$ 36,596
Cost of sales related to idled mine assets	**236**	49
Cost of sales	**$ 130,119**	$ 36,645

Cost of sales related to idled mine assets in the fourth quarter of 2024 included $0.2 million related to depreciation expenses for idled equipment (fourth quarter of 2023: $0.1 million).

Other operating expenses were $1.2 million in the fourth quarter of 2024 (fourth quarter of 2023: other operating income of $4.3 million). A gain on a contract offsetting arrangement of $2.6 million was recorded and offset by management fee of $2.3 million and foreign exchange loss of $1.1 million in the fourth quarter of 2024 (fourth quarter of 2023: reversal of impairment on materials and supplies inventories of $4.7 million and gain on a contract offsetting arrangement of $0.7 million were recorded and offset by management fee of $1.2 million).

$ in thousands	Three months ended December 31, 2024	2023
Management fee	**$ 2,304**	$ 1,229
Provision for/(reversal of) doubtful trade and other receivables	**42**	(119)
Foreign exchange loss/(gain), net	**1,114**	(9)
Loss on disposal of items of property, plant and equipment, net	**1**	–
Impairment/(reversal of impairment) on materials and supplies inventories	**317**	(4,726)
Rental income from short term leases	**–**	(15)
Gain on contract offsetting arrangement	**(2,584)**	(668)
Other operating expenses/(income), net	**$ 1,194**	$ (4,308)

Administration expenses were $3.6 million in the fourth quarter of 2024 compared to $3.9 million in the fourth quarter of 2023.

$ in thousands	Three months ended December 31, 2024	2023
Corporate administration	**$ 928**	$ 803
Legal and professional fees	**719**	994
Salaries and benefits	**1,883**	1,956
Share-based compensation expense	**–**	1
Depreciation	**97**	125
Administration expenses	**$ 3,627**	$ 3,879

The Company continued to minimise evaluation and exploration expenditures in the fourth quarter of 2024 in order to preserve the Company's financial resources. Evaluation and exploration activities and expenditures in the fourth quarter of 2024 were limited to ensuring that the Company met the Mongolian Minerals Law requirements in respect of its mining licenses.

Finance costs were $6.9 million in the fourth quarter of 2024 compared to $12.3 million in the fourth quarter of 2023, which primarily consisted of interest expense on the $250.0 million Convertible Debenture.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Management

The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and the Company's expansionary plans.

Costs reimbursable to Turquoise Hill Resources Limited ("Turquoise Hill")

Prior to the completion of a private placement with Novel Sunrise Investments Limited on April 23, 2015, Rio Tinto plc ("Rio Tinto") was the Company's ultimate parent company. In the past, Rio Tinto sought reimbursement from the Company for the salaries and benefits of certain Rio Tinto employees who were assigned by Rio Tinto to work for the Company, as well as certain legal and professional fees incurred by Rio Tinto in relation to the Company's prior internal investigation and Rio Tinto's participation in the tripartite committee. Subsequently Rio Tinto transferred and assigned to Turquoise Hill its right to seek reimbursement for these costs and fees from the Company.

On January 20, 2021, the Company and Turquoise Hill entered into a settlement agreement, whereby Turquoise Hill agreed to a repayment schedule in settlement of certain secondment costs in the amount of $2.8 million (representing a portion of the TRQ Reimbursable Amount) pursuant to which the Company agreed to make monthly payments to Turquoise Hill in the amount of $0.1 million per month from January 2021 to June 2022. The Company is contesting the validity of the remaining balance of the TRQ Reimbursable Amount claimed by Turquoise Hill.

As at December 31, 2024, the amount of reimbursable costs and fees claimed by Turquoise Hill (the "TRQ Reimbursable Amount") amounted to $6.3 million (such amount is included in the trade and other payables).

Additional tax and tax penalty imposed by the MTA

On July 18, 2023, SGS received the Notice issued by the MTA stating that the MTA had completed the Audit on the financial information of SGS for the tax assessment years between 2017 and 2020, including transfer pricing, royalty, air-pollution fee and unpaid tax payables. As a result of the Audit, the MTA notified SGS that it is imposing a tax penalty against SGS in the amount of approximately $75.0 million. The penalty mainly relates to the different view on the interpretation of tax law between the Company and the MTA. Under Mongolian law, the Company had a period of 30 days from the date of receipt of the Notice to file an appeal in relation to the Audit. Subsequently the Company engaged an independent tax consultant in Mongolia to provide tax advice and support to the Company and filed an appeal letter in relation to the Audit with the MTA in accordance with Mongolian laws on August 17, 2023.

On February 8, 2024, SGS received notice from the TDRC which stated that, after the TDRC's review, the TDRC issued a decision in relation to SGS' appeal of the Audit, and ordered that the audit assessments set forth in the Notice of July 18, 2023 be sent back to the MTA for review and re-assessment.

On February 22, 2024, SGS received another notice from the MTA stating that the MTA anticipated commencing the re-assessment process on or about March 7, 2024 and the duration of such process will be approximately 45 working days.

On May 15, 2024, SGS received the Revised Notice from the MTA regarding the Re-assessment Result. The re-assessed amount of the tax penalty is approximately $80.0 million. In accordance with applicable Mongolian laws, SGS is entitled to file an appeal to the TDRC regarding the Re-assessment Result within a 30-day period from the date of receiving the Revised Notice.

On June 12, 2024, following consultation with its independent tax consultant in Mongolia, SGS submitted an appeal letter to the TDRC regarding the Re-assessment Result, in accordance with applicable Mongolian laws.

On January 10, 2025, SGS received the Resolution from the TDRC in response to the appeal letter sent by SGS to the TDRC on June 12, 2024, relating to the Re-assessment Result. As set forth in the Resolution, the TDRC has determined to reduce the re-assessed amount of tax penalty against SGS from approximately $80.0 million to approximately $26.5 million. In accordance with the applicable Mongolian laws, SGS is entitled to file an appeal to the Administrative Court regarding the Revised Re-assessment Result within a 30-day period from the date of receiving the Resolution. After careful consideration and consultation with the Company's independent tax consultant in Mongolia, the Company has determined not to pursue a further appeal of the Revised Re-assessment Result with the Administrative Court.

As at December 31, 2024, the Company recorded an additional tax and tax penalty in the amount of $45.5 million (2023: $85.1 million), which consists of a tax penalty payable of $26.5 million (2023: $75.0 million) and a provision for additional late tax penalty of $19.0 million (2023: $10.1 million). As a result of the Revised Re-assessment Result, the Company recorded a reversal of additional tax and tax penalty of $48.5 million in 2024 (2023: $nil). To date, the Company has paid the MTA an aggregate of $1.7 million in relation to the aforementioned tax penalty. The Company anticipates paying down the outstanding amount of the tax and tax penalty from cash generated from operations in the normal course. According to Mongolian tax law, the Mongolian tax authority has a legal authority to demand payment of the outstanding amount of the Revised Re-assessment Result from the Company at its discretion.

Going concern considerations

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate until at least December 31, 2025 and will be able to realise its assets and discharge its liabilities in the normal course of operations as they come due. However, in order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with sufficient liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the Company's ability to continue as a going concern and the going concern assumption used in the preparation of the Company's consolidated financial statements. The Company had a deficiency in assets of $49.8 million as at December 31, 2024 as compared to a deficiency in assets of $141.3 million as at December 31, 2023 while the working capital deficiency (excess current liabilities over current assets) reached $228.1 million as at December 31, 2024 compared to a working capital deficiency of $218.8 million as at December 31, 2023.

Included in the working capital deficiency as at December 31, 2024 are significant obligations, represented by trade and other payables of $169.3 million and the additional tax and tax penalty of $43.8 million.

The Company may not be able to settle all trade and other payables on a timely basis, and as a result any continuing postponement in settling of certain trade and other payables owed to suppliers and creditors may result in potential lawsuits and/or bankruptcy proceedings being filed against the Company. Except as disclosed elsewhere in this press release, no such lawsuits or proceedings were pending as at March 28, 2025. However, there can be no assurance that no such lawsuits or proceedings will be filed by the Company's creditors in the future and the Company's suppliers and contractors will continue to supply and provide services to the Company uninterrupted.

There are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Company's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. If the Company is unable to continue as a going concern, it may be forced to seek relief under applicable bankruptcy and insolvency legislation.

For the purpose of assessing the appropriateness of the use of the going concern basis to prepare the financial statements, management of the Company has prepared a cash flow projection covering a period of 12 months from December 31, 2024. The cash flow projection has considered the anticipated cash flows to be generated from the Company's business during the period under projection including cost saving measures. In particular, the Company has taken into account the following measures for improvement of the Company's liquidity and financial position, which include: (a) entering into the 2025 March Deferral Agreement on March 20, 2025 for a deferral of the 2025 March Deferred Amounts; (b) communicating with vendors in agreeing repayment plans of the outstanding payable; and (c) obtaining an avenue of financial support from an affiliate of the Company's major shareholder for a maximum amount of $127.0 million (equivalent to RMB 900 million) during the period covered in the cash flow projection. Regarding these plans and measures, there is no guarantee that the suppliers would agree the settlement plan as communicated by the Company. Nevertheless, after considering the above, the directors of the Company believe that there will be sufficient financial resources to continue its operations and to meet its financial obligations as and when they fall due in the next 12 months from December 31, 2024 and therefore are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Significant uncertainties exist regarding the Company's management's ability to achieve its plans as described above. The continued operation of the Company as a going concern depends on a key factor: the utilisation of the financial support from an affiliate of the Company's major shareholder to settle payables, including the additional tax and tax penalty, in a timely manner.

The outcome of this factor will have a significant impact on the Company's ability to continue operating as a going concern. It is crucial to closely monitor and address these uncertainties to ensure the Company's stability and long-term viability.

Factors that impact the Company's liquidity are being closely monitored and include, but are not limited to, restrictions on the Company's ability to import its coal products for sale in China, Chinese economic growth, market prices of coal, production levels, operating cash costs, capital costs, exchange rates of currencies of countries where the Company operates and exploration and discretionary expenditures.

As at December 31, 2024 and December 31, 2023, the Company was not subject to any externally imposed capital requirements.

Convertible Debenture

In November 2009, the Company entered into a financing agreement with China Investment Corporation (together with its wholly-owned subsidiaries and affiliates, "CIC") for $500 million in the form of a secured, convertible debenture bearing interest at 8.0% (6.4% payable semi-annually in cash and 1.6% payable annually in the Company's Common Shares) with a maximum term of 30 years. The Convertible Debenture is secured by a first ranking charge over the Company's assets, including shares of its material subsidiaries. The financing was used primarily to support the accelerated investment program in Mongolia and for working capital, repayment of debts, general and administrative expenses and other general corporate purposes.

On March 29, 2010, the Company exercised its right to call for the conversion of up to $250.0 million of the Convertible Debenture into approximately 21.5 million shares at a conversion price of $11.64 (CA$11.88).

Deferral Agreements

On March 19, 2024, the Company and JDZF entered into an agreement (the "2024 March Deferral Agreement") pursuant to which JDZF agreed to grant the Company a deferral of (i) the cash and PIK Interest, management fees, and related deferral fees in the aggregate amount of approximately $96.5 million due and payable to JDZF on or before August 31, 2024 pursuant to certain prior deferral agreements dated March 24, 2023 and October 13, 2023; (ii) semi-annual cash interest payment of approximately $7.9 million payable to JDZF on May 19, 2024 under the Convertible Debenture; (iii) semi-annual cash interest payments of approximately $8.1 million payable to JDZF on November 19, 2024 and the $4.0 million in PIK Interest payable to JDZF on November 19, 2024 under the Convertible Debenture; and (iv) management fees in the aggregate amount of $2.2 million payable to JDZF on November 15, 2024 and February 15, 2025, respectively, under the Amended and Restated Cooperation Agreement (collectively, the "2024 March Deferred Amounts").

The effectiveness of the 2024 March Deferral Agreement and the respective covenants, agreements and obligations of each party under the 2024 March Deferral Agreement are subject to the Company obtaining the requisite approval of the 2024 March Deferral Agreement from shareholders in accordance with the requirements of applicable Canadian securities laws and Rule 14.33 and Rule 14A.36 of the Listing Rules. The 2024 March Deferral Agreement was approved by the Company's disinterested shareholders through a special meeting of shareholders convened on August 28, 2024.

The principal terms of the 2024 March Deferral Agreement are as follows:

- Payment of the 2024 March Deferred Amounts are deferred until August 31, 2025 (the "2024 March Deferral Agreement Deferral Date").

- As consideration for the deferral of the 2024 March Deferred Amounts which relate to the payment obligations arising from the Convertible Debenture, the Company agreed to pay JDZF a deferral fee equal to 6.4% per annum on the outstanding balance of such 2024 March Deferred Amounts, commencing on the date on which each such 2024 March Deferred Amounts would otherwise have been due and payable under the Convertible Debenture.

- As consideration for the deferral of the 2024 March Deferred Amounts which relate to payment obligations arising from the Amended and Restated Cooperation Agreement, the Company agreed to pay JDZF a deferral fee equal to 1.5% per annum on the outstanding balance of such 2024 March Deferred Amounts commencing on the date on which each such 2024 March Deferred Amounts would otherwise have been due and payable under the Amended and Restated Cooperation Agreement.

- The 2024 March Deferral Agreement does not contemplate a fixed repayment schedule for the 2024 March Deferred Amounts or related deferral fees. Instead, the 2024 March Deferral Agreement requires the Company to use its best efforts to pay the 2024 March Deferred Amounts and related deferral fees due and payable under the 2024 March Deferral Agreement to JDZF. During the period beginning as of the effective date of the 2024 March Deferral Agreement and ending as of the 2024 March Deferral Agreement Deferral Date, the Company will provide JDZF with monthly updates of its financial status and business operations, and the Company and JDZF will on a monthly basis discuss and assess in good faith the amount (if any) of the 2024 March Deferred Amounts and related deferral fees that the Company may be able to repay to JDZF, having regard to the working capital requirements of the Company's operations and business at such time and with the view of ensuring that the Company's operations and business would not be materially prejudiced as a result of any repayment.

- If at any time before the 2024 March Deferred Amounts and related deferral fees are fully repaid, the Company 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, the Company 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.

On April 30, 2024, the Company and JDZF entered into an agreement (the "2024 April Deferral Agreement") pursuant to which JDZF agreed to grant the Company a deferral of the remaining $1.1 million of PIK interest which was payable on November 19, 2022 under the Convertible Debenture, the payment of which was deferred pursuant to a certain prior deferral agreement dated November 11, 2022 (the "November 2022 Deferral Agreement") until November 19, 2023, as well as related deferral fees under the November 2022 Deferral Agreement (collectively, the "2024 April Deferred Amounts").

The effectiveness of the 2024 April Deferral Agreement and the respective covenants, agreements and obligations of each party under the 2024 April Deferral Agreement are subject to the Company obtaining the requisite approval of the 2024 April Deferral Agreement from shareholders in accordance with the requirements of applicable Canadian securities laws and Rule 14.33 and Rule 14A.36 of the Listing Rules. The 2024 April Deferral Agreement was approved by the Company's disinterested shareholders through a special meeting of shareholders convened on August 28, 2024.

The principal terms of the 2024 April Deferral Agreement are as follows:

- Payment of the 2024 April Deferred Amounts are deferred until August 31, 2025 (the "2024 April Deferral Agreement Deferral Date").

- As consideration for the deferral of the 2024 April Deferred Amounts, the Company agreed to pay JDZF a deferral fee equal to 6.4% per annum on the outstanding balance of such 2024 April Deferred Amounts, commencing on the date on which each such 2024 April Deferred Amounts would otherwise have been due and payable under the Convertible Debenture.

- The 2024 April Deferral Agreement does not contemplate a fixed repayment schedule for the 2024 April Deferred Amounts or related deferral fees. Instead, the 2024 April Deferral Agreement requires the Company to use its best efforts to pay the 2024 April Deferred Amounts and related deferral fees due and payable under the 2024 April Deferral Agreement to JDZF. During the period beginning as of the effective date of the 2024 April Deferral Agreement and ending as of the 2024 April Deferral Agreement Deferral Date, the Company will provide JDZF with monthly updates of its financial status and business operations, and the Company and JDZF will on a monthly basis discuss and assess in good faith the amount (if any) of the 2024 April Deferred Amounts and related deferral fees that the Company may be able to repay to JDZF, having regard to the working capital requirements of the Company's operations and business at such time and with the view of ensuring that the Company's operations and business would not be materially prejudiced as a result of any repayment.

- If at any time before the 2024 April Deferred Amounts and related deferral fees are fully repaid, the Company 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, the Company 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.

On March 20, 2025, the Company and JDZF entered into the 2025 March Deferral Agreement pursuant to which JDZF agreed to grant the Company a deferral of (i) the cash and PIK Interest, management fees, and related deferral fees in the aggregate amount of approximately $111.6 million which will be due and payable to JDZF on or before August 31, 2025 pursuant to the 2024 March Deferral Agreement and the 2024 April Deferral Agreement; (ii) semi-annual cash interest payment of approximately $7.9 million payable to JDZF on May 19, 2025 under the Convertible Debenture; (iii) semi-annual cash interest payments of approximately $8.1 million payable to JDZF on November 19, 2025 and the $4.0 million in PIK Interest payable to JDZF on November 19, 2025 under the Convertible Debenture; and (iv) management fees in the aggregate amount of approximately $6.1 million payable to JDZF on May 16, 2025, August 15, 2025, November 15, 2025 and February 15, 2026, respectively, under Amended and Restated Cooperation Agreement (collectively, the "2025 March Deferred Amounts").

The effectiveness of the 2025 March Deferral Agreement and the respective covenants, agreements and obligations of each party under the 2025 March Deferral Agreement are subject to the Company obtaining the requisite approval of the 2025 March Deferral Agreement from shareholders in accordance with the requirements of applicable Canadian securities laws and Rule 14.33 and Rule 14A.36 of the Listing Rules. The Company will be seeking approval of the 2025 March Deferral Agreement from disinterested shareholders at the Company's upcoming AGM, which will be held at a future date to be set by the Board.

The principal terms of the 2025 March Deferral Agreement are as follows:

- Payment of the 2025 March Deferred Amounts will be deferred until the 2025 March Deferral Agreement Deferral Date.

- As consideration for the deferral of the 2025 March Deferred Amounts which relate to the payment obligations arising from the Convertible Debenture, the Company agreed to pay JDZF a deferral fee equal to 6.4% per annum on the outstanding balance of such 2025 March Deferred Amounts, commencing on the date on which each such 2025 March Deferred Amounts would otherwise have been due and payable under the Convertible Debenture.

- As consideration for the deferral of the 2025 March Deferred Amounts which relate to payment obligations arising from the Amended and Restated Cooperation Agreement, the Company agreed to pay JDZF a deferral fee equal to 1.5% per annum on the outstanding balance of such 2025 March Deferred Amounts commencing on the date on which each such 2025 March Deferred Amounts would otherwise have been due and payable under the Amended and Restated Cooperation Agreement.

- The 2025 March Deferral Agreement does not contemplate a fixed repayment schedule for the 2025 March Deferred Amounts or related deferral fees. Instead, the 2025 March Deferral Agreement requires the Company to use its best efforts to pay the 2025 March Deferred Amounts and related deferral fees due and payable under the 2025 March Deferral Agreement to JDZF. During the period beginning as of the effective date of the 2025 March Deferral Agreement and ending as of the 2025 March Deferral Agreement Deferral Date, the Company will provide JDZF with monthly updates of its financial status and business operations, and the Company and JDZF will on a monthly basis discuss and assess in good faith the amount (if any) of the 2025 March Deferred Amounts and related deferral fees that the Company may be able to repay to JDZF, having regard to the working capital requirements of the Company's operations and business at such time and with the view of ensuring that the Company's operations and business would not be materially prejudiced as a result of any repayment.

- If at any time before the 2025 March Deferred Amounts and related deferral fees are fully repaid, the Company 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, the Company 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.

Amendment of Convertible Debenture

On May 13, 2024, the Company and JDZF entered into an amendment agreement (the "Convertible Debenture Amendment") to amend certain terms of the Convertible Debenture.

Pursuant to the Convertible Debenture Amendment, the Company may, by resolution of the Board of the Company, at any time and from time to time prepay, without penalty, the whole or any part of the principal amount outstanding under the Convertible Debenture, together with accrued cash interest and PIK interest thereon to the date of prepayment, provided that:

(i) the Company has, not later than three (3) business days prior to the proposed prepayment date, delivered to JDZF an irrevocable written notice, signed by an independent director of the Company and setting out the terms of the prepayment;

(ii) the amount of such prepayment reduces the then outstanding principal amount under the Convertible Debenture by an amount that is (a) not less than $500,000 and (b) if in excess of $500,000, an integral multiple of $500,000; and

(iii) the proposed prepayment date falls on a business day.

The Company did not provide any additional form of consideration to JDZF in connection with the Convertible Debenture Amendment. Aside from the aforementioned amendments, the existing terms of the Convertible Debenture continue in full force and effect and unchanged.

The effectiveness of the Convertible Debenture Amendment is subject to the Company providing notice to, and obtaining acceptance (if required) from the TSX-V and requisite approval from disinterested shareholders of the Company in accordance with the requirements of applicable Canadian securities laws and Listing Rules. The Convertible Debenture Amendment was approved by the Company's disinterested shareholders through a special meeting of shareholders convened on August 28, 2024.

Ovoot Tolgoi Mine Impairment Analysis

The Company determined that an indicator of impairment existed for its Ovoot Tolgoi Mine cash generating unit as at December 31, 2024. The impairment indicator was the uncertainty of future coal price in China.

Therefore, the Company conducted an impairment test whereby the carrying value of the Company's Ovoot Tolgoi Mine cash generating unit was compared to the recoverable amount (being the "fair value less costs of disposal") using a discounted future cash flow valuation model. The Company's cash flow valuation model takes into consideration the latest available information to the Company, including but not limited to, sales prices, sales volumes, washing production, operating costs and life of mine coal production estimates as at December 31, 2024. The carrying value of the Company's Ovoot Tolgoi Mine cash generating unit was $243.6 million as at December 31, 2024.

Key estimates and assumptions incorporated in the valuation model included the following:

- Coal resources and reserves as estimated by an independent third-party engineering firm;
- Sales price estimates from an independent market consulting firm;
- Forecasted sales volumes in line with production levels as reference to the mine plan;
- Life-of-mine coal production, strip ratio, capital costs and operating costs; and
- A post-tax discount rate of 16% based on an analysis of the market, country and asset specific factors.

Key sensitivities in the valuation model are as follows:

- For each 1% increase/(decrease) in the long term price estimates, the calculated fair value of the cash generating unit increases/(decreases) by approximately $17.3/(17.4) million;
- For each 1% increase/(decrease) in the post-tax discount rate, the calculated fair value of the cash generating unit (decreases)/increases by approximately $(15.2)/16.1 million;
- For each 1% increase/(decrease) in the cash mining cost estimates, the calculated fair value of the cash generating unit (decreases)/increases by approximately $(9.9)/9.8 million; and
- For each 1% increase/(decrease) in Mongolian inflation rate, the calculated fair value of the cash generating unit (decreases)/increases by approximately $(32.8)/31.0 million.

The impairment analysis did not result in the identification of an impairment loss or an impairment reversal and no charge or reversal was required as at December 31, 2024. A decline of 2% (2023: 5%) in the long-term price estimates, an increase of more than 3% (2023: 8%) in the post-tax discount rate, an increase of 4% (2023: 10%) in the cash mining cost estimates or an increase of 24% (2023: 41%) in Mongolian inflation rate may trigger an impairment charge on the cash generating unit. The Company believes that the estimates and assumptions incorporated in the impairment analysis are reasonable; however, the estimates and assumptions are subject to significant uncertainties and judgments.

REGULATORY ISSUES AND CONTINGENCIES

Lawsuit

In January 2014, Siskinds LLP, a Canadian law firm, filed a class action (the "Class Action") against the Company, certain of its former senior officers and directors, and its former auditors (the "Former Auditors"), in the Ontario Court in relation to the Company's restatement of certain financial statements previously disclosed in the Company's public fillings (the "Restatement").

To commence and proceed with the Class Action, the plaintiff was required to seek leave of the Court under the Ontario Securities Act ("Leave Motion") and certify the action as a class proceeding under the Ontario Class Proceedings Act. The Ontario Court rendered its decision on the Leave Motion on November 5, 2015, dismissing the action against the former senior officers and directors and allowing the action to proceed against the Company in respect of alleged misrepresentation affecting trades in the secondary market for the Company's securities arising from the Restatement. The action against the Former Auditors was settled by the plaintiff on the eve of the Leave Motion.

Both the plaintiff and the Company appealed the Leave Motion decision to the Ontario Court of Appeal. On September 18, 2017, the Ontario Court of Appeal dismissed the Company's appeal of the Leave Motion to permit the plaintiff to commence and proceed with the Class Action. Concurrently, the Ontario Court of Appeal granted leave for the plaintiff to proceed with their action against the former senior officers and directors in relation to the Restatement.

The Company filed an application for leave to appeal to the Supreme Court of Canada in November 2017, but the leave to appeal to the Supreme Court of Canada was dismissed in June 2018.

In December 2018, the parties agreed to a consent Certification Order, whereby the action against the former senior officers and directors was withdrawn and the Class Action would only proceed against the Company.

To date, counsel for the plaintiffs and defendant have completed (i) all document production and (ii) defence oral examinations for discovery. Counsel for the plaintiffs have served their expert reports on liability and damages.

Counsel for the plaintiffs and defendant have entered into a good faith procedural agreement (the "Procedural Agreement"). The parties have engaged the services of an experienced neutral, former Chief Justice of Ontario (the "Mediator"), to act as a mediator to assist the parties in resolving all pre-trial matters as set out in the Procedural Agreement. The parties have agreed to a pre-trial mediation before the Mediator, which was scheduled for April 2025 with an intention to have the case ready for trial by April 25, 2025. However, the mediation has been adjourned to the summer of 2025 as the parties continue to work with the Mediator to resolve outstanding procedural disputes. The Court has not yet scheduled trial dates. The Company continues to urge a trial as early as possible.

The Company firmly believes that it has a strong defense on the merits and will continue to vigorously defend itself against the Class Action through independent Canadian litigation counsel retained by the Company for this purpose. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of the Class Action or determine the amount of potential losses, if any. However, the Company has determined that a provision for this matter as at December 31, 2024 was not required.

Toll Wash Plant Agreement with Ejin Jinda

In 2011, the Company entered into an agreement with Ejin Jinda, a subsidiary of China Mongolia Coal Co. Ltd., to toll-wash coal from the Ovoot Tolgoi Mine. The agreement had a duration of five years from the commencement of the contract and provided for an annual washing capacity of approximately 3.5 million tonnes of input coal.

Under the agreement with Ejin Jinda, which required the commercial operation of the wet washing facility to commence on October 1, 2011, the additional fees payable by the Company under the wet washing contract would have been $18.5 million. At each reporting date, the Company assesses the agreement with Ejin Jinda and has determined it is not probable that this $18.5 million will be required to be paid. Accordingly, the Company has determined that a provision for this matter as at December 31, 2024 was not required.

Special Needs Territory in Umnugobi

On February 13, 2015, the Soumber mining licenses (MV-016869, MV-020436 and MV-020451) (the "License Areas") were included into a special protected area (to be further referred as Special Needs Territory, the "SNT") newly set up by the Umnugobi Aimag's Civil Representatives Khural (the "CRKh") to establish a strict regime on the protection of natural environment and prohibit mining activities in the territory of the SNT.

On July 8, 2015, SGS and the chairman of the CRKh, in his capacity as the respondent's representative, reached an agreement (the "Amicable Resolution Agreement") to exclude the License Areas from the territory of the SNT in full, subject to confirmation of the Amicable Resolution Agreement by the session of the CRKh. The parties formally submitted the Amicable Resolution Agreement to the appointed judge of the Administrative Court for her approval and requested a dismissal of the case in accordance with the Law of Mongolia on Administrative Court Procedure. On July 10, 2015, the judge issued her order approving the Amicable Resolution Agreement and dismissing the case, while reaffirming the obligation of CRKh to take necessary actions at its next session to exclude the License Areas from the SNT and register the new map of the SNT with the relevant authorities. Mining activities at the Soumber property cannot proceed unless and until the Company obtains a court order restoring the Soumber mining licenses and until the License Areas are removed from the SNT.

On July 24, 2021, SGS was notified by the Implementing Agency of Mongolian Government that the license area covered by two mining licenses (MV-016869 and MV-020451) are no longer overlapping with the SNT. The Company will continue to work with the Mongolian authorities regarding the license area covered by the mining license (MV-020436).

On December 7, 2023, the Citizen representative Khural of Gurvantes soum held a meeting and passed a resolution (the "Gurvantes Soum Resolution") claiming that the License Areas were part of local special needs protection area. A request letter was sent to Mineral Resources and Petroleum Authority of Mongolia ("MRPAM") on January 4, 2024.

On January 11, 2024, MRPAM issued an official letter to the Citizen representative Khural of Gurvantes soum and concluded that request was not reasonable and the License Areas will not be registered on the Cadastre mapping system.

On June 18, 2024, the Court of First Instance in Umnugobi Province reviewed the above subject matter in which SGS is the plaintiff and Citizen's Representative Meetings of Gurvantes soum is the defendant. The Court of First Instance determined that the claims made by Citizen's Representative Meetings of Gurvantes soum relating to the License Areas as set forth in the Gurvantes Soum Resolution were invalid. Citizen's Representative Meetings of Gurvantes soum has since applied to the Court of Appeals for an appeal of the Court of First Instance's decision.

On September 12, 2024, the Court of Appeals reviewed the appeal made by Citizen's Representative Meetings of Gurvantes soum and determined that the appeal was invalid. Citizen's Representative Meetings of Gurvantes soum did not apply to the Supreme Court of Mongolia for an appeal of the Court of Appeals' decision upon the expiry of the application deadline. As a result, the decision made by the Court of Appeals is final and conclusive.

Tax Legislation

Mongolian tax, currency and customs legislation is subject to varying interpretation, and changes which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities. The MTA may take a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. The Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as VAT, withholding tax, corporate income tax, personal income tax, transfer pricing and other areas. From time to time, the Company adopts interpretations of such uncertain areas that reduce the overall tax rate of the Company. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

Management believes that its interpretation of relevant legislation is appropriate and the Company's positions related to tax and other legislation will be sustained. However, the Company may be impacted if such unfavourable event occurs. Management regularly performs re-assessment of tax risk and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

As of December 31, 2024, the Company has recorded an additional tax and tax penalty in the amount of $45.5 million (2023: $85.1 million) and the Company has paid the MTA an aggregate of $1.7 million in relation to the aforementioned tax penalty, as more particularly detailed under section "Liquidity and Capital Resources" of this press release under the heading entitled "Additional Tax and Tax Penalty Imposed by the MTA".

On March 19, 2025, SGS received correspondence from the Administrative Court requesting supplemental information regarding a court proceeding initiated by certain officers of the MTA ("MTA Officials") against the TDRC. Upon further enquiry, SGS obtained a copy of an order dated March 7, 2025 issued by the Administrative Court regarding commencement of court proceedings brought by the MTA Officials. The MTA Officials are petitioning the court to overturn the TDRC's ruling that reduced SGS's tax penalty from approximately $80.0 million to approximately $26.5 million. The Company has recognised a reversal of additional tax and tax penalty of $48.5 million in the consolidated financial statements, reflecting the TDRC's binding decision as of the reporting date.

Based on preliminary advice from the Company's independent Mongolian legal counsel and tax consultants: (i) SGS has not been named as a third party defendant to these proceedings; (ii) The TDRC's Revised Re-assessment Result remains legally enforceable unless formally overturned by the court; and (iii) SGS's acceptance of the TDRC's decision makes the ruling final under Mongolian tax law.

Due to the inherent uncertainties surrounding legal proceedings, the ultimate resolution of this matter cannot be predicted with certainty. Should the court rule in favour of the MTA Officials, any resulting adjustments to the provision or recognition of additional liabilities would be accounted for in the period when such determination is made.

TRANSPORTATION INFRASTRUCTURE

On August 2, 2011, the State Property Committee of Mongolia awarded the tender to construct a paved highway from the Ovoot Tolgoi Mine to the Shivee Khuren Border Crossing (the "Paved Highway") to consortium partners NTB LLC and SGS (together referred to as "RDCC LLC") with an exclusive right of ownership of the Paved Highway for 30 years. The Company has an indirect 40% interest in RDCC LLC through its Mongolian subsidiary SGS. The toll rate is MNT 1,800 per tonne.

The Paved Highway has a carrying capacity in excess of 20 million tonnes of coal per year.

For the three months and the year ended December 31, 2024, RDCC LLC recognised toll fee revenue of $3.1 million (2023: $3.6 million) and $12.9 million (2023: $10.1 million), respectively.

PLEDGE OF ASSETS

As at December 31, 2024, most of the Company's mobile equipment and other operating equipment with carrying value of $11.4 million (December 31, 2023: $3.2 million) were pledged as security of Convertible Debenture.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities during the year ended December 31, 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE

The Company has, throughout the year ended December 31, 2024, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, which include the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 to the Listing Rules, except for the following:

1. Pursuant to Section C.2 under Part 2 of the Corporate Governance Code, the chairman of the Board (the "Chairman") should be responsible for the overall management of the Board. The Company has not had a Chairman since November 2017. The Board has appointed an Independent Lead Director, who is fulfilling the duties of the Chairman;

2. Pursuant to code provision C.2.7 under Part 2 of the Corporate Governance Code, the Chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the year ended December 31, 2024, one meeting between the Lead Director, who is fulfilling the duties of the Chairman, and independent non-executive directors was held. Additionally, during the year ended December 31, 2024, three meetings between the Lead Director, and the non-executive directors were held. The opportunity for such communication channel is offered at the end of each Board meeting;

3. Pursuant to code provision F.2.2 under Part 2 of the Corporate Governance Code, the Chairman of the Board should attend the AGM. Mr. Yingbin Ian He, an independent non-executive director and the Lead Director, attended and acted as Chairman of the Company's AGM held on June 27, 2024 to ensure effective communication with shareholders of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted policies regarding directors' securities transactions in its Corporate Disclosure, Confidentiality and Securities Trading Policy that have terms that are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules ("Model Code").

In response to a specific enquiry made by the Company on each of the directors, all directors confirmed that they had complied with the required standards as set out in the Model Code and the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the year ended December 31, 2024.

Furthermore, if a Director (a) enters into a transaction involving securities of the Company or, for any other reason, the direct or indirect beneficial ownership of, or control or direction over, securities of the Company changes from that shown or required to be shown in the latest insider report filed by the Director, or (b) enters into a transaction involving a related financial instrument, the Director must, within the prescribed period, file (i) an insider report in the required form on the System for Electronic Disclosure by Insiders website (www.sedi.ca) operated by the Canadian Securities Administrators and (ii) a Disclosure of Interest Form with the HKEX.

A "related financial instrument" is defined as: (a) an instrument, agreement, security or exchange contract, the value, market price or payment obligations of which is/are derived from, referenced to or based on the value, market price or payment obligations of a security, or (b) any other instrument, agreement or understanding that affects, directly or indirectly, a person's economic interest in respect of a security or an exchange contract.

OUTLOOK

Global geopolitical landscape has been evolving continuously. The recent trade tensions between China and the United States are expected to reshape international coal market. As a countermeasure against the new US tariffs on Chinese imports, Chinese government imposed additional custom duties in return, including for US coal products. The surging US import price and escalating uncertainty on trades between both countries may lead to a shift in import sources. Chinese users may seek to increase imports from other countries like Australia, Russia, Canada and Mongolia, which are more stable and reliable sources of coal, to meet its demand.

Strengthening collaboration between the Chinese and Mongolian governments continues to enhance their trade ties, particularly in energy and resources sectors. Initiatives aimed at improving infrastructure, such as roads and railways, will facilitate smoother logistics for coal exports from Mongolia to China. This provides favourable conditions for Mongolia to capture the growing demand from Chinese markets.

However, the recent challenges faced by China's property market and prudent infrastructure investment, have resulted in an overall decline in its steel demand and production, which led to a corresponding reduction in coking coal demand.

The Company remains cautiously optimistic regarding the Chinese coal market, as coal is still considered to be the primary energy source which China will continue to rely on in the foreseeable future. Coal supply and coal import in China are expected to be limited due to increasingly stringent requirements relating to environmental protection and safety production, which may result in volatile coal prices in China. The Company will continue to monitor and react proactively to the dynamic market.

With the continuous assistance and support from JDZF, the Company will focus on expanding its market reach and customer base in China to improve the profit margin earned on its coal products.

The Company has been increasing the scale of its mining operations since 2023, as well as implementing various coal processing methods, including screening, wet washing and dry coal processing, which have resulted in enhanced production volumes and growth of coal export volumes into China in 2024.

In 2025, the Company will continue to ramp up its mining operations and coal processing capacity to seize the opportunity in expanding its market share.

In the medium term, the Company will continue to adopt various strategies to enhance its product mix in order to maximise revenue, expand its customer base and sales network, improve logistics, optimise its operational cost structure and, most importantly, operate in a safe and socially responsible manner.

The Company's objectives for the medium term are as follows:

- **Enhance product mix** – The Company will focus on improving the product mix by: (i) improving mining operations; (ii) utilising the Company's dry and wet coal processing plants; and (iii) trading and blending different types of coal to produce blended coal products that are economical to the Company.

- **Expand market reach and customer base** – The Company will endeavor to increase sales volume and sales price by: (i) expanding its sales network and diversifying its customer base; (ii) increasing its coal logistics capacity to resolve the bottleneck in the distribution channel; and (iii) setting and adjusting the sales price based on a more market-oriented approach in order to maximise profit while maintaining sustainable long-term business relationships with customers.

- **Increase production and optimise cost structure** – The Company will aim to increase coal production volume to take advantage of economies of scale. The Company will also focus on reducing its production costs and optimising its cost structure through engaging sizable third-party contract mining companies to enhance its operation efficiency, strengthening procurement management, ongoing training and productivity enhancement.

- **Operate in a safe and socially responsible manner** – The Company will continue to maintain the highest standards in health, safety and environmental performance and operate in a corporate socially responsible manner.

In the long term, the Company will continue to focus on creating and maximising shareholders value by leveraging its key competitive strengths, including:

- **Strategic location** – The Ovoot Tolgoi Mine is located approximately 40km from China, which represents the Company's main coal market. The Company has an infrastructure advantage, being approximately 50km from a major Chinese coal distribution terminal with rail connections to key coal markets in China.

- **A large reserves base** – The Ovoot Tolgoi Deposit has mineral reserves of at least 82.3 million tonnes.

- **Several growth options** – The Company has several growth options including the Soumber Deposit and Zag Suuj Deposit, located approximately 20km east and approximately 150km east of the Ovoot Tolgoi Mine, respectively.

- **Bridge between China and Mongolia** – The Company is well-positioned to capture the resulting business opportunities between China and Mongolia, and have a strong operational record for the past decade in Mongolia. The Company will seek assistance and support from its two largest shareholders, which are both experienced coal mining enterprises in China.

NON-IFRS FINANCIAL MEASURES

Cash Costs

The Company uses cash costs to describe its cash production and associated cash costs incurred in bringing the inventories to their present locations and conditions. Cash costs incorporate all production costs, which include direct and indirect costs of production, with the exception of idled mine asset costs and non-cash expenses which are excluded. Non-cash expenses include share-based compensation expense, impairment of coal stockpile inventories, depreciation and depletion of property, plant and equipment and mineral properties. The Company uses this performance measure to monitor its operating cash costs internally and believes this measure provides investors and analysts with useful information about the Company's underlying cash costs of operations. The Company believes that conventional measures of performance prepared in accordance with IFRS Accounting Standards do not fully illustrate the ability of its mining operations to generate cash flows. The Company reports cash costs on a sales basis. This performance measure is commonly utilised in the mining industry.

The following table provides a reconciliation of the cash costs of product sold disclosed for the three months and year ended December 31, 2024 and December 31, 2023. The cash costs of product sold presented below may differ from cash costs of product produced depending on the timing of coal stockpile inventory turnover and impairment of coal stockpile inventories from prior periods.

$ in thousands, except per tonne information	Three months ended December 31, 2024	2023	Year ended December 31, 2024	2023
Cash costs				
Cost of sales determined in accordance with IFRS	**$ 130,119**	$ 36,645	**$ 360,588**	$ 158,195
Less royalties	**(15,102)**	(8,254)	**(51,377)**	(38,504)
Less non-cash expenses	**(8,908)**	(1,436)	**(19,942)**	(5,169)
Less non-cash idled mine asset costs	**(236)**	(49)	**(496)**	(176)
Total cash costs	**105,873**	26,906	**288,773**	114,346
Less idled mine asset cash costs	**–**	–	**–**	–
Total cash costs excluding idled mine asset cash costs	**105,873**	26,906	**288,773**	114,346
Coal sales *(millions of tonnes)*	**2.66**	0.96	**7.02**	3.59
Total cash costs of product sold *(per tonne)*	**$ 39.80**	$ 28.03	**$ 41.14**	$ 31.85

$ in thousands, except per tonne information	Three months ended December 31, 2024	2023	Year ended December 31, 2024	2023
Cash costs				
Direct cash costs of product sold *(per tonne)*	**$ 37.92**	$ 26.20	**$ 39.56**	$ 30.46
Mine administration cash costs of product sold *(per tonne)*	**1.88**	1.83	**1.58**	1.39
Total cash costs of product sold *(per tonne)*	**$ 39.80**	$ 28.03	**$ 41.14**	$ 31.85

The cash cost of product sold per tonne was increased from $31.9 in 2023 to $41.1 in 2024. The reason for increase was primarily related to change in product mix with the Company expanding into certain categories of processed coal with higher production costs.

Idled Mine Asset Costs

The Company uses idled mine asset costs to describe the cost incurred during idled mine period. Idled mine asset costs include share-based compensation expense, impairment of coal stockpile inventories, depreciation and depletion of property, plant and equipment and mineral properties. The Company uses this performance measure to monitor its gross profit internally and believes this measure provides investors and analysts with useful information about the Company's underlying gross profit. The Company believes that conventional measures of performance prepared in accordance with IFRS Accounting Standards do not fully illustrate the ability of its mining operations to generate cash flows. This performance measure is commonly utilised in the mining industry.

The following table provides a reconciliation of the gross profit disclosed for the three months and year ended December 31, 2024 and December 31, 2023.

	Three months ended December 31,		Year ended December 31,	
$ in thousands	**2024**	2023	**2024**	2023
Idled mine asset costs				
Gross profit excluding idled mine asset costs	**$ 44,757**	$ 51,908	**$ 133,286**	$ 173,487
Less non-cash idled mine asset costs	**(236)**	(49)	**(496)**	(176)
Gross profit including idled mine asset costs	**$ 44,521**	$ 51,859	**$ 132,790**	$ 173,311

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in thousands of USD, except for per share amounts)

	Year ended December 31, 2024	2023
Revenue	**$ 493,378**	$ 331,506
Cost of sales	**(360,588)**	(158,195)
Gross profit	**132,790**	173,311
Other operating expenses, net	**(3,698)**	(870)
Administration expenses	**(13,454)**	(10,437)
Evaluation and exploration expenses	**(1,362)**	(991)
Reversal of/(provision for) additional tax and tax penalty	**39,666**	(85,143)
Profit from operations	**153,942**	75,870
Finance costs	**(37,766)**	(49,072)
Finance income	**3,626**	5,084
Share of earnings of joint ventures	**3,227**	2,840
Share of earnings of associates	**587**	4
Profit before tax	**123,616**	34,726
Current income tax expenses	**(31,119)**	(33,818)
Net profit attributable to equity holders of the Company	**92,497**	908
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
Exchange difference on translation of foreign operation	**(1,258)**	265
Net comprehensive income attributable to equity holders of the Company	**$ 91,239**	$ 1,173
Basic earnings per share	**$ 0.312**	$ 0.003
Diluted earnings per share	**$ 0.311**	$ 0.003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of USD)

	As at December 31, 2024	2023
Assets		
Current assets		
Cash and cash equivalents	**$ 8,590**	$ 47,993
Restricted cash	**274**	423
Trade and other receivables	**31,486**	7,541
Inventories	**107,246**	52,927
Prepaid expenses	**6,083**	6,471
Total current assets	**153,679**	115,355
Non-current assets		
Property, plant and equipment	**243,564**	157,119
Investments in joint ventures	**12,400**	15,178
Investments in associates	**20,210**	8,086
Total non-current assets	**276,174**	180,383
Total assets	**$ 429,853**	$ 295,738
Equity and liabilities		
Current liabilities		
Trade and other payables	**$ 169,281**	$ 60,192
Additional tax and tax penalty	**43,790**	83,897
Deferred revenue	**34,350**	65,670
Lease liabilities	**850**	1,206
Income tax payable	**12,891**	20,055
Convertible debenture	**120,651**	103,150
Total current liabilities	**381,813**	334,170
Non-current liabilities		
Lease liabilities	**1,342**	1,785
Convertible debenture	**84,267**	91,150
Decommissioning liability	**12,245**	9,939
Provision for long service payments	**29**	26
Total non-current liabilities	**97,883**	102,900
Total liabilities	**479,696**	437,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
(Expressed in thousands of USD)

	As at December 31, **2024**	2023
Equity		
Common shares	**1,102,053**	1,101,771
Share option reserve	**52,998**	53,030
Capital reserve	**533**	499
Exchange fluctuation reserve	**(56,205)**	(54,947)
Accumulated deficit	**(1,149,222)**	(1,241,685)
Total deficiency in assets	**(49,843)**	(141,332)
Total equity and liabilities	**$ 429,853**	$ 295,738
Net current liabilities	**$ (228,134)**	$ (218,815)
Total assets less current liabilities	**$ 48,040**	$ (38,432)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of USD)

	Year ended December 31, **2024**	2023
Operating activities		
Profit before tax	**$ 123,616**	$ 34,726
Adjustments for:		
Depreciation and depletion	**20,890**	5,833
Share-based compensation	**63**	14
Provision for long service payment	**8**	26
Impairment/(reversal of impairment) on materials and supplies inventories	**231**	(4,988)
Provision for doubtful trade and other receivables	**10**	59
Gain on disposal of items of property, plant and equipment, net	**(261)**	–
Gain on contract offsetting arrangement	**(3,046)**	(668)
Penalty on late settlement of trade payables	**–**	454
Provision for/(reversal of) additional tax and tax penalty	**(39,666)**	85,143
Interest expense on convertible debenture	**37,103**	46,337
Interest elements on leased assets	**292**	133
Accretion of decommissioning liability	**371**	384
Fair value loss/(gain) on embedded derivatives in convertible debenture	**(298)**	292
Gain on modification of convertible debenture	**(3,187)**	(4,850)
Interest income	**(141)**	(234)
Share of earnings of joint ventures	**(3,227)**	(2,840)
Share of earnings of associates	**(587)**	(4)
Operating cash flows before changes in working capital items	**132,171**	159,817
Net change in working capital items	**5,323**	13,383
Cash generated from operating activities	**137,494**	173,200
Income tax paid	**(29,578)**	(12,361)
Net cash flows from operating activities	**107,916**	160,839
Investing activities		
Expenditures on property, plant and equipment	**(118,618)**	(44,524)
Proceeds from disposal of items of property, plant and equipment	**1,038**	45
Interest received	**141**	234
Investment in a joint venture	**–**	(986)
Investment in an associate	**(8,299)**	(7,939)
Dividend from a joint venture	**2,623**	3,226
Net cash flows used in investing activities	**(123,115)**	(49,944)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
(Expressed in thousands of USD)

	Year ended December 31, **2024**	2023
Financing activities		
Interest payment on convertible debenture	**(23,000)**	(72,132)
Proceeds from exercise of share options	**187**	5
Capital elements of lease rental paid	**(716)**	(327)
Interest elements of lease rentals paid	**(292)**	(133)
Net cash flows used in financing activities	**(23,821)**	(72,587)
Effect of foreign exchange rate changes, net	**(383)**	430
Increase/(decrease) in cash and cash equivalents	**(39,403)**	38,738
Cash and cash equivalents, beginning of year	**47,993**	9,255
Cash and cash equivalents, end of year	**$ 8,590**	$ 47,993

SELECTED INFORMATION FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Additional information required by the HKEX and not disclosed elsewhere in this press release is as follows. All amounts are expressed in thousands of USD and shares and options in thousands, unless otherwise indicated.

1. BASIS OF PREPARATION

1.1 Corporate information and liquidity

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate until at least December 31, 2025 and will be able to realise its assets and discharge its liabilities in the normal course of operations as they come due. However, in order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with sufficient liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the Company's ability to continue as a going concern and the going concern assumption used in the preparation of the Company's consolidated financial statements. The Company had a deficiency in assets of $49,843 as at December 31, 2024 as compared to a deficiency in assets of $141,332 as at December 31, 2023 while the working capital deficiency (excess current liabilities over current assets) reached $228,134 as at December 31, 2024 as compared to a working capital deficiency of $218,815 as at December 31, 2023.

Included in the working capital deficiency as at December 31, 2024 are significant obligations, represented by trade and other payables of $169,281 and an additional tax and tax penalty of $43,790.

The Company may not be able to settle all trade and other payables on a timely basis, and as a result any continuing postponement in settling of certain trade and other payables owed to suppliers and creditors may result in potential lawsuits and/or bankruptcy proceedings being filed against the Company. Except as disclosed elsewhere in this press release, no such lawsuits or proceedings were pending as at March 28, 2025. However, there can be no assurance that no such lawsuits or proceedings will be filed by the Company's creditors in the future and the Company's suppliers and contractors will continue to supply and provide services to the Company uninterrupted.

There are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Company's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. If the Company is unable to continue as a going concern, it may be forced to seek relief under applicable bankruptcy and insolvency legislation.

For the purpose of assessing the appropriateness of the use of the going concern basis to prepare the financial statements, management of the Company has prepared a cash flow projection covering a period of 12 months from December 31, 2024. The cash flow projection has considered the anticipated cash flows to be generated from the Company's business during the period under projection including cost saving measures. In particular, the Company has taken into account the following measures for improvement of the Company's liquidity and financial position, which include: (a) entering into the 2025 March Deferral Agreement on March 20, 2025 for a deferral of the 2025 March Deferred Amounts; (b) communicating with vendors in agreeing repayment plans of the outstanding payable; and (c) obtaining an avenue of financial support from an affiliate of the Company's major shareholder for a maximum amount of $127.0 million (equivalent to RMB 900 million) during the period covered in the cash flow projection. Regarding these plans and measures, there is no guarantee that the suppliers would agree the settlement plan as communicated by the Company. Nevertheless, after considering the above, the directors of the Company believe that there will be sufficient financial resources to continue its operations and to meet its financial obligations as and when they fall due in the next 12 months from December 31, 2024 and therefore are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Significant uncertainties exist regarding the Company's management's ability to achieve its plans as described above. The continued operation of the Company as a going concern depends on a key factor: the Company's prompt drawdown of the loan from the credit facility to settle payables, including the tax penalty payable and provision for additional late tax penalty, in a timely manner.

The outcome of this factor will have a significant impact on the Company's ability to continue operating as a going concern. It is crucial to closely monitor and address these uncertainties to ensure the Company's stability and long-term viability.

Factors that impact the Company's liquidity are being closely monitored and include, but are not limited to, restrictions on the Company's ability to import its coal products for sale in China, Chinese economic growth, market prices of coal, production levels, operating cash costs, capital costs, exchange rates of currencies of countries where the Company operates and exploration and discretionary expenditures.

As at December 31, 2024 and December 31, 2023, the Company was not subject to any externally imposed capital requirements.

1.2 Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards and International Accounting Standards ("IAS Standards") issued by the IASB and Interpretations (collectively "IFRS Accounting Standards") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Listing Rules.

1.3 Basis of presentation

The consolidated financial statements of the Company for the year ended December 31, 2024 were approved and authorised for issue by the Board on March 28, 2025.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of SouthGobi and its major controlled subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

1.5 Adoption of new and revised standards and interpretations

The following new IFRS Accounting Standards and interpretations were adopted by the Company on January 1, 2024.

Amendments to IAS 1	Presentation of Financial Statements and Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease liabilities in a Sale and Leaseback
Int 5 (Revised)	Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment On Demand Clause

There have been no new IFRS Accounting Standards or IFRIC interpretations that have a material impact on the Company's results and financial position for the year ended December 31, 2024. The Company has not early applied any new or amended IFRS Accounting Standards that is not yet effective for the year ended December 31, 2024.

2. SEGMENT INFORMATION

The Company's Chief Executive Officer (chief operating decision maker) reviews the financial information in order to make decisions about resources to be allocated to the segment and to assess its performance. No operating segment identified by the Board has been aggregated in arriving at the reporting segments of the Company. For management's purpose, the Company has only one reportable operating segment, which is the coal division. The division is principally engaged in coal mining, development and exploration in Mongolia, and logistics and trading of coal in China and Mongolia for the years ended December 31, 2024 and 2023.

The Company's resources are integrated and as a result, no discrete operating segment financial information is available. Since this is the only reportable and operating segment of the Company, no further analysis thereof is presented. All the revenue of the Company is generated from trading of coal for the years ended December 31, 2024 and 2023.

During the years ended December 31, 2024 and 2023, the Coal Division had 78 and 84 active customers, respectively. 1 and 3 customers with respective revenue contributed over 10% of the total revenue during the years ended December 31, 2024 and 2023, with the largest customer accounting for 15% of revenue (2023: 17%), the second largest customer accounting for 7% of revenue (2023: 14%) and the third largest customer accounting for 5% of revenue (2023: 13%).

3. REVENUE

Revenue represents the value of goods sold which arises from the trading of coal. The Company recognises all revenue from the trading of coal at a point in time when the customer obtains control of the goods or services.

4. EXPENSES BY NATURE

The Company's profit before tax is arrived at after charging/(crediting):

		Year ended December 31, 2024		2023
Depreciation	**$**	**20,890**	$	5,833
Auditors' remuneration		**877**		851
Employee benefit expense (including directors' remuneration)				
Wages and salaries	**$**	**14,958**	$	9,583
Equity-settled share option expense		**63**		14
Pension scheme contributions		**2,102**		1,359
Provision for long service payment		**8**		26
	$	**17,131**	$	10,982
Short term lease payments under operating leases	**$**	**508**	$	283
Foreign exchange loss, net		**134**		1,202
Impairment/(reversal of impairment) on materials and supplies inventories		**231**		(4,988)
Royalties		**51,377**		38,504
Management fee		**6,630**		4,879
Provision for doubtful trade and other receivables		**10**		59
Gain on disposal of items of property, plant and equipment, net		**(261)**		–
Gain on contract offsetting arrangement		**(3,046)**		(668)
Penalty on late settlement of trade payables		**–**		454
Rental income from short term leases		**–**		(68)
Provision for/(reversal of) additional tax and tax penalty				
Provision for additional late tax penalty	**$**	**8,797**	$	10,153
Provision for/(reversal of) additional tax penalty		**(48,463)**		74,990
	$	**(39,666)**	$	85,143
Mine operating costs and others	**$**	**284,621**	$	113,170
Total operating expenses	**$**	**339,436**	$	255,636

5. COST OF SALES

The Company's cost of sales consists of the following amounts:

	Year ended December 31, 2024	2023
Operating expenses	**$ 288,773**	$ 114,346
Share-based compensation expense	**18**	4
Depreciation and depletion	**19,924**	5,165
Royalties	**51,377**	38,504
Cost of sales from mine operations	**360,092**	158,019
Cost of sales related to idled mine assets (i)	**496**	176
Cost of sales	**$ 360,588**	$ 158,195

(i) *Cost of sales related to idled mine assets for the year ended December 31, 2024 includes $496 of depreciation expense (2023: $176). The depreciation expense relates to the Company's idled plant and equipment.*

Cost of inventories recognised as expense in cost of sales for the year ended December 31, 2024 totaled $231,543 (2023: $92,482).

6. OTHER OPERATING EXPENSES, NET

The Company's other operating expenses, net consist of the following amounts:

	Year ended December 31, 2024	2023
Management fee	**$ 6,630**	$ 4,879
Provision for doubtful trade and other receivables	**10**	59
Foreign exchange loss, net	**134**	1,202
Gain on disposal of items of property, plant and equipment, net	**(261)**	–
Impairment/(reversal of impairment) on materials and supplies inventories	**231**	(4,988)
Rental income from short term leases	**–**	(68)
Penalty on late settlement of trade payables	**–**	454
Gain on contract offsetting arrangement	**(3,046)**	(668)
Other operating expenses, net	**$ 3,698**	$ 870

7. REVERSAL OF/(PROVISION FOR) ADDITIONAL TAX AND TAX PENALTY

On July 18, 2023, SGS received the Notice issued by the MTA stating that the MTA had completed the Audit on the financial information of SGS for the tax assessment years between 2017 and 2020, including transfer pricing, royalty, air-pollution fee and unpaid tax payables. As a result of the Audit, the MTA has notified SGS that it is imposing a tax penalty against SGS in the amount of approximately $74,990. The penalty mainly relates to the different view on the interpretation of tax law between the Company and the MTA. Under Mongolian law, the Company had a period of 30 days from the date of receipt of the Notice to file an appeal in relation to the Audit. Subsequently the Company engaged an independent tax consultant in Mongolia to provide tax advice and support to the Company and filed an appeal letter in relation to the Audit with the MTA in accordance with Mongolian laws on August 17, 2023.

On February 8, 2024, SGS received notice from the TDRC which stated that, after the TDRC's review, the TDRC issued a decision in relation to SGS' appeal of the Audit, and ordered that the audit assessments set forth in the Notice of July 18, 2023 be sent back to the MTA for review and re-assessment.

On February 22, 2024, SGS received another notice from the MTA stating that the MTA anticipates commencing the re-assessment process on or about March 7, 2024 and the duration of such process will be approximately 45 working days.

On May 15, 2024, SGS received the Revised Notice from the MTA regarding the Re-assessment Result. The re-assessed amount of the tax penalty is approximately $80,000. In accordance with applicable Mongolian laws, SGS is entitled to file an appeal to the TDRC regarding the Re-assessment Result within a 30-day period from the date of receiving the Revised Notice.

On June 12, 2024, following consultation with its independent tax consultant in Mongolia, SGS has submitted an appeal letter to the TDRC regarding the Re-assessment Result, in accordance with applicable Mongolian laws.

On January 10, 2025, SGS received the Resolution from the TDRC in response to the appeal letter sent by SGS to the TDRC on June 12, 2024, relating to the Re-assessment Result. As set forth in the Resolution, the TDRC has determined to reduce the re-assessed amount of tax penalty against SGS from approximately $80,000 to approximately $26,500. In accordance with the applicable Mongolian laws, SGS is entitled to file an appeal to the Administrative Court regarding the Revised Re-assessment Result within a 30-day period from the date of receiving the Resolution. After careful consideration and consultation with the Company's independent tax consultant in Mongolia, the Company has determined not to pursue a further appeal of the Revised Re-assessment Result with the Administrative Court.

As at December 31, 2024, the Company has recorded an additional tax and tax penalty in the amount of $45,477 (2023: $85,143), which consists of a tax penalty payable of $26,527 (2023: $74,990) and a provision for additional late tax penalty of $18,950 (2023: $10,153). As a result of the Revised Re-assessment Result, the Company recorded a reversal of additional tax and tax penalty of $48,463 in 2024 (2023: $nil). To date, the Company has paid the MTA an aggregate of $1,687 in relation to the aforementioned tax penalty. The Company anticipates paying down the outstanding amount of the tax and tax penalty from cash generated from operations in the normal course. According to Mongolian tax law, the Mongolian tax authority has a legal authority to demand payment of the outstanding amount of the Revised Re-assessment Result from the Company at its discretion.

8. FINANCE COSTS AND INCOME

The Company's finance costs consist of the following amounts:

	Year ended December 31, 2024	2023
Interest expense on convertible debenture	**$ 37,103**	$ 46,337
Fair value loss on embedded derivatives in convertible debenture	**–**	292
Value added tax on interest from intercompany loan	**–**	1,926
Interest elements on leased assets	**292**	133
Accretion of decommissioning liability	**371**	384
Finance costs	**$ 37,766**	$ 49,072

The Company's finance income consists of the following amounts:

	Year ended December 31, 2024	2023
Fair value gain on embedded derivatives in convertible debenture	**$ 298**	$ –
Gain on modification of convertible debenture	**3,187**	4,850
Interest income	**141**	234
Finance income	**$ 3,626**	$ 5,084

9. TAXES

9.1 Income tax recognised in profit or loss

	Year ended December 31, 2024	2023
Current tax:		
PRC Enterprise Income Tax ("EIT")	**$ 1,031**	$ 6,159
Mongolian corporate income tax	**30,088**	27,659
Income tax expenses	**$ 31,119**	$ 33,818

No provision for Hong Kong Profits Tax, Canadian Corporation Income Tax, Singapore Corporate Income Tax haves been made in the financial statements as the Company has no assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% on the estimated assessable profits.

Mongolian corporate income tax was calculated at 10% to the first MNT 6 billion of annual taxable income and 25% on the remaining annual taxable income for both years.

The Canadian statutory tax rate was 27% (2023: 27%). A reconciliation between the Company's tax expense and the product of the Company's loss before tax multiplied by the Company's domestic tax rate is as follows:

	Year ended December 31, 2024	2023
Profit before tax	**$ 123,616**	$ 34,726
Statutory tax rate	**27%**	27%
Income tax expenses based on combined Canadian federal and provincial statutory rates	**33,376**	9,376
Tax effect of higher effective tax rate in foreign jurisdictions	**(1,953)**	(2,543)
Overprovision of income tax in prior year	**(9,890)**	–
Tax effect of tax losses and temporary differences not recognised	**9,382**	10,787
Tax effect of withholding tax on intercompany interest	**1,814**	3,168
Tax effect of profit attributable to a joint venture	**(807)**	(606)
Tax effect of income not subject to tax	**(6,029)**	(5,322)
Tax effect of non-deductible expenses	**5,226**	18,958
Income tax expenses	**$ 31,119**	$ 33,818

9.2 Unrecognised deductible temporary differences and unused tax losses

The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognised consist of the following amounts:

	As at December 31,	
	2024	2023
Non-capital losses	**$ 205,660**	$ 202,465
Capital losses	**30,049**	30,049
Foreign exchange and others	**320,975**	361,968
Total unrecognised amounts	**$ 556,684**	$ 594,482

9.3 Expiry dates

The expiry dates of the Company's unused tax losses are as follows:

	As at December 31, 2024	
	U.S. Dollar Equivalent	**Expiry dates**
Non-capital losses		
Canada	**$ 201,141**	2042 – 2044
China	**4,519**	2029
	$ 205,660	
Capital losses		
Canada	**$ 30,049**	Indefinite

	As at December 31, 2023	
	U.S. Dollar Equivalent	Expiry dates
Non-capital losses		
Canada	$ 197,772	2041 – 2043
China	4,693	2028
	$ 202,465	
Capital losses		
Canada	$ 30,049	Indefinite

10. DIRECTOR AND EMPLOYEE EMOLUMENTS

Directors' emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, the Company's directors' emoluments consist of the following amounts:

	Year ended December 31, 2024	2023
Directors' fees	**$ 281**	$ 358
Other emoluments for executive and non-executive directors		
Salaries and other benefits	**1,113**	1,122
Retirement Scheme Contributions	**68**	41
Directors' emoluments	**$ 1,462**	$ 1,521

Year ended December 31, 2024

Name of director	Directors' fees	Salaries and other benefits	Share-based compensation	Pension and social insurance contributions	Total
Executive directors					
Ruibin Xu	$ –	$ 371	$ –	$ 18	$ 389
Chonglin Zhu	–	371	–	22	393
Chen Shen	–	371	–	22	393
	$ –	$ 1,113	$ –	$ 62	$ 1,175
Non-executive directors					
Fan Keung Vic Choi [(i)]	$ 41	$ –	$ –	$ –	$ 41
Zhu Gao	–	–	–	–	–
Yingbin Ian He	103	–	–	3	106
Jin Lan Quan	86	–	–	–	86
Mao Sun [(ii)]	51	–	–	3	54
Zaixiang Wen	–	–	–	–	–
	$ 281	$ –	$ –	$ 6	$ 287
Directors' emoluments	$ 281	$ 1,113	$ –	$ 68	$ 1,462

(i) *Appointed to the Board during the year ended December 31, 2024.*

(ii) *Ceased to be a non-executive director upon conclusion of the Company's AGM held on June 27, 2024.*

Year ended December 31, 2023

Name of director	Directors' fees	Salaries and other benefits	Share-based compensation	Pension and social insurance contributions	Total
Executive directors					
Ruibin Xu [i]	$ –	$ 283	$ –	$ 8	$ 291
Chonglin Zhu	–	350	–	11	361
Chen Shen	–	327	–	11	338
Dong Wang [ii]	–	162	–	5	167
	$ –	$ 1,122	$ –	$ 35	$ 1,157
Non-executive directors					
Zhu Gao	$ –	$ –	$ –	$ –	$ –
Yingbin Ian He	120	–	–	3	123
Gang Li [iii]	–	–	–	–	–
Jin Lan Quan	106	–	–	–	106
Mao Sun	132	–	–	3	135
Zaixiang Wen [i]	–	–	–	–	–
	$ 358	$ –	$ –	$ 6	$ 364
Directors' emoluments	$ 358	$ 1,122	$ –	$ 41	$ 1,521

(i) *Appointed to the Board during the year ended December 31, 2023.*

(ii) *Redesignated from an executive director to a non-executive director on May 15, 2023, and ceased to be a non-executive director upon conclusion of the Company's AGM held on June 20, 2023.*

(iii) *Resigned from the Board during the year ended December 31, 2023.*

Five highest paid individuals

The five highest paid individuals included three directors of the Company for the year ended December 31, 2024 (2023: three directors). The emoluments of the five highest paid individuals are as follows:

	Year ended December 31, 2024	2023
Salaries and other benefits	**$ 1,560**	$ 1,470
Share-based compensation	**63**	–
Total emoluments	**$ 1,623**	$ 1,470

The emoluments for the five highest paid individuals were within the following bands:

	Year ended December 31, 2024	2023
HK$ 1,500,001 to HK$ 2,000,000	**2**	1
HK$ 2,000,001 to HK$ 2,500,000	**–**	2
HK$ 2,500,001 to HK$ 3,000,000	**–**	2
HK$ 3,000,001 to HK$ 3,500,000	**3**	–
	5	5

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Year ended December 31, 2024	2023
Net profit	**$ 92,497**	$ 908
Weighted average number of shares	**296,618**	295,252
Basic earnings per share	**$ 0.312**	$ 0.003
Earnings		
Profit for the purposes of diluted earnings per share	**$ 92,497**	$ 908
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**296,618**	295,252
Effect of dilutive potential ordinary shares:		
– Share options	**1,278**	470
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**297,896**	295,722
Diluted earnings per share	**$ 0.311**	$ 0.003

Potentially dilutive items not included in the calculation of diluted earnings per share for the year ended December 31, 2024 include the underlying shares comprised in the convertible debenture that were anti-dilutive.

12. CASH AND CASH EQUIVALENTS

	As at December 31, 2024	2023
Cash and bank balances	**$ 8,864**	$ 48,416
Less: Restricted cash[(i)]	**(274)**	(423)
Cash and cash equivalents	**$ 8,590**	$ 47,993

(i) *Pursuant to relevant regulations in Mainland China, the Company is required to place certain amounts at designated bank accounts as guaranteed deposits for issuance of guarantee letter as requested by China Customs.*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company's cash is denominated in the following currencies:

	As at December 31, 2024	2023
Denominated in U.S. Dollars	**$ 99**	$ 1,511
Denominated in Chinese Renminbi	**6,271**	37,555
Denominated in Mongolian Tugriks	**1,962**	8,221
Denominated in Canadian Dollars	**25**	95
Denominated in Hong Kong Dollars	**233**	611
Cash	**$ 8,590**	$ 47,993

13. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of the following amounts:

	As at December 31, **2024**	2023
Trade receivables	**$ 25,418**	$ –
Other receivables	**6,068**	7,541
Total trade and other receivables	**$ 31,486**	$ 7,541

The aging of the Company's trade and other receivables, based on invoice date and net of provisions, is as follows:

	As at December 31, **2024**	2023
Less than 1 month	**$ 28,630**	$ 2,182
1 to 3 months	**2,856**	5,359
Total trade and other receivables	**$ 31,486**	$ 7,541

Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade and other receivable balances.

The Company has determined that the loss allowance on its trade and other receivables was $22,348 (December 31, 2023: $22,487) as at December 31, 2024, based upon an expected loss rate of 10% for trade and other receivables 90 days past due and 100% for trade and other receivables 180 days past due.

The closing allowances for trade and other receivables as at December 31, 2024 reconcile to the opening loss allowances as follows:

Loss allowance for trade and other receivables	
Opening loss allowance as at January 1, 2024	**$ 22,487**
Increase in loss allowance recognised in profit or loss during the year	**10**
Exchange realignment	**(149)**
Closing loss allowance as at December 31, 2024	**$ 22,348**
Opening loss allowance as at January 1, 2023	$ 22,599
Increase in loss allowance recognised in profit or loss during the year	59
Exchange realignment	(171)
Closing loss allowance as at December 31, 2023	$ 22,487

14. TRADE AND OTHER PAYABLES

Trade and other payables of the Company primarily consist of amounts outstanding for trade purchases relating to coal mining, development and exploration activities and mining royalties payable. The usual credit period taken for trade purchases is between 30 to 90 days.

The aging of the Company's trade and other payables, based on invoice date, is as follows:

	As at December 31, **2024**	2023
Less than 1 month	**$ 53,646**	$ 7,466
1 to 3 months	**50,936**	24,862
3 to 6 months	**18,205**	3,041
Over 6 months	**46,494**	24,823
Total trade and other payables	**$ 169,281**	$ 60,192

The trade and other payables of $169,281 (2023: $60,192) included other tax payables of $55,225 (2023: $16,492).

15. DEFERRED REVENUE

At December 31, 2024, the Company had deferred revenue of $34,350, which represents cash prepayments from customers for future coal sales (2023: $65,670).

The movement of the Company's deferred revenue is as follows:

	Year ended December 31, **2024**	2023
Balance, beginning of year	**$ 65,670**	$ 30,282
Revenue recognised that was included in the deferred revenue balance	**(65,508)**	(30,190)
Repayment of trade deposits	**(8,435)**	(11,235)
Increase due to trade deposits received, excluding amounts recognised as revenue during the year	**44,157**	76,882
Exchange realignment	**(1,534)**	(69)
Balance, end of year	**$ 34,350**	$ 65,670

The performance obligation related to the revenue from customers for contracts that are unsatisfied (or partially unsatisfied) are expected to be recognised within one year after the reporting date. The Company applies the practical expedient and does not disclose information about any remaining performance obligation that is a part of contract that has original expected duration of one year or less.

16. LEASE LIABILITIES

The Company leases certain of its office premises and plant for daily operations. These leases have remaining lease terms ranging from 2 to 5 years.

At December 31, 2024, the total future minimum lease payments and their present values were as follows:

	Minimum lease payments As at December 31,		Present value of minimum lease payments As at December 31,	
	2024	2023	**2024**	2023
Amounts payable:				
Within one year	**$ 1,213**	$ 1,486	**$ 1,023**	$ 1,206
In the second year	**726**	1,002	**622**	844
In the third to fifth year, inclusive	**603**	1,101	**547**	941
Total minimum lease payments	**$ 2,542**	$ 3,589	**$ 2,192**	$ 2,991
Future finance charges	**(350)**	(598)		
Total net lease payables	**$ 2,192**	$ 2,991		
Portion classified as current liabilities	**(850)**	(1,206)		
Non-current portion	**$ 1,342**	$ 1,785		

17. CONVERTIBLE DEBENTURE

On November 19, 2009, the Company issued a convertible debenture to CIC for $500,000. The convertible debenture is presented as a liability since it contains no equity components. The convertible debenture is a hybrid instrument, containing a debt host component and three embedded derivatives – the investor's conversion option, the issuer's conversion option and the equity-based interest payment provision (the 1.6% share interest payment) (the "embedded derivatives"). The debt host component is classified as other financial liabilities and is measured at amortised cost using the effective interest rate method and the embedded derivatives are classified as fair value through profit or loss and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the convertible debenture.

The embedded derivatives were valued upon initial measurement and subsequent periods using a Monte Carlo simulation valuation model. A Monte Carlo simulation model is a valuation model that relies on random sampling and is often used when modeling systems with a large number of inputs and where there is significant uncertainty in the future value of inputs and where the movement of the inputs can be independent of each other. Some of the key inputs used by the Company in its Monte Carlo simulation include: the floor and ceiling conversion prices, the Company's common share price, the risk-free rate of return, expected volatility of the Company's common share price, forward foreign exchange rate curves (between the CA$ and U.S. dollar) and spot foreign exchange rates.

17.1 Partial conversion

On March 29, 2010, the Company exercised a right within the debenture to call and convert $250,000 of the debenture for 21,471 Common Shares.

17.2 Presentation

Based on the Company's valuation as at December 31, 2024, the fair value of the embedded derivatives decreased by $298 (2023: increased by $292) compared to December 31, 2023. The decrease was recorded as finance income for the year ended December 31, 2024.

For the year ended December 31, 2024, the Company recorded interest expense of $37,103 related to the convertible debenture as a finance cost (2023: $46,337). The interest expense consists of the interest at the contract rate and the accretion of the debt host component of the convertible debenture. To calculate the accretion expense, the Company uses the contract life of 30 years and an effective interest rate of 14.1%.

A modification gain of $3,187 was recognised in profit or loss for the year ended December 31, 2024 (2023: $4,850) for the difference between the original contractual cash flows and modified cash flows under the 2024 March Deferral Agreement and 2024 April Deferral Agreement discounted at the new effective interest rate.

The movements of the amounts due under the convertible debenture are as follows:

	Year ended December 31, 2024	2023
Balance, beginning of year	**$ 194,300**	$ 224,653
Interest expense on convertible debenture	**37,103**	46,337
Increase/(decrease) in fair value of embedded derivatives	**(298)**	292
Gain on modification of convertible debenture	**(3,187)**	(4,850)
Interest paid	**(23,000)**	(72,132)
Balance, end of year	**$ 204,918**	$ 194,300

The convertible debenture balance consists of the following amounts:

	As at December 31, 2024	2023
Current convertible debenture		
Interest payable	**$ 120,651**	$ 103,150
	120,651	103,150
Non-current convertible debenture		
Debt host and interest payable	**$ 84,204**	$ 90,789
Fair value of embedded derivatives	**63**	361
	84,267	91,150
Total convertible debenture	**$ 204,918**	$ 194,300

18. ACCUMULATED DEFICIT AND DIVIDENDS

At December 31, 2024, the Company has accumulated a deficit of $1,149,222 (2023: $1,241,685). No dividend has been paid or declared by the Company since inception.

The Board did not recommend the payment of any dividend for the year ended December 31, 2024 (2023: $nil).

REVIEW OF RESULTS

The annual results of the Company for the year ended December 31, 2024 were reviewed by the Audit Committee of the Company and approved and authorised for issue by the Board on March 28, 2025.

The financial figures in respect of the Company's consolidated statements of financial position, consolidated statements of comprehensive income and the related notes thereto for the year ended December 31, 2024, as set out in this press release have been agreed by the Company's independent auditors, BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the year.

The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this press release.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

BDO Limited was engaged to audit the consolidated financial statements of the Company. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Company for the years ended December 31, 2024 and 2023.

"Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the IASB ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our auditor's report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group had a deficiency in assets of US$49.8 million while the working capital deficiency reached US$228.1 million as at December 31, 2024. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

PUBLICATION OF ANNUAL RESULTS

The Company's results for the year ended December 31, 2024 are contained in the audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), available on the SEDAR+ website at www.sedarplus.ca and the Company's website at www.southgobi.com. Copies of the Company's 2024 Annual Report containing the audited consolidated financial statements and the MD&A, and the Annual Information Form will be available at www.southgobi.com. Shareholders with registered addresses in Hong Kong who have elected to receive a copy of the Company's Annual Report will receive one. Other shareholders of the Company may request a hard copy of the 2024 Annual Report free of charge by contacting our Investor Relations department by email at info@southgobi.com.

QUALIFIED PERSONS

Disclosure of a scientific or technical nature in this press release in respect of the Company's material mineral projects was prepared by or under the supervision of the individuals set out in the table below, each of whom is a "Qualified Person" as that term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators:

Property	Qualified Persons	Field of Expertise	Relationship to Company
Ovoot Tolgoi	Jaydee Ammugauan	Resources	Independent Consultant
Ovoot Tolgoi	Tao Xu	Reserves	Independent Consultant
Soumber	Jaydee Ammugauan	Resources	Independent Consultant
Soumber	Tao Xu	Reserves	Independent Consultant

Disclosure of a scientific or technical nature relating to the Ovoot Tolgoi Mine contained in this press release is derived from a technical report (the "Ovoot Tolgoi Technical Report") prepared in accordance with NI 43-101 on the Ovoot Tolgoi Mine dated December 2, 2024, prepared by Mr. Jaydee Ammugauan, Mr. Tao Xu and Mr. Larry Li of BAW Mineral Partners Limited ("BAW"). A copy of the Ovoot Tolgoi Technical Report is available under the Company's profile on SEDAR+ at www.sedarplus.ca. BAW has not reviewed or updated the Ovoot Tolgoi Technical Report since the date of publishing.

Disclosure of a scientific or technical nature relating to the Soumber Deposit contained in this press release is derived from a technical report (the "Soumber Technical Report") prepared in accordance with NI 43-101 on the Soumber Deposit dated December 2, 2024, prepared by Mr. Jaydee Ammugauan, Mr. Tao Xu and Mr. Larry Li of BAW. A copy of the Soumber Technical Report is available under the Company's profile on SEDAR+ at www.sedarplus.ca. BAW has not reviewed or updated the Soumber Technical Report since the date of publishing.

ABOUT SOUTHGOBI

SouthGobi, listed on the HKEX and TSX-V, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. It also holds the mining licenses of its other metallurgical and thermal coal deposits in South Gobi Region of Mongolia. SouthGobi produces and sells coal to customers in China.

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Except for statements of fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "could", "should", "seek", "likely", "estimate" and other similar words or statements that certain events or conditions "may" or "will" occur. Forward-looking statements relate to management's future outlook and anticipated events or results and are based on the opinions and estimates of management at the time the statements are made. Forward-looking statements in this press release include, but are not limited to, statements regarding:

- the Company continuing as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of operations as they become due;

- adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and the impact thereof;

- the Company's expectations of sufficient liquidity and capital resources to meet its ongoing obligations and future contractual commitments, including the Company's ability to settle its trade payables, to secure additional funding and to meet its obligations under each of the Convertible Debenture, and the 2025 March Deferral Agreement as the same become due, the Company's ability to settle the tax penalty payable of $26.5 million imposed by the MTA and a provision for additional late tax penalty of $19.0 million;

- the Company's anticipated financing needs, operational and development plans and future production levels, including ramp up of the Company's mining operations and capacity in 2025;

- the results and impact of the Ontario class action (as described under section "Regulatory Issues and Contingencies" of this press release under the heading entitled "Lawsuit");

- the estimates and assumptions included in the Company's impairment analysis and the possible impact of changes thereof;

- the construction and operation of the Dry Coal Separation System at the Company's Ovoot Tolgoi Mine;

- the agreement with Ejin Jinda and the payments thereunder (as described under section "Regulatory Issues and Contingencies" of this press release under the heading entitled "Toll Wash Plant Agreement with Ejin Jinda");

- the ability of the Company to enhance the operational efficiency and output throughput of the washing facilities at Ovoot Tolgoi;

- the ability of the Company to enhance the product value by conducting coal processing and coal washing;

- the impact of the Company's activities on the environment and actions taken for the purpose of mitigation of potential environmental impacts and planned focus on health, safety and environmental performance;

- the future demand for coal in China;

- future trends in the Chinese coal industry;

- the Company's outlook and objectives for 2025 and beyond (as more particularly described under "Outlook" of this press release); and

- other statements that are not historical facts.

Forward-looking information is based on certain factors and assumptions described below and elsewhere in this press release, including, among other things: the current mine plan for the Ovoot Tolgoi mine; mining, production, construction and exploration activities at the Company's mineral properties; the costs relating to anticipated capital expenditures; the capacity and future toll rate of the paved highway; plans for the progress of mining license application processes; mining methods; the Company's anticipated business activities, planned expenditures and corporate strategies; management's business outlook, including the outlook for 2025 and beyond; currency exchange rates; operating, labour and fuel costs; the ability of the Company to raise additional financing; the anticipated royalties payable under Mongolia's royalty regime; the ability of the Company to settle the tax penalty payable of $26.5 million imposed by the MTA and a provision for additional late tax penalty of $19.0 million; the future coal market conditions in China and the related impact on the Company's margins and liquidity; the anticipated demand for the Company's coal products; future coal prices, and the level of worldwide coal production. While the Company considers these assumptions to be reasonable based on the information currently available to it, they may prove to be incorrect. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include, among other things: the uncertain nature of mining activities, actual capital and operating costs exceeding management's estimates; variations in mineral resource and mineral reserve estimates; failure of plant, equipment or processes to operate as anticipated; the possible impacts of changes in mine life, useful life or depreciation rates on depreciation expenses; risks associated with, or changes to regulatory requirements (including environmental regulations) and the ability to obtain all necessary regulatory approvals; the potential expansion of the list of licenses published by the Government of Mongolia covering areas in which exploration and mining are purportedly prohibited on certain of the Company's mining licenses; the Government of Mongolia designating any one or more of the Company's mineral projects in Mongolia as a Mineral Deposit of Strategic Importance; the risk that the Company is unable to successfully settle the tax penalty payable of $26.5 million imposed by the MTA and a provision for additional late tax penalty of $19.0 million (as described under section "Significant Events and Highlights" of this press release under the heading entitled "Additional Tax and Tax Penalty Imposed by the MTA"); the risk that the import coal quality standards established by Chinese authorities will negatively impact the Company's operations; the risk that Mongolia's southern borders with China will be subject to further closure; the risk that the Company's existing coal inventories are unable to sufficiently satisfy expected sales demand; the possible impact of changes to the inputs to the valuation model used to value the embedded derivatives in the Convertible Debenture; the risk of the Company or its subsidiaries default under its existing debt obligations, including the Convertible Debenture and the 2025 March Deferral Agreement; the impact of amendments to, or the application of, the laws of Mongolia, China and other countries in which the Company carries on business; modifications to existing practices so as to comply with any future permit conditions that may be imposed by regulators; delays in obtaining approvals and lease renewals; the risk of fluctuations in coal prices and changes in China and world economic conditions; the outcome of the Class Action (as described under section "Regulatory Issues and Contingencies" of this press release under the heading entitled "Lawsuit") and any damages payable by the Company as a result; the risk that the calculated sales price determined by the Company for the purposes of determining the amount of royalties payable to the Mongolian government is deemed as being "non-market" under Mongolian tax law; customer credit risk; cash flow and liquidity risks; risks relating to the Company's decision to suspend activities relating to the development of the Ceke Logistics Park project, including the risk that its investment partner may initiate legal action against the Company for failing to comply with the underlying agreements governing project development; risks relating to the ability of the Company to enhance the operational efficiency and the output throughput of the washing facilities at Ovoot Tolgoi and risks relating to the Company's ability to raise additional financing and to continue as a going concern. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Due to assumptions, risks and uncertainties, including the assumptions, risks and uncertainties identified above and elsewhere in this press release, actual events may differ materially from current expectations. The Company uses forward-looking statements because it believes such statements provide useful information with respect to the currently expected future operations and financial performance of the Company, and cautions readers that the information may not be appropriate for other purposes. Except as required by law, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this press release; they should not rely upon this information as of any other date.

The English text of this press release shall prevail over the Chinese text in case of inconsistencies.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.