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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)

INSIDE INFORMATION
IMPORTANT NOTICE REGARDING
THE LAW ON MINERAL RESOURCES OF MONGOLIA

This announcement is made by SouthGobi Resources Ltd. (the "**Company**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company announces that its Mongolian legal counsel has advised that legal persons holding a Mongolian mining license for a deposit designated by the Mongolian government as a strategically important mineral deposit ("**Mineral Deposits of Strategic Importance**") are subject to certain ownership regulations under the Law on Mineral Resources of Mongolia, but there is uncertainty as to how these regulations will be interpreted and applied to a publicly-listed company which is the beneficial owner of a Mineral Deposit of Strategic Importance. As of the date of this announcement, the deposits covered by four of the Company's Mongolian mining licenses have been designated as Mineral Deposits of Strategic Importance by Mongolian government authorities. The relevant mining licenses relate to the Company's Ovoot Tolgoi Mine and the Soumber Deposit.

Based on the advice of Mongolian legal counsel, the Company understands that, under Article 5.7 of the Law on Mineral Resources of Mongolia, any legal person holding a special license for a Mineral Deposit of Strategic Importance shall not, individually or jointly with other entities having a common interest, hold more than 34% of the total issued and outstanding shares of such legal person. In the event that the aforementioned ownership restriction is not complied with, Article 9.1.16 of the Law on Mineral Resources of Mongolia provides the Mongolian government with the right to appoint a plenipotentiary representative to take charge of managing such legal person to ensure compliance with the law.

* *For identification purpose only*

The Company's Mongolian legal counsel has advised that, while there is no clarity as to how the aforementioned ownership restriction will be interpreted and applied in practice to a publicly-listed company like the Company, they are of the view that the ownership restriction set forth in Article 5.7 of the Law on Mineral Resources of Mongolia is likely to be determined with reference to the beneficial shareholders of the publicly-listed company. In other words, in the case of the Company, should any single shareholder (or parties acting in concert collectively) hold more than 34% of the Company's issued and outstanding shares, the Company could be considered to be in contravention of Article 5.7 of the Law on Mineral Resources of Mongolia.

The Company has been further advised by its Mongolian legal counsel that the aforementioned ownership restrictions under the Law on Mineral Resources of Mongolia are ambiguous as it relates to their application to the Company or any other publicly-listed company. As of the date hereof, the Company is not aware of any judicial case in Mongolia which sets a precedent as to, or provides clarity or interpretive guidance on, how the ownership restriction in Article 5.7 of the Law on Mineral Resources of Mongolia would be applied to a public-listed company. Accordingly, the Company is not in a position as of the date hereof to provide any reasonable assurance or guidance as to how the current ownership regulations under the Law on Mineral Resources of Mongolia may be applied to the Company in the future.

As of the date of this announcement and to the knowledge of the Company, the single largest shareholder of the Company holds approximately 28.87% of the Company's total issued and outstanding shares, and currently there is no shareholder which holds more than 34% of the Company's total issued and outstanding shares. As disclosed in the Company's announcement dated May 8, 2025, Southgobi Sands LLC ("**SGS**"), the Company's wholly-owned Mongolian subsidiary, received a letter from a plenipotentiary representative of the Mongolian government which invited SGS to participate in negotiations to determine the Mongolian state's ownership interest in SGS, being the legal entity, which holds the Company's coal mining licenses in Mongolia. As of the date hereof, SGS is in continued discussions with the plenipotentiary representative of the Mongolian Government. The Company anticipates that the discussions between SGS and the plenipotentiary representative of the Mongolian Government will continue and both parties will endeavour to engage in good faith for the purpose of arriving at a mutual and constructive understanding and agreement. The Company intends to fully cooperate with the Mongolian government and provide all necessary information to the extent permitted by applicable law.

The Company will monitor the developments concerning changes in the scope of the Mineral Deposit of Strategic Importance, while seeking to protect its lawful interests and rights over its mineral deposits.

The Company will issue further announcement(s) to update shareholders and potential investors regarding material developments as and when necessary.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

If there is any inconsistency or discrepancy between the English and Chinese versions, the English version shall prevail.

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

Hong Kong: January 28, 2026

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.

Forward-Looking Statements

Certain information included in this press release that is not current or historical factual information constitutes forward-looking statements or information within the meaning of applicable securities laws (collectively, "**forward-looking statements**"), including negotiations with the plenipotentiary representative of the Mongolian government and how the ownership restrictions under the Law on Mineral Resources of Mongolia may be applied to the Company in the future. Forward-looking statements are frequently characterized 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 are based on certain factors and assumptions including, among other things, the Company's discussions with the plenipotentiary representative of the Mongolian government and other similar factors that may cause actual results to differ materially from what the Company currently expects. Actual results may vary from the forward-looking statements. Readers are cautioned not to place undue importance on forward-looking statements, which speaks only as of the date of this disclosure, and not to rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to, update or revise any forward-looking statements, whether as a result of new information, further events or otherwise at any particular time, except as required by law. Additional information concerning factors that may cause actual results to materially differ from those in such forward-looking statements is contained in the Company's filings with Canadian securities regulatory authorities and the website of the Hong Kong regulatory filings and disclosures of listed issuer information. These can be found under the Company's profile on SEDAR+ and HKEXnews respectively, at www.sedarplus.ca and www.hkexnews.hk.