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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DEFERRAL OF PAYMENT OBLIGATIONS UNDER CONVERTIBLE DEBENTURE AND AMENDED AND RESTATED COOPERATION AGREEMENT

This announcement is made by SouthGobi Resources Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to applicable Canadian securities laws and Rule 13.09(2) and Chapters 14 and 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated November 11, 2022, March 26, 2023, August 30, 2023, October 13, 2023, November 17, 2023, January 19, 2024, March 19, 2024, April 30, 2024, and March 20, 2025 (collectively, the "**Announcements**") and the management proxy circular of the Company dated May 13, 2025 (the "**May 2025 Management Proxy Circular**") in relation to the deferral agreements under the Convertible Debenture (as defined below). Unless otherwise specified, terms used in this announcement shall have the meaning as defined in the Announcements and the July 2024 Management Proxy Circular.

The March 2026 Deferral Agreement

The Company announces that, on March 23, 2026, the Company and two of its subsidiaries, namely Southgobi Sands LLC and SGQ Coal Investment PTE. Ltd. (the "**Guarantors**"), entered into a new deferral agreement (the "**March 2026 Deferral Agreement**") with JD Zhixing Fund L.P. ("**JDZF**"), the registered holder of the Company's US$250 million Convertible Debenture issued on November 19,

** For identification purposes only*

2009 (the "**Convertible Debenture**") and the Company's largest shareholder, pursuant to which JDZF agreed to grant the Company:

(i) a deferral of the cash interest, payment-in-kind interest ("**PIK Interest**") and management fees of approximately US$140.5 million (the "**2025 Deferred Amounts**") which will be due and payable to JDZF on or before August 31, 2026 pursuant to the deferral agreement dated March 20, 2025;

(ii) a deferral of the cash interest payment of approximately US$7.9 million (the "**May 2026 Cash Interest**") which will be due and payable to JDZF on May 19, 2026 under the Convertible Debenture;

(iii) a deferral of the cash interest of approximately US$8.1 million and PIK Interest (the "**November 2026 PIK Interest**") of approximately US$4.0 million (collectively, the "**November 2026 Cash and PIK Interest**") which will be due and payable to JDZF in each case on November 19, 2026 under the Convertible Debenture; and

(iv) a deferral of the management fees of approximately US$7.6 million which will be due and payable to JDZF on May 16, 2026, August 15, 2026, November 15, 2026, and February 15, 2027, respectively (the "**Deferred Management Fees**", and together with the 2025 Deferred Amounts, the May 2026 Cash Interest, the November 2026 Cash and PIK Interest, and the Deferred Management Fees, the "**Deferred Amounts**") under the amended and restated cooperation agreement dated April 23, 2019 (the "**Amended and Restated Cooperation Agreement**").

The principal terms of the March 2026 Deferral Agreement are as follows:

Effectiveness of the March 2026 Deferral Agreement

- The effectiveness of the March 2026 Deferral Agreement is subject to the Company providing notice to, and obtaining acceptance (if required) from the TSX Venture Exchange ("**TSX-V**") and requisite approval from disinterested shareholders of the Company in accordance with the requirements of applicable Canadian securities laws (see section entitled "Shareholders' Approval Pursuant to MI 61-101 Requirements under Applicable Canadian Securities Laws" below) and Rule 14.33 and Rule 14A.36 of the Hong Kong Listing Rules.

The Deferral

- JDZF agreed to grant the Company a deferral (the "**Deferral**") of the Deferred Amounts until August 31, 2027 (the "**Deferral Date**").

- As consideration for the deferral of the 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 (the "**Convertible Debenture Deferral Fee**") on the outstanding balance of such Deferred Amounts, commencing on the date on which each such Deferred Amounts would otherwise have been due and payable under the Convertible Debenture.
- As consideration for the deferral of the 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 (the "**Cooperation Agreement Deferral Fee**", and together with the Convertible Debenture Deferral Fee, the "**Deferral Fees**") on the outstanding balance of such Deferred Amounts commencing on the date on which each such Deferred Amounts would otherwise have been due and payable under the Amended and Restated Cooperation Agreement.
- The March 2026 Deferral Agreement does not contemplate a fixed repayment schedule for the Deferred Amounts or related deferral fees. Instead, the March 2026 Deferral Agreement requires the Company to use its best efforts to pay the Deferred Amounts and related deferral fees due and payable under the March 2026 Deferral Agreement to JDZF. During the period beginning as of the effective date of the March 2026 Deferral Agreement and ending as of the 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 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 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.
- The occurrence of a Deferral Event of Default or an Event of Default (as such terms are defined in the Convertible Debenture) will: (i) entitle JDZF to pursue any and all remedies against the Company and the Guarantors in accordance with the Convertible Debenture; and (ii) result in the principal, interest and other amounts owing under the March 2026 Deferral Agreement,

the Convertible Debenture and related security agreements becoming immediately due and payable without any requirement for JDZF to deliver notice to the Company.

The aforementioned summary of the principal terms of the March 2026 Deferral Agreement is not comprehensive, and is qualified in its entirety by reference to the full text of the March 2026 Deferral Agreement, a copy of which has been filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

Basis of Determination of the Deferral Fees

The Deferral Fees, which are expected to be satisfied by the internal resources and/or external borrowings of the Group were determined on an arm's length basis (or on terms no less favourable to the Group than terms available from independent third parties) among the parties to the March 2026 Deferral Agreement, taking into account the following factors:

(i) the deferral fees stipulated under the previous deferral agreements, including the deferral fee at the rate of 6.4% per annum as consideration for the deferred payments arising from the Convertible Debenture contemplated under the March 2025 Deferral Agreement, which is the latest deferral agreement contemplating the same before the March 2026 Deferral Agreement, and the deferral fee at the rate of 1.5% per annum as consideration for the deferred payments arising from the Amended and Restated Cooperation Agreement contemplated under the March 2025 Deferral Agreement, which is the latest deferral agreement contemplating the same before the March 2026 Deferral Agreement;

(ii) historically, the higher finance costs incurred by the Group for receiving financial assistance from independent third parties of the Group within the past five years, the rate of which generally fell within the range from 10% to 16.8%;

(iii) based on the publicly available information and to the Company's understanding, the finance costs of industry peers and listed companies in a similar industry as the Group are of a similar range as the those of the Deferral Fees, with the interest rates ranged from 3% to 13.3% per annum; and

(iv) the reasons and benefits as set out in the section entitled "Reasons for, and Benefits of, the March 2026 Deferral Agreement" below.

General Information of the Parties

The Group

The Company is an integrated coal mining, development and trading company. SGQ Coal Investment PTE. Ltd. is a wholly-owned subsidiary of the Company incorporated under the laws of Singapore,

which is principally engaged in the investment holding business activities. Southgobi Sands LLC is a wholly-owned subsidiary of the Company incorporated under the laws of Mongolia, which is principally engaged in coal mining, development and exploration of properties in Mongolia.

JDZF

JDZF is an exempt limited partnership formed under the laws of the Cayman Islands, which is principally engaged in investment holding activities. JDZF's general partner and limited partner are JD Dingxing Limited and Inner Mongolia Tianyu Trading Limited. To the best of the Company's knowledge and belief, the ultimate beneficial owner of the limited partner is Mr. Yong An and that of the general partner is Ms. Chonglin Zhu. Mr. Yong An is the Chairman and founder of Inner Mongolia Tianyu Innovation Investment Group Co. Ltd.* (内蒙古天宇創新投資集團有限公司) ("**Tianyu Group**"), and has conducted business in Inner Mongolia region since 1998. Ms. Chonglin Zhu was the Chief Financial Officer of Tianyu Group from March 2015 to September 2022, and was also responsible for managing JDZF. Ms. Chonglin Zhu has served as the executive Director and Senior Vice President of Finance of the Company since September 8, 2022, and has been appointed as the Chief Financial Officer of the Company on February 2, 2024.

Reasons for, and Benefits of, the March 2026 Deferral Agreement

In evaluating the transactions contemplated under the March 2026 Deferral Agreement, the board (the "**Board**") of directors (the "**Directors**") of the Company has taken into account, among other things, the terms of the Deferral and the March 2026 Deferral Agreement, the Company's financial position and the possible funding alternatives reasonably available to the Company and considered that: (i) the Deferral is offered on reasonable commercial terms not less advantageous to the Company than if the Company obtained similar financing from a person dealing at arm's length with the Company; (ii) the terms of the Deferral are reasonable in the circumstances of the Company; (iii) the Deferral is designed to improve the financial position of the Company; (iv) the Deferral will enhance the Company's ability to continue as a going concern in the near term and provide the Company with financial flexibility to consider and explore different measures to secure additional capital or to pursue a strategic debt restructuring or refinancing plan with JDZF; and (v) the best interests of the Company and its shareholders (the "**Shareholders**") will be served by approving the Deferral and the March 2026 Deferral Agreement.

Board Review and Approval

Based on the above, the Board (excluding (i) the Directors who are appointed by JDZF pursuant to contractual nomination rights contained in the securityholders agreement between the Company,

JDZF, and a former shareholder of the Company and certain deferral agreements between JDZF, the Company, and certain of its subsidiaries relating to the Convertible Debenture, namely, Mr. Ruibin Xu, Ms. Chonglin Zhu, and Mr. Chen Shen (collectively, the "**Deferral Interested Directors**"); and (ii) the independent non-executive Directors, whose views are to be contained in the letter from the independent board committee (the "**Independent Board Committee**") in the Company's management proxy circular (the "**Management Proxy Circular**") to be despatched to the Shareholders) is of the view that the March 2026 Deferral Agreement and the transactions contemplated thereunder are entered into, despite not in the ordinary and usual course of business of the Group, on normal commercial terms (on arm's length basis or terms no less favourable to the Group than terms available from independent third parties), and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Deferral Interested Directors who have a material interest in the March 2026 Deferral Agreement and the transactions contemplated thereunder were required to abstain from voting on the Board resolutions approving the same. Except for the Deferral Interested Directors, none of the Company's Directors have any material interest in the March 2026 Deferral Agreement and the transactions contemplated thereunder, and none of the Directors were required to abstain from voting on the Board resolutions approving the same.

Shareholders' Approval Pursuant to MI 61-101 Requirements under Applicable Canadian Securities Laws

Pursuant to Part 5 of Multilateral Instrument 61-101 ("**MI 61-101**") under applicable Canadian securities laws, the Company is required to seek minority shareholder approval of the March 2026 Deferral Agreement, excluding the common shares of the Company (the "**Common Shares**") beneficially owned by JDZF (as defined below) (the "**Disinterested Shareholders**" or the "**Independent Shareholders**") because: (i) JDZF is a related party of the Company for purposes of MI 61-101 because JDZF has beneficial ownership of more than 10% of the voting rights attached to the outstanding Common Shares; and (ii) the March 2026 Deferral Agreement is a related party transaction for purposes of MI 61-101 because the March 2026 Deferral Agreement materially amends the terms of an outstanding debt or liability owed by the Company to a related party.

To the best of the Company's knowledge, as of the date hereof, 85,714,194 Common Shares, representing approximately 28.87% of the issued and outstanding Common Shares, are beneficially owned by JDZF. Accordingly, the 85,714,194 votes attached to the Common Shares beneficially owned, or over which control or direction is exercised, by JDZF will be excluded from the vote to approve the March 2026 Deferral Agreement.

With respect to the deferral of the PIK Interest portion of the 2025 Deferred Amounts and the November 2026 PIK Interest, PIK Interest under the terms of the Convertible Debenture must be paid and satisfied by the Company by way of issuing Common Shares at an issue price determined based on the 50-trading day volume weighted average price ("**VWAP**") of the Common Shares as at the date of payment. Shareholders are cautioned that, as a result of deferring the payment date of the PIK Interest portion of the 2025 Deferred Amounts and the November 2026 PIK Interest, the final number of Common Shares that the Company will issue to satisfy the PIK Interest portion of the 2025 Deferred Amounts and the November 2026 PIK Interest will depend on the prevailing 50 trading day VWAP of the Common Shares as of the future payment date, and may result in a number of Common Shares being issued that could be greater than, or lesser than, the number of Common Shares that the Company would have had to issue on the original payment date for the PIK Interest portion of the 2025 Deferred Amounts and the November 2026 PIK Interest.

Hong Kong Listing Rules Implications

Pursuant to the Hong Kong Listing Rules, JDZF is a substantial shareholder of the Company holding approximately 28.87% of the Common Shares and hence a connected person of the Company. The entering into of the March 2026 Deferral Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transactions contemplated under the March 2026 Deferral Agreement exceed 5% but all are less than 25%, the entering into of the March 2026 Deferral Agreement, on a standalone basis, constitutes a discloseable and connected transaction of the Company and is subject to reporting and announcement requirements but exempt from circular Independent Shareholders' approval requirement under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

Moreover, pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, as the counterparties to the March 2025 Deferral Agreement (the "Previous Transaction"), and the March 2026 Deferral Agreement are JDZF and such transactions are similar in nature and completed within a 12-month period, such transactions shall be aggregated.

Accordingly, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transactions contemplated under the March 2026 Deferral Agreement, upon aggregation with the Previous Transaction, exceed 5% but all are less than 25%, the entering into of the March 2026 Deferral Agreement, on an aggregated basis, remains as a discloseable and connected transaction of the Company and is subject to

reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

The Meeting and Despatch of Management Proxy Circular

At the Company's upcoming annual general meeting of shareholders (the "**Meeting**"), the Company will, among other things, propose a resolution for the Independent Shareholders to consider and, if thought fit, approve the March 2026 Deferral Agreement and the transactions contemplated thereunder.

Given that JDZF is involved in and/or interested in the March 2026 Deferral Agreement and the transactions contemplated thereunder, JDZF will abstain from voting at the Meeting on the resolution approving it. Accordingly, the 85,714,194 votes attached to the Common Shares beneficially owned, or over which control or direction is exercised, by JDZF will be excluded from the vote to approve the March 2026 Deferral Agreement.

Save for the aforesaid and to the Directors' best knowledge, information and belief and having made all reasonable enquiries, no other Shareholder has a material interest in the March 2026 Deferral Agreement and therefore no other Shareholder is required to abstain from voting on the relevant resolution at the Meeting.

As the March 2026 Deferral Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders, the Independent Board Committee comprising of all the independent non-executive Directors, namely Mr. Yingbin Ian He, Ms. Jin Lan Quan and Mr. Fan Keung Vic Choi has been established by the Company to advise the Independent Shareholders in respect of the above transaction. The Company will appoint an independent financial adviser (the "**Independent Financial Adviser**") to advise the Independent Board Committee and the Independent Shareholders in respect of the above transaction.

The Management Proxy Circular containing, among other things, (i) details of the Deferral and the March 2026 Deferral Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the recommendations from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the Meeting, which will be filed under the Company's profile on SEDAR+ at www.sedarplus.ca and despatched to shareholders of the Company in accordance with applicable securities laws on or before May 22, 2026 (which is anticipated to be more than fifteen business days after the date of publication of this announcement) as more time is required for the Company to compile certain information to be included in the Management Proxy Circular for the Company's annual general meeting. The Company

will make a further announcement to shareholders with respect to the date, time and venue of the Meeting as soon as it is fixed by the Board.

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 information about timing with respect to the mailing of the Management Proxy Circular and convening of the Meeting, and approval of the March 2026 Deferral Agreement by Disinterested Shareholders. 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 providing notice and successfully obtaining acceptance (if any) of the March 2026 Deferral Agreement from the TSX-V and the requisite approval from Disinterested Shareholders of the Company of the March 2026 Deferral Agreement in accordance with applicable Canadian securities laws and Hong Kong Stock Exchange requirements 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.

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

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, March 23, 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.