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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)

MONGOLIA TAX AUDIT

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's wholly owned subsidiary in Mongolia, Southgobi Sands LLC ("**SGS**"), received an official notice (the "**Notice**") issued by the General Department of Taxation of the Mongolian Tax Administration ("**MTA**") on October 23, 2026. The Notice advised that the MTA has recently completed a comprehensive periodic tax audit (the "**Tax Audit**") on the financial information of SGS between 2022 and 2023. As a result of the Tax Audit, the MTA is imposing a tax penalty against SGS in the amount of approximately US$7.1 million, in relation to transfer pricing, unpaid tax payables, corporate income tax and immovable property tax. Under Mongolian tax law, the Company has a period of 30-days from the date of receipt of the Notice to file an administrative complaint with the Tax Dispute Resolution Council.

As at the date of this announcement, SGS has engaged an independent tax consultant in Mongolia to provide tax advice and support to the Company in relation to the Tax Audit. Following consultation and evaluation, the Company's management has decided to accept the results of the Notice and will not pursue an appeal or file an administrative complaint. Save as mentioned above, the Notice and the tax penalty do not appear to have any other material adverse effect on the Company. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any material development as and when appropriate.

** For identification purposes only*

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, November 6, 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.