SouthGobi Announces Business Update

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VANCOUVER, Nov. 02, 2021 - SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) ("SouthGobi" or the "Company") wishes to inform the Company's shareholders and potential investors of the latest business update further to its announcement dated October 27, 2021 (the "Announcement").

As previously disclosed in the Announcement, due to the recent increase in the number of COVID-19 cases in Ejinaqi, a region in China's Inner Mongolia Autonomous Region, the local government authorities have imposed stringent preventive measures throughout the region, including but not limited to, the temporary closure of the Ceke Port of Entry. Accordingly, the Company's coal exports into China have been suspended. The Company anticipates the temporary closure of the Ceke Port of Entry will have an adverse impact on the Company's sales and cash flows until such time as coal exports into China are allowed to resume.

In order to mitigate the financial impact of the border closure and preserve the Company's working capital, the Company's management has decided to temporarily suspend major mining operations (including coal mining) from November, 2021. Although the Company's coal exports into China and its mining operations have been suspended, the Company anticipates that its existing coal inventories are sufficient to satisfy expected sales demand for at least 4 months following the resumption of coal exports into China. The Company will continue to closely monitor the development of the COVID-19 pandemic, the status of the border closure and the impact on the operations and financials of the Company. Further updates will be provided in due course as and when appropriate.

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

About SouthGobi
SouthGobi, listed on the Toronto and Hong Kong stock exchanges, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. It also holds the mining licences 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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