Update On Management Cease Trade Order Application

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VANCOUVER, March 31, 2022 - SouthGobi Resources Ltd. (TSX:SGQ)(HK:1878) ("SouthGobi" or the "Company") wishes to provide an update on Management Cease Trade Order application.

Reference is made to the announcement of the Company dated March 11 and March 28, 2022 (the "Announcements"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same respective meanings as defined in the Announcements.

The Company announces that on March 30, 2022, the British Columbia Securities Commission (the "BCSC"), the Company's principal securities regulator in Canada, has advised that they have accepted the Company's application for a management cease trade order ("MCTO") in respect of the late filing of the Company's annual consolidated financial statements for the year ended December 31, 2021 (the "2021 Financial Statements"), accompanying Management Discussion & Analysis and CEO and CFO certifications, and the Annual Information Form (collectively, the "2021 Annual Filings"). The MCTO will be issued by the BCSC on April 1, 2022. With the granting of the MCTO, the Company has until May 30, 2022, being the expiry date of the MCTO, to file the 2021 Annual Filings.

Pursuant to the MCTO, the Chief Executive Officer and the Chief Financial Officer of the Company will not be permitted to trade any securities of the Company unless and until such time as the Company files the 2021 Annual Filings. While the MCTO is in effect, the shareholders of the Company will continue to be able to trade the Company's common shares on the Toronto Stock Exchange ("TSX") and the Hong Kong Stock Exchange ("HKEx").

As disclosed in the announcement dated March 11, 2022, the Company was advised by its external auditors (the "Auditors") that they will not be able to render an unmodified opinion on the Company's 2021 Financial Statements prior to the filing deadline of March 31, 2022 (the "Annual Filing Deadline") as they have not been able to obtain sufficient evidence to support management's going concern assumptions. Consequently, the Company is not able to file the 2021 Annual Filings prior to the Annual Filing Deadline as required under applicable Canadian securities laws.

On March 17, 2022, the Company made an application to the BCSC under National Policy 12-203 of the Canadian Securities Administrators ("NP 12-203"), for a MCTO to be granted in respect of the late filing of the 2021 Annual Filings.

Until the 2021 Annual Filings are filed, the Company will be required to comply with the provisions of the alternative information guidelines specified in NP 12-203 by issuing bi-weekly default status reports in the form of press releases for so long as the MCTO remains in effect. The Company is not currently subject to any insolvency proceedings. If the Company provides any material information to any of its creditors during the period in which the MCTO is in effect, the Company will also be required to file a material change report under its profile on SEDAR (www.sedar.com) containing such information.

The Company will attempt to obtain and provide the Auditors with sufficient evidence to support management's going concern assumptions, and will attempt to obtain an unmodified opinion from the Auditors on the 2021 Financial Statements prior to the expiry of the MCTO.

Unless and until such time as the Company files the 2021 Annual Filings, shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the securities of the Company.

Under applicable Canadian securities laws, the filing deadline for the Company's unaudited interim financial statements for the three month period ended March 31, 2022 and related Management's Discussion & Analysis the (collectively, "Q1 2022 Filings") is May 16, 2022. In the event that the Company has filed its 2021 Annual Fillings on or before May 16, 2022, the filing deadline for the Q1 2022 Filings and related certifications will remain on May 16, 2022. Pursuant to the MCTO, in the event that the Company has filed its 2021 Annual Filings after May 16, 2022 and on or before May 30, 2022, the filing deadline for the Q1 2022 Filings and related certifications will fall on the date that is five business days after the date on which the 2021 Annual Filings have been filed.

If the Company is unable to file the 2021 Annual Filings prior to the expiry of the MCTO, it is anticipated that the BCSC will issue a general "failure to file" cease trade order ("CTO") prohibiting the trading by any person of any securities of the Company, including trades in the Company's common shares made through the TSX, which would take effect shortly after the expiry of the MCTO and would remain in place until such time as the 2021 Annual Filings have been filed. In the event a CTO is issued, the Company anticipates that the trading in the Company's common shares will be halted on the TSX, and the trading in the common shares of the Company on the HKEx will also be suspended until such time as the CTO is lifted and trading resumes on the TSX.

The issuance of a CTO would have a significant adverse impact on the liquidity of the Company's common shares and shareholders may suffer a significant decline or total loss in value of its investment in the Company's common shares as a result.

Trading prices and volatility of the Company's securities may be negatively affected and any investment in such securities could suffer a significant decline or total loss in value.

The Company will make further announcements with respect to the status of the 2021 Annual Filings as and when appropriate.

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

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities 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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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 regarding the Company's expectation that the BCSC will issue a CTO against the company if the Company cannot file the 2021 Annual Filings prior to the expiry of the MCTO. 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 ability of the Company to obtain and provide to the Auditors sufficient evidence to support management's going concern assumptions, and obtain an unmodified opinion from the Auditors on the 2021 Financial Statements prior to the expiry of the MCTO 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 can be found under the Company's profile on SEDAR at www.sedar.com.

SOURCE: SouthGobi Resources Ltd.

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