



June 6, 2021

## **SOUTHGOBI ANNOUNCES BUSINESS UPDATE**

**VANCOUVER** – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“**SouthGobi**” or the “**Company**”) hereby announces a voluntary business update. The purpose of this announcement is to inform the Company’s shareholders (“**Shareholders**”) and potential investors of the latest business development of the Company.

In light of the resurgence of COVID-19 pandemic in Mongolia, there has been additional precautionary measures imposed by the Chinese authorities at the Ceke Port of Entry, including but not limited to, restricting the number of trucks for border crossing. This is expected to have an adverse effect on the volume of coal exports from Mongolia and may negatively impact the sales and cash flow of the Company. In order to preserve its working capital, the Company’s management has adjusted its production to control the inventory level accordingly. As a result, the operating results of the Company for the second quarter of 2021 may be adversely affected.

Although the export of coal from Mongolia to China continues as of the date hereof, there can be no guarantee that the Company will be able to continue exporting coal to China, or that the border crossings would not be subject to closures as a result of COVID-19 or any variants thereof in the future. The Company will continue to closely monitor the development of the COVID-19 pandemic and the impact on coal exports to China. The Company will make further announcements as and when appropriate.

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE COMPANY’S SHARES OR OTHER 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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