



October 26, 2021

## **SOUTHGOBI ANNOUNCES PROFIT WARNING AND BUSINESS UPDATE**

**VANCOUVER** – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“**SouthGobi**” or the “**Company**”) wishes to inform its shareholders and potential investors that, based on the Company’s preliminary assessment of the unaudited management accounts for the quarter ended 30 September 2021 and the information currently available to the Company, it is expected that the Company would record a net loss between USD7 million and USD11 million for the quarter ended 30 September 2021, as compared to a net profit of USD1.1 million for the quarter ended 30 September 2020. The expected net loss is primarily attributable to the continued impact caused by the COVID-19 pandemic, including, but not limited to, restrictions on the number of trucks of coal crossing the border at the Ceke Port of Entry during the third quarter of 2021.

As at the date of this announcement, the Company is still preparing and finalizing its quarterly results for the quarter ended 30 September 2021. The information contained in this announcement is based on the preliminary assessment of the information currently available to the Company and the unaudited management accounts, which are subject to adjustments. Details of the Company’s financial information and performance will be disclosed in the 2021 third quarter results announcement which is expected to be published in November 2021.

### **Business Update – Impact of the coronavirus outbreak**

The recent increase in the number of COVID-19 cases in Ejinaqi, a region in China’s Inner Mongolia Autonomous Region, prompted the local government authorities to impose stringent preventive measures throughout the region, including the temporary closure of the Ceke Port of Entry located at the borders of Mongolia and China. Accordingly, the Company’s coal exports into China have been suspended and the Company anticipates the temporary closure of the Ceke Port of Entry will have an adverse impact on the Company’s sales and cash flow.

The Company will continue to closely monitor the development of the coronavirus outbreak and status of the border closure and will make further announcement(s) 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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