



May 27, 2022

## LAND BREEZE AGREES TO SELL ITS INTEREST IN SOUTHGOBI

**VANCOUVER** – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“**SouthGobi**” or the “**Company**”) announces that, as disclosed in the press release issued by Land Breeze II S.à.r.l. (“**Land Breeze**”) on May 26, 2022, Land Breeze has entered into an agreement to sell (the “**Sale Transaction**”) all of its interests in the Company, including its 64,766,591 common shares of the Company and the US\$250 million convertible debenture dated November 19, 2009 (the “**Convertible Debenture**”) to JD Zhixing Fund LP (the “**Buyer**”). As disclosed in the Land Breeze Press Release, completion of the Sale Transaction is subject to the satisfaction of certain conditions precedent.

In connection with the Sale Transaction, Land Breeze and Fullbloom Investment Corporation (“**Fullbloom**”), an affiliate of Land Breeze, have agreed to assign (the “**Assignment**”) to the Buyer all of Land Breeze’s and Fullbloom’s respective rights in and obligations under: (i) the Convertible Debenture and related security documents; (ii) the amended and restated cooperation agreement among Fullbloom, the Company and SouthGobi Sands LLC (the “**Cooperation Agreement**”) and related documents; (iii) the deferral agreements between Land Breeze, the Company and certain of its subsidiaries in connection with the deferral of interest payments and other outstanding fees under the Convertible Debenture and the Cooperation Agreement; and (iv) the security holders agreement between the Company, Land Breeze and a former shareholder of the Company.

The Company will make a further announcement regarding the completion of the Sale Transaction and related Assignment as and when appropriate.

## **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 about the completion of the Sale Transaction and related Assignment. 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 satisfaction of the condition precedents to the Sale Transaction 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](http://www.sedar.com).