



March 2, 2023

REVOLVING CREDIT FACILITY

VANCOUVER – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“**SouthGobi**” or the “**Company**”) announces that , on March 2, 2023, Inner Mongolia SouthGobi Energy Co., Ltd.** (內蒙古南戈壁能源有限公司) (the “**Borrower**”), an indirect wholly-owned subsidiary of the Company, entered into a revolving loan agreement (the “**Revolving Loan Agreement**”) with Inner Mongolia Tianyu Innovation Investment Group Limited** (內蒙古天宇創新投資集團有限公司) (the “**Lender**”), which owns 80% equity interest in Inner Mongolia Yuxinsheng Technology Co., Ltd.** (內蒙古宇鑫盛科技有限公司) (“**IMYTC**”) that in turn owns 100% equity interest in Inner Mongolia Tianyu Trading Limited (“**IMTT**”), being the sole limited partner of JD Zhixing Fund L.P. (“**JDZF**”), pursuant to which the Lender agreed to make available to the Borrower an unsecured revolving credit facility (the “**Credit Facility**”) up to a maximum principal sum of RMB90,000,000 (the “**Maximum Loan Amount**”) with a maturity date, being the date which falls on three months after the date of the Revolving Loan Agreement (the “**Maturity Date**”). JDZF is the registered holder of the Company’s US\$250 million Convertible Debenture issued on November 19, 2009 and the Company’s largest shareholder.

The principal terms of the Credit Facility are as follows:

- All obligations under the Revolving Loan Agreement are due and payable on the Maturity Date.
- The Credit Facility is a revolving facility, pursuant to which the Borrower will be entitled, but not obligated, to request advances (“**Advances**”) under the Credit Facility from time to time, provided that the aggregate amount of the outstanding Advances under the Credit Facility does not exceed the Maximum Loan Amount at any time. The Borrower is entitled to repay all or any portion of the outstanding Advances under the Credit Facility from time to time without bonus or penalty.
- Advances under the Credit Facility will not accrue interest if the Borrower repays any Advance in full within fifteen (15) days following the date of drawdown (the “**Interest-Free Period**”). If the Borrower fails to repay in full the amount of the Advance prior to

the end of the Interest-Free Period, then the Borrower will pay to the Lender interest on the outstanding amount of such Advance, beginning on the day immediately following the last day of the Interest-Free Period (the "**Interest Trigger Date**") and ending on but excluding the day on which such Advance is repaid or satisfied in full. Interest on the outstanding amount of each Advance from the Interest Trigger Date is calculated at a rate per annum equal to 5%, determined daily and calculated and payable on the date on which the relevant Advance is repaid in full.

- The Company intends to use the proceeds of the Credit Facility for general corporate purposes.

The Company has obtained the requisite acceptance from the Toronto Stock Exchange in accordance with the requirements of the TSX Company manual, subject to certain standard conditions.

Listing Rules implications

As JDZF is a substantial shareholder and the Lender, being the owner of 80% equity interest in IMYTC which in turn holds 100% equity interest in IMTT, the sole limited partner of JDZF, is deemed to be an associate of JDZF, and hence JDZF and the Lender are connected persons of the Company, the Revolving Loan Agreement constitutes a connected transaction as it is a form of financial assistance received by the Group from a connected person. The Directors are of the view that the Revolving Loan Agreement is conducted on normal commercial terms or better, and is not secured by the assets of the Group. Therefore, the Revolving Loan Agreement is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Multilateral Instrument 61-101 Requirements

The Lender is a "related party" of the Company and the Credit Facility constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is not required under MI 61-101 to obtain a formal valuation in connection with the Credit Facility. The Company is relying on the exemption from the minority approval requirements of MI 61-101 based on the exemption set forth in Section 5.7(f) of MI 61-101, as the Credit Facility is not convertible, directly or indirectly, into equity or voting securities of the Company, or repayable as to principal or interest, directly or indirectly, in equity or voting securities of the Company, and the Credit Facility is on reasonable commercial terms that are not less advantageous to the

Company than if the Credit Facility was obtained from an arm's length provider. To the knowledge of the Company or any director or senior officer of the Company, after reasonable inquiry, no "prior valuations" (as defined in MI 61-101) in respect of the Company that relate or are relevant to the Credit Facility or the Revolving Loan Agreement has been prepared within 24 months preceding the date hereof. The Company did not file a material change report more than 21 days before entering into the Revolving Loan Agreement, as the details of the transaction were not finalized until immediately prior to the execution of the Revolving Loan Agreement and the Company wished to close the transaction as soon as practicable for sound business reasons.

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

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.

Contact:

Investor Relations

Office: +852 2156 1438 (Hong Kong)

+1 604 762 6783 (Canada)

Email: info@southgobi.com

Website: www.southgobi.com

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 intended use of proceeds of the Credit Facility. 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 Company's business plans and goals, 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.