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*(A company continued under the laws of British Columbia, Canada with limited liability)*  
(Hong Kong Stock Code: 1878)  
(Toronto Stock Code: SGQ)

## **Business update**

This announcement is made by SouthGobi Resources Ltd. (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement dated February 19, 2020 related to the closure of Mongolia’s southern border crossings with China from February 11, 2020. The Company learns that the Mongolian State Emergency Commission has decided to open the border crossings and resume the coal exports to China from March 15, 2020. In order to preserve its working capital, the Company will continue to reduce production. The Company anticipates that its existing coal inventories are sufficient to satisfy expected sales demand for a period of at least 2 months following the resumption of coal exports to China.

The Company will continue to closely monitor the status of the border closures and will make further announcement(s) in due course as and when appropriate.

By order of the Board  
**SouthGobi Resources Ltd.**  
**Mao Sun**  
*Lead Director*

Vancouver, March 3, 2020

Hong Kong, March 3, 2020

*\* For identification purposes only*

*As at the date of this announcement, the executive director of the Company is Mr. Shougao Wang; the independent non-executive directors are Messrs. Yingbin Ian He, Mao Sun and Ms. Jin Lan Quan; and the non-executive directors are Messrs. Wen Yao, Zhiwei Chen, Xiaoxiao Li and Ben Niu.*