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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)

Profit Warning

This announcement is made by SouthGobi Resources Ltd. (the “**Company**”) pursuant to Rule 13.09(2) 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).

The Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the information and operational data of the Company currently available, the Company expects to record a net loss in the range of US\$13 million to US\$18 million for the three months ending March 31, 2020 (“**First Quarter of 2020**”), as compared to a net profit of US\$2.1 million for the three months ended March 31, 2019. The expected loss is primarily due to the suspension of coal export to China as a result of the temporary closure of Mongolia’s southern border crossings with China from February 11, 2020 as outlined in the Company’s announcements dated February 19, 2020 and March 3, 2020. As of today, the Company has not yet received any official notice pertaining to the date of the resumption of coal export.

The Company anticipates that the delay in the coal export resumption will continue to have an adverse impact on the sales, profitability and liquidity of the Company until the coal exports to China are allowed to resume to the normal level.

This information contained in this announcement is only based on the information and operational data of the Company currently available, as the Company is yet to prepare its consolidated management accounts for the First Quarter of 2020, such information is subject to further adjustments.

** For identification purposes only*

Shareholders of the Company and potential investors are advised to read the results announcement of the Company for the First Quarter of 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

For and on behalf of
SouthGobi Resources Ltd.

Mao Sun
Lead Director

Vancouver, March 27, 2020

Hong Kong, March 27, 2020

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. Jianmin Bao, Zhiwei Chen, Xiaoxiao Li and Ben Niu.