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南戈壁資源有限公司*

(A company continued under the laws of British Columbia, Canada with limited liability)

(Hong Kong Stock Code: 1878)

(Toronto Stock Code: SGQ)

Corporate 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).

The Company is providing this corporate update further to its announcement dated March 30, 2020 as required under the terms of the Canadian Securities Administrators’ temporary blanket relief, which the Company relied on to postpone the filing of its audited consolidated financial statements for its financial year ended December 31, 2019, the accompanying Management’s Discussion and Analysis of Financial Condition and Results of Operations and its Annual Information Form for the financial year ended December 31, 2019 (collectively, the “**2019 Annual Filings**”).

As previously disclosed in its announcement dated February 19, 2020, as a result of the closure of Mongolia’s southern border with China, the Company suspended coal exports to China effective February 11, 2020. On March 28, 2020, the Ceke Port of the Mongolian-Chinese border was re-opened for coal export on a trial basis, with a limit imposed on the total volume of coal that is permitted to be exported during the trial period. The Company’s coal export from March 28 to today amounted to approximately 90,000 tonne.

In order to preserve its working capital, the Company has ceased the coal mining activities since February 11, 2020. While the Company is continuing the coal blending activities, the coal mining activities will remain suspended in May 2020. The Company anticipates that its existing coal

* For identification purposes only

inventories are sufficient to satisfy expected sales demand for a period of at least two months as of the date hereof.

The Company anticipates that its revenue, liquidity and profitability will continue to be adversely impacted until such time as the coal exports into China are allowed to resume at normal levels. The adverse impact may negatively impact the price and volatility of the securities of the Company, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. The Company will continue to closely monitor the development of the COVID-19 pandemic and its impact on the operations and financials of the Company, and will make further announcement when appropriate.

The Company confirms that its management and other insiders are subject to the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy which imposes a trading black-out restrictions that reflect the principles set out in National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* and such trading restrictions will be in place until such time as the Company files the 2019 Annual Filings. The Company expects to file the 2019 Annual Filings on May 14, 2020. Until such time as the Company files its 2019 Annual Filings, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

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

Vancouver, April 28, 2020

Hong Kong, April 28, 2020

As at the date of this announcement, the executive director of the Company is Mr. Dalanguerban; 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.

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 status of the Company's operations and the Company's current coal inventory being sufficient to meet expected sales demand for a period of two months from the date hereof. 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 status of the Mongolian-Chinese border crossing, management's future sales expectations 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.