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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)

UPDATE ON ENFORCEMENT OF ARBITRATION AWARD WITH FIRST CONCEPT

This announcement is made by SouthGobi Resources Ltd. (“**SouthGobi**” or 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 announces receipt of a letter dated June 1, 2020 (the “**Demand Letter**”) from legal counsel to First Concept Industrial Group Limited (“**First Concept**”) demanding repayment of the outstanding sums and interests pursuant to an enforcement order issued in January 2020 in relation to the arbitration award (the “**Arbitration Award**”) related to a coal supply agreement with First Concept. The Demand Letter stated that if the Company fails to repay the outstanding payments on or before June 10, 2020, First Concept will initiate a bankruptcy case in the relevant court of Mongolia against SouthGobi Sands LLC, the Company’s subsidiary in Mongolia. For more information regarding the Arbitration Award, the status of the settlement deed in the relation to the Arbitration Award and the enforcement of the Arbitration Award in Mongolia, please refer to the Company’s prior announcements dated November 16, 2018, February 19, 2020 and March 30, 2020.

The Company has retained and is consulting with independent Mongolian legal counsel to consider appropriate actions. The Company will provide further updates regarding the enforcement of the Arbitration Award as and when appropriate.

* For identification purposes only

By order of the Board
SouthGobi Resources Ltd.

Mao Sun
Lead Director

Vancouver, June 2, 2020

Hong Kong, June 2, 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.