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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)*

## **SETTLEMENT AGREEMENT**

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).

Reference is made to the announcement of the Company dated June 2, 2020 in relation to the enforcement on Arbitration Award (“**Announcement**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company announces that SGS and First Concept entered into a settlement agreement on June 7, 2020 (the “**Settlement Agreement**”). Pursuant to the settlement agreement, SGS shall pay to First Concept a settlement sum in full and final settlement of any and all claims which First Concept may have against SGS in relation to Arbitration Award, the subject matter of the Arbitration Award including any claims for interests and costs and the fees and expenses of the Arbitration Award, and any and all enforcement proceedings and applications in any jurisdictions, and in relation to the deed of settlement with First Concept (the “**Final Settlement Sum**”). Upon the full payment of the Final Settlement Sum by SGS, First Concept shall cause the withdrawal, discontinuance, invalidation, termination or setting aside of all enforcement proceedings and actions against SGS by all relevant Mongolian Courts, Capital City Court Decision Enforcement Agency of Mongolia and all relevant execution personnel including but not limited to the termination of all enforcement orders, bank account freezing orders and other enforcement measures, and the release of all bank accounts of SGS. SGS shall be entitled to rely on and adduce evidence of the Settlement Agreement and proof of payment of the Final Settlement Sum in support of its application to all relevant Mongolian Courts,

*\* For identification purposes only*

Capital City Court Decision Enforcement Agency of Mongolia and all relevant execution personnel for the dismissal, striking off, invalidation, termination or setting aside of all enforcement proceedings and actions against SGS.

The Company will provide further updates regarding the matter as and when appropriate.

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

Vancouver, June 7 2020

Hong Kong, June 7, 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.*