



March 27, 2020

Profit Warning

VANCOUVER – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“**SouthGobi**” or 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. 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.

About SouthGobi

SouthGobi, listed on the Toronto and Hong Kong stock exchanges, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. SouthGobi produces and sells coal to customers in China.

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