August 5, 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 the Company's preliminary assessment of the operational data and the information currently available, the Company expects to record a net loss in the range of USD 16 million to USD 21 million for the first half of 2020, as compared with a net profit of USD 4.2 million for the first half of 2019. The decrease in net profit is mainly due to the decrease of sales volume from 1.94 million tonnes in the first half of 2019 to 0.68 million tonne in the first half of 2020 as a result of the measures to control the spread of COVID-19 pandemic imposed by the governments in China and in Mongolia, including the Mongolian-Chinese border closure during February to March 2020 and the restrictions of coal transportation in Mongolia and export into China during April to June 2020.

The information contained in this announcement is based on the preliminary review of the operational data and other information currently available to the Company, which has not been reviewed by the Company's auditors and is subject to further adjustments.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE COMPANY'S SHARES OR OTHER 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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