SOUTHGOBI RESOURCES LTD.

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)

PROFIT WARNING

This announcement is made by SouthGobi Resources Ltd. (the "**Company**") pursuant to Rule 13.09(2) 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 wishes to inform the Company's shareholders and potential investors that, based on the Company's preliminary assessment of the unaudited management accounts of the Company for the year ended 31 December 2020 and the information currently available to the Company, it is expected that the Company would record a net loss between USD 19 million and USD 24 million for the year ended 31 December 2020, as compared with a net profit of USD 4.2 million for the year ended 31 December 2019. The expected decrease in net profit is mainly attributed to the impact caused by the COVID-19 pandemic, including the Mongolian-Chinese border closure during February to March 2020 and the restrictions of coal transportation in Mongolia and the restrictions of coal export into China during 2020.

As at the date of this announcement, the Company is still in the process of preparing and finalizing its annual results for the year ended 31 December 2020. The information contained in this announcement is based on the preliminary assessment of the information currently available to the Company and the unaudited management accounts, which have not been audited by the Company's auditors and is subject to further adjustments. Details of the Company's financial information and performance will be disclosed in the annual results of 2020 announcement of the Company and is expected to be published in March 2021.

** For identification purposes only*

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.

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

Vancouver, March 2, 2021
Hong Kong, March 3, 2021

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, Ben Niu and Ms. Ka Lee Ku.