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)

POSITIVE PROFIT ALERT

This announcement is made by SouthGobi Resources Ltd. (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 wishes to inform the shareholders of the Company and potential investors that, based on the Company's preliminary assessment of the unaudited management accounts of the Company for the quarter ended 31 March 2021 and the information currently available to the Company, it is expected that the Company would record a net profit at a range between USD 10 million and USD 14 million for the quarter ended 31 March 2021, as compared to a net loss of USD 9.2 million for the corresponding period in 2020. The expected increase in net profit is mainly attributed to the increase in coal prices and coal sales volume during the first quarter of 2021; and the finance income recorded as a result of the execution of the deferral agreement with China Investment Corporation ("**CIC**") in January 2021 regarding the modification of certain terms of the CIC Convertible Debenture.

As at the date of this announcement, the Company is still preparing and finalizing its quarterly results for the quarter ended 31 March 2021. 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 2021 first quarter results announcement of the Company and is expected to be published on 14 May 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 OF THE COMPANY.

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

Vancouver, May 5, 2021
Hong Kong, May 6, 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.