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 AND BUSINESS UPDATE

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 its shareholders and potential investors that, based on the Company's preliminary assessment of the unaudited management accounts for the quarter ended 30 September 2021 and the information currently available to the Company, it is expected that the Company would record a net loss between USD7 million and USD11 million for the quarter ended 30 September 2021, as compared to a net profit of USD1.1 million for the quarter ended 30 September 2020. The expected net loss is primarily attributable to the continued impact caused by the COVID-19 pandemic, including, but not limited to, restrictions on the number of trucks of coal crossing the border at the Ceke Port of Entry during the third quarter of 2021.

As at the date of this announcement, the Company is still preparing and finalizing its quarterly results for the quarter ended 30 September 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 are subject to adjustments. Details of the Company's financial information and performance will be disclosed in the 2021 third quarter results announcement which is expected to be published in November 2021.

** For identification purposes only*

Business Update – Impact of the coronavirus outbreak

The recent increase in the number of COVID-19 cases in Ejinaqi, a region in China's Inner Mongolia Autonomous Region, prompted the local government authorities to impose stringent preventive measures throughout the region, including the temporary closure of the Ceke Port of Entry located at the borders of Mongolia and China. Accordingly, the Company's coal exports into China have been suspended and the Company anticipates the temporary closure of the Ceke Port of Entry will have an adverse impact on the Company's sales and cash flow. The Company will continue to closely monitor the development of the coronavirus outbreak and status of the border closure and will make further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Canada, October 26, 2021
Hong Kong, October 27, 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.

** For identification purposes only*