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*(a company continued under the laws of British Columbia, Canada with limited liability)
(Stock Code: 1878)*

SouthGobi Resources Announces Update to TSX Delisting Review and Financing Initiatives, and Resumption of Trading

This announcement is made by SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) (“SouthGobi” or the “Company”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Company today announces confirmation of the extension to the Toronto Stock Exchange (the “TSX”) delisting review until October 28, 2015, and an update on financing initiatives. Please see the attached announcement for more details.

RESUMPTION OF TRADING

Pending the issuance of this announcement, trading of the shares of the Company on the Stock Exchange of Hong Kong Limited (the “Exchange”) was halted with effect from 9:00 a.m. Hong Kong Time on Monday, October 5, 2015. An application has been made by the Company to the Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. Hong Kong Time on Tuesday, October 6, 2015.

CAUTION STATEMENT

The Company may be materially adversely affected by a failure to obtain additional sources of funding or an unfavourable outcome of the TSX delisting review. Details of these events are set out in the attached announcement. The Company may be suspended from trading on

* *For identification purposes only*

the Exchange if it does not have, or is unable to demonstrate that it has a sufficient level of operations to warrant the continued listing of its securities on the Exchange. Investors should exercise caution before dealing in the Company's securities.

By order of the Board
SouthGobi Resources Ltd.
Mr. Ningqiao Li
Chairman

Hong Kong, October 5, 2015

As of the date of this announcement, the executive directors are Mr. Ningqiao Li, Mr. Aminbuhe and Mr. Yulan Guo, and the independent non-executive directors are Mr. Pierre Bruno Lebel, Mr. William Gordon Lancaster, Mr. Zhu Liu and Ms. Jin Lan Quan.



October 5, 2015

SouthGobi Resources Announces Update to TSX Delisting Review and Financing Initiatives

HONG KONG – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) (the “Company” or “SouthGobi”) today announces confirmation of the extension to the Toronto Stock Exchange (the “TSX”) delisting review until October 28, 2015.

As announced by the Company on August 30, 2015, a meeting of the Continued Listing Committee of TSX (the “Committee”) was scheduled on September 28, 2015 (the “Meeting”) and their decision was expected no later than September 30, 2015.

At the Meeting, the Company provided the Committee with a number of current financing initiatives that it is currently pursuing (and described in details below) and, on the basis of allowing the Company the ability to execute on such initiatives, the Committee confirmed that it is extending the date of its decision regarding the Company’s listing status and whether the Company has met the listing requirements of the TSX until October 28, 2015.

Financing Initiatives

Short-term Bridge Loan – the Company is in the process of finalizing a US\$10 million bridge loan agreement with an Asian based private equity fund. The loan will be funded in two approximately equal tranches, with the first tranche expected to close by mid-October 2015 and the second tranche to close by the end of October 2015. The first tranche and second tranche will be repayable nine months after funding and six months after funding respectively.

Sales and Offtake Agreements – the Company is currently in the process of negotiating sales contracts for the fourth quarter of 2015. The Company expects sales will ramp up in the fourth quarter to meet the high seasonal demand of coal in the winter season in China.

Turquoise Hill Payment Deferral – the Company is currently in discussions with Turquoise Hill Resources Ltd. to further postpone the repayment of its shareholder loan and other payables, of which loan principal of US\$1.9 million and interest accrued up to October 9, 2015 is due on October 9, 2015 and a further loan principal of US\$1.9 million and interest accrued up to November 30, 2015 is due on November 30, 2015.

About SouthGobi

SouthGobi, listed on the Toronto and Hong Kong stock exchanges, is focused on exploration and development of its metallurgical and thermal coal deposits in Mongolia's South Gobi Region. It has a 100% shareholding in SouthGobi Sands LLC, a Mongolian registered company that holds the mining and exploration licences in Mongolia and operates the flagship Ovoot Tolgoi coal mine. Ovoot Tolgoi produces and sells coal to customers in China.

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FORWARD-LOOKING STATEMENTS

Except for statements of fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include any other statements that are not historical facts. Except as required by law, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.