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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)

Voluntary Announcement

SouthGobi provides an update on the Ontario Class Action

This announcement is made by SouthGobi Resources Ltd. (“**SouthGobi**” or the “**Company**”) on a voluntary basis to inform its shareholders and potential investors of the latest information about the Company.

The Company announces the September 18, 2017 decision of the Ontario Court of Appeal, which dismissed the Company’s appeal of the original Ontario lower court decision to permit the plaintiff to commence and proceed with a class action (the “**Class Action**”) against the Company claiming damages under the Ontario Securities Act in connection with the Company’s restatement of certain financial statements previously disclosed in the Company’s public filings (the “**Restatement**”). Concurrently, the Ontario Court of Appeal allowed the plaintiff’s appeal of the original Ontario lower court decision to dismiss the plaintiff’s leave motion against certain of the Company’s former officers and directors and made an order granting leave for the plaintiff to proceed against such former officers and directors of the Company in relation to the Restatement. As a result, the plaintiff is now permitted to proceed with the Class Action against both the Company and the former officers and directors of the Company.

* *For identification purposes only*

The Company intends to seek leave to appeal to the Supreme Court of Canada. The Company firmly believes that it has a strong defence and will continue to vigorously defend itself against the Class Action through independent Canadian litigation counsel retained by the Company for this purpose. The Company confirms that it carries Directors and Officers Liability Insurance which is responsive to the Class Action as against both the Company and the former officers and directors of the Company.

For more details in respect of the Class Action lawsuit, please refer to the Company's Management's Discussion and Analysis for the quarter ended June 30, 2017, and, in particular, the sub-section on "Class Action Lawsuit" of the "Regulatory Issues and Contingencies" available on the SEDAR website at www.sedar.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

By order of the Board
SouthGobi Resources Ltd.
Mr. Aminbuhe
Chairman

Hong Kong, September 22, 2017

As at the date of this announcement, the Executive Directors of the Company are Messrs. Aminbuhe and Yulan Guo; the Independent Non-Executive Directors are Messrs. Yingbin Ian He, Zhu Liu and Mao Sun and Ms. Jin Lan Quan; and the Non-Executive Director is Mr. Wen Yao.



September 22, 2017

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About SouthGobi

SouthGobi, listed on the Toronto and Hong Kong stock exchanges, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. It also holds the mining licences of its other metallurgical and thermal coal deposits in South Gobi Region of Mongolia. SouthGobi produces and sells coal to customers in China.

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