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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 announces full settlement of Tax Verdict in Mongolia

This is a voluntary announcement made by SouthGobi Resources Ltd. (“**SouthGobi**” or the “**Company**”).

The Company is pleased to announce that SouthGobi Sands LLC (“**SGS**”), the Company’s subsidiary in Mongolia, has completely fulfilled its obligations under the previously disclosed judgment of the Mongolian Second District Criminal Court (the “**Tax Verdict**”) rendered against SGS in January 2015.

SGS has been informed by the Court Decision Implementation Agency of Capital City in Mongolia that the enforcement procedure in relation to the Tax Verdict has been terminated and no party shall have any right to make any further claims in connection with the Tax Verdict. For details relating to the background of the Tax Verdict, please refer to the Company’s Management’s Discussion and Analysis for the quarter ended September 30, 2017 and, in particular, the section under the heading entitled “Governmental and Regulatory Investigations”, which is available under the Company’s profile on the SEDAR website at www.sedar.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

SGS and the Company will continue to comply with the laws of Mongolia and to contribute to Mongolia’s society, economy, and environment as a whole.

** For identification purposes only*

By order of the Board
SouthGobi Resources Ltd.

Mao Sun

Interim Independent Lead Director

Vancouver, February 15, 2018

Hong Kong, February 15, 2018

As at the date of this announcement, the Executive Director of the Company is Mr. 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 Directors are Messrs. Wen Yao and Aminbuhe.



February 15, 2018

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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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