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

Update on Turquoise Hill shareholder loan

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 (the “Exchange”) 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).

On October 27, 2015, the Company and Turquoise Hill Resources Ltd. (“Turquoise Hill”) entered into a deferral agreement, in which Turquoise Hill agreed to defer the repayment of the shareholder loan to April 22, 2016.

The Company had not repaid the shareholder loan on April 22, 2016, and is currently in discussions with Turquoise Hill for a new repayment plan of the shareholder loan which has an outstanding loan principal of US\$3.4 million and interest accrued up to April 22, 2016 of US\$0.7 million. While SouthGobi believes it will be able to reach such a new repayment plan with Turquoise Hill, there is no assurance that the repayment plan will be favorable to SouthGobi.

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

Hong Kong, April 25, 2016

As of the date of this announcement, the executive directors are Messrs. Ningqiao Li, Aminbuhe, and Yulan Guo; the independent non-executive directors are Messrs. Pierre Bruno Lebel, Zhu Liu, Mao Sun and Ms. Jin Lan Quan; the non-executive director is Mr. Huiyi Wang.

* *For identification purposes only*



April 25, 2016

Update on Turquoise Hill shareholder loan

HONG KONG – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) (the “Company” or “SouthGobi”) announces update on the shareholder loan due to Turquoise Hill Resources Ltd. (“Turquoise Hill”).

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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 and exploration 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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