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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)
(Stock Code: 1878)

OVERSEAS REGULATORY ANNOUNCEMENT

SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) has filed the attached material change report in Vancouver, Canada on April 7, 2016 on SEDAR in Canada (www.sedar.com) and HKEx in Hong Kong (www.hkexnews.hk).

By order of the Board
SouthGobi Resources Ltd.

Mr. Ningqiao Li
Chairman

Hong Kong, 7 April, 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 Huiyi Wang.

** For identification purposes only*

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. NAME AND ADDRESS OF COMPANY

SouthGobi Resources Ltd. (the “Company”)
1100-355 Burrard Street
Vancouver, B.C. Canada
V6C 2G8

2. DATE OF MATERIAL CHANGE

March 29, 2016

3. PRESS RELEASE

The press release was issued on March 29, 2016 and was disseminated through the facilities of recognized newswire services. A copy of the press release was filed on SEDAR.

4. SUMMARY OF MATERIAL CHANGE

The Company announced an updated mineral resource estimate for its Ovoot Tolgoi Project in Mongolia. As a consequence of material changes in some key assumptions underlying the analysis of its resources subsequent to the last detailed review of the project in 2012, particularly those relating to ongoing changes in coal market conditions and geologic analysis, there has been a decrease in estimated mineral resources from the previous estimate completed in 2012. The decrease is principally based on the exclusion of underground mineralization from the resources estimate and a reclassification of the geology type of certain zones in the mine based on detailed analysis of the results of additional drilling and mining activities since 2012. Updated resources have been estimated as of January 1, 2015 (and confirmed as at March 24, 2016) as indicated resources of 170 million tonnes (Mt) and inferred resources of 78 Mt, compared to 133.3 Mt of measured resources, 59.9 Mt of indicated resources, and 24 Mt of inferred resources estimated in 2012.

5. FULL DISCLOSURE OF MATERIAL CHANGE

The Company announced an updated mineral resource estimate for its Ovoot Tolgoi Project in Mongolia. As a consequence of material changes in some key assumptions underlying the analysis of its resources subsequent to the last detailed review of the project in 2012, particularly those relating to ongoing changes in coal market conditions and geologic analysis, there has been a decrease in estimated mineral resources from the previous estimate completed in 2012. The decrease is principally based on the exclusion of underground mineralization from the resources estimate and a reclassification of the geology type of certain zones in the mine based on detailed analysis of the results of additional drilling and mining activities since 2012.

In the context of current coal market conditions, and in particular, a significant decline in coal prices in China, the Company's principal market, underground mineralization is now assessed by the Company, in the absence of the availability and implementation of more efficient underground mining methods coupled with higher coal prices, as not having reasonable prospects for eventual economic extraction.

A reclassification of certain zones in the Ovoot Tolgoi deposit by the Company's independent mining consultants, RungePincockMinarco ("RPM"), from a degree of geological complexity that was previously characterized as "Complex" to "Severe" (as defined in Geological Survey of Canada Paper 88-21) has necessitated downgrading quantities of the previously estimated resources from the measured category to the indicated and inferred categories. The "Severe" classification requires much tighter data point spacing of drilling results to support the degree of confidence necessary for a categorization of resources as measured.

Updated resources have been estimated as of January 1, 2015 (and confirmed as at March 24, 2016) as indicated resources of 170 million tonnes (Mt) and inferred resources of 78 Mt, compared to 133.3 Mt of measured resources, 59.9 Mt of indicated resources, and 24 Mt of inferred resources estimated in 2012.

The updated estimate of resources at the Ovoot Tolgoi deposit is summarized in the table below.

Field	Seam Group	Resources Mt		
		Measured	Indicated	Inferred
Sunrise (depth <350m)	7	-	-	3
	6U	-	-	10
	6L	-	-	4
	5U	-	21.0	20
	5L	-	50.9	15
	Subtotal	-	72	53
Sunset (depth <350m)	10	-	10.8	2
	09	-	29.7	3
	08	-	7.7	1
	5U	-	33.3	7
	5L	-	16.4	13
	Subtotal	-	98	26
Ovoot Tolgoi (depth <350m)	Grand Total	-	170	78

The criteria used to limit the resources are:

- Minimum coal thickness = 0.3metres (m) (previous estimates used 0.3m).
- Minimum coal parting = 0.2m (previous estimates used 0.3m).

- Base of weathering = 4m (same as previous estimate).
- Resources are limited to a depth of 350m.
- Volumes are converted to tonnages using laboratory relative density analytical results converted to an estimated in-situ basis.
- Resources are limited to the mining license boundary.
- The Resource estimations contained within are on an in-situ basis (i.e. as an in-situ tonnage and not adjusted for mining losses or recovery).
- Resources depleted by mined out tonnage (as of 1 January 2015). Mined out surfaces are based on survey data from 27 January 2015 for the Sunrise Field and 19 November 2014 for the Sunset Field. No mining activity has taken place since the survey information was collected that would materially affect the resources estimate.

Totals may not add up due to rounding.

The updated mineral resource estimate for the Ovoot Tolgoi Project was prepared on the Company's behalf by RPM. RPM has been engaged to prepare a technical report reflecting the updated mineral resource estimate, which the Company expects to file on SEDAR within 45 days.

The Company previously reported 175.7 Mt of proven and probable reserves in respect of the Ovoot Tolgoi deposit based on a preliminary feasibility study completed in 2012. Since the previously reported estimate of reserves was derived from the 2012 resource estimate that has now been updated and revised as noted above, and a number of key assumptions upon which the 2012 reserve estimate was based have now materially changed, it is expected that, once all relevant factors have been fully analyzed such that an updated reserve estimate can be prepared, the reserves previously reported in respect of the Ovoot Tolgoi deposit will also be quantitatively reduced and qualitatively downgraded. Additional drilling will likely be required to establish the degree of confidence required to produce an updated estimate of reserves.

The Company is engaged in a comprehensive review of the mine plan's design parameters, mine design and project development schedule in order to reflect an updated production plan and current market conditions. The objective of this exercise is to optimize the Company's mine plan having regard to the change in circumstances since the 2012 preliminary feasibility study was prepared. Factors such as the decline in coal prices in China, decreased mining quantities resulting from smaller pit dimensions as a result of changed mining parameters and coal prices and the exclusion of coal identified in the previous studies as marginally economic due to coal price reductions can be expected to exert downward pressure on reserve quantities. These may be offset to some degree by an upgrading of some resources from the inferred category to the indicated category in the Sunset Pit area, a change to mine design with steeper pit walls resulting in less waste and a lower strip ratio and improved mining cash costs, simplified and lower cost coal processing and product marketing, and general cost reductions. However, there can be no assurance that the continuing optimization of the mine plan at the Ovoot Tolgoi Mine will ultimately provide the basis for an updated preliminary feasibility study that will support a new estimate of mineral reserves.

Any downward adjustments to the Company's mineral reserve estimates could materially affect the Company's development and mining plans, which could materially and adversely affect its business and results of operations.

Disclosure of a scientific or technical nature in this Material Change Report in respect of the updated mineral resource estimate for the Ovoot Tolgoi deposit was prepared by or under the supervision of Brendan Stats, an employee of RPM and a qualified person as that term is defined in National Instrument 43-101.

6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

No information has been intentionally omitted from this form.

8. EXECUTIVE OFFICER

The name and business number of an officer of the Company through whom an executive officer who is knowledgeable about the material change and this report may be contacted is:

Allison Snetsinger
Corporate Secretary

Telephone: 604- 681-6799

9. DATE OF REPORT

DATED at Vancouver, British Columbia this 7th day of April, 2016