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SOUTHGOBI RESOURCES LTD.

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)

SouthGobi announces update on status of CIC Convertible Debenture

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

The Company is in default under the convertible debenture between China Investment Corporation (“**CIC**”) and the Company signed in November 2009 (the “**Convertible Debenture**”) as a result of the Company having now been suspended from trading on the Toronto Stock Exchange (“**TSX**”), halted from trading on the Hong Kong Stock Exchange, for a period of more than 5 trading days since December 17, 2018. Trading on the TSX will remain suspended until clarification regarding the business and affairs of the Company is announced and trading on the SEHK will remain halted pending the publication of an insider information announcement.

Pursuant to the terms of the Convertible Debenture, CIC may, at its discretion, provide notice to the Company and declare all principal, interest and other amounts owing under the Convertible Debenture immediately due and payable, and take steps to enforce payment thereof, which would have a material adverse effect on the business and operations of the Company and the value of the Company’s common shares could be materially and negatively affected.

* *For identification purposes only*

The Company and CIC are having active and close discussion on the issues related to the Convertible Debenture and the deferral agreement executed on June 12, 2017. As of today, the Company has not received any such notice from CIC to demand any payments nor declare any outstanding balances immediately due and payable, as a result of the above mentioned trading suspension and trading halt and other event(s) of default.

The Company will provide further updates of the status of this matter as appropriate.

By order of the Board
SouthGobi Resources Ltd.
Mao Sun
Interim Independent Lead Director

Vancouver, December 24, 2018
Hong Kong, December 24, 2018

As at the date of this announcement, the executive director of the Company is Mr. Shougao Wang; the independent non-executive directors are Messrs. Yingbin Ian He, Mao Sun and Ms. Jin Lan Quan; and the non-executive directors are Messrs. Wen Yao, Zhiwei Chen, Xiaoxiao Li and Ms. Lan Cheng.