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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)

## **SouthGobi announces resumption guidance relating to trading suspension**

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

Reference is made to the announcements of the Company dated December 16, 2018, December 17, 2018 and December 18, 2018.

On January 3, 2019, the Hong Kong Stock Exchange provided the following resumption guidance for the Company, whereby the Company is to:

- (i) conduct a forensic investigation (the “**Forensic Investigation**”) of past conduct engaged in by former senior executive officers and employees of the Company (the “**Former Management and Employees**”) which raises suspicions of serious fraud, misappropriation of Company assets and other criminal acts by the Former Management and Employees relating to transactions between 2016 and the first half of 2018 involving the Company, Inner Mongolia SouthGobi Energy Co., Ltd. (a subsidiary of the Company) and certain coal trading and transportation companies, some of which are allegedly related to or controlled by the Former Management and Employees or their related persons (the “**Suspicious Transactions**”);

\* For identification purposes only

- (ii) disclose the findings of the Forensic Investigation and take appropriate remedial actions;  
and
- (iii) inform the market of all material information for its shareholders and investors to appraise the Company's position.

The Hong Kong Stock Exchange has advised that it may modify or supplement the trading resumption guidance if the Company's situation changes.

Pursuant to Rule 6.01A(1) of the Listing Rules, the Hong Kong Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, this 18 month period expires on June 16, 2020. The Hong Kong Stock Exchange has advised that if the Company fails to remedy the issues causing the trading suspension, fully comply with the Listing Rules to the Hong Kong Stock Exchange's satisfaction and resume trading of its commons shares on the Hong Kong Stock Exchange by June 16, 2020, the Listing Department of the Hong Kong Stock Exchange will recommend the Listing Committee to proceed with the cancellation of the Company's listing on the Hong Kong Stock Exchange. Pursuant to Listing Rules 6.01 and 6.10, the Hong Kong Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

As announced in the Company's December 15, 2018 press release, the Board of Directors of the Company has expanded the mandate of the special committee of independent non-executive directors of the Company (the "**Special Committee**") to also include a formal investigation of the Suspicious Transactions, the implicated Former Management and Employees, and their impact, if any, on the business and affairs of the Company. The Special Committee expects to engage forensic accounting experts to assist with the investigation on or before January 11, 2019 and will endeavor to complete the investigation by the middle of March 2019.

Pursuant to Rule 13.24A of the Listing Rules, the Company is required to announce quarterly updates on developments relating to its trading resumption plan, including details of the actions taken or to be taken in order to remedy the issues causing the trading suspension and fully comply with the Listing Rules, the progress of implementing the trading resumption plan, details of any material change to the trading resumption plan (including any delays thereof) and impact on the Company's business operations. The Company is required to make its first quarterly update on or before March 16, 2019 and announce additional updates every 3 months thereafter until resumption of trading on the Hong Kong Stock Exchange or cancellation of the Company's listing on the Hong Kong Stock Exchange (whichever is earlier).

Trading in the common shares of the Company on the Hong Kong Stock Exchange and the Toronto Stock Exchange will remain suspended until further notice. The Company will make additional announcements if and when there are further material developments in relation to the investigation.

### **Forward-Looking Statements**

Certain information included in this news release that is not current or historical factual information constitutes forward-looking statements or information within the meaning of applicable securities laws (collectively, “**forward-looking statements**”), including information about the allegations of fraud, misappropriation of Company assets and criminal activity involving Former Management and Employees, timing on engagement of forensic experts to assist the Special Committee in the Forensic investigation and timing on the completion of the Forensic Investigation. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “could”, “should”, “seek”, “likely”, “estimate” and other similar words or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on certain factors and assumptions including, among other things, the Special Committee's ability to conclude the formal investigation in a timely manner, the final results of the formal investigation and other similar factors that may cause actual results to differ materially from what the Company currently expects. Actual results may vary from the forward-looking statements. Readers are cautioned not to place undue importance on forward-looking statements, which speaks only as of the date of this disclosure, and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to, update or revise any forward-looking statements, whether as a result of new information, further events or otherwise at any particular time, except as required by law. Additional information concerning factors that may cause actual results to materially differ from those in such forward-looking statements is contained in the Company's filings with Canadian securities regulatory authorities and can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

By order of the Board

**SouthGobi Resources Ltd.**

**Mao Sun**

*Interim Independent Lead Director*

Vancouver, January 8, 2019

Hong Kong, January 8, 2019

*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.*



January 8, 2019

## **SouthGobi announces resumption guidance relating to trading suspension**

**VANCOUVER** – SouthGobi Resources Ltd. (**TSX: SGQ; HK: 1878**) (“**SouthGobi**” or the “**Company**”) announces that on January 3, 2019, the Hong Kong Stock Exchange provided the following resumption guidance for the Company, whereby the Company is to:

- (i) conduct a forensic investigation (the “**Forensic Investigation**”) of past conduct engaged in by former senior executive officers and employees of the Company (the “**Former Management and Employees**”) which raises suspicions of serious fraud, misappropriation of Company assets and other criminal acts by the Former Management and Employees relating to transactions between 2016 and the first half of 2018 involving the Company, Inner Mongolia SouthGobi Energy Co., Ltd. (a subsidiary of the Company) and certain coal trading and transportation companies, some of which are allegedly related to or controlled by the Former Management and Employees or their related persons (the “**Suspicious Transactions**”);
- (ii) disclose the findings of the Forensic Investigation and take appropriate remedial actions;  
and
- (iii) inform the market of all material information for its shareholders and investors to appraise the Company’s position.

The Hong Kong Stock Exchange has advised that it may modify or supplement the trading resumption guidance if the Company’s situation changes.

Pursuant to Rule 6.01A(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Hong Kong Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, this 18 month period expires on June 16, 2020. The Hong Kong Stock Exchange has advised that if the Company fails to remedy the issues causing the trading suspension, fully comply with the Listing Rules to the Hong Kong Stock Exchange’s satisfaction and resume trading of its common shares on the Hong Kong Stock Exchange by June 16, 2020, the Listing

Department of the Hong Kong Stock Exchange will recommend the Listing Committee to proceed with the cancellation of the Company's listing on the Hong Kong Stock Exchange. Pursuant to Listing Rules 6.01 and 6.10, the Hong Kong Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

As announced in the Company's December 15, 2018 press release, the Board of Directors of the Company has expanded the mandate of the special committee of independent non-executive directors of the Company (the "**Special Committee**") to also include a formal investigation of the Suspicious Transactions, the implicated Former Management and Employees, and their impact, if any, on the business and affairs of the Company. The Special Committee expects to engage forensic accounting experts to assist with the investigation on or before January 11, 2019 and will endeavor to complete the investigation by the middle of March 2019.

Pursuant to Rule 13.24A of the Listing Rules, the Company is required to announce quarterly updates on developments relating to its trading resumption plan, including details of the actions taken or to be taken in order to remedy the issues causing the trading suspension and fully comply with the Listing Rules, the progress of implementing the trading resumption plan, details of any material change to the trading resumption plan (including any delays thereof) and impact on the Company's business operations. The Company is required to make its first quarterly update on or before March 16, 2019 and announce additional updates every 3 months thereafter until resumption of trading on the Hong Kong Stock Exchange or cancellation of the Company's listing on the Hong Kong Stock Exchange (whichever is earlier).

Trading in the common shares of the Company on the Hong Kong Stock Exchange and the Toronto Stock Exchange will remain suspended until further notice. The Company will make additional announcements if and when there are further material developments in relation to the investigation.

### **Forward-Looking Statements**

Certain information included in this news release that is not current or historical factual information constitutes forward-looking statements or information within the meaning of applicable securities laws (collectively, "**forward-looking statements**"), including information about the allegations of fraud, misappropriation of Company assets and criminal activity involving Former Management and Employees, timing on engagement of forensic experts to assist the Special Committee in the Forensic investigation and timing on the completion of the Forensic Investigation. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "could", "should", "seek", "likely", "estimate" and other similar words or statements that

certain events or conditions “may” or “will” occur. Forward-looking statements are based on certain factors and assumptions including, among other things, the Special Committee's ability to conclude the formal investigation in a timely manner, the final results of the formal investigation and other similar factors that may cause actual results to differ materially from what the Company currently expects. Actual results may vary from the forward-looking statements. Readers are cautioned not to place undue importance on forward-looking statements, which speaks only as of the date of this disclosure, and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to, update or revise any forward-looking statements, whether as a result of new information, further events or otherwise at any particular time, except as required by law. Additional information concerning factors that may cause actual results to materially differ from those in such forward-looking statements is contained in the Company's filings with Canadian securities regulatory authorities and can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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.

### **Contact:**

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