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(A company continued under the laws of British Columbia, Canada with limited liability)  
(Hong Kong Stock Code: 1878)  
(Toronto Stock Code: SGQ)

## **Deferral of CIC Payment Obligation**

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).

Reference is made to the announcement of the Company dated February 19, 2020 (the “**Announcement**”). Capitalized terms used herein, unless otherwise defined, shall have the same meaning as those defined in the Announcement. On May 8, 2020, the Company and CIC have entered into an agreement (the “**2020 May Deferral Agreement**”) pursuant to which CIC agreed to grant the Company a deferral of (i) deferred cash interest and deferral fees of USD \$2.0 million (the “**2020 May Deferral Amount**”) which is due and payable to CIC on May 19, 2020 under the 2019 Deferral Agreement; and (ii) approximately USD \$0.15 million of management fee (the “**2020 Q1 Management Fee**”) which was due and payable on May 15, 2020 under the Amended and Restated Cooperation Agreement. The effectiveness of the 2020 May Deferral Agreement is subject to the Company obtaining the requisite acceptance thereof from TSX.

The terms of the 2020 May Deferral Agreement are substantially similar to the terms of the 2020 February Deferral Agreement and the principal terms of the 2020 May Deferral Agreement are as follows:

- Payment of the 2020 May Deferral Agreement Amount will be deferred until June 20, 2020, and the 2020 Q1 Management Fee will be deferred until they are repaid by the Company.

\* For identification purposes only

- As consideration for the deferral of these amounts, the Company agreed to pay CIC: (i) a deferral fee equal to 6.4% per annum on the 2020 May Deferral Amounts, commencing on May 19, 2020; and (ii) a deferral fee equal to 2.5% per annum on the 2020 Q1 Management Fee, commencing on May 15, 2020.
- The Company agreed to provide CIC with monthly updates regarding its operational and financial affairs.
- The Company agreed to comply with all of its obligations under the 2019 Deferral Agreement and the Amended and Restated Cooperation Agreement, as amended by the 2020 May Deferral Agreement.
- The Company and CIC agreed that nothing in the 2020 May Deferral Agreement prejudices CIC's rights to pursue any of its remedies at any time pursuant to the 2019 Deferral Agreement, Amended and Restated Cooperation Agreement and 2020 May Deferral Agreement, respectively.

The Company anticipates that a deferral will be required in respect of the payments due and payable in June 2020 under the 2019 Deferral Agreement. The Company and CIC have agreed to discuss in good faith a deferral of these payments on a monthly basis as they become due. There can be no assurance, however, that a favourable outcome will be reached either at all or on favourable terms. The Company will make further announcements with respect to these discussions as and when appropriate.

If there is any inconsistency or discrepancy between the English version and the Chinese version, the English version shall prevail.

For and on behalf of  
**SouthGobi Resources Ltd.**

**Mao Sun**  
*Lead Director*

Vancouver, May 8, 2020

Hong Kong, May 8, 2020

*As at the date of this announcement, the executive director of the Company is Mr. Dalanguerban; the independent non-executive directors are Messrs. Yingbin Ian He, Mao Sun and Ms. Jin Lan Quan; and the non-executive directors are Messrs. Jianmin Bao, Zhiwei Chen, Xiaoxiao Li and Ben Niu.*

## **Forward-Looking Statements**

Certain information included in this press 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 discussions with CIC regarding a deferral of certain payments under the 2019 Deferral Agreement and Amended and Restated Cooperation Agreement. 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 Company’s ability to successfully negotiate a revised repayment schedule in respect of certain payments under the 2019 Deferral Agreement and Amended and Restated Cooperation Agreement and TSX accepting the Company’s notice application in respect of the 2020 May Deferral Agreement 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 not to 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).