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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)

THE ISSUANCE OF CEASE TRADE ORDER BY BRITISH COLUMBIA SECURITIES COMMISSION

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 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).

SouthGobi Resources Ltd. (the “**Company**”) announces that the British Columbia Securities Commission has issued a general “failure to file” cease trade order (“**CTO**”) on June 19, 2020 (Vancouver time), to prohibit the trading by any person of any securities of the Company in Canada. Trading in the Company’s common shares on the TSX has been halted as a result of the CTO.

Reference is made to the announcement of the Company dated June 11, 2020 (“**Announcement**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement

The CTO was issued as of result the Company’s failure to file its the 2019 Annual Filings and its 2020 Interim Filings by the filing deadline of June 15, 2020. The CTO will remain in place until such time as the 2019 Annual Filings and 2020 Interim Filings are filed by the Company. Trading in the Company’s common shares on the TSX will remain halted for so long as the CTO remains in effect. There is no assurance that the Company will be able to remedy its filing default and have the CTO lifted in a timely manner or at all. Shareholders of the Company may suffer a significant decline or total loss in value of its investment in the Company’s common shares as a result.

* For identification purposes only

Under the terms of the convertible debenture (the “**Convertible Debenture**”) between the Company and its substantial shareholder China Investment Corporation (“**CIC**”), it is an event of default if the Company’s common shares are suspended from trading on the TSX for more than a period of five trading days and CIC may declare the amounts owing under the Convertible Debenture and related deferral agreements immediately due and payable and may take steps to enforce payment thereof.

The Company will continue to take steps to address the going concern issues raised by the external auditors and explore available options to attempt to obtain an unmodified opinion on the 2019 Financial Statements. The Company will make further announcements with respect to the status of the 2019 Annual Filings as and when appropriate.

SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

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

Vancouver, June 21, 2020

Hong Kong, June 21, 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.