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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)

UPDATE ON DELAY IN PUBLICATION OF 2019 AUDITED ANNUAL RESULTS AND DESPATCH OF 2019 ANNUAL REPORT

Reference is made to the announcement of SouthGobi Resources Ltd. (the “**Company**”) dated June 30, 2020 (the “**June 30th Announcement**”) in relation to the delay in publication of the 2019 Audited Annual Results and the despatch of the 2019 Annual Report. Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as that ascribed to them in the June 30th Announcement.

As disclosed in the June 30th Announcement, the Company has been in discussions with its key creditors in relation to settlement plans, which the Company intends to rely on as alternative audit evidence to address the going concern issues raised by the Auditors. The Company has obtained verbal commitments from certain key creditors, each of which has agreed to sign a settlement agreement with the Company on or before July 27, 2020. As of the date hereof, the Company remains in discussions with the other key creditors that the Company has not yet reached an agreement with. As a result of the delays in reaching settlement agreements with the key creditors, the Company is unable to publish the 2019 Audited Annual Results and the 2019 Annual Report on or prior to the previously disclosed filing date of July 24, 2020.

The Company continues to work closely with the Auditors and to provide them with audit evidence to support the going concern assumptions for the Company’s 2019 Financial Statements. However, as a result of the Government of Mongolia’s decision on July 10, 2020 to further extend travel restrictions on foreign travel into Mongolia until the end of July 2020, the Company’s ability to prepare and provide audit evidence to the Auditors in a timely manner has been, and continues to be, adversely impacted.

* For identification purposes only

The Company is discussing with one of its major shareholders and looking for potential avenues of support for the Company which could serve as sufficient evidence to support the Company's going concern assumptions in the event that the Company is unable to sign a settlement agreement with each of these key creditors.

Assuming that: (i) the Company will be able to reach written settlement agreements with each of the key creditors that has provided a verbal commitment to do so on or before July 30, 2020; and (ii) the Company and the aforementioned major shareholder are able to agree on an avenue of support that is acceptable to the Auditors, the Company expects that the Auditors will be able to finalize the remainder of the audit work, complete its internal sign-off procedure and render an unmodified opinion on the 2019 Financial Statements within two weeks, in which case the Company would be in a position to issue its 2019 Audited Annual Results and 2019 Annual Report by August 14, 2020. However, there can be no assurances that the aforementioned settlement agreements will be executed by the key creditors on a timely basis or at all, the Company and the major shareholder will be able to arrive at mutually acceptable support arrangement or any of the foregoing will be sufficient audit evidence to permit the Auditor to render an unmodified opinion on the 2019 Financial Statements.

The Company will make further announcement(s) in relation to the publication of the 2019 Audited Annual Results and the despatch of the 2019 Annual Report, as and when appropriate.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE COMPANY'S SHARES OR OTHER SECURITIES OF THE COMPANY.

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

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

Vancouver, July 24, 2020

Hong Kong, July 24, 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 the execution of settlement agreements with certain key creditor on or before July 30, 2020, the expectation that the Company will be unable to publish the 2019 Audited Annual Results and the 2019 Annual Report on or prior to July 24, 2020 and discussions between the Company and one of its major shareholders in relation to potential avenues of support for the Company. 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, settlement agreements being executed by the Company’s key creditors on a timely basis, the Company and its major shareholder arriving at a mutually acceptable support arrangement, the actions and measures taken by the Company will be sufficient audit evidence to permit the Auditor to render an unmodified opinion on the 2019 Financial Statements 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.