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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)

## (1) UPDATE ON PAYMENT OBLIGATION UNDER JUNE 2020 DEFERRAL AGREEMENT (2) BUSINESS UPDATE

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 June 19, 2020 (the “**Announcement**”). Capitalized terms used herein, unless otherwise defined, shall have the same meaning as those defined in the Announcement.

### UPDATE ON PAYMENT OBLIGATION UNDER JUNE 2020 DEFERRAL AGREEMENT

As of the date of this announcement, the Company has not repaid the 2020 June Deferral Amount and related deferral fees totaling approximately US\$75.2 million which became due and payable to Land Breeze II S.à.r.l. (“**Land Breeze**”), a wholly-owned subsidiary of a major shareholder of the Company, on September 14, 2020 under the 2020 June Deferral Agreement. Consequently, the Company is in default under the 2020 June Deferral Agreement and the related convertible debenture between the Company and Land Breeze. The Company is in discussions with Land Breeze for a deferral of the June 2020 Deferral Amount and related deferral fees. There can be no assurance, however, that a deferral agreement will be reached either at all or on favourable terms. The Company will make further announcement(s) with respect to these discussions as and when appropriate.

\* for identification purpose only

## **BUSINESS UPDATE**

The Company has resumed the mining operation since August 2, 2020 and produced approximately 0.2 million tonne of coal in August 2020. The Company's sales volume in August 2020 was approximately 0.3 million tonne.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Hong Kong Stock Exchange has been suspended with effect from August 17, 2020 pending for the publication of the audited annual results of the Company for the year ended December 31, 2019 and will remain suspended until further notice.

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

Vancouver, September 14, 2020

Hong Kong, September 14, 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 Land Breeze regarding a deferral of the June 2020 Deferral Amount and related deferral fees. 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 deferral of the unpaid June 2020 Deferral Amounts and related deferral fees 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 the website of the Hong Kong regulatory filings and disclosures of listed issuer information. These can be found under the Company's profile on SEDAR and HKEXnews respectively, at [www.sedar.com](http://www.sedar.com) and [www.hkexnews.hk](http://www.hkexnews.hk).