SouthGobi Announces Status Update on 2019 Financial Statements

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VANCOUVER, June 11, 2020 - SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“SouthGobi” or the “Company”) announces that it anticipates that its external auditors (the “Auditors”) will not be in a position to render an unmodified opinion on the Company’s annual consolidated financial statements for the year ended December 31, 2019 (the “2019 Financial Statements”) prior to June 15, 2020 (the “Filing Deadline”), being the expiry date of the management cease trade order issued by the British Columbia Securities Commission (“BCSC”). As a result, the Company will not be able to file: (i) the 2019 Financial Statements, the accompanying Management Discussion & Analysis and its 2019 Annual Information Form (collectively, the “2019 Annual Filings”); and (ii) its interim consolidated financial statements for the three month period ended March 31, 2020 and accompanying Management Discussion & Analysis (collectively, the “2020 Interim Filings”) by the Filing Deadline.

The Company expects that the BCSC will issue a general “failure to file” cease trade order (“CTO”) shortly after the Filing Deadline to prohibit the trading by any person of any securities of the Company in Canada, including trades in the Company’s common shares made through the TSX. The CTO will remain in place until such time as the 2019 Annual Filings and 2020 Interim Filings are filed by the Company. 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. The CTO will have a significant adverse impact on the liquidity of the Company’s common shares and shareholders may suffer a significant decline or total loss in value of its investment in the Company’s common shares as a result.

The Company will continue to take steps to address the going concern issues raised by the 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.

About SouthGobi
SouthGobi, listed on the Toronto and Hong Kong stock exchanges, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. SouthGobi produces and sells coal to customers in China.

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