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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)

## **Change of Auditor**

This announcement is made by SouthGobi Resources Ltd. (“**SouthGobi**” or the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

SouthGobi announces that PricewaterhouseCoopers LLP (“**PwC Canada**”) has resigned as the auditor of the Company (the “**Auditor**”) with effect from November 13, 2019, due to the new requirement of the recognition of overseas auditors under the Hong Kong’s Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) (the “**FRCO**”). The board of directors of the Company (the “**Board**”), with the recommendation from the audit committee of the Board (the “**Audit Committee**”), has appointed BDO Limited (“**BDO**”) as the new Auditor with effect from November 13, 2019 to fill the casual vacancy created by the resignation of PwC Canada and to hold office until the conclusion of the next annual general meeting of the Company.

Pursuant to the legislation amendments to the FRCO which became effective on October 1, 2019, all non-Hong Kong auditors intending to carry out a public interest entity audit engagement of a company listed on the Hong Kong Stock Exchange are required to be recognized by the Financial Reporting Council (“**FRC**”), Hong Kong’s independent regulator of listed company auditors. The Company received notification from PwC Canada confirming that it did not intend to apply for recognition by the FRC and therefore would not be able to perform an audit for the Company’s financial year ending December 31, 2019. As a result, PwC Canada resigned as Auditor of the Company effective as of November 13, 2019.

\* *For identification purposes only*

Pursuant to the applicable Canadian securities laws, PwC Canada has confirmed to the Company that there are no “reportable events” (as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”)) in connection with the change of Auditor disclosed in this press release. In accordance with NI 51-102, the notice of change of auditor, together with the required letters from PwC Canada and BDO, have been reviewed and approved by the Board and filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

SouthGobi is a company that exists under and is governed by the laws of the Province of British Columbia (Canada). To the knowledge of the Board, there is no requirement under the laws of the Province of British Columbia (Canada) for the resigning auditor to confirm to the Company whether or not there is any circumstance connected with their resignation which they consider should be brought to the attention of the Company’s security holders. PwC Canada has therefore not issued such confirmation. The Board and the Audit Committee confirm that (i) there are no disagreements between the Company and PwC Canada; and that (ii) there are no other matters or circumstances in connection with the change of Auditor that need to be brought to the attention of the shareholders of the Company.

The Board would like to express its sincere gratitude to PwC Canada for the professional and quality services rendered to the Company in the past years. The Board also wishes to extend its warm welcome to BDO on its appointment as the Auditor; and believes that the change of Auditor will not have any impact on completing the audit for the Company’s financial year ending December 31, 2019.

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, November 13, 2019

Hong Kong, November 13, 2019

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