

HONG KONG, CHINA--(Marketwired - Dec 29, 2016) - Reference is made to the [SouthGobi Resources Ltd.](#) (TSX:SGQ)(HKSE:1878) (the "Company") announcement relating to the interest obligations with CIC dated December 20, 2016. The Company today announces the execution of a new deferral agreement ("December 2016 Deferral Agreement") with China Investment Corporation ("CIC") for a revised repayment schedule of US\$20.7 million of cash interest and associated costs originally due on December 19, 2016 ("December 2016 Deferral Amounts"). The key terms of the December 2016 Deferral Agreement include the below:

1. the Company will repay US\$1.4 million of cash interest and associated costs monthly on average during the period from December 2016 to April 2017;
2. the Company will repay US\$14.3 million of cash interest and associated costs on May 19, 2017;
3. the Company will pay a deferral fee at a rate of 6.4% per annum as a consideration for deferral; and
4. at any time before the December 2016 Deferral Amounts are fully repaid, the Company is required to consult with and obtain written consent from CIC prior to effecting a replacement or termination of either or both of its Chief Executive Officer and its Chief Financial Officer; otherwise this will constitute an event of default for the convertible debenture between CIC and the Company signed in November 2009. Such consent shall not be unreasonably withheld to affect the exercise of fiduciary duties of the board of directors of the Company.

About SouthGobi

SouthGobi (TSX:SGQ)(HKSE:1878), listed on the Toronto and Hong Kong stock exchanges, owns and operates its flagship Ovoot Tolgoi coal mine in Mongolia. It also holds the mining and exploration licences of its other metallurgical and thermal coal deposits in South Gobi Region of Mongolia. SouthGobi produces and sells coal to customers in China.

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