

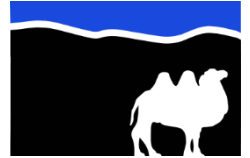
SouthGobi
Resources

2015 Second Quarter Financial Results

August 13, 2015



Cautionary statement



Forward-looking statements

Except for statements of fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Except as required by law, the Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Q2 2015 highlights and subsequent events



- The Company resumed production smoothly in Q2 with no lost time injury year to date 2015.
- Coal market conditions in China remained challenging, sales volume of the Company was low in Q2 despite higher average selling prices due to improvement in sales mix.
- The Company raised \$4 million from Novel Sunrise in April and \$2.9 million from Swiss Life GP in July through private placements. CIC agreed to postpone the May 2015 interest payment to November 2015 to allow the Company to complete its funding plan.
- Cinda becomes the largest shareholder of the Company through acquiring ownership of Novel Sunrise in July. Cinda expressed its strong support for the Company's new management team and the Company's business and funding plan.
- New management team will bring their extensive coal mining, logistics, trading and financing experience as well as established customer base to the Company.

Q2 2015 financial results



	Q2 2015	Q1 2015	Remarks
Raw coal production (millions of tonnes)	0.62	-	<i>Production resumed in Q2</i>
Coal sales (millions of tonnes)	0.19	0.18	
Average realized price (\$/tonne)	17.42	12.66	<i>Improvement in product mix</i>
<i>\$ in millions</i>			
Revenue	3.0	1.6	
Operating expenses	(4.6)	(1.9)	<i>Includes direct and mine administration cash costs of product sold</i>
Other cost of sales	(7.2)	(15.8)	<i>Includes stockpile impairment of \$2.6m (Q1: \$0.6m) and idled asset costs of \$3.9m (Q1: \$14.9m)</i>
Total cost of sales	(11.8)	(17.7)	
Gross loss	(8.9)	(16.1)	
Other operating (expenses)/income	(19.5)	1.0	<i>Includes \$18.0m court case penalty provision</i>
Administration expenses	(2.0)	(1.4)	
Loss from operations	(30.3)	(16.6)	



Market outlook

- Slowdown in China's economy
- Coal market expected to remain challenging but demand for cleaner coal will grow

2015 and medium-term objectives

- Execute improvement in Company's sales, marketing and logistics capabilities by expanding the Company's customer base further inland in China
- Drive operational excellence by improving productivity and operational efficiency
- Develop Soumber Deposit
- Contribute to long term development and prosperity of Mongolia

Source: <http://www.mongolianeconomy.mn/>