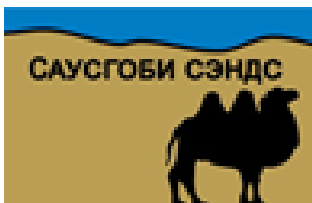


The way we work

Our global code of business conduct



SouthGobi Sands

Dear colleague

The Way We Work

SouthGobi's reputation for acting responsibly plays a critical role in our success as a business and our ability to generate shareholder value.

Our reputation stems from our four core values, which define the essence of who we are and who we will be: Accountability, Respect, Teamwork and Integrity.

These values are expressed through the principles and standards of conduct set out in *The way we work*. They define the way we manage the economic, social and environmental challenges of our operations and are important to fulfilling our commitment to achieving sustainable development.

Actions speak louder than words. The behavior of each and every one of us will influence how well we perform and how the world views SouthGobi. *The way we work* is our conscience. Our conduct will bring about a success that we can all be proud to share – and one that everyone notices.

By working according to our values we will help sustain long term business success by encouraging more effective relationships and stimulating deeper contributions to our local communities.

Please take the time to read and understand *The way we work* and use it as a continual reference in your work.

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About *The way we work*

Corporate responsibility and sustainable development

The way we work is our global code of business conduct. It contains principles and standards of conduct which reaffirm our commitment to corporate responsibility.

SouthGobi uses this document, *The way we work*, as the basis for its code of business conduct. *The way we work* reflects our strong commitment to undertaking our business with integrity and requires us to stick to rigorous standards of corporate governance in order to achieve sustainable development. In fact, our focus on sustainable development — on economic prosperity, social wellbeing, environmental stewardship and strong governance and integrity systems — provides the framework in which our business operates and runs as a major theme throughout this document.

Delivering on our sustainable development commitment means making sustainable development considerations an integral part of our business plans and decision making processes.

The way we work does not stand alone. The standards of conduct which it contains are inspired by SouthGobi's four core values: Accountability, Respect, Teamwork and Integrity. It also brings in key elements of the voluntary commitments to which we subscribe.

Much of the content of *The way we work* is derived from, and supported by, SouthGobi's extensive framework of policies and standards.

However, *The way we work* does not have sufficient detail to explain every aspect of all company policies and standards. We therefore must be mindful of our responsibility to be familiar not only with *The way we work*, but all supporting SouthGobi policies and standards relevant to our particular area of work.

Many concepts in *The way we work* are inter-related. We have attempted to cover topics only once — and use training, questions and answers and supporting references to help explain the intent and expectation behind each topic area.

The way we work has been adopted by the SouthGobi board after internal and external consultation. SouthGobi will continue to address issues as they emerge to ensure *The way we work* remains relevant into the future.

How to use *The way we work*

- Know that *The way we work* applies to a broader group of people than just SouthGobi employees (see the section “Who does it apply to”);
- Understand your responsibilities listed in the section “Our responsibility”;
- Become familiar with the different topics covered in *The way we work* and how they are relevant to your particular area of work; and
- Become aware of the available options in the section “Asking questions and reporting violations” so that you are prepared if you have a question to ask or wish to report a violation of *The way we work*.

Application of *The way we work*

Who does it apply to?

The way we work applies to the directors, officers and employees of SouthGobi, its subsidiaries and related companies over which it has control.

Through appropriate contractual arrangements and procurement principles, consultants, agents, contractors and suppliers of SouthGobi are equally expected to comply with *The way we work* in all their dealings with or on behalf of SouthGobi. We should ensure that they are aware of the contents of *The way we work* either by referring them to the most current version made available on SouthGobi's website (www.SouthGobi.com) or providing them with a paper copy in the absence of internet access.

SouthGobi believes that the principles in *The way we work* are universal. So, in our dealings with joint venture partners and non-controlled companies in which we participate, we will make every effort to ensure that the standards of conduct in *The way we work* are respected at all times.

Throughout *The way we work*, the term “company”, “business” or “SouthGobi” refers to SouthGobi Resources Ltd. and any subsidiaries, related companies or other legal entities in which SouthGobi Resources Ltd. holds a controlling interest.

Our responsibility

Each of us has a responsibility to work with integrity when acting on behalf of SouthGobi.

In every country in which we operate, all SouthGobi personnel are expected to comply with the law, *The way we work* and SouthGobi policies and standards. Ignorance of the law is not an acceptable reason for non-compliance, so we must all be familiar with the applicable laws that relate to our work.

There are several questions that we should ask ourselves when confronted with a business decision:

- Is it legal?
- Are my actions consistent with *The way we work* and associated SouthGobi policies and standards?
- Will there be any direct or indirect negative consequences for SouthGobi?
- What would my family, friends or neighbors think of my actions?
- Would I prefer to keep this secret?
- Would I want my actions reported on the front page of the newspaper?

If you do not feel comfortable with any of the answers, then the best response is not to do it. If you are unsure about what to do, you should refer to the relevant section of *The way we work*, speak with your manager or, if preferred, get in touch with any of the other points of contact indicated in this document.

If you are in doubt about whether to apply *The way we work* or the laws of your local jurisdiction, you should either apply the more stringent of the two standards or contact the SouthGobi Compliance Officer for guidance.

Should you become aware of conduct which is in violation of the law, *The way we work* or SouthGobi policies and standards, you have a responsibility (subject to local laws) to report it using one of the reporting mechanisms set out in the section “Asking questions and reporting violations”.

Violating the law, *The way we work* or SouthGobi policies and standards may result in disciplinary action, up to and including dismissal. In addition, any consultant, agent, contractor or supplier who fails to respect *The way we work* may see their contract terminated or not renewed.

Those in managerial positions have a special responsibility to lead with integrity by example. They should seek to ensure that employees and contractors under their oversight are aware of and comply with *The way we work*.

Implementation and compliance

We have an extensive set of standards and management systems in place aimed at ensuring *The way we work* is properly implemented and complied with.

An effective code of conduct, like *The way we work*, is more than a paper or electronic document. It must have a vitality of its own by being known to all employees and living through their actions.

The centerpiece of our compliance program is the SouthGobi Compliance standard. It provides a framework for compliance with the law, *The way we work* and our policies, standards and voluntary commitments. Our compliance framework requires:

- Corporate commitment and accountability;
- Identification of compliance obligations and risks;
- Management of those risks;
- Productive prevention (e.g. training and operating procedures);
- Investigations and follow up;
- Monitoring and reviews; and
- Reporting and record keeping.

Application of *The way we work* continued

Asking questions and reporting violations

There are a range of options available to employees who have questions to ask or who wish to report violations of the law, *The way we work* or related policies and standards.

You can:

- Talk to your manager or supervisor. This is often the best person to contact first;
- Speak to Human Resources personnel at your operating site;
- In appropriate circumstances, contact SouthGobi's Corporate Secretary; or
- Use the Whistle-blower program (see details opposite).

All information obtained through the above reporting channels will be followed up. No action will be taken against anyone for reporting in good faith a suspected violation of the law, *The way we work* or SouthGobi's policies and standards. However, if a reporting individual was involved in the improper activity, such individual may still be subject to discipline even if they were the one who disclosed the matter to us. In these circumstances, the conduct of the reporting individual may be considered as a mitigating factor in any disciplinary action.

Whistle-blower program

SouthGobi employees have access to EthicsPoint, the Company's confidential whistle-blower program. Concerns can be communicated to the EthicsPoint hot-line via telephone. You can find the dialing instructions for each of the hotline numbers on the Company's webpage at: southgobi.ethicspoint.com (1-800-960769 (Hong Kong), 4009917744 (China) or 971-371-7788 (Mongolia)) or the internet (<http://www.ethicspoint.com>). Whether it is fraud; discrimination; harassment; violence; legal, policy or regulatory violations; or environmental issues, employees can speak to someone about it.

The EthicsPoint whistle-blower program is available 24 hours a day, 365 days a year. Anyone using this service does not have to give their name. The interviewers then report the call to senior management, the matter is investigated and appropriate action taken.

We won't tolerate any form of recrimination, reprisal or intimidation against employees who use the EthicsPoint whistle-blower program in good faith.

Some countries impose limitations on company hotlines and, in those countries, Whistle-blower program will be managed to comply with local requirements.

Information on the EthicsPoint whistle-blower program, including local contact telephone numbers, is available at each operating site and on the Company's website (www.southgobi.com).

The workplace

Safety

We are committed to an incident and injury free workplace. Our goal is zero harm.

Everyone's behavior contributes to an incident and injury free workplace; full and consistent implementation of SouthGobi's safety standards, systems and procedures is required wherever we operate.

SouthGobi is building a sustainable safety culture that requires visible and committed leadership, a high level of participation from employees and contractors, and the development of a learning and an actively caring workplace. Our Health, Safety and Environment (HSE) risk framework requires us to focus on hazard identification, risk analysis and risk management, including identifying low likelihood events that if they happened, could have major consequences.

Health

We are committed to protecting health and wellbeing.

SouthGobi recognizes that healthy and productive employees are essential to our success and we are committed to preventing new cases of occupational illness. We have a set of core health standards addressing our most important health issues, which are implemented through education, training, systems and procedures.

Employment

We respect the rights and dignity of employees throughout our own operations and those of our business partners.

Respect is central to a harmonious workplace, where the rights of employees are upheld and where their dignity is affirmed, free of intimidation, discrimination or coercion of any kind.

Therefore, we:

- Prohibit discrimination on the basis of race, gender, national origin, religion, age, sexual orientation, politics, or on the basis of any personal characteristic protected by law, yet retain the right of SouthGobi to make exceptions to favour local employment where local laws provide;
- Value diversity highly, and welcome employees from a wide range of cultures and races, as well as treating genders equally;
- Forbid using inappropriate language in the workplace, including profanity, swearing, vulgarity or verbal abuse;
- Do not allow coercion or intimidation in the workplace;
- Oppose and do not permit the use of, forced or child labour;
- Recognize the right of all employees to choose to belong or not belong to a union and to seek to bargain collectively;

- Implement equitable and transparent remuneration systems; and
- Work to improve employment skills and competencies by regular performance reviews and undertaking education, training and coaching as appropriate.

Sexual or workplace harassment is not tolerated at SouthGobi. Sexual harassment may include unwanted sexual advances, sexual jokes, subtle or overt pressure for sexual favours, sexual innuendoes, and offensive propositions. Workplace harassment includes threats, intimidation, bullying, and subjecting individuals to ridicule or exclusion.

The workplace continued

Drugs and alcohol impairment

We must not possess or consume illegal drugs, or be impaired by alcohol or drugs, while working on SouthGobi business or premises.

For the safety, wellbeing and productivity of our employees, it is essential that we make the best decisions. We also need to keep sharp to be competitive in today's business environment. Therefore, we want our judgment to be clear and unimpaired by drugs or alcohol at all times.

Security and business resilience

We are committed to protecting our employees, assets and reputation, and ensuring the resilience of our operations when confronted by crises, site disasters or any instance that might affect business continuity.

Good security and resilience in a crisis allows SouthGobi to operate effectively by ensuring we are able to sustain our ability to create value.

Human rights, communities and environment

Human rights

We support and respect human rights consistent with the Universal Declaration of Human Rights and seek to ensure we are not complicit in human rights abuses committed by others.

We promote sound relationships and avoid civil conflict wherever we are. SouthGobi respects and supports the dignity, wellbeing and rights of SouthGobi employees, their families and the communities in which we operate.

Where those rights are threatened, we seek to have international standards upheld and avoid situations that could be interpreted as tolerating human rights abuses.

Communities and indigenous peoples

We set out to build enduring relationships with our neighbours that demonstrate mutual respect, active partnership, and long term commitment.

Wherever we operate, our community relations work is integrated into project and operational planning. We do our best to accommodate the different cultures, lifestyles, preferences, heritage and perceptions of our neighbours.

We respect the diversity of indigenous peoples, acknowledging the unique and important interests that they have in the land, waters and environment as well as their history, culture and traditional ways.

We promote collaborative engagement at international, national, regional, and local levels. We work hard to ensure that communities are consulted, in a format and language they understand, before we open new operations, while we run existing ones and when we close them at the end of their productive lives. We want local communities to actively participate in the economic activity resulting from our operations and we support regional and community based projects that contribute to sustainable development, without creating dependency.

Human rights, communities and environment continued

Land access

We seek to get the widest possible support for our proposals throughout the lifecycle of our activities.

We access and use land, rehabilitate unavoidable impacts and work with local communities and indigenous peoples to help with their needs in the most effective manner we can. This generally involves ongoing consultation with local and indigenous people, public authorities and others affected.

We accept that the response we get may sometimes result in our not exploring land or developing operations, even if legally permitted to do so.

We are thorough in assessing the effects of our activities in advance, particularly in areas of high conservation or heritage value. We aim to work with others to monitor and mitigate our impact.

Claims to land can be based on customary tenure as well as statutory law. Local and national land use policies may also differ.

Our goal is to bridge gaps between legislated and customary arrangements by understanding the issues involved. Where property is directly affected, the consequences will be assessed and appropriate compensation mutually agreed.

Environment

Excellence in environmental performance and product stewardship is essential to our business success.

We have standards, strategies, targets and systems to manage environmental risks. We identify opportunities to improve environmental management at every stage of exploration, mine development, operation and closure, as well as in evaluating the acquisition and divestment of assets. Wherever possible we prevent, or else minimize, reduce and remedy, the disturbance of the environment. And importantly, we operate in a manner such that we meet or exceed the laws of the jurisdictions in which we do business.

Business integrity

Conflicts of interest

We must ensure our personal activities and interests do not conflict with our responsibilities to SouthGobi. It is important that even the appearance of a conflict of interest be avoided.

A conflict of interest can exist if you have a personal interest in a decision being made where that decision should be made free from bias and in the best interests of SouthGobi. If you think that you could be in a conflict of interest situation, you should immediately disclose all relevant details to your manager.

Conflicts of interest may involve, among other things:

- Outside work or employment;
- An outside business relationship, or interest in, a supplier, customer or competitor;
- A business relationship on behalf of SouthGobi with any person who is a relative or a personal friend, or with any company controlled by such a person;
- A position where you have influence or control over the job evaluation or compensation of any person who is a relative or romantic partner;
- Personal use or sharing of SouthGobi confidential information for profit, such as buying or selling, or advising others to buy or sell SouthGobi property, products or raw materials on the basis of this information; and
- An acceptance of personal benefits, such as something more than a modest gift or entertainment, from a person or organization dealing, or expecting to deal, with SouthGobi in any type of business transaction.

Common sense and good judgment must be exercised to avoid any perception of a conflict of interest. Employees are required to disclose to their supervisors, in writing or as may be otherwise authorized, all business, commercial, personal or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict of interest.

For more information, see also SouthGobi's Business Integrity (Conflicts of Interests) Standards.

Competition/Antitrust issues

SouthGobi is committed to the principles of free and fair competition.

It is our policy to compete vigorously and effectively while always complying with the applicable competition/antitrust laws and regulations in all countries in which we operate.

In accordance with the requirements of SouthGobi's Antitrust guidance, we:

- Keep contact with our competitors to a minimum;
- Do not disclose, seek from, or exchange with competitors any commercially sensitive information such as: price, contract negotiations, capacity, production costs, commercial strategies or plans, bidding intentions, customers and market share;
- Do not discuss commercially sensitive information in joint ventures with competitors or potential competitors unless it relates to the specific venture;
- Do not discuss commercially sensitive information when participating in trade or industry associations;
- Undertake benchmarking exercises between competitors or potential competitors, only with prior approval from SouthGobi Senior Management; and

- When selling products to, or purchasing products from, a competitor, only exchange information that is legitimately required to complete the transaction.

If in doubt about the appropriate action to take, speak to SouthGobi's Senior Management.

Business integrity continued

Bribery and corruption

SouthGobi prohibits bribery and corruption in all forms, whether direct or indirect.

We do not offer, promise, give, demand or accept anything of value, whether directly or indirectly, to or from:

- A government official;
- A political candidate, party, or party official;
- A community leader or other person in a position of public trust; or
- Any private sector employee (including a person who directs or works for a private sector enterprise in any capacity)

in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business.

We must also be aware of the potential for commercial agency arrangements and charitable contributions to be used as a cover for bribery. All agency arrangements and charitable contributions can only be made in accordance with SouthGobi's Business integrity and Anti-bribery due diligence standards.

Certain countries allow what is known as "facilitation payments" as an exception that is permitted under the local law; however, SouthGobi prohibits making facilitation payments.

If you are in doubt about the legitimacy of a payment that you have been requested to make, including facilitation payments, seek the advice of SouthGobi Senior Management.

For more information, see also SouthGobi's Business Integrity (Anti-Corruption) Standard and Anti-Bribery Due Diligence Guidelines.

Gifts and entertainment

Gifts and entertainment given and received as a reward or encouragement for preferential treatment are not allowed.

In certain circumstances, the giving and receiving of modest gifts and entertainment is perfectly acceptable. A business meal, for example, can provide a relaxed way of exchanging information. Nonetheless, depending on their size, frequency, and the circumstances in which they are given, they may constitute bribes, political payments or undue influence.

The key test we must apply is whether gifts or entertainment could be intended, or even be reasonably interpreted, as a reward or encouragement for a favour or preferential treatment. If the answer is yes, they are prohibited under SouthGobi policy. Exchanges of gifts and entertainment, including the payment of travel expenses, must be in accordance with SouthGobi's Business integrity guidance.

In all circumstances, every action must comply with local laws. If you are unsure as to the appropriateness of any gift or entertainment, seek the advice of SouthGobi Senior Management.

Business integrity continued

Fair business practices

It is our policy to carry out our business fairly and with integrity.

In our dealings with customers, we must be clear, concise and fair. Where comparisons are permitted by law, we must fairly compare our products, services or employees to those of our competitors. We must also ensure our products meet all relevant legal standards for health and safety.

In procurement, SouthGobi expects to participate in a fair and competitive marketplace. We provide a fair evaluation and selection process to all prospective suppliers.

We require our suppliers to maintain their own policies that support fair competition and integrity, require adherence to applicable laws, standards and regulations, and prohibit giving or receiving bribes, with a process for assuring compliance.

International business

We operate on a global basis and are therefore subject to national and local laws, regulations and risks that vary from one country to another. In particular, we must:

- Ensure that payments made to agents or distributors are always for services rendered and are reasonable according to the nature of those services;
- Ensure that taxes and duties paid to public officials are legitimate and do not constitute bribery or corruption;
- Never expand business into a foreign country where SouthGobi has not previously done business, without assessing the risks and discussing these risks with SouthGobi Senior Management;
- Be aware of dealings with countries that are involved in conflicts or that are subject to international sanctions;
- Observe all export regulations that govern the shipment of SouthGobi's products and services to the importing country, as well as international trade agreements that apply; and
- Consult SouthGobi Senior Management for specific guidelines to deal with cross border management of SouthGobi's business (including membership on the boards of directors of companies located in foreign countries).

Insider trading

When in possession of inside information, we must not trade in securities (e.g. shares, options, etc.), or disclose such information to family, friends or any other person. We must also ensure that when handling such information we do so with the appropriate care.

SouthGobi has rules that govern directors and employees with access to "inside information", in their dealings in SouthGobi Resources securities. These rules require those people to seek clearance from the company secretary before dealing to ensure that they do not hold inside information. Clearance is not given during "blackout periods" immediately preceding the announcement of annual and interim results. Any dealings on behalf of a director or employee insider by family members and other "connected persons" are also governed by the rules.

If you have access to inside information, you must not trade in securities, or disclose such information to others including your family members. You must also take all reasonable steps to ensure that the information remains confidential.

Inside information means information which is not generally available and, if it were generally available, would be likely to:

- Have a significant effect on the price of SouthGobi Resources securities or the securities of other companies; or
- Influence persons in deciding whether or not to buy or sell those securities.

Inside information may include, for example, information about: financial results; major acquisitions; joint ventures; significant capital projects; important contracts; takeover bids; production figures; and sales details.

For more information, see also SouthGobi's Corporate Disclosure, Confidentiality and Securities Trading Policy.

SouthGobi assets and information management

Internal controls and business records

All SouthGobi records must give a true and fair view of the state of our business affairs.

We must ensure that all financial transactions are properly recorded in compliance with SouthGobi accounting procedures. Keeping true and accurate records also extends to all non-financial business records from exploration, through operations, to site closure.

We must not intentionally cause SouthGobi's records to be incorrect in any way, nor create or participate in the creation of any records that are intended to conceal anything improper.

We maintain a sound system of internal control which includes risk analysis and review of our financial, operational and compliance controls. We follow appropriate accounting and reporting policies, apply them consistently and use reasonable and careful judgment.

Employee use of company property

SouthGobi property and financial resources are for the sole use of SouthGobi.

Therefore, we must not:

- Obtain, use or divert SouthGobi property or financial resources for personal use or benefit;
- Alter or destroy SouthGobi property without proper authorization; or
- Remove SouthGobi property or use SouthGobi services without prior management approval.

Some activities may have benefits to SouthGobi as well as to an individual employee and the distinction between the two may be difficult to establish. So it is important that your manager approve, in advance, any use of property or services that is not solely for the benefit of SouthGobi.

Employee use of electronic resources

Electronic resources provided by SouthGobi must be used responsibly, appropriately and ethically.

“Electronic resources” include, for example, email, instant messenger, telephone, fax and voice mail, internet and network access, databases, two way radios, and closed circuit television.

We must never engage in inappropriate use of SouthGobi electronic resources. Some examples of inappropriate use include:

- Any use that relates to material which is offensive, sexually explicit, defamatory, discriminatory, abusive, harassing or violent;
- Knowingly causing any material (including software) to be used, copied or distributed in breach of confidentiality or copyright obligations;
- Online gambling;
- Engaging or assisting in unlawful activities;
- Engaging in activities for the purposes of private profit;
- Engaging in unauthorized not for profit activities;
- Deleting or attempting to destroy electronic records which are, or are reasonably likely to be, required in evidence in a legal proceeding or regulatory investigation; and

- Intentionally introducing a computer virus.

Incidental personal use of SouthGobi electronic resources is permitted if it is moderate and does not interfere with work duties. Abuse of this privilege is regarded as misconduct.

SouthGobi reserves the right to monitor and block the use of the internet, email and other electronic resources at any time to the extent permitted by local legislation. SouthGobi must retain anything that may constitute a business record (such as electronic documents and email) for as long as necessary, even after the departure of the employee who produced the business record.

An individual's password used to access SouthGobi's electronic resources must be kept secure at all times and must not be shared with other staff members.

SouthGobi assets and information management continued

Confidential information

We must always protect SouthGobi confidential information as well as the confidential information entrusted to us by others (e.g. customers and suppliers).

“Confidential information” includes, for example: technical information about products or processes; vendor lists or purchase prices; cost, pricing, marketing or service strategies; non-public financial reports; and information related to asset sales, mergers and acquisitions.

In safeguarding confidential information, we must:

- Be careful where and when we discuss SouthGobi confidential information;
- Be careful about how and where we store it;
- Not disclose or use any of it for personal profit or advantage; and
- Enter into confidentiality agreements with persons outside SouthGobi before discussing what is confidential.

When approached with any offer of, or request for, confidential information, it is important that both parties understand and accept conditions under which the information may be received.

For more information, see also SouthGobi’s Corporate Disclosure, Confidentiality and Securities Trading Policy.

Intellectual property

SouthGobi protects its intellectual property and respects the intellectual property rights of others.

Intellectual property includes: patents, copyrights, trademarks and trade secrets. The owners of intellectual property have rights granted to them under the law. Our trademarks and other forms of intellectual property are among SouthGobi’s most valuable assets. In order to protect them, we must:

- Become familiar with all internal policies and procedures relating to intellectual property and brand use;
- Be aware of potential infringement of our intellectual property rights (e.g. unauthorized use) by employees, customers, suppliers and competitors;
- Not allow our customers, suppliers, or business partners to use any SouthGobi name or brand without appropriate approval; and
- Ensure that third parties sign a secrecy agreement as necessary to protect our intellectual property.

We must also respect the intellectual property rights of others, such as our suppliers and customers. This is particularly important to remember before we copy or distribute written or electronic materials.

Data privacy

SouthGobi regards the lawful and correct treatment of personal data as being of utmost importance.

“Personal data” is all information relating to any identifiable individual. We must protect the personal data of our current and former shareholders, directors, employees, suppliers, customers and any associated family or next of kin information collected for business purposes.

In accordance with the requirements of applicable privacy and data protection laws, personal data is subject to controls to prevent unauthorized or unlawful processing, accidental loss, destruction or damage.

Government, media and investor relations

Government relations

We conduct ourselves according to the highest ethical standards in our dealings with governments.

Government relations include all contacts in the course of business with governments, their agencies and representatives, in national and local jurisdictions around the world. In our interactions with governments, we:

- Will cooperate with every legitimate government request for information or cooperation in regulatory investigations while asserting SouthGobi's basic legal rights, such as representation by counsel;
- Must take appropriate steps to protect confidentiality when submitting information to any authority;
- Must not retain a government employee to perform services except under written contract with the government specifying the legitimate nature of the services to be provided. In some countries, hiring a government employee for any work is prohibited; and
- Limit gifts to, or entertainment of, government representatives so that we neither violate the law nor compromise – or appear to compromise – the individuals involved or SouthGobi in any way.

Speak to your manager or Senior Management if you have any questions about your interactions with government representatives.

Political involvement

SouthGobi does not, directly or indirectly, participate in party politics nor make payments to political parties or individual politicians.

SouthGobi communicates views to governments and others on matters affecting its business interests and those of shareholders, employees and others involved in our activities. By furthering public dialogue, we contribute to the development of sound legislation and regulation that is relevant and appropriate to our business interests.

Nothing in SouthGobi's policy seeks to restrict individuals acting in their personal capacity as citizens from participating in the political process.

As many governments have adopted rules which regulate lobbying, before undertaking any lobbying activity, employees must obtain permission from SouthGobi Senior Management and must clearly understand the applicable rules.

Communicating with media and investors

We communicate with the media and investors in an accurate and consistent manner.

Communicating with the media, investors and analysts is the responsibility of SouthGobi spokespersons. Any approach by such parties must be referred to Media Relations and/or Investor Relations as appropriate.

SouthGobi spokespersons must demonstrate high standards of integrity and transparency, while refraining from unauthorized or selective disclosure of proprietary or non-public information.

We must not present our personal views as being those of SouthGobi.

For more information, see also SouthGobi's Shareholder Communication Policy, and Disclosure Controls and Procedures.

Transparency

We are committed, in principle and in practice, to maximum transparency consistent with good governance and commercial confidentiality.

SouthGobi issues information in a timely way on the company's operational performance and financial condition. We verify its accuracy and avoid selective disclosure. We give required information to relevant agencies in the countries where SouthGobi businesses operate and widely disseminate it where SouthGobi Resources' shares are traded, through the media as well as directly, including on our own websites.

SouthGobi Resources makes immediate disclosure of any information that could reasonably be expected to have a material effect on its share price so that trading in its securities can take place in an informed market. Employees must report any matter that may have a material effect on the SouthGobi Resources' securities to their manager as soon as they become aware of it.

For more information, see also SouthGobi's Disclosure Controls and Procedures.

Note on "waivers": It would only be in very rare circumstances that SouthGobi would consider granting a waiver of *The way we work*. Where a waiver is sought for a company director or senior executive officer, such application could only be granted by the Board and, if granted, would be disclosed to shareholders. Waivers for any other person would be considered by SouthGobi Senior Management and, if granted, would be reported to the Board.

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