

SouthGobi Resources Ltd

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SouthGobi Resources says CEO terminated, nominates coal and energy "industry veteran" Ross Tromans

Mongolian-focused coal producer SouthGobi Resources (TSE:SGQ)(HKSE:1878) said Wednesday its president and chief executive, Alexander Molyneux, has been terminated, effective today.

The company, which last week announced the dropped bid for SouthGobi by Aluminum Corp of China (Chalco) and Turquoise Hill Resources (TSE:TRQ), said that coal and energy industry veteran Ross Tromans has been nominated for the role, subject to confirmation at the next meeting of the board.

Deputy chairman Sean Hinton will manage the transition and will lead the company in the interim.

Earlier this month, Turquoise Hill and Chalco dropped a \$925 million bid for SouthGobi, citing "minimal prospect" of obtaining the necessary regulatory approvals within an acceptable time frame.

Chalco's plans to acquire a stake in SouthGobi were hindered by the Mongolian government, which passed a law in May restricting foreign state-owned companies from controlling key assets. The Chinese company was due to make a takeover bid by September 4 after it agreed with Turquoise Hill to extend the deadline for a second time.

Chalco proposed in April to buy as much as 60 per cent of SouthGobi for \$8.48 per share.

Turquoise Hill, a unit of Rio Tinto which recently changed its name from Ivanhoe Mines, has a 58 per cent stake in SouthGobi. Turquoise Hill is building the \$6.2 billion Oyu Tolgoi copper and gold mine in Mongolia with Rio Tinto, scheduled to begin production in 2013.

SouthGobi also unveiled board changes last week, including the resignation of three existing directors and the appointment of five new directors effective September 3.

"Ross brings a wealth of industry insight to SouthGobi after almost three decades in the coal and energy sector," said new SouthGobi chairman, Kay Priestly, who is also the CEO of Turquoise Hill.

"The Board is working with Ross and Sean to ensure a smooth transition as we focus on strengthening the company's core business performance.

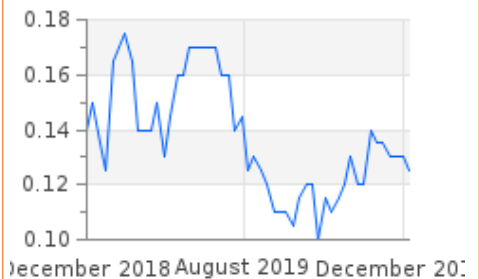
"We are committed to operating SouthGobi and realizing Ovoot Tolgoi's production potential."

The company noted Tromans has around 30-years sales and marketing experience in the coal and energy sectors

Price: 0.12

Market Cap: \$32.72 m

1 Year Share Price Graph



Share Information

Code: SGQ

Listing: TSX

52 week	High	Low
	0.18	0.1

Sector: Mining

Website: www.southgobi.com

Company Synopsis:

SouthGobi Resources is a premium coal production and development company, with strategically located coal assets - closest coal to China - focused on exploration and development of its Permian-age metallurgical and thermal coal deposits in Mongolia's South Gobi Region to supply a wide range of coal products to markets in Asia. Mongolia is becoming a major source of coking coal supply to China.

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covering the Asian and North American markets.

Most recently, he was general marketing manager at Rio Tinto Coal Australia, and previously held senior roles at Rio Tinto including general manager of marketing and sales at Rio Tinto Alcan.

Last month, SouthGobi posted a sharply lower second quarter profit as sales volume and revenue declined due to the curtailment of mining operations at its Ovoot Tolgoi mine in Mongolia, citing weak market conditions and regulatory issues regarding the Chalco bid.

Sales volume in the latest period declined as the takeover bid by Chalco resulted in the Mineral Resources Authority of Mongolia announcing a request to suspend exploration and mining activity on certain licenses.

The company was also impacted by various infrastructure constraints in Mongolia, and the softening of inland China coking coal markets toward the end of the second quarter.

The company's flagship coal mine, Ovoot Tolgoi, produces and sells coal to customers in China.

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