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## **SouthGobi and Glencore ink pact for Mamahak Coal Project**

*Friday, 22 May, 2009*

Mr Alexander Molyneux president of SouthGobi Energy Resources Limited and Mr Gene Wusaty COO announced that an agreement has been signed with Glencore International AG to provide SouthGobi with coking coal marketing expertise and river barging/vessel loading logistical services for SouthGobi's Mamahak coal project in East Kalimantan, Indonesia.

Mr Wusaty said that "We have developed Mamahak to a point that we are now ready to introduce our high quality coking coal to the Asian markets. Our agreement with Glencore is a major milestone in the development of this project."

With the coal marketing agreement now in place, SouthGobi plans to extract and ship an initial 30,000 tonnes trial shipment prior to the end of the Q2 of 2009 for delivery to various Asian customers for testing. The coal will be trucked on a recently completed 34 kilometer haul road to a new barge-loading facility on the Mahakam River.

Glencore International is one of the world's largest suppliers of a wide range of commodities and raw materials to industrial consumers. Glencore, through its subsidiaries is a market leader in the marketing of coal to the world's industrial consumers. The agreement with Glencore gives them exclusive marketing involvement for the company's coking coal sales for a 2 year period which is subject to a review in 12 months.

SouthGobi, through its wholly owned subsidiary Pt. Multi Mamahak Batubara has commenced the development of surface coal deposits in four concessions covering 22,968 hectares at the Mamahak Project. SouthGobi has an 85% working interest in the project. The company was authorized to begin mining on the MCM concession under a location permit issued last January.

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