

Prophecy Resource vs SouthGobi Energy



| | | |
|--------------------------------------|---------------------|------------------------|
| Symbol: | TSX-V: PCY | TSX: SGQ |
| Market Capitalization : | \$90,000,000 | \$2,360,000,000 |
| Project: | Coal | Coal |
| Location: | Mongolia | Mongolia |
| Measured & Indicated (t): | 1,028.5 m | 307.6 m |
| Total Resource (t): | 1,504.4 m | 405.6 m |
| Calorific Value (kcal/kg): | 4,200 – 5,200 | 5,100 – 7,700 |
| Volatile Content: | High-Volatile C | High-Volatile B-A |
| Coal Type: | Thermal | 30% Met & 70% Thermal |
| Coal Thickness (meter): | 40 - 60 | 10 - 20 |
| Average Coal Price (\$/t): | \$70 - \$110 | \$90 - \$140 |
| \$Market/t | \$0.07/t | \$5.00/t |

January 2010 - SouthGobi raised US\$400+ million in HK Listing

SouthGobi Ovoot Tolgoi in the red



RESULTS OF OPERATIONS

| | Three Months Ended | | | Nine Months Ended | |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2009 | June 30, 2009 | September 30, 2008 | September 30, 2009 | September 30, 2008 |
| Volumes, Prices and Costs | | | | | |
| Coal production (millions of tonnes) | 0.36 | - | - | 0.51 | - |
| Coal sales (millions of tonnes) | 0.46 | 0.38 | - | 0.97 | - |
| Average sales price (per tonne) | \$ 27.82 | \$ 29.71 | - | \$ 28.76 | - |
| Total cash costs of product sold (per tonne) | \$ 13.41 | \$ 18.13 | - | \$ 15.96 | - |
| Direct cash costs of product sold (per tonne) | \$ 11.16 | \$ 16.64 | - | \$ 13.75 | - |
| Operating Statistics | | | | | |
| Total waste material moved (millions of bank cubic metres) | 1.06 | - | - | 1.41 | - |
| Strip ratio (bank cubic metres of waste rock per tonne of clean coal produced) | 2.98 | - | - | 2.74 | - |
| Operating Results (thousands of dollars) | | | | | |
| Revenue | \$ 11,871 | \$ 10,667 | \$ - | \$ 26,078 | \$ - |
| Cost of Sales | (8,637) | (9,139) | - | (20,989) | - |
| Income from mine operations | 3,234 | 1,528 | - | 5,089 | - |
| Administration expenses | (6,234) | (4,444) | (10,339) | (16,783) | (12,851) |
| Evaluation and exploration expenses | (5,011) | (4,641) | (11,356) | (13,781) | (28,088) |
| Impairment charge on Mamahak Coal project | (23,029) | - | - | (23,029) | - |
| Operating loss from continuing operations | \$ (31,040) | \$ (7,557) | \$ (21,695) | \$ (48,504) | \$ (40,939) |

SouthGobi Coal Quality (400mt)



Fig 37 SouthGobi current product coal qualities

| Product | Specs | As % of Ovoot Tolgoi reserves |
|--------------|--|-------------------------------|
| Coking Coal | 7,173 kcal/kg Ash: 7.9% CSN (FSI): 5.5 | 15% |
| Premium Coal | 6,369 kcal/kg Ash: 14.9% CSN (FSI): 3 | 41% |
| Thermal Coal | 5,360kcal/kg Ash: 26% | 44% |

Source: Company presentation, Macquarie Research, March 2010

Prophecy's Ulaan Ovoo: 200mt 5,200 kcal/kg, 12% Ash