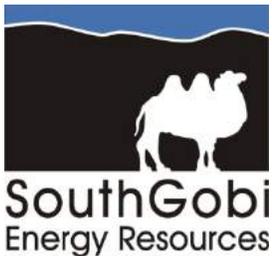


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January 11, 2010

SouthGobi Energy Resources Announces Plan for Global Equity Offering and Secondary Listing on the Hong Kong Stock Exchange

HONG KONG – Alexander Molyneux, President and CEO of SouthGobi Energy Resources Ltd. (**TSX:SGQ**), announced today that SouthGobi Energy Resources Ltd. (the "Company" or "SouthGobi") has commenced a global offering of 27,000,000 Common Shares in the capital of SouthGobi ("Common Shares"). The Company has agreed to grant the underwriters an over-allotment option to purchase additional Common Shares equal to up to 15% of the Common Shares issued under the offering.

The offering will be by way of a public offering in Hong Kong and an international private placement (together the "International Offering") through Citigroup Global Markets Asia Limited and Macquarie Capital Securities Limited as joint global coordinators, bookrunners, lead managers and sponsors of the International Offering, in conjunction with a concurrent application for a secondary listing of the Company's Common Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company also intends to conduct a portion of the offering by way of a public offering of Common Shares in Canada through Citigroup Global Markets Canada Inc., Macquarie Capital Markets Canada Ltd., Genuity Capital Markets and Salman Partners Inc. and has filed a preliminary short form prospectus with the securities regulatory authorities in each of the provinces of Canada in that connection (the "Canadian Offering", and together with the International Offering, the "Global Offering").

The Common Shares offered under the International Offering will be issued based on an exemption from the prospectus and registration requirements granted by the British Columbia Securities Commission and are not qualified for sale in Canada, or to persons ordinarily resident in Canada, nor may they be offered or sold in Canada, directly or indirectly. It is expected, subject to adjustment, that approximately 85% of the total Global Offering will be initially offered through the International Offering with the remaining 15% to be offered through the Canadian Offering.

Upon completion of the Global Offering and the proposed secondary listing of the Common Shares on the Hong Kong Stock Exchange, in addition to the current listing of the Common Shares on the Toronto Stock Exchange, all Common Shares of the Company would be tradable on the Hong Kong Stock Exchange and on the Toronto Stock Exchange.

The Company expects to use the net proceeds of the Global Offering to:

- **Expand the Ovoot Tolgoi Coal Mine.** SouthGobi plans to expand the existing production capacity of the Ovoot Tolgoi open-pit coal mine in line with its intention to continue to ramp up

production. SouthGobi also plans to develop other related projects at the Ovoot Tolgoi Mine site such as the expansion of maintenance facilities and employee housing.

- **Develop Regional Transportation Infrastructure.** SouthGobi intends to assess, construct and develop regional infrastructure and coal transportation infrastructure, including the construction of roads and railway infrastructure from the Ovoot Tolgoi complex to locations where such infrastructure can be connected to China's infrastructure to facilitate export. SouthGobi, through China Railway Construction Corporation Limited, has conducted a scoping study on the railway construction project and intends to further investigate the opportunities to develop this project.
- **Construct Additional Facilities.** Subject to the completion of a technical and engineering assessment, SouthGobi intends on constructing additional facilities such as a coal handling and washing plant.
- **Expand Exploration Activities.** SouthGobi will continue its exploration and development activities including at the Soumber deposit and to the east and west of the Ovoot Tolgoi Mine, which will include geological, geotechnical and hydrological surveying. The Company also will investigate areas surrounding existing coal deposits together with additional key exploration targets.

The balance of the net proceeds is expected to go to general corporate purposes, which may include provision of working capital and general exploration, development and acquisition activities.

The Common Shares offered in the Canadian Offering will be sold pursuant to a final short form prospectus in all provinces of Canada and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S. Securities Act of 1933, as amended (the "1933 Act"). The Canadian Offering and the International Offering are scheduled to close on or about January 29, 2010. The Canadian Offering is subject to certain customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange.

This news release has been prepared for publication outside the United States and may not be released (directly or indirectly) in the United States. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction outside of Canada, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Common Shares offered have not been, and will not be, registered under the 1933 Act, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act and applicable state securities laws. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements. SouthGobi does not intend to register any part of the proposed Global Offering in the United States.

About SouthGobi Energy Resources

SouthGobi Energy Resources is focused on exploration and development of its Permian-age metallurgical and thermal coal deposits in Mongolia's South Gobi Region. The company's flagship coal mine, Ovoot Tolgoi, is producing and selling coal to customers in China. The company plans to supply a wide range of coal products to markets in Asia.

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Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, Expansion of Ovoot Tolgoi Mine; Development of the Soumber Deposit; Development of regional transportation infrastructure; Construction of a coal washing facility; Plans to supply a wide range of coal products to markets in Asia; and other statements that are not historical facts. When used in this document, the words such as "plan," "estimate," "expect," "intend," "may," and similar expressions are forward-looking statements. Although SouthGobi believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are disclosed under the heading "Risk Factors" in SouthGobi's Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended Dec. 31, 2008, and for nine months ended September 30, 2009, all of which are available at www.sedar.com.