



October 8, 2008

SouthGobi Energy Resources discovers new coal occurrence 10 kilometres southeast of its producing Ovoot Tolgoi Mine

ULAANBAATAR, MONGOLIA – Gene Wusaty, Chief Operating Officer, Coal Division of SouthGobi Energy Resources Ltd. (**SGQ: TSX-V**), announced today that the company has discovered a new coal formation 10 kilometres southeast of the company's producing Ovoot Tolgoi coal mine. The new coal discovery is approximately 33 kilometres (approximately 20 miles) north of the China-Mongolia border. (See www.southgobi.com for location map)

The new coal occurrence was discovered through field reconnaissance work. Two trenches approximately three metres deep have been excavated and multiple seams have been uncovered with up to 15 metres of apparent thickness. To date, the coal field has been defined over a strike length of approximately 1,800 metres.

Based on the successful trenching results, a drilling program has commenced. Initial results have identified multiple coal seams up to 18 metres in apparent thickness. The intent of this initial drill program is to determine the coal structure as well as coal quality. Coal quality results are pending.

"This additional discovery of coal in close proximity to our operating mine, Ovoot Tolgoi, significantly enhances the scope of our coal development potential," Mr. Wusaty said. "The discovery is particularly important due to its close proximity to the Chinese border."

SouthGobi Energy Resources recently commenced coal deliveries from its Ovoot Tolgoi Mine to customers in China.

Gene Wusaty, SouthGobi Energy's Chief Operating Officer, Coal Division, a qualified person as defined by National Instrument 43-101, supervised the preparation of the technical information in this release.

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 and East Kalimantan, Indonesia. The company's flag-ship coal mine, Ovoot Tolgoi, is in production and operating on a 24-hour basis. The company plans to supply a wide range of coal products and electricity to markets in Asia. The company also is investigating the implementation of clean-coal technologies in the development of coal power-generating capacity to benefit all of its stakeholders

The company's metals division is focused on the exploration and development of its copper and gold projects in Mongolia and Indonesia.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, the company's future ability to supply coal products and electricity to markets in Asia, and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although SouthGobi Energy Resources believe 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 Energy's Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended June 30, 2008, and its Annual Information Form dated March 28, 2008 which is available at www.sedar.com.

New coal discovery location map

