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**SOUTHGOBI RESOURCES LTD.**

**南戈壁資源有限公司\***

*(a company continued under the laws of British Columbia, Canada with limited liability)*

*(Stock Code: 1878)*

**SouthGobi Resources announces fuel suppliers  
claim force majeure**

**HONG KONG** – SouthGobi Resources Ltd. (TSX: **SGQ**, HK: **1878**), announced today that its fuel supplier has claimed Force Majeure and will be unable to meet required fuel supply this month.

Please see the attached announcement for more details.

By order of the Board  
**SouthGobi Resources Ltd.**

**Mr. Peter Graham Meredith**  
*Chairman*

Hong Kong, 11 May 2011

*As of the date of this announcement, the executive Director is Mr. Alexander Alan Molyneux, the non-executive Directors are Mr. Peter Graham Meredith and Mr. John Anthony Macken and the independent non-executive Directors are Mr. Pierre Bruno Lebel, Mr. Robert William Hanson, Mr. Andre Henry Deepwell, Mr. Gordon Lancaster, Mr. Raymond Edward Flood Jr. and Mr. Robert Stuart Angus.*

\* *For identification purposes only*



May 11, 2011

## **SouthGobi Resources announcement regarding fuel supply issues in Mongolia**

**HONG KONG** – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**), (the “Company” or “SouthGobi”). Russia, the primary supplier of fuel to Mongolia, has substantially cut fuel exports to Mongolia for the Month of May. The issue is related to the Russian fuel deficit situation, and the fact that Russia has generally curtailed fuel exports. Media reports have indicated that Mongolian fuel importers have ordered 84,000 tonnes of fuel from Rosneft, the Russian export fuel supplier, for May but will only be allocated 10,000 tonnes.

SouthGobi’s fuel supplier has claimed Force Majeure and will be unable to meet contracted fuel supply this month. SouthGobi currently has approximately 722,000 litres of diesel fuel available on site at its Ovoot Tolgoi operation or already in transit to site. The Company has also today entered into an agreement with an alternative supplier to purchase an additional 2.8 million litres of diesel fuel. This combined fuel supply will allow the mine to operate for approximately 45 days under normal operations, or around three months if operations are partially curtailed to preserve fuel.

SouthGobi has coal in inventory and customer trucks can be fuelled in China, a short distance away. SouthGobi should be able to sell and ship coal for some period in the event sufficient future fuel supply cannot be obtained.

### **About SouthGobi Resources**

SouthGobi 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, 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, 2010 which is available at [www.sedar.com](http://www.sedar.com).*