



December 15, 2009

SouthGobi Energy Resources sells its Mamahak coal project to Kangaroo Resources Limited

HONG KONG – Alexander Molyneux, President and CEO of SouthGobi Energy Resources Ltd. (**SGQ: TSX**), is pleased to announce that the company has entered into an agreement to divest its effective 85% interest in the Mamahak coal project in Indonesia to Kangaroo Resources Limited (“Kangaroo”) for consideration comprising of US\$1 million in cash and 50 million shares of Kangaroo. The agreement is subject to certain standard terms and conditions and it is expected that the transaction will be completed following the satisfaction of those terms. As a result of this transaction, SouthGobi will hold approximately 6.7% of outstanding shares in Kangaroo, which will be subject to a 12 month lock-up period.

On October 12, 2009, SouthGobi announced that it had suspended further development work at Mamahak pending a more detailed operational review. Following various approaches and with the company’s strategic focus on Mongolia, it was determined that the project could be best developed and operated by an Indonesian focused coal mining company.

Kangaroo is a coal company focused on the development of a series of coal projects in East Kalimantan, Indonesia. It is listed on the Australian Securities Exchange (**KRL: ASX**) and as of the close of trading on December 15, 2009, had a market capitalization of A\$197 million (US\$179 million).

“The sale of Mamahak to Kangaroo will enable SouthGobi management to further focus on our Mongolian operations and projects, whilst enabling the group to retain an indirect exposure to Indonesia through our shareholding in Kangaroo. We believe that Kangaroo is well positioned to develop and operate a variety of interesting coal projects in Indonesia,” said Mr. Molyneux.

Kangaroo Chairman Mark O’Keeffe said, “The acquisition would complement Kangaroo’s existing coal projects in one of the most prominent coal regions in the world. We are also delighted to have SouthGobi as our shareholder.”

Kangaroo Resources Limited

Kangaroo has seven coal projects in the East Kalimantan region of Indonesia. These projects host large coking and thermal coal resources which will assist Kangaroo in becoming a significant Indonesian coal producer.

Kangaroo is committed to building a sustainable mid-tier mining house, focusing on Indonesian coal and using the experience and expertise of its in-country partners to fast track development and production. Further details in relation to Kangaroo are available on the company’s website (www.kangarooresources.com).

Transaction adviser

Macquarie Capital Advisers acted as SouthGobi’s financial adviser on the transaction.

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, 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 "could," "plan," "estimate," "expect," "intend," "may," "potential," "should" and similar expressions are forward-looking statements. Although SouthGobi Energy Resources 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 Energy's Management's 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.