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(Stock Code: 1878)

**SouthGobi Resources completes third quarter “on-track” and
continues to see robust market conditions**

HONG KONG – SouthGobi Resources Ltd. (TSX: **SGQ**, HK: **1878**) has observed much confusion in the investment community regarding metallurgical coal markets and its impact on companies participating in the sector. As a result, the Company has decided to provide its observations at this time.

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.

Mr. Peter Graham Meredith
Chairman

Hong Kong, 3 October 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*



October 3, 2011

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On August 10, 2011 SouthGobi provided statements with respect to management’s view of the outlook along with our second quarter 2011 financial and operating results. In particular, the Company guided:

- Third quarter sales volume: in the range of 1.2 million tonnes to 1.6 million tonnes.
- Third quarter average selling price: in the range of \$50 per tonne to \$55 per tonne.
- Direct cash costs: to return to recent trend levels over the balance of the year.

Now that the third quarter is complete, SouthGobi reiterates its guidance with the expectation that each of sales volume and average selling prices will be at or above the mid-point of the ranges previously provided (and shown above). Furthermore the Company also re-iterates guidance that direct cash costs are returning to recent trend levels through the second half of 2011.

With respect to the coking coal market, SouthGobi is not currently observing weakness among its customers and the regions of China in which its coal is generally consumed. The Company’s current expectation is that fourth quarter sales volume will be similar to third quarter volume at moderately higher selling prices than the third quarter. Most coal for fourth quarter is already now contracted.

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.

Information contacts, SouthGobi Resources

Dave Bartel, Vice President, External Affairs and Investor Relations (Hong Kong) +852 2156 7023
Steven Feldman, Investor Relations Manager (Vancouver) +1 604 331 9813

Website: www.southgobi.com

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, third quarter sales volume in the range of 1.2 to 1.6 million tonnes, third quarter sales price in the range of \$50 to \$55 per tonne, direct cash costs return to recent trends over remainder of year, expectation that volume and price will be at or above mid-point of previous guidance, direct cash costs are returning to recent trend levels, fourth quarter sales volumes will be similar to third quarter volumes at moderately higher prices, 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 and quarter ended June 30, 2011 which is available at www.sedar.com. For the material facts and assumptions used to develop the forward looking information, please see the press release dated August 10, 2011, a copy of which is available on the company’s website or at www.sedar.com.