

*Unless otherwise defined herein, terms in this announcement shall have the same meanings as those defined in the prospectus dated January 15, 2010 (the “Prospectus”) issued by SouthGobi Energy Resources Ltd. (the “Company”).*

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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares. Potential investors should read the Prospectus for detailed information about the International Offering described below before deciding whether or not to invest in the Shares thereby being offered.*

*The Company makes this announcement pursuant to section 9(2) of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) and the information contained in this announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any State of the United States and the District of Columbia). These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Shares mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”). The Shares may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the U.S. Securities Act. No public offering of the securities will be made in the United States.*



# **SOUTHGOBI ENERGY RESOURCES LTD.**

## **南戈壁能源有限公司\***

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

**(Stock code: 1878)**

### **STABILIZING ACTIONS END OF STABILIZATION PERIOD AND PARTIAL EXERCISE OF CANADIAN OVER-ALLOTMENT OPTION**

Pursuant to section 9(2) of the Securities and Futures (Price Stabilizing) Rules (Cap. 571W of the Laws of Hong Kong), the Company announces that the stabilizing period in connection with the International Offering ended on February 19, 2010, being the 30th day after the last day for the lodging of Application Forms under the Hong Kong Public Offering. Stabilizing actions have taken place during the stabilizing period.

The Company announces that the Canadian Over-allotment Option referred to in the Prospectus has been partially exercised by Citigroup Global Markets Canada Inc. and Macquarie Capital Markets Canada Ltd. on February 19, 2010 in respect of an aggregate of 228,100 Shares (the "Over-allotment Shares"), representing approximately 56.3% of the additional Shares available in the Canadian Offering (after giving effect to any reallocation of Shares between the International Placing and the Canadian Offering), at the Canadian Offer Price to cover, among other things, over-allocations in the Canadian Offering.

#### **1. STABILIZING ACTIONS AND END OF STABILIZING PERIOD**

Pursuant to section 9(2) of the Securities and Futures (Price Stabilizing) Rules (Cap. 571W of the Laws of Hong Kong), the Company announces that the stabilizing period in connection with the International Offering ended on February 19, 2010, being the 30th day after the last day for the lodging of Application Forms under the Hong Kong Public Offering.

The stabilizing actions in connection with the International Offering that have been taken by Citigroup Global Markets Asia Limited, as Stabilising Manager, during the stabilization period, were:

- (1) over-allocations of an aggregate of 3,645,000 Shares in the International Placing, approximately 15% of the Offer Shares initially available under the International Offering (after giving effect to any reallocation of Shares between the International Placing and the Canadian Offering); and
- (2) market purchases in the price range of HK\$110.0000 to HK\$125.9996 per Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) during the stabilizing period.

The last purchase made in the course of the stabilizing period in the secondary market in Hong Kong was on February 19, 2010 at the price of HK\$125.9996 per Share.

## 2. PARTIAL EXERCISE OF THE CANADIAN OVER-ALLOTMENT OPTION

The Company announces that the Canadian Over-allotment Option referred to in the Prospectus has been partially exercised by Citigroup Global Markets Canada Inc. and Macquarie Capital Markets Canada Ltd. on February 19, 2010 in respect of an aggregate of 228,100 Shares (the “Over-allotment Shares”), representing approximately 56.3% of the additional Shares available in the Canadian Offering (after giving effect to any reallocation of Shares between the International Placing and the Canadian Offering), at the Canadian Offer Price to cover, among other things, over-allocations in the Canadian Offering.

The shareholding structures of the Company immediately before and immediately after the exercise of the Canadian Over-allotment Option by the Company are as follows:

	Immediately before the exercise of the Canadian Over-allotment Option by the Company		Immediately after the exercise of the Canadian Over-allotment Option by the Company	
	Number of Shares	Approximate % of the issued share capital	Number of Shares	Approximate % of the issued share capital
<b>Shareholders</b>				
Ivanhoe Mines Ltd.	105,782,155 <sup>(1)</sup>	65.5	105,782,155	65.4
Public	55,760,432	34.5	55,988,532	34.6
<b>Total</b>	<u>161,542,587</u>	<u>100.0</u>	<u>161,770,687</u>	<u>100.0</u>

*Note:*

(1) *Ivanhoe entered into an agreement dated November 18, 2008 providing a third party with an option to acquire the Option Shares.*

The additional net proceeds to be received by the Company upon the exercise of the Canadian Over-allotment Option are estimated to be approximately C\$3.72 million. Please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus for information on the intended use of proceeds.

By order of the Board  
**SouthGobi Energy Resources Ltd.**  
**Mr. Alexander Alan Molyneux**  
*President and Chief Executive Officer*

Hong Kong, February 22, 2010

*\* For identification purposes only*

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