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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 UPDATED NI 43-101 RESERVES AND RESOURCES AT ITS OVOOT TOLGOI COAL MINE IN MONGOLIA

UPDATED NI 43-101 COMPLIANT COAL RESOURCE FOR SOUMBER DEPOSIT, 16KM TO THE EAST OF OVOOT TOLGOI

HONG KONG – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) announced today that new, independent estimates prepared by Minarco-MineConsult (“MMC”), of Sydney, Australia, has updated Measured and Indicated coal Resources and Proven and Probable Mineral Reserves contained at the Company’s Ovoot Tolgoi Complex, (comprised of the Ovoot Tolgoi Coal Mine and the Ovoot Tolgoi Underground Deposit) southern Mongolia. New, independent estimates for Measured and Indicated coal Resources also have been updated by MMC for the company’s Soumber Deposit (comprised of the Soumber Field and the Biluut Field).

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.

Mr. Peter Graham Meredith
Chairman

Hong Kong, 30 March 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*



March 30, 2011

SouthGobi Resources announces updated NI 43-101 compliant coal Resources and Reserves for its Ovoot Tolgoi Complex in Mongolia – Measured plus Indicated increase by 7% to 266.2 million tonnes and Inferred increase by 190% to 97.1 million tonnes

Updated NI 43-101 compliant coal Resource for Soumber Deposit – Measured plus Indicated increase by 187% to 61.4 million tonnes and Inferred increase by 19% to 65.8 million tonnes

HONG KONG – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) announced today that new, independent estimates prepared by Minarco-MineConsult (“MMC”), have updated coal Resources and Proven and Probable Mineral Reserves contained at the Company’s Ovoot Tolgoi Complex, (comprised of the Ovoot Tolgoi Coal Mine and the Ovoot Tolgoi Underground Deposit). Independent estimates for coal Resources have also been updated by MMC for the company’s Soumber Deposit (comprised of the Soumber Field and the Biluut Field).

Total Proven and Probable surface coal Reserves estimated at the Ovoot Tolgoi Complex as of December 11, 2010, are estimated to be 106.8 million tonnes (Table 4). Approximately 59% of the Reserves are classified in the Proven reliability or assurance category; the remaining 41% are in the Probable category.

Estimate of Resources – Ovoot Tolgoi Complex, Mongolia

SouthGobi is pleased to announce that the Company has received an updated independent NI 43-101 compliant Resource estimate for the Ovoot Tolgoi Complex. Ovoot Tolgoi surface and underground Resources contain Measured plus Indicated coal Resources of 266.2 million tonnes (approximately 7% increase), with an additional Inferred coal Resource of 97.1 million tonnes (approximately 190% increase). The Mineral Reserves (Table 4) are included in the Mineral Resources (Table 1).

Ovoot Tolgoi Resources are found in two different Resource areas, referred to as the Sunrise and Sunset fields. The Resources identified have been determined to be suitable for surface mining to a maximum depth of 300 metres below surface and potential underground mining between a depth of 300 metres below surface to a maximum depth of 600 metres. The Resource estimate is current as of December 11, 2010.

Table 1: Total (Surface and Underground) In-Place Coal Resources as of December 11, 2010

Area	Type	Resource Limits Depth (metres)	ASTM Group	Resources (Million Tonnes)		
				Measured	Indicated	Inferred
Sunrise Field	Surface	Surface to 300m	hvB to hvA*	54.5	19.9	11.0
Sunset Field	Surface	Surface to 300m	hvB to hvA	81.8	15.9	1.9
Sub-Total				136.3	35.8	12.9
Sunrise Field	Underground	300m to 600m	hvB to hvA	5.4	21.2	70.8
Sunset Field	Underground	300m to 600m	hvB to hvA	46.6	20.9	13.4
Sub-Total				52.0	42.1	84.2
Total				188.3	77.9	97.1

* *hvB to hvA – high-volatile bituminous coal B to A rank based on ASTM D388 standards*

Quality analyses performed to date by SGS Mineral Labs in Denver, Colorado and Tianjin, China, rank Ovoot Tolgoi coal as high-volatile B to A bituminous based on the ASTM D388 standard. High-volatile B and A bituminous coals are hard black coals. High-volatile B produces between 7,212 to 7,785 kCal/kg and high-volatile A produces greater than 7,785 kCal/kg heat output.

Resources have been estimated in December 2010 using the Minex geological models. The Resources have been classified in the same manner as previous estimates. Recent pit optimization studies have shown that open cut mining is possible up to depths of at least 300m.

The Resource estimations are on a clean basis, i.e., as an in-situ tonnage and not adjusted for mining losses or recovery. However, minimum mineable seam thickness and maximum removable parting thickness are considered; coal intervals not meeting these criteria are not included in the Resources.

Table 2: Criteria used to define assurance of existence for coals of complex geology type

Assurance of Existence Category			
Criteria	Measured	Indicated	Inferred
Cross-section spacing (m)	150	300	600
Minimum # data points per section	3	3	3
Mean data point spacing (m)	100	200	400
Maximum data point spacing (m)	200	400	800

The independent Resource and Reserve estimates were prepared by MMC. The updated Ovoot Tolgoi surface and underground Resource estimates were prepared in conformance with CIM Standards and the requirements set out in NI 43-101, and were based on drilling activities to the end of November 2010. An updated NI 43-101 compliant prefeasibility study, which will include detailed mine plan, will be filed with the Company's Annual Information Form ("AIF").

Data Verification (Ovoot Tolgoi Complex)

All geologic, geophysical, and sampling data was entered and maintained on site in an electronic database maintained by Norwest and/or Sapphire. All mapping was entered and maintained in electronic format on a CAD-based system. Data entry of all geologic data was managed by Norwest at the project site. All electronic data was forwarded on a routine basis to Norwest's office in Salt Lake City. Results from coal quality testing were added into the database in the Salt Lake office. From 2006 onwards similar procedures were in place with data routinely sent through to The Americas Group's ("TAG") office in Lakewood Colorado. During the 2010 field season, data was managed at site by McElroy Bryan Geological Services personnel.

MMC was not in a position to verify the data used in the resource estimates since this information was stored in individual databases maintained by Norwest and TAG and at present does not reside with SouthGobi. This approach of relying on third party consultants to maintain and to verify SouthGobi's database has inherent risks in terms of data provenance and integrity. In each of the individual technical reports produced on the project, the data has been independently verified and signed off but this verified data has not been incorporated into a central SouthGobi database that can then be cross checked against original records. It is intended that in future SouthGobi will maintain its own database incorporating the data stored at TAG and Norwest together with soft copies of original logs and a record of all coal quality information.

However, MMC has audited a subset of the data. Scanned field lithology logs and geophysical logs were provided to MMC. A representative number were checked against the seam picks used to generate the geological model. Drill hole collars were also compared to elevations in a digital terrain model (“DTM”). No material errors were encountered.

Estimate of Resources – Soumber Deposit, Mongolia

SouthGobi is pleased to report that it has received an updated independent NI 43-101 compliant Resource estimate for its Soumber and Biluut coal fields at the Company’s Soumber Deposit. The estimate also was prepared by MMC.

The Soumber Deposit consists of a single exploration licence. The Soumber Field is approximately 20 km east of SouthGobi’s Ovoot Tolgoi Complex, whilst the Biluut Field lies immediately to the east of the Soumber Field. The Soumber Deposit is approximately 45 kilometers north of the Mongolia-China border crossing at Shivee Khuren-Ceke.

The deposit area is estimated to contain Measured plus Indicated coal Resources of 61.4 million tonnes (approximately 187% increase), with an additional Inferred coal Resource of 65.8 million tonnes (approximately 19% increase) (Table 3) as of January 25, 2011. The Resource estimate incorporates exploration data down to a depth of 250 metres below surface.

The coal Resources at Soumber are classified as bituminous coal and the rank ranges from low-volatile bituminous to medium-volatile bituminous, based on ASTM standard D388. Calorific values range between 5,000 kCal/kg to 7,800 kCal/kg. Coal quality data suggests that there is good potential to produce a blend or washed coking coal product from shallow (low stripping ratio) sources.

Table 3: Soumber in-Place Coal Resources Summary as of January 25, 2011

Resource Area	ASTM Coal Rank	Measured (million tonnes)	Indicated (million tonnes)	Inferred (million tonnes)
Soumber Field	low-medium volatile bituminous*	36.8	24.6	13.6
Biluut Field	low-medium volatile bituminous*	–	–	52.2
Total		61.4		65.8

* *low -medium volatile bituminous coal based on ASTM D388 standards*

The Qualified Person was provided with geological models for the Soumber and Biluut fields by SouthGobi. These models had been created by McElroy Bryan in 2010 using Minex software. In order to verify the models, the author recreated models for the Soumber and Biluut fields in Minescape. Graphical output – contours and sections – were created from both sets of models and compared. In general, comparison was good, allowing for differing modelling techniques. A subset of the drill hole data was also checked against original field lithology and geophysical logs. The drill hole collars were also compared against the topographic model. No material errors were encountered.

The independent Resource estimates were prepared by MMC. The Soumber and Biluut Resource estimates were prepared in conformance with the CIM Standards and requirements set out in Canada's NI 43-101. A NI 43-101 technical report will be filed with the AIF.

Data Verification (Soumber Deposit)

All geologic, geophysical, and sampling data was entered and maintained on site in an electronic database maintained by Norwest and/or Sapphire in early exploration programs. All mapping was entered and maintained in electronic format on a CAD-based system. Data entry of all geologic data was managed by Norwest at the project site. All electronic data was forwarded on a routine basis to Norwest's office in Salt Lake City. Results from coal quality testing were added into the database in the Salt Lake office. From 2006 onwards similar procedures were in place with data routinely sent through to TAG's office in Lakewood Colorado. During the 2010 field season, data was managed at site by McElroy Bryan personnel.

Coal quality data was subjected to a series of statistical analysis to identify any errata in reported values. The electronic geologic database was subjected to a series of checks designed to locate data entry errors or inconsistencies.

MMC was not in a position to verify the data used in the Resource estimates since this information was stored in individual databases maintained by Norwest and TAG and at present does not reside with SouthGobi. This approach of relying on third party consultants to maintain and to verify SouthGobi's database has inherent risks in terms of data provenance and integrity. In each of the individual technical reports produced on the project, the data has been independently verified and signed off but this verified data has not been incorporated into a central SouthGobi database that can then be cross checked against original records. It is intended that in the future SouthGobi will maintain its own database incorporating the data stored at TAG and Norwest together with soft copies of original logs and a record of all coal quality information.

However MMC has audited a subset of the data. Scanned field lithology logs and geophysical logs were provided to MMC. A representative number were checked against the seam picks used to generate the geological model. Drill hole collars were also compared to elevations in a DTM. No material errors were encountered.

Estimate of Reserves – Ovoot Tolgoi Complex, Mongolia

Table 4: Open Cut Mineral Reserves as of December 11, 2010

Reserve Area	ASTM Coal Rank	Proven (million tonnes)	Probable (million tonnes)	Total (million tonnes)
Sunset Field	h _v B to h _v A*	35.3	35.3	70.6
Sunrise Field	h _v B to h _v A	27.5	8.7	36.2
Total		62.8	44.0	106.8

* *h_vB to h_vA – high-volatile bituminous coal B to A rank based on ASTM D388 standards*

The Reserves of the Ovoot Tolgoi Coal Complex occur in two fields – the Sunset Field (formerly named the West Field) and the Sunrise Field (formerly named the South-East Field).

The Qualified Person was provided with geological models for the Ovoot Tolgoi Deposit by SouthGobi. These models had been created by McElroy Bryan in 2010 using Minex software. In order to verify the models, the author recreated models in Minescape. Graphical output – contours and sections – were created from both sets of models and compared. In general, comparison was good, allowing for differing modelling techniques. A subset of the drill hole data was also checked against original field lithology and geophysical logs. The drill hole collars were also compared against the topographic model. No material errors were found.

The software was then used in order to apply a Lerchs-Grossman (“LG”)-based algorithm in order to indicate the economically feasible portions of the deposit. Mine pits, considering practical mining issues, were then designed based on the LG results. With a demonstrated economic viability, a portion of the Resource base may be classified as Proven and Probable Reserves. This exercise extended the pit to approximately 320m below the surface.

The estimate of Resources and Reserves was generated using the best information available concerning issues related to environmental, permitting, legal, title, taxation, socio-economics, marketing and political factors that could have a material influence on MMC’s findings. MMC is not aware of any additional factors which may materially affect its Reserves estimate.

The mining method employed at Ovoot Tolgoi could be described as open cut terrace mining utilizing large scale hydraulic excavators and shovels and trucks. Terrace mining is utilized where coal seams dip steeply and operating machinery on the coal seam dip is not possible. Terraces, or benches, are excavated along fixed horizontal horizons. Slices of coal seams are excavated from each of these horizons when the bench intersects the coal seam. This mining method allows large scale open pit mining to occur productively in steeply dipping coal seam environments. All waste is dumped ex-pit, as the steep dips preclude in-pit dumping.

For the purposes of the Preliminary Feasibility Study (“PFS”) for this Reserves estimate, MMC considered a production rate for the Ovoot Tolgoi Mine of 8.0 million tonnes per annum (“Mtpa”) of run of mine coal, comprising 5.2 Mtpa from Sunset Field and 2.8 Mtpa from Sunrise Field.

MMC is currently working with the company to review additional data (including higher received prices for some coal types), which could result in a larger pit-shell and a larger run of mine coal production scenario for the Ovoot Tolgoi Mine.

Qualified Persons

Merryl Peterson, a Geologist at Runge Limited (Minarco-MineConsult is a trading division of Runge Limited), and a Qualified Person as defined by NI 43-101, has reviewed the data underlying the resource estimate and approved the technical and scientific information pertaining to Ovoot Tolgoi, Soumber and Biluut contained in this release.

Robert Mackenzie, a mining engineer and Executive Consultant at Minarco-MineConsult and a Qualified Person as defined by NI 43-101, has reviewed the data underlying the reserve estimate and approved the technical and scientific information pertaining to Ovoot Tolgoi contained in this release.

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 are available at www.sedar.com.