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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)

SouthGobi Energy Resources completes conversion of US\$250 million convertible debenture issued to China Investment Corporation's subsidiary into common shares

HONG KONG – SouthGobi Energy Resources Ltd. (TSX: **SGQ**, HK: **1878**) announced today that it has completed the previously announced conversion of US\$250 million of the US\$500 million convertible debenture (“the Debenture”) issued to Land Breeze II S.à.r.l., an indirect wholly owned subsidiary of China Investment Corporation (“CIC”) into 21,560,961 common shares of SouthGobi Energy Resources.

Following the conversion, CIC, through its indirect wholly owned subsidiary, owns approximately 13% of the common shares of SouthGobi Energy Resources. See attached announcement for more details.

By order of the Board
SouthGobi Energy Resources Ltd.

Mr. Peter Graham Meredith
Chairman

Hong Kong, 30 March 2010

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.

** For identification purposes only*



March 29, 2010

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China Investment Corporation

CIC is the sovereign wealth fund of the People's Republic of China.

Information about CIC is available on its website: www.china-inv.cn/cicen/about_cic/aboutcic_overview.html

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.

Information contacts, SouthGobi Energy Resources

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Website: www.southgobi.com

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, 2009, which are available at www.sedar.com.