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## **SOUTHGOBI 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)*

### **Overseas regulatory announcement**

Alexander Molyneux, President and CEO of SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**), announced today that the company has commenced construction of a coal-handling facility at its producing Ovoot Tolgoi coal mine in southern Mongolia.

Please see the attached announcement for more details.

By order of the Board  
**SouthGobi Resources Ltd.**

**Mr. Peter Graham Meredith**  
*Chairman*

Hong Kong, 28 June 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, Mr. Gordon Lancaster and Mr. Robert Stuart Angus.*

*\* For identification purposes only*



June 28, 2010

## **SouthGobi Resources commences construction of coal-handling facility at its Ovoot Tolgoi Mine in southern Mongolia**

**HONG KONG** – Alexander Molyneux, President and CEO of SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**), announced today that the company has commenced construction of a coal-handling facility (“CHF”) at its producing Ovoot Tolgoi coal mine in southern Mongolia.

The CHF will allow SouthGobi to add value to its coal by removing ash, or waste rock, and enable the blending of coal from different seams to create higher-value products.

“This coal-handling facility will enable us to provide customers with coal that has a lower ash content and a more consistent quality,” said Mr. Molyneux. “SouthGobi will be one of the first coal producers in Mongolia to conduct value-adding processing in country. Operation of the new facility will create approximately 25 new jobs.”

### **Facility to be operational in early 2011**

The CHF, to cost approximately US\$25 million, will be constructed between the Sunrise and Sunset open pits at the Ovoot Tolgoi mine.

The facility will include a 300-tonne-capacity dump hopper, which will receive run-of-mine coal from both pits and feed a coal rotary breaker that will size coal to a maximum of 50 millimeters and reject oversize ash. A radial stacker will facilitate loading of the sized coal into customers’ trucks for delivery across the Mongolia-China border.

Key long-lead-time equipment has been ordered and SouthGobi has begun excavation and site preparation for the CHF. The facility is planned to be operational in early 2011.

Once commissioned, it is intended that the CHF will operate on one 12-hour shift per day, six days per week. Annual capacity will be up to six million tonnes of coal on a one shift per day basis, and operating hours can be extended as mining capacity increases.

### **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

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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, the CHF becoming operational in early 2011, the anticipated operating hours of the CHF and the ability to increase those hours and the CHF's expected annual capacity of six million tonnes per annum 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, and quarter ended March 31, 2010 which are available at [www.sedar.com](http://www.sedar.com).