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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 signs Strategic Alliance Agreement
with Winsway Coking Coal Holdings**

Winsway to purchase 3.2 million tonnes of coal in 2011

HONG KONG – Alexander Molyneux, President and CEO of SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**), today announced the company has signed a Strategic Alliance Agreement with Winsway Coking Coal Holdings Ltd. (“Winsway” HK: 1733) and a contract for the sale of 3.2 million tonnes of coal in 2011.

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.
Mr. Peter Graham Meredith
Chairman

Hong Kong, 6 December 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 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*



December 6, 2010

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Winsway to purchase 3.2 million tonnes of coal in 2011

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Under the Strategic Alliance Agreement, SouthGobi commits to sell at least two million tonnes of coal to Winsway per year. Winsway will work with SouthGobi to increase the market value of SouthGobi’s Mongolian coal and Winsway will provide priority access to its logistics assets. The agreement has a five-year term. Any specific future coal sales will be subject to mutual agreement on terms, including pricing.

The companies also signed a contract for Winsway to purchase 3.2 million tonnes of coal in 2011. Pricing for the coal to be sold under this contract has been agreed to for the first quarter of 2011, and will be determined by mutual agreement in advance of each subsequent quarter. Coal volumes for delivery will be divided evenly at 800,000 tonnes per quarter.

“The 2011 sales contract with Winsway represents the largest single coal-sales contract in SouthGobi’s history and demonstrates fulfillment of key objectives in SouthGobi’s growth strategy,” said Mr. Molyneux. “The Strategic Alliance Agreement also will increase volumes of SouthGobi’s coal sales and add value over time, building on of Winsway’s demonstrated capability to deliver Mongolian coal to consumers in China”.

SouthGobi began mining coal in 2008, sold 1.3 million tonnes of coal in 2009 and is on track to sell approximately 2.5 million tonnes in 2010.

About Winsway Coking Coal Holdings

Winsway is one of the leading suppliers of imported coking coal to China and particularly, one of the single largest offtaker of Mongolian coking coal into China in terms of volume purchased in 2009. Winsway's business includes procurement, transportation, storage, processing and marketing of coking coal, servicing the Chinese steel industry at large. Being one of the pioneers in large-scale transportation of Mongolian coking coal into China, Winsway also is one of the few companies that own key logistics and transportation infrastructures at the China-Mongolia border crossings. As the single largest importer of Mongolian coal by volume and an importer of seaborne coals, Winsway has built a stable and growing customer base of over 60 steel makers and coking plants in China.

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; 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 September 30, 2010 which are available at www.sedar.com.