

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(a company continued under the laws of British Columbia, Canada with limited liability)
(Stock Code: 1878)

**SOUTHGOBI UPDATES ON MONGOLIAN INDEPENDENT
ANTI-CORRUPTION AGENCY INVESTIGATION AND
RECEIPT OF A PRE-MINING AGREEMENT**

HONG KONG – SouthGobi Resources Ltd. (TSX: **SGQ**, HK: **1878**) updates on Mongolian Independent Anti-Corruption Agency Investigation and Receipt of a Pre-Mining Agreement.

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.

Ms. Kay Priestly
Chairman

Hong Kong, February 7, 2013

As of the date of this announcement, the executive Director is Mr. Kenneth Ross Tromans, the non-executive Directors are Ms. Kay Priestly, Mr. Lindsay Dove, Mr. Sean Hinton, Mr. Brett Salt, and Mr. Kelly Sanders, and the independent non-executive Directors are Mr. Pierre Bruno Lebel, Mr. Andre Henry Deepwell, and Mr. William Gordon Lancaster.

* *For identification purposes only*

February 7, 2013

SOUTHGOBI UPDATES ON MONGOLIAN INDEPENDENT ANTI-CORRUPTION AGENCY INVESTIGATION AND RECEIPT OF A PRE-MINING AGREEMENT

SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) (“SouthGobi” or the “Company”) notes recent public statements and Mongolian media reports referencing SouthGobi’s wholly owned subsidiary, SouthGobi Sands LLC (“SGS”), in connection with the recent trial and conviction of the former Chairman and the former director of the Geology, Mining and Cadastral Department of the Mineral Resources Authority of Mongolia (“MRAM”), and others. The Company also wishes to update recent developments in relation to the current investigation being conducted by the Mongolian Independent Authority Against Corruption (the “IAAC”) and the Company’s receipt of a Pre-Mining Agreement (“PMA”).

While neither the Company nor SGS has been provided with a copy of the decision in the above-noted MRAM criminal case, various sources have reported details of the verdict. A number of these reports suggest the court referred to two matters specifically involving SGS; firstly, an alleged failure to meet the minimum expenditure requirements required under Mongolian mining law in relation to four exploration licenses (including License 9442X), and secondly, an alleged impropriety in the transfer of a fifth license (License 5261X) to a third party in March 2010 in violation of Mongolian anti-corruption laws.

Of the first four licenses, Licenses 5259X, 5277X and 12388X lapsed between November 2009 and December 2011. Only License 9442X is a current license held by SGS. This license does not contain any of SouthGobi’s resources or reserves. The license does not relate to the Company’s Ovoot Tolgoi mine and the Company does not consider it to be material to its business.

The IAAC has informed SGS that orders placing administrative restrictions on certain of its Mongolian assets, including local bank accounts have been imposed in connection with its continuing investigation. While the orders restrict the use of in-country funds pending the outcome of the investigation, they are not expected to have any material impact on the Company’s activities. SouthGobi is reviewing the legal process under which the orders were imposed and intends to take all necessary steps to protect its ability to continue to conduct its business activities in the ordinary course.

Neither SouthGobi nor any of its employees have been charged with any wrongdoing. SouthGobi is investigating the issues that have been raised and continues to cooperate with the Mongolian government agencies, including the IAAC, in their ongoing investigations.

In other developments, the Company notes that a PMA for License 9443X was approved and signed by SGS and MRAM on 18 January 2013. License 9443X is an area which complements SouthGobi's existing mining license for the Soumber Deposit. The Company now intends to proceed through the mining license application process in respect of License 9443X.

In addition to the PMA, SGS holds four exploration licenses, including license 9442X, that are currently subject to valid PMA applications with MRAM.

Information contacts

Mongolia:

Altanbagana Bayarsaikhan, SouthGobi Sands LLC (Mongolia) +976 9910 7589

Email: Altanbagana.Bayarsaikhan@southgobi.com

Hong Kong:

Joseph Lo, Brunswick Group (Hong Kong) +852 9850 5033

Venus Mak, Brunswick Group (Hong Kong) +852 9681 8994

Email: southgobi@brunswickgroup.com

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," "likely" 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, 2011 which is available at www.sedar.com.