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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 two additional coal supply agreements

HONG KONG – Alexander Molyneux, President and CEO of SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878), announced today that the company has signed a coal supply agreement with North Asia Energy Group Limited (“NAEG”) for the sale of 450,000 tonnes of coal in 2011 and another for 500,000 tonnes of coal in 2011 with a large international company.

Please see the attached announcement for more details.

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

Hong Kong, 8 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 8, 2010

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NAEG is a venture between North Asia Resources Holdings Limited (HK: 0061) and China Railway Mongolia Investment LLC, which is a member of China Railway Group Limited (“CRG” HK: 0390, SHA: 601390), a significant Chinese state owned enterprise involved in railway construction and management. Importantly, CRG is a shareholder and involved in management of the new Chinese railway line from Linhe to Ceke. Ceke which is approximately 45 kilometres south of SouthGobi’s Ovoot Tolgoi coal mine in southern Mongolia, is a major Chinese coal distribution terminal with rail connections to key coal markets in China.

Pricing for the coal in both contracts will be determined by mutual agreement in advance of each quarter.

“We welcome NAEG and the large international company as new customers,” said Mr. Molyneux. “These agreements are consistent with our plan to continue to increase the sales volume of SouthGobi’s coal and broaden our customer base”

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

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, 2009, and quarter ended September 30, 2010 which are available at www.sedar.com.