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January 29, 2010

SouthGobi Energy Resources announces closing of C\$459 million Global Equity Offering

Shares commenced trading on Main Board of Hong Kong Stock Exchange

HONG KONG –SouthGobi Energy Resources Ltd. (**TSX: SGQ, HK: 1878**), (the "Company" or "SouthGobi") announced today that it has closed the previously announced global equity offering of 27,000,000 Common Shares of the Company at a price of C\$17.00 per Common Share, for gross proceeds of C\$459,000,000.

The international offering was conducted through Citigroup Global Markets Asia Ltd. and Macquarie Capital Securities Ltd. as joint global co-coordinators, bookrunners, lead managers and sponsors of the international offering. The Canadian offering was conducted through Citigroup Global Markets Canada Inc., Macquarie Capital Markets Canada Ltd., Genuity Capital Markets and Salman Partners Inc.

The underwriters also have been granted an overallotment option, exercisable in whole or in part in the sole discretion of the underwriters at any time prior to the 30th day following the closing of the offering, to purchase up to an additional 4,050,000 shares at a price of C\$17.00 per share. If the underwriters exercise the overallotment option, the gross proceeds raised would be C\$527,850,000.

The net proceeds of the offering will be used to expand the Company's coal mining and exploration activities in southern Mongolia and for general corporate purposes.

SouthGobi shares commenced trading on Main Board of Hong Kong Stock Exchange

The Company also is pleased to announce that the Common Shares of SouthGobi Energy Resources Ltd. commenced trading on the Main Board of the Hong Kong Stock Exchange today. SouthGobi Energy Resources is the first Canadian mining company to have dual listings on the Hong Kong Stock Exchange and the Toronto Stock Exchange. All Common Shares of the Company will trade on the Hong Kong Stock Exchange under stock code "1878" and on the Toronto Stock Exchange under the symbol "SGQ".

This news release has been prepared for publication outside the United States and may not be released (directly or indirectly) in the United States. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction outside of Canada, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Common Shares offered have not been, and will not be, registered under the 1933 Act, or any state securities laws and may not be offered or sold in the United States

absent registration or an applicable exemption from the registration requirements of the 1933 Act and applicable state securities laws. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements. SouthGobi does not intend to register any part of the proposed Canadian Offering in the United States.

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

Alexander Molyneux, President & CEO – +852 6111 4281

Steven Feldman, Investor Relations Manager – +1 604 681 6799

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; the over-allotment option of the Global Offering; 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, 2008, and for nine months ended September 30, 2009, all of which are available at www.sedar.com.

