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

SouthGobi signs Cooperation Agreement with Aluminum Corporation of China Limited (CHALCO) and receives notification of CHALCO'S intention to make a proportional take-over bid at C\$8.48 per share

HONG KONG – SouthGobi Resources Ltd. (TSX: **SGQ**, HK: **1878**) announced today that it has signed a Cooperation Agreement with Aluminum Corporation of China Limited (“CHALCO”) and also received notification of CHALCO’s intention to make a proportional take-over bid for up to 60% of the issued and outstanding common shares of SouthGobi.

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.

Mr. Peter Graham Meredith
Chairman

Hong Kong, 2 April 2012

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. William Gordon Lancaster, Mr. Raymond Edward Flood Jr. and Mr. Robert Stuart Angus.

* *For identification purposes only*



April 2, 2012

SouthGobi signs Cooperation Agreement with Aluminum Corporation of China Limited (CHALCO) and receives notification of CHALCO's intention to make a proportional take-over bid at C\$8.48 per share

HONG KONG – SouthGobi Resources Ltd. (“SouthGobi”) (**TSX: SGQ, HK: 1878**) announced today that it has entered into a Cooperation Agreement with Aluminum Corporation of China Ltd. (“CHALCO”), and further announces that it has received notice that CHALCO intends to make a proportional take-over bid for up to 60% of the issued and outstanding common shares of SouthGobi.

SouthGobi has been informed that CHALCO intends to make a take-over bid for up to 60% of the issued and outstanding common shares of SouthGobi at C\$8.48 per share (“Proportional Offer”). SouthGobi has also been informed by its 57.6% major shareholder, Ivanhoe Mines Ltd. (“Ivanhoe”), that Ivanhoe has signed a lock-up agreement with CHALCO, committing to tender all of its shares held or thereafter acquired by it during the Offer Period of CHALCO into the Proportional Offer. The Proportional Offer will be made by way of a takeover bid circular under British Columbia law and will be made to all SouthGobi shareholders. If shareholders tender more than 60% of the outstanding common shares of SouthGobi to the take-over bid, a proportional amount of shares will be taken up from each shareholder. SouthGobi has not received any formal documentation relating to the Proportional Offer.

SouthGobi's board of directors has established a special committee comprising independent directors including Pierre Lebel (Chair), Gordon Lancaster, Andre Deepwell and Robert Hanson to consider the Proportional Offer, when received. The special committee has engaged Blake, Cassels & Graydon LLP as its independent legal counsel and will engage an independent financial advisor to assist with its review of the Proportional Offer. SouthGobi is advising that Shareholders take no action in connection with the Proportional Offer until they receive further information and advice from the special committee.

In conjunction with the Proportional Offer, CHALCO and SouthGobi have entered into a Cooperation Agreement. CHALCO's obligations under the Cooperation Agreement will become effective upon CHALCO acquiring a shareholding in SouthGobi.

Key benefits under the Cooperation Agreement between SouthGobi and CHALCO include:

- **Coal off-take by CHALCO** – SouthGobi will have the right to offer up to 100% of its salable coal to CHALCO and CHALCO will have the obligation to purchase the coal at market prices for a period of 24 months.
- **Infrastructure support** – CHALCO will assist SouthGobi to procure electricity for its Mongolian business operations either through a direct connection to grid power, or through development of a conveniently located power plant. CHALCO will also provide support to SouthGobi's coal-haul highway project.

SouthGobi has been notified that CHALCO has entered into Consultancy Agreements with nine key senior executives, officers and staff to assist CHALCO with the integration and transition following CHALCO's acquisition of a shareholding in SouthGobi. Services would be retained for 12 months from the termination of their employment or for a period of 12-months less the notice period actually served by them on their resignation, after CHALCO becomes a shareholder of SouthGobi. Following arm's length negotiation between CHALCO and the relevant individuals, it has been agreed that fees totaling \$9 million would be paid by CHALCO for the consulting services. Consultancy agreements have been entered into with the President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and key Vice Presidents, officers and staff.

CHALCO has advised SouthGobi that it expects to mail the takeover bid circular in connection with the Proportional Offer on or about July 5, 2012.

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. SouthGobi's flagship coal mine, Ovoot Tolgoi, is producing and selling coal to customers in China. SouthGobi plans to supply a wide range of coal products to markets in Asia.

About CHALCO

CHALCO is a joint stock limited company established in the PRC; its shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively, and its American depositary receipt is listed on the New York Stock Exchange. CHALCO is principally engaged in mining of bauxite; the production and sales of alumina, primary aluminum and aluminum fabrication products; and trading of other non-ferrous metal products. CHALCO is the largest producer of alumina, primary aluminum and aluminum fabrication products in the PRC, and also the second largest producer of alumina as well as the third largest producer of primary aluminum in the world.

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Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, CHALCO intends to make a take-over bid for up to 60% of the issued and outstanding common shares of SouthGobi, 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 are available at www.sedar.com.