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

SouthGobi Resources comments on recent share price activity

HONG KONG – SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) (“SouthGobi”) notes its share price fell by 13.0% in Hong Kong on May 8, 2012.

Please see the attached announcement for more details.

By order of the Board
SouthGobi Resources Ltd.

Mr. Peter Graham Meredith
Chairman

Hong Kong, 8 May 2012

As of the date of this announcement, the executive Director is Mr. Alexander Alan Molyneux, the non-executive Director is Mr. Peter Graham Meredith, 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*



May 8, 2012

SouthGobi Resources comments on recent share price activity

HONG KONG – SouthGobi Resources Ltd. (**TSX: SGQ, HK: 1878**) (“SouthGobi”) notes its share price fell by 13.0% in Hong Kong on May 8, 2012. The Company believes the activity could be associated with two recent events. First, SouthGobi understands a bill regarding foreign investment in Mongolia proceeded through first reading in the State Great Khural. In its current version, the bill contains a clause requiring 51% Mongolian ownership of strategic assets. Second, the Anti-Corruption Agency of Mongolia today formally requested information from the offices of SouthGobi Sands LLC, a wholly owned subsidiary of SouthGobi. SouthGobi has previously been advised this is in connection with an investigation into a third-party and has no reason to believe SouthGobi Sands LLC is itself the subject of any investigation. SouthGobi has cooperated fully and provided the required information.

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,” “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.