



September 23, 2008

SouthGobi Energy Resources begins deliveries of coal from its Ovoot Tolgoi Mine in Mongolia to customers in China

Production to date tops 470,000 tonnes of coal

CEKE, CHINA – Peter Meredith, Chief Executive Officer of SouthGobi Energy Resources Ltd. (**SGQ: TSX-V**), and Gene Wusaty, Chief Operating Officer, Coal Division, announced today that the company has commenced deliveries of thermal coal from the Ovoot Tolgoi mine, in southern Mongolia, to customers in China.

“This is a major milestone in the evolution of SouthGobi Energy Resources as a competitive Mongolian coal producer,” Mr. Wusaty said. “With the initial market-link in China now established, we can concentrate on increasing our coal production and diversifying our product and customer base.”

Three coal products have been established for export from the Ovoot Tolgoi mine – thermal coal, premium thermal coal and metallurgical coal. Coal trucks were loaded at the Ovoot Tolgoi mine site and crossed the border into China on Monday, September 22, 2008. This initial coal shipment is part of a one-year contract, with 2008 tonnage set at 300,000 tonnes loaded at the Ovoot Tolgoi mine gate. A second sales contract also is in place, for an additional 2008 tonnage set at 400,000 tonnes. (See attached delivery photos)

Southgobi sands LLC (SGS), a wholly-owned Mongolian subsidiary of SouthGobi Energy Resources, has opened two offices in China – one in Beijing and the other in Ceke, at the China-Mongolia border – to help facilitate the coal exports to China.

The Ovoot Tolgoi coal mine is approximately 45 kilometres north of the Mongolia–China border. The mine is operating 24 hours a day, with four production crews. The workforce has increased to 206 employees, including 198 Mongolian nationals. Production at Ovoot Tolgoi to September 17th, 2008, was 471,215 tonnes of coal.

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 and East Kalimantan, Indonesia. The company's flag-ship coal mine, Ovoot Tolgoi, is in production and operating on a 24-hour basis. The company plans to supply a wide range of coal products and electricity to markets in Asia. The company also is investigating the implementation of clean-coal technologies in the development of coal power-generating capacity to benefit all of its stakeholders

The company's metals division is focused on the exploration and development of its copper and gold projects in Mongolia and Indonesia.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, the company's future ability to increase its coal production, diversify its client base, supply coal products and electricity to markets in Asia, implement clean-coal technologies, and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although SouthGobi Energy Resources believe 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 Energy's Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended June 30, 2008, and its Annual Information Form dated March 28, 2008 which is available at www.sedar.com.

Loading coal at Ovoot Tolgoi



100- tonne coal truck in transit

