



March 31, 2008

## **SouthGobi Energy Resources receives Permit to Mine for the Ovoot Tolgoi coal mine in southern Mongolia**

### **Pre-production begins after receipt of final government go-ahead**

**VANCOUVER, CANADA** – Gene Wusaty, Chief Operating Officer of SouthGobi Energy Resources Ltd. (SGQ: TSX-V), announced today that an official government commission appointed by Mongolia’s Minister of Industry and Trade has issued a Permit to Mine for the Ovoot Tolgoi coal project in southern Mongolia. The permit is the final authorization required for the Ovoot Tolgoi mine development to proceed.

“We are very pleased that we now have received all the required permits to allow us to commence open-pit coal mining operations at Ovoot Tolgoi,” Mr. Wusaty said. “Coal sales contracts and transportation arrangements are being finalized. We are on track to begin deliveries to customers early in the third quarter of this year.”

The Ovoot Tolgoi open-pit mine will be 45 kilometres north of the Mongolian border with China. A Chinese steel mill already has built a railway line to the Ceke border point, where a major, automated railcar loading facility opened last year. The Mongolian Government is formally transforming the Ceke border point into a full-time border crossing that will allow daily distribution of Ovoot Tolgoi coal to customers in China.

### **Pre-production at Ovoot Tolgoi under way**

SouthGobi now will begin stripping and development of the first coal-mining production benches for the planned open-pit mine. The company started site clearing, topsoil stockpiling, drainage control and road construction in January this year.

The initial workforce for the Ovoot Tolgoi open-pit coal mine has been selected and all senior mine management staff are in place. The first operating crews are comprised of experienced Mongolian heavy-equipment operators who require minimal familiarization with the new equipment. SouthGobi presently employs 111 Mongolian men and women, and seven expats in Mongolia. An office was opened in the town of Gurvantes, 40 kilometres from Ovoot Tolgoi, in September 2007 to assist with local recruiting and community affairs.

Most of the mining fleet already has been commissioned and is available for mining. (See SouthGobi’s website at [www.southgobi.com](http://www.southgobi.com) for photographs of equipment now on site.)

SouthGobi is finalizing a two-year equipment maintenance contract with Monnis International, the Liebherr equipment distributor in Mongolia.

Land-use certificates were granted on January 10, 2008, for the construction of the personnel camp, office and maintenance facility. All facilities have been designed and are being reviewed by the appropriate government agencies. A temporary, winterized mining camp is operational and will serve as the personnel camp until the permanent facility is complete.

In May 2007, the Ovoot Tolgoi project's detailed environmental impact assessment (DEIA) was approved by the Mongolian Government's Ministry of Environment. The geological resource report for Ovoot Tolgoi was approved by the Mongolian Government's Resource Committee in August, 2007. In September 2007, the company received a Mining Licence for Ovoot Tolgoi covering an area of 9,308 hectares. The company also has received formal support for its Ovoot Tolgoi project from the South Gobi Region and local governments to proceed with mine development. On March 10, 2008, the Mineral Resources and Petroleum Authority approved the Technical and Economic Study that outlines the mining plans for Ovoot Tolgoi.

Regular, twice-weekly flights between Ovoot Tolgoi's airport and Ulaanbaatar, 950 kilometres to the northeast, commenced last December.

### **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 to supply a wide range of coal products and electricity to markets in Mongolia and China. SouthGobi acquired the Coal Division of Ivanhoe Mines Ltd. In May 2007, Ivanhoe Mines presently owns an 80.5% interest in SouthGobi, which 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 timing to supply coal products to SouthGobi's customers 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 twelve months ended December 31, 2007, and its Annual Information Form dated March 28, 2008, which is available at [www.sedar.com](http://www.sedar.com).