

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus, received from American Appraisal China Limited, an independent valuer, in connection with its valuation as at not more than 3 months before the date of the prospectus of our property interests.

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Leading / Thinking / Performing



January 15, 2010

The Board of Directors
SouthGobi Energy Resources Ltd.
Nos. 654 — 999 Canada Place,
Vancouver, British Columbia
V6C 3E1, Canada

Dear Sirs,

In accordance with your instructions for us to value the property interests of SouthGobi Energy Resources Ltd. (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in Canada, Mongolia, the People’s Republic of China (the “PRC”) and Hong Kong, we confirm that we have made relevant investigations for the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such property interests as at December 31, 2009 (the “valuation date”).

This letter that forms part of our valuation report explains the basis and methodology of valuation and clarifies our assumptions made on the ownership to the property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sales and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have attributed no commercial value to the property interests which are rented and occupied by the Group in Canada, Mongolia, the PRC and Hong Kong, either because of their non-assignability in the market or because

there are prohibitions against subletting and/or assignment contained in the respective leases and/or tenancy agreements or otherwise due to the lack of substantial profit rent.

ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the property interests on the market without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of such property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have assumed that all consents, approvals and licenses from relevant government authorities for the properties have been granted. Also, we have assumed that unless otherwise stated, all properties are held by the owners, who are permitted to occupy, lease out or otherwise deal with the properties.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificates.

Other special assumptions and qualifications for each property, if any, have been stated in the footnote of valuation certificate for the respective property.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the lease agreements of the property interests situated in Canada, Mongolia, the PRC and Hong Kong. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group and the legal opinions provided by the Group's Mongolia legal advisor — Lynch & Mahoney and the PRC legal advisor — King & Wood respectively.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupancy, site and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificates are based on information contained in the documents provided to us and are only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and the Group's Mongolia and the PRC legal advisors. We were also advised by the Group that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificates. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the RICS Valuation Standards (6th Edition March 2009) published by the Royal Institution of Chartered Surveyors and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated in this report are in Canadian Dollars (C\$), Mongolia Tugrik (MNT), US Dollars (US\$), Renminbi (RMB) and Hong Kong Dollars (HK\$).

We hereby certify that we have no present or prospective interest in the Group or the properties appraised.

We enclose herewith the summary of values and the valuation certificates.

Yours faithfully,

For and on behalf of

AMERICAN APPRAISAL CHINA LIMITED

Eric M. H. Poon

MRICS, MHKIS

Assistant Vice President

Note: Mr. Eric Poon, who is a Chartered Valuation Surveyor, has over 9 years experience in valuation of properties in Hong Kong and the PRC and over 8 years experience overseas.

SUMMARY OF VALUATION

Group I — Property interests rented and occupied by the Group in Canada

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at December 31, 2009</u>
		(C\$)
1.	Portion of the Office unit on Level 3, World Trade Centre, No. 999 Canada Place, Vancouver, British Columbia V6C 3E1, Canada	No Commercial Value

Group II — Property interests rented and occupied by the Group in Mongolia

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at December 31, 2009</u>
		(MNT/US\$)
2.	A temporary structure together with six land parcels (Land Parcel I, II, III, IV, V and VI) located at Umnugobi Aimag, Mongolia	No Commercial Value
3.	A residential apartment — Apartment 22, located at Building-8, 1 st Khoroo, Chingigis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia	No Commercial Value

SUMMARY OF VALUATION

No.	Property	Market value in existing state as at December 31, 2009 (MNT/US\$)
4.	A residential apartment — Door #8A, located at Building No. #12, 1 st Khoroo, Jyamyang's Street, Sukhbaatar District, Soyol Amraltiin hureelen 14240, Ulaanbaatar, Mongolia	No Commercial Value
5.	A residential apartment — Apartment 4, located at Building-B (Jiguur Grand Group), 1 st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	No Commercial Value
6.	A residential apartment — No. 5 of Block C “Riverly Hills” Town, Han-Uul District, 1 st Khoroo, Zaisan Area Ulaanbaatar, Mongolia	No Commercial Value
7.	A residential apartment — Door 02, Building 30, Orgil Apartment Complex, Khan-Uul District, Ulaanbaatar, Mongolia	No Commercial Value
8.	10 th Floor, Monnis Building, 1 st Khoroo, Chinggis Street, Sukhbaatar District, Ulaanbaatar, Mongolia	No Commercial Value
9.	Apartment 25, Building 17, 3 rd Khoroo, Chingeltei District, Ulaanbaatar, Mongolia	No Commercial Value
10.	Door No. 38, Building No. 20, Olympic Street, 1 st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	No Commercial Value
11.	Building Structures together with land parcel of Ovoot Airport, Gurvantes Soum, Southgobi Aimag, Mongolia	No Commercial Value

SUMMARY OF VALUATION

Group III — Property interests rented and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at December 31, 2009</u> (RMB)
12.	Unit 1116, Richen International Centre, Chaoyang District, Beijing, The PRC 中國北京市朝陽區農展館南路13號瑞辰國際中心1116單位	No Commercial Value

Group IV — Property interests rented and occupied by the Group in Hong Kong

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at December 31, 2009</u> (HK\$)
13.	Office No. 3311 on 33 rd Floor, The Center, No. 99 Queen's Road Central, Hong Kong	No Commercial Value

VALUATION CERTIFICATE

Group I — Property interests rented and occupied by the Group in Canada

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (C\$)
1.	Portion of the Office unit on Level 3, World Trade Centre, No. 999 Canada Place, Vancouver, British Columbia V6C 3E1, Canada	<p>The property comprises portion of an office unit on level 3 of a 4-storey office building within a hotel and commercial complex, which is known as “World Trade Centre”, completed in about 1986.</p> <p>As advised by the Company, the property contains 11 units out of 83 units in World Trade Centre, rented by Global Mining Management Corporation (“Global Mining”) from Ocean Pacific Hotels Ltd., which is an independent third party.</p> <p>As per our on-site measurement, the total saleable floor area of the property occupied by the Group is about 1,365 square feet.</p> <p>The office units under consideration were occupied by the Company from Global Mining at a monthly rent of C\$7,500 plus monthly office overhead cost of C\$53,000.</p>	The property was occupied for office use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a lease agreement entered into between Ocean Pacific Hotels Ltd., an independent third party, and Global Mining, dated March 1, 2007, the property with a lettable area of approximately 31,056 square feet was rented by the latter party, for a renewed term expiring on October 31, 2013 at an aggregated basic monthly rent of C\$70,806.25 plus G.S.T.
2. As advised, Global Mining is an indirectly 12.5%-owned subsidiary of the Company. Through the shareholders’ Corporate Management and Cost Sharing Agreement, Global Mining provides office space and equipment and general administrative and management services to each of its shareholders. The cost incurred by Global Mining will be shared by the shareholders.
3. As advised by the Company, the monthly rent attributable to the Company was approximately C\$7,500 and the current monthly office overhead cost was about C\$53,000.

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in Mongolia

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at December 31, 2009 (MNT)</u>
2.	A temporary structure together with six land parcels (Land Parcel I, II, III, IV, V and VI) located at Umnugobi Aimag, Mongolia	<p>The property comprises a temporary structure together with six land parcels (Land Parcel I, II, III, IV, V and VI) with a total site area of about 82.85 hectares. The temporary structure was completed in about January 2008.</p> <p>Land Parcels I and II were rented by Southgobi sands LLC from Umnugobi Aimag Land Office both for a term of 5 years commencing on January 10, 2008 at a quarterly rent of MNT180,000 and MNT384,000 respectively.</p> <p>Southgobi sands LLC was permitted to use the Land Parcels III, IV and V for a period of 5 years.</p>	The property was occupied for accommodation camp for mining, mine accommodation camp, explosive magazine, exploration camp, heavy equipment maintenance shop and field geology uses as of the date of valuation.	No Commercial Value

Notes:

- Pursuant to two land use agreements entered into between Umnugobi Aimag Land Office, an independent third party, and Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company on January 10, 2008, two land parcels (Land Parcel I and II) with site areas of 2.25 hectares and 2.4 hectares respectively, were rented by the latter party both for a term of 5 years commencing on January 10, 2008 at a quarterly rent of MNT180,000 and MNT384,000 respectively for accommodation camp for mine and heavy equipment maintenance shop and field geology uses.
- Pursuant to six Land Use Certificates, issued by Governor of Umnugobi Aimag or Gurvantes soum of Umnugobi Aimag, Southgobi sands LLC was permitted to use the property for various purposes for a period of 5 years. The salient details of the certificates are as follows:

<u>Land Parcel</u>	<u>Certificate No.</u>	<u>Doc. Date</u>	<u>Site Area (Hectares)</u>	<u>Permitted Use</u>	<u>Land Use Term</u>
I	No. 0004759	Jan 10, 2008	2.25	Mine accommodation camp	5 years
II	No. 0004760	Jan 10, 2008	2.40	Equipment maintenance shop	5 years
III	No. 0002672	Jun 29, 2007	2.00	Field geology	5 years
IV	No. 0004768	Sep 26, 2008	1.70	Explosives magazine	5 years
V	No. 0004769	Sep 26, 2008	69.90	Mining	5 years
VI	No. 0004770	Sep 26, 2008	4.60	Exploration Camp	5 years
Total:			82.85		

- The Mongolia legal opinion states, inter alia that:
 - The legal advisor has obtained written confirmation from the relevant authority that the relevant certificate is in full force and effect as of the date of confirmation.

VALUATION CERTIFICATE

- b. Southgobi sands LLC has complied with all of its obligations, including the obligation to make periodic payments to the local issuing authority, under the Land Use Certificates identified and all related documentation (the Southgobi Sands Land Use Certificates), and further there is no default or event that, with the passage of time, or on giving notice, or both, would constitute a default in respect of the obligations of Southgobi sands LLC under the Southgobi Sands Land Use Certificates.
- c. There is no pending litigation, arbitration, outstanding court judgments or orders, petitions or orders of any Ministry or Agency of the Government of Mongolia, or any governing department, commission, authority or agency of any aimag or soum, or any other individual or legal person, nor has any such entity or individual asserted any claim or threatened to assert any claim, or, to the best of my knowledge, commenced any investigation, or threatened to commence any investigation, in respect of the Southgobi Sands Land Use Certificates, nor has any such entity or individual threatened to modify, revoke, withdraw or suspend any of the Southgobi Sands Land Use Certificates.
- d. Southgobi sands LLC's use of the land covered by each Southgobi Sands Land Use Certificate identified conforms to the use specified in each respective Southgobi Sands Land Use Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (MNT/US\$)
3.	A residential apartment — Apartment 22 located at Building-8, 1 st Khoroo, Chingigis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a 10-storey residential building, which was completed in about 2004.</p> <p>The property has a floor space of approximately 135 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Undrakh Batmunkh and Tudevtagva Tuyasaikhan, joint landlords — independent third parties, for a term expiring on August 31, 2009 and extended to be expired on November 30, 2009 at a monthly rent of MNT2,072,775 (inclusive of tax, maintenance and utility costs).</p>	The property is occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a residential lease agreement entered into between Undrakh Batmunkh and Tudevtagva Tuyasaikhan, joint landlords, and Southgobi sands LLC, dated August 7, 2008, the property was rented by the latter party, for a term expiring on August 31, 2009 at a monthly rent of US\$1,450 (inclusive of tax, maintenance and utility costs) for residential use.
2. Pursuant to a purchase order issued by Southgobi sands LLC to the vendor of the property dated September 1, 2009, the lease term of the aforesaid lease agreement has been extended to be expired on November 30, 2009 at a monthly rent of MNT2,072,775.
3. Pursuant to an Extended / Amended Residential Lease Agreement entered into between Undrakh Batmunkh and Tudevtagva Tuyasaikhan, joint landlords and Southgobi sands LLC, dated December 1, 2009, the original lease term has been extended for a term of 1 year commencing on December 1, 2009 and expiring on November 30, 2010 at a monthly rent of MNT2,065,699 (inclusive of utility costs, maintenance and repair charges, property taxes and other related fees, all insurance charges and VAT) for residential purpose.
4. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the “IPRO”), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.
 - c. The original lease agreement is currently in USD, which must be amended to be compliant with Mongolian Law.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
4.	A residential apartment — Door #8A, located at Building No. #12, 1 st Khoroo, Jyamyang’s Street, Sukhbaatar District, Soyol Amraltiin hureelen 14240, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a multi-storey residential building.</p> <p>The property has a floor space of approximately 139 square metres and is rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Vivian Charles David, an independent third party, for a term of 12 months commencing on August 20, 2009 at a monthly rent of US\$2,750 (exclusive of internet, telephone charge, electricity, cable TV and water fees).</p>	The property was occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to an apartment rental agreement entered into between Vivian Charles David and Southgobi sands LLC, the property was rented by the latter party for a term of 12 months commencing on August 20, 2009 at a monthly rent of US\$2,750 (exclusive of internet, telephone charge, electricity, cable TV and water fees) for residential use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the apartment rental agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the apartment rental agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the “IPRO”), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
5.	A residential apartment — Apartment 4 located at Building-B (Jiguur Grand Group), 1 st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a 4-storey residential building, which was completed in about 2004.</p> <p>The property has a floor space of approximately 82 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Aldar Galdantsogt (Trustee) and Raashzeveg Orolmaa (Landlord), independent third parties, for a term of 1 year commencing on September 16, 2009 and expiring on September 15, 2010 at a monthly rent of MNT1,582,752.82 (inclusive of utility costs, maintenance and repair charges, property taxes and other related fees, all insurance charges and VAT).</p>	The property was occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a Residential Lease Agreement entered into between Aldar Galdantsogt (Trustee) and Raashzeveg Orolmaa (Landlord) and Southgobi sands LLC, dated September 16, 2009, the property was rented by the latter party for a term of 1 year commencing on September 16, 2009 and expiring on September 15, 2010 at a monthly rent of MNT1,582,752.82 (inclusive of utility costs, maintenance and repair charges, property taxes and other related fees, all insurance charges and VAT) for residential purpose.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the "IPRO"), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.
 - c. Lease agreement is not in compliance with National Currency Law.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (MNT)
6.	A residential apartment — No. 5 of Block C, “Riverly Hills” Town, Han-Uul District, 1 st Khoroo, Zaisan Area, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a multi-storey residential building.</p> <p>The property has a floor space of approximately 157 square meters and is rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Anirtsetseg Altangerel, an independent third party, for a term of 1 year commencing on October 15, 2009 and expiring on October 14, 2010 at a monthly rent of MNT3,200,000 (exclusive of internet, electricity and water charges).</p>	The property is occupied for residential purpose.	No Commercial Value

Notes:

1. According to an apartment lease contract entered into between Anirtsetseg Altangerel and Southgobi sands LLC, dated October 6, 2009, the property was rented by the latter party, for a term of 1 year commencing on October 15, 2009 and expiring on October 14, 2010 at a monthly rent of MNT3,200,000 (exclusive of internet, electricity and water charges) for residential use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease contract has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease contract from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the “IPRO”), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
7.	A residential apartment — Door 02, Building 30, Orgil Apartment Complex, Khan-Uul District, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of an 8-storey residential building, which was completed in about 2007.</p> <p>The property has a floor space of approximately 100 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Sansalmaa Nasanbuyan, an independent third party, for a term commencing on May 26, 2009 and expiring on May 25, 2010 at a monthly rent of US\$1,650 (inclusive of tax, maintenance and utility costs).</p>	The property was occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a lease agreement entered into between Sansalmaa Nasanbuyan, an independent third party and Southgobi sands LLC, dated June 15, 2009, the property was rented by the latter party, for a term commencing on May 26, 2009 and expiring on May 25, 2010 at a monthly rent of US\$1,650 (inclusive of tax, maintenance and utility costs) for residential use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the "IPRO"), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.
 - c. The lease agreement is currently in USD, which must be amended to be compliant with Mongolian Law.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (MNT)
8.	10 th Floor, Monnis Building, 1 st Khoroo, Chinggis Street, Sukhbaatar District, Ulaanbaatar, Mongolia	<p>The property comprises the entire 10th floor of a multi-storey commercial building.</p> <p>The property has an office space of approximately 823.47 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from MONNIS Properties LLC, an independent third party, for a term of 3 years commencing on October 1, 2009 and expiring on September 30, 2012 at a monthly rent of MNT24,704,100 (exclusive of maintenance / management fee and VAT but inclusive of two parking lots fee).</p>	The property was occupied for office use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a lease contract entered into between MONNIS Properties LLC (“Lessor”) and Southgobi sands LLC (“Lessee”) dated October 1, 2009, the property with an office space of approximately 823.47 square metres was rented by the latter party for a term of 3 years commencing on October 1, 2009 and expiring on September 30, 2012 at a monthly rent of MNT24,704,100 (exclusive of a maintenance / management fee of MNT2,470,410 per month and a value added tax on the two foregoing fees in the amount of MNT2,717,451 per month, but inclusive of 2 parking lots fee) for office use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has obtained an IPRO Certificate confirming, as of the Confirmation Date indicated that the lease is duly registered with the State Registration Office of Immovable Property Rights (the “IPRO”), the identity of the registered owner of the building that is the subject of the lease agreement and the absence of any mortgage of the building.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
9.	Apartment 25, Building 17, 3 rd Khoroo, Chingeltei District, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a multi-storey residential building.</p> <p>The property has a floor area of approximately 89.07 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Jamsran Ganbold, an independent third party, for a term commencing on June 6, 2009 and expiring on June 5, 2010 at a monthly rent of US\$650 (inclusive of tax, maintenance and utility costs but exclusive of electricity and telephone expenses).</p>	The property was occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a residential lease agreement entered into between Jamsran Ganbold, and Southgobi sands LLC, dated June 5, 2009, the property was rented by the latter party for a term commencing on June 6, 2009 and expiring on June 5, 2010 at a monthly rent of US\$650 (inclusive of tax, maintenance and utility costs but exclusive of electricity and telephone expenses) for residential use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the "IPRO"), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.
 - c. Although current lease is in MNT, no MNT account information is provided and an account-holder's name is only indicated on the "USD Bank Account Name". Lease agreement may not be in compliance with National Currency Law, as it was entered into after July 9, 2009 and MNT references are unclear.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
10.	Door No. 38, Building No. 20, Olympic Street, 1 st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	<p>The property comprises a residential apartment of a multi-storey residential building.</p> <p>The property has a floor area of approximately 121.7 square metres and was rented by Southgobi sands LLC, an indirectly 100%-owned subsidiary of the Company, from Batdorj Bujinlham for Batdorj Jargalsaikhan, an independent third party, for a term commencing on February 13, 2009 and expiring on February 12, 2010 at a monthly rent of US\$1,333.33 (inclusive of tax, maintenance and utility costs).</p>	The property was occupied for residential use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a residential lease agreement entered into between Batdorj Bujinlham for Batdorj Jargalsaikhan, and Southgobi sands LLC, dated February 10, 2009, the property was rented by the latter party for a term commencing on February 13, 2009 and expiring on February 12, 2010 at a monthly rent of US\$1,333.33 (inclusive of tax, maintenance and utility costs) for residential use.
2. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has confirmed that the lease agreement has been duly signed by an authorized representative of Southgobi sands LLC and that a second signature appears on the lease agreement from a party purporting to be the authorized landlord. However, the legal advisor has not checked with the State Registration Office of Immovable Property Rights (the "IPRO"), an implementing agency of the government of Mongolia, regarding whether the purported landlord is, in fact, the owner of the building or whether the lease has been registered and are therefore legally effective.
 - b. The property is designated for residential use.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (US\$)
11.	Building Structures together with land parcel of Ovoot Airport, Gurvantes Soum, Southgobi Aimag, Mongolia	<p>The property comprises structures and a land parcel of Ovoot Airport with a site area of 133.7 hectare. The structures have a total floor space of approximately 168 square metres and were completed in about 2007.</p> <p>The property was rented by Southgobi sands LLC, an indirect 100%-owned subsidiary of the Company, from Gurvan Zam Co., Ltd., an independent third party, for a term of 15 years commencing on August 10, 2007 at an one-time lump sum payment of US\$12,600.</p>	The property was occupied for airport operation as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a facilities lease agreement, entered into between Gurvan Zam Co., Ltd., and Southgobi sands LLC, dated August 10, 2007, the property was leased by the latter party, for a term of 15 years commencing on August 10, 2007 at an one-time lump sum payment of US\$12,600 for the purposes of conducting a private landing strip. The latter party has, at its sole expense, caused the construction of certain structures, installation of equipment and made improvements to the land parcel of the Ovoot Airport owned by Gurvan Zam Co., Ltd. under a land use permit.
2. Pursuant to the facilities lease agreement stated above, the lessee shall have the right to an additional 15-year lease of the property under the same terms and conditions set forth in the captioned lease agreement. In the event of the lessee extends this agreement for a subsequent term, Gurvan Zam Co., Ltd. agrees that it shall seek and obtain a 15-year extension to the land use rights for the property and the aviation permit. If the extension to land use rights and aviation were unable to be obtained, the lessee would not be obligated to extend this agreement for a subsequent term.
3. Pursuant to a Certificate of Aerodrome (No. 103), issued by Civil Aviation Authority of Mongolia, dated April 30, 2009, Southgobi sands LLC is permitted to operate the airport for a term commencing on May 1, 2009 and expiring on May 1, 2010.
4. Pursuant to a Land Use Certificate, No. 0002695, issued by the Governor of Gurvantes soum, Umnugobi aimag, dated November 10, 2005, the land use rights of the property with a site area of 133.7 hectare have been issued to Gurvan Zam LLC of Mongolia for a period of 15 years for airport use.
5. The Mongolia legal opinion states, inter alia that:
 - a. The legal advisor has obtained an IPRO Certificate confirming, as of the Confirmation Date indicated that the lease is duly registered with the State Registration Office of Immovable Property Rights (the "IPRO"), the identity of the registered owner of the building that is the subject of the lease agreement and the absence of any mortgage of the building.

VALUATION CERTIFICATE

Group III — Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (RMB)
12.	Unit 1116, Richen International Centre, Chaoyang District, Beijing, The PRC 中國北京市朝陽區農展館南路13號瑞辰國際中心1116單位	The property comprises an office unit and equipment of a multi-storey commercial building. The property has a lettable floor area of 117.76 square metres is rented by Southgobi sands LLC Beijing Representative Office, an indirectly 100%-owned subsidiary of the Company, from Li Yong, an independent third party, for a term commencing on September 1, 2008 and expiring on August 31, 2011 at a monthly rent of RMB14,300 (inclusive of management fee and heating charges).	The property was occupied for office use as of the date of valuation.	No Commercial Value

Notes:

1. Pursuant to a tenancy agreement entered into between Li Yong, and Southgobi sands LLC Beijing Representative Office (the "Office"), dated August 30, 2008, the property was rented by the latter party for a term commencing on September 1, 2008 and expiring on August 31, 2011 at a monthly rent of RMB14,300 (inclusive of management fee and heating charges) for office use.
2. The PRC legal opinion states, inter alia that:
 - a. The lease agreement of the property has not filed with relevant PRC real estate bureau. However, the legality and validity of tenancy agreement will not be affected for non-compliance of such filing procedure.
 - b. The tenancy agreement is legal, valid and binding under PRC law. As confirmed by the Company, the landlord is in process of obtaining the Building Ownership Rights Certificate and the State-owned Land Use Rights Certificate for this property. According to the sales agreement signed by landlord, the invoice for payment, and to the best of our knowledge after due inquiry, the owner has the right to lease out the foregoing property and the leased property is not pledged or subject to mortgage.
 - c. The Company has the right to use the property in accordance with terms and conditions of the tenancy agreement and the PRC Laws.

VALUATION CERTIFICATE

Group IV — Property interests rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2009 (HK\$)
13.	Office No. 3311 on 33 rd Floor, The Center, No. 99 Queen's Road Central, Hong Kong Inland Lot No. 8827	The property comprises an office unit of a multi-storey office building completed in 1998. The property has a floor area of approximately 1,920 square feet and was rented by SouthGobi Energy Resources (Hong Kong) Limited, an indirectly 100%-owned subsidiary of the Company, from The Center (33) Limited, an independent third party, for a term commencing on June 24, 2009 and expiring on June 30, 2011 at a monthly rent of HKD65,300 (exclusive of air-conditioning and management charges, government rent, rates and other charges).	The property was occupied for office use as of the date of valuation.	No Commercial Value

Notes:

- Pursuant to a tenancy agreement entered into between The Center (33) Limited, and SouthGobi Energy Resources (Hong Kong) Limited, dated May 6, 2009, the property was rented by the latter party for a term commencing on June 24, 2009 and expiring on June 30, 2011 at a monthly rent of HKD65,300 (exclusive of air-conditioning and management charges, government rent, rates and other charges) for office use.
- The registered owner of the property is Land Development Corporation ("LDC"). As stated in the tenancy agreement above, the LDC as vendor was agreed to sell the property to The Center (33) Limited according to an Agreement for Sale and Purchase ("ASP") dated November 27, 1998, with which The Center (33) Limited has already paid the full purchase price of the property accordingly. However, LDC is holding the property as bare trustee for The Center (33) Limited. LDC was dissolved in May 1, 2001. By virtue of the Urban Renewal Authority Ordinance Cap. 563 of the Laws of HKSAR, all immovable propriety owned by LDC as on May 1, 2001 is now owned by the Urban Renewal Authority ("URA") and every contract entered into by LDC which was in force immediately before May 1, 2001 has effect as if URA is substituted for LDC.