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## **SOUTHGOBI ENERGY RESOURCES LTD.**

**南戈壁能源有限公司\***

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

### **SouthGobi Energy Resources to convert US\$250 million of China Investment Corporation convertible debenture into common shares**

**HONG KONG** – SouthGobi Energy Resources Ltd. (**TSX: SGQ, HK: 1878**) announced today that it intends to provide Land Breeze II, a wholly owned subsidiary of China Investment Corporation (“CIC”), a notice of intention to convert US\$250 million of the US\$500m convertible debenture (the “Debenture”) issued to Land Breeze II into common shares of SouthGobi Energy Resources, following receipt of confirmation by the Stock Exchange of Hong Kong Limited of its approval to list and deal in the shares issued upon conversion.

Please see the attached announcement for more details.

By order of the Board  
**SouthGobi Energy Resources Ltd.**

**Mr. Peter Graham Meredith**  
Chairman

Hong Kong, 12 March 2010

*As of the date of this announcement, the executive Director is Mr. Alexander Alan Molyneux, the non-executive Directors are Mr. Peter Graham Meredith, Mr. John Anthony Macken and Mr. Raymond Edward Jr. Flood and the independent non-executive Directors are Mr. Pierre Bruno Lebel, Mr. Robert William Hanson, Mr. Andre Henry Deepwell and Mr. Robert Stuart Angus.*

*\* For identification purposes only*



March 12, 2010

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Pursuant to the Debenture conversion terms, SouthGobi has the right to call for the conversion of up to US\$250 million of the Debenture upon SouthGobi achieving a public float of 25% of its common shares.

SouthGobi will issue common shares to Land Breeze II, based on the conversion price of the lower of C\$11.88, the base conversion value established by the terms of the Debenture or the 50-day VWAP at the date of conversion. Upon this conversion, China Investment Corporation, through its wholly owned subsidiary, will own approximately 13% of the common shares of SouthGobi Energy Resources.

### **China Investment Corporation**

CIC is the sovereign wealth fund of the People’s Republic of China.

Information about CIC is available on its website: [www.china-inv.cn/cicen/about\\_cic/aboutcic\\_overview.html](http://www.china-inv.cn/cicen/about_cic/aboutcic_overview.html)

### **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. 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.

[Information contacts, SouthGobi Energy Resources](#)

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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," 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, 2008, and for nine months ended September 30, 2009, all of which are available at [www.sedar.com](http://www.sedar.com).