

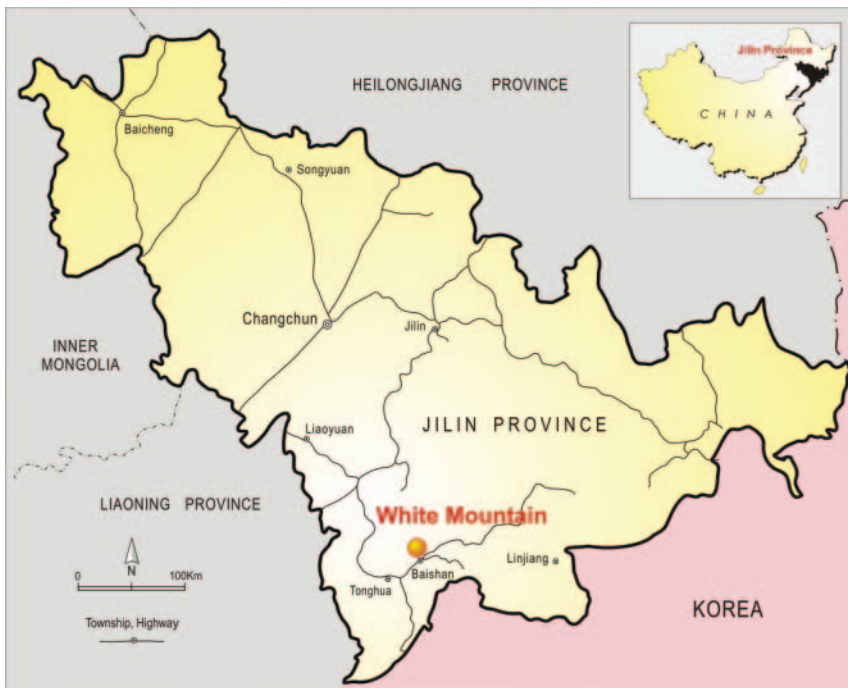
The updated mineral resource estimates at the White Mountain Project has increased to 7.7 million tonnes at 3.4 gpt gold. The Group plans to apply for a mining licence for the White Mountain Project in the first quarter of 2007.

All of the Company's exploration projects, with the exception of the Jinfeng Project and the White Mountain Project, are at the exploration stage. Consequently, insufficient work has been completed to delineate JORC standard resources or reserves at these projects.

White Mountain Project

Project Overview

The White Mountain Project is located at Baishan, 230km south-southeast of Changchun, the capital city of Jilin Province, as illustrated in the map below.



The White Mountain Project is located in lightly forested public land, within 2km of a newly paved concrete road that is linked to the national highway and railway systems. Grid power and water are available on site, which is only 7km from the prefecture level city of Baishan, a coal and iron ore mining centre.

Two new exploration licences have increased the White Mountain Project's ground position from 62 sq.km. to 104 sq.km. The areas to which these two new licences relate will be explored during 2007.

The Group acquired an initial 80% interest in the White Mountain CJV, the CJV company that owns the project, in mid-2003 and exercised its right to increase its interest to 95% in July 2006. For more details on the CJV agreement relating to the White Mountain CJV, please refer to the sections headed "Business — Information on CJV Agreements" and "Business — Summary of CJV Agreements" in this prospectus.

During 2006, a substantial drilling program brought the total metres drilled by the White Mountain CJV to more than 50,500m for the White Mountain Project. This program has known mineralisation extending over approximately 1,300m.

Subject to a positive result of the pre-feasibility study on the key aspects of the White Mountain Project, the Group plans to commence a full feasibility study in 2007.

Geological Setting

The White Mountain Project is located on a large major northeast trending regional fault zone, which hosts mineralisation over at least 6km within Proterozoic rocks. Gold mineralisation at the White Mountain Project is hosted by a silicified breccia. The mineralisation dips moderately to the southeast.

Exploration

The Group has completed considerable exploration at the White Mountain Project, including:

- over 50,500m of drilling and associated logging and assaying;
- geophysical (induced polarisation) studies; and
- detailed geological mapping and structural geology studies.

Mineral Resource Estimate

In January 2007, the following mineral resource for the White Mountain Project was estimated:

Resource Category	January 2007		
	Tonnes (’000)	Grade (gpt Gold)	Contained Gold ’000 oz
Measured	2,594	3.6	304
Indicated	<u>2,288</u>	<u>3.5</u>	<u>258</u>
Total of Measured and Indicated	<u>4,882</u>	<u>3.6</u>	<u>562</u>
Inferred	<u>2,861</u>	<u>3.1</u>	<u>284</u>
Total of Measured, Indicated and Inferred	<u><u>7,743</u></u>	<u><u>3.4</u></u>	<u><u>846</u></u>

Cut-off grade = 1.0 gpt gold. Note: rounding differences may occur.

The above resource estimate is primarily based on:

- data from 191 diamond drillholes, totalling 50,555m, all drilled by the White Mountain CJV, as well as data from channel sampling of trenches and two underground adits;
- cut-off grade of 1.0gpt gold; and
- ordinary Kriging estimation technique.

The updated mineral resource estimate totals 7.7 million tonnes at 3.4 gpt gold, containing 846,000 oz. of gold. 66% of the mineral resources are now in the measured and indicated categories.

The Group intends to continue to explore in the 2007 field season with the aim of further upgrading and expanding the mineral resource. Two new exploration licences have increased the White Mountain Project's ground position from 62 sq.km. to 104 sq.km. and these new areas will be explored during the 2007 field program.

Evaluation Studies

Pre-feasibility work initiated during 2006 has included studies on:

- metallurgy and mineralogy;
- environmental baseline;
- hydrological and tailings dam;
- geotechnical and structural geology; and
- site and plant design.

These studies are aimed at being able to support the commencement of a full feasibility study in 2007, as well as commencing applications for the relevant permits and a mining licence.

Jinluo Project

In January 2005, the Jinluo CJV was formed as a CJV between SG Jinluo and Guiyang Minerals. The Company holds a 65% interest in the Jinluo CJV through SG Jinluo. For more details on the CJV agreement relating to the Jinluo CJV, please refer to the sections headed "Business — Information on CJV Agreements" and "Business — Summary of CJV Agreements" in this prospectus.

The Jinluo Project provides the Group access to almost 97.1 sq.km. of the southeastern and southern portions of the Laizhishan Dome.

Exploration to date has identified a number of prospects along the margin of the Laizhishan Dome southwest of the Jinfeng Project. These prospects are primarily defined by co-incident geochemical and geophysical anomalies in geological settings similar to Jinfeng and are often in the vicinity of historical, small-scale gold mines.

As at the Latest Practicable Date, this project is still in the early exploration phase, and as such the Company is unable to provide any reserve or resource estimate.

First-pass drilling of various prospects in the Jinluo Project was carried out in 2006.

Heishan Project

In early 2004, the Heishan CJV was formed as a CJV between SG SPD and Shandong Bureau.

The Heishan CJV was formed to explore the Heishan Project in northeast Shandong Province. The Company holds a 70% interest in the Heishan CJV through SG SPD. For more details on the CJV agreement relating to the Heishan CJV, please refer to the sections headed “Business — Information on CJV Agreements” and “Business — Summary of CJV Agreements” in this prospectus.

The Heishan Project covers an area of approximately 5.5 sq.km. in a single exploration tenement located in Longkou approximately 300km from Jinan, the capital city of Shandong Province.

The Heishan Project contains a number of known zones of mineralisation and alteration.

As at the Latest Practicable Date, this project is still in the early exploration phase, and as such the Company is unable to provide any reserve or resource estimate.

Exploration undertaken at the Heishan Project includes rock chip sampling and ground electrical (induced polarisation) surveys.

Diamond drilling was undertaken on the Potouqing fault zone during 2006, with a best result of 2.0m at 2.5gpt gold.

Sandi Project

In July 2004, the Sandi CJV was formed as a CJV between SG SEL and Zhengyuan. The Company holds an 80% interest in Sandi CJ through SG SEL. For more details on the CJV agreement relating to the Sandi CJV, please refer to the sections headed “Business — Information on CJV Agreements” and “Business — Summary of CJV Agreements” in this prospectus.

The Sandi Project covers an area of approximately 54.8 sq.km. in a single exploration tenement located in Pingdu, 10km southwest of the Dazhuangzi gold mine.

Exploration undertaken at Sandi includes ground magnetics and ground electrical (induced polarisation) surveys.

A drilling program to test shallow targets defined by the interpretation of these geophysical surveys commenced in the fourth quarter of 2006.

As at the Latest Practicable Date, this project is still in the early exploration phase, and as such the Company is unable to provide any reserve or resource estimate.

Golden Triangle Project

In December 2006, the Golden Triangle CJV was formed as a CJV between SG Golden Triangle and Guangxi Institute. For more details on the CJV agreement relating to the Golden Triangle CJV, please refer to the sections headed “Business — Information on CJV Agreements” and “Business — Summary of CJV Agreements” in this prospectus.

All of the exploration rights to be acquired under the Golden Triangle Project are in Guangxi Zhuang Autonomous Region and within 150km of the Jinfeng Project mine.

The exploration rights cover numerous prospects with gold mineralisation in a similar geological and structural setting to the Jinfeng orebody and other major gold deposits in the region.

Previous exploration by the Group's PRC CJV partner includes geological mapping, geochemical surveys, trenching, adits and limited shallow drilling. This work has identified zones over strong gold and arsenic anomalism over several kilometres of strike and in similar settings to the Jinfeng Project deposit. Small-scale mining of oxide ore has occurred in several of these areas.

As at the Latest Practicable Date, this project is still in the early exploration phase, and as such the Company is unable to provide any reserve or resource estimate.

PROJECTS PENDING GOVERNMENTAL APPROVAL AS AT THE LATEST PRACTICABLE DATE

In addition to the Group's current mining and exploration projects, the Group has entered into five CJV agreements with various PRC CJV partners to establish CJVs to undertake exploration activities. Each such CJV is pending approval by the relevant PRC governmental authority.

The Company conducted due diligence enquiries to ascertain that each proposed PRC CJV partner possesses appropriate exploration and mining rights and that these rights are intact, free from encumbrances and other third party claims, and not subject to disputes with other parties (including PRC authorities) before entering into a CJV agreement.

The following is a description of each project to which these CJV agreements relate.

Jindu Project

The Jindu Project is located on the northern portion of the Laizhishan Dome, to the northwest and north of the Jinfeng Project mine.

Exploration is at an early stage with fieldwork commencing on the Jindu tenements during mid-2006. The exploration program to date has primarily comprised of rock chip, stream and soil geochemical sampling.

The exploration is continuing and is progressing towards first-pass drilling of targets during 2007.

As at the Latest Practicable Date, the Jindu CJV has not been formed and is still subject to approval by relevant PRC government authorities. For more details on the CJV agreement relating to the Jindu Project, please refer to the sections headed "Business — Information on CJV Agreements" and "Business — Summary of CJV Agreements" in this prospectus.

Hexi Project

The Hexi Project is located in Shandong Province and includes three tenement areas named Xinzhuang, Qiansungjia and Suijia, which cover a total area of approximately 38 sq.km.

The Xinzhuang tenements cover over 5km of strike along the northern portion of the Jiaojia Fault. In the Xinzhuang tenement area, the Jiaojia Fault is covered by approximately 30m of Quaternary sediments. The position of the fault has been established by geophysics and widely spaced drilling. Small gold occurrences in the hanging wall to the Jiaojia Fault are known from prospecting. This work has generated a number of targets in and below the Jiaojia Fault and the hanging wall to the fault.

The Qiansunjia tenements are located on the northeast-trending Jinhuan Shan Fault and subsidiary splays. The faults are granite hosted and generally dip 70° to 75° east. Previous exploration work includes geophysics and soil geochemistry. In 1998, small-scale mining was undertaken along the Jinhuan Shan Fault to a depth of 120m, with an average grade of approximately 10gpt gold.

The Suijia tenements are located on and close to the northeast-trending Linbei Fault and subsidiary faults, which generally dip 70° to 75° southeast. The Linbei Fault has yielded some of the highest 'fault-hosted' gold grades in the district. The nearby Lingshangou mine, which is hosted by the Linbei Fault, has reportedly produced approximately 300,000 oz at an average grade of 6.6gpt gold.

The Group is currently planning the exploration programs to be undertaken during 2007 at the Hexi Project.

As at the Latest Practicable Date, the Hexi CJV has not been formed and is still subject to approval by relevant PRC government authorities. For more details on the CJV agreement relating to the Hexi Project, please refer to the sections headed "Business — Information on CJV Agreements" and "Business — Summary of CJV Agreements" in this prospectus.

Sanjianfang Project

The Sanjianfang Project is located approximately 425km north of Harbin, the capital city of Heilongjiang Province. The initial exploration area is 44 sq.km.

Once the exploration licence is transferred to the Sanjianfang CJV, the Company plans to move to the next exploration phase, which will involve drill testing the geophysical anomalies and further mapping and sampling.

The Sanjianfang Project is located immediately south of the Dong'an epithermal gold vein deposit and covers approximately 10km of a potentially southern extension to the Dong'an system.

Brigade 707 has previously located four epithermal veins exposed at surface in the southern parts of the tenement. The veins are each from 300m to 600m in strike, with induced polarisation resistivity surveys indicating possible extensions under cover.

In 2005, geological mapping, geophysical data, geochemical surveys and surface trench results collected by Brigade 707 were reviewed.

In 2006, ground geophysical surveys, including TEM, induced polarisation and ground magnetic techniques have been used to assist with interpretation of the geology and identification of targets.

As at the Latest Practicable Date, the Sanjianfang CJV has not been formed and is still subject to approval by relevant PRC government authorities. For more details on the CJV agreement relating to the Sanjianfang Project, please refer to the sections headed "Business — Information on CJV Agreements" and "Business — Summary of CJV Agreements" in this prospectus.

North Mountain Project

The North Mountain Project is located approximately 300km north of the city of Hami, on the southwest periphery of the Gobi Desert near the Mongolian border.

The tenements consist of four mining permits covering a total of 19 sq.km. and three exploration permits covering a total of 70 sq.km.

The area is nearby to a number of porphyry deposits, which may be associated with relatively low tonnage gold and base metal deposits which are being mined on a small scale. Rock chip samples from a small scale surface mine returned up to 30gpt gold and 120gpt silver with elevated base metals.

An induced polarisation anomaly has been identified and deep drilling of this target commenced in 2006.

As at the Latest Practicable Date, the North Mountain CJV has not been formed and is still subject to approval by relevant PRC government authorities. For more details on the CJV agreement relating to the North Mountain Project, please refer to the sections headed “Business — Information on CJV Agreements” and “Business — Summary of CJV Agreements” in this prospectus.

Greatland Project

The Greatland Project is located in the Golden Triangle region, which covers an initial area of 111 sq.km. and includes seven exploration licences.

The package of tenements is situated on the boundary of the Guizhou and Yunnan Provinces, about 150km west-northwest of the Jinfeng Project mine. The tenements are located along strike from the Nibao gold deposit.

Brigade 105 has mined gold from near surface deposits within these licences, and has also identified areas of anomalous gold, silver and base metals.

A number prospective exploration targets have been identified for follow-up drilling on the tenements.

As at the Latest Practicable Date, the Greatland CJV has not been formed and is still subject to approval by relevant PRC government authorities. For more details on the CJV agreement relating to the Greatland Project, please refer to the sections headed “Business — Information on CJV Agreements” and “Business — Summary of CJV Agreements” in this prospectus.

INFORMATION ON CJV AGREEMENTS

Overview

The Group has entered into 11 CJV agreements with local PRC CJV partners to undertake mining and exploration projects situated in various mining areas in the PRC.

All of the Group’s mining and exploration rights are currently held by CJV companies. If the Group is unable to come to an agreement with a CJV partner as to the exploitation of such mining and mineral rights, the CJV company will be unable to exploit the same. For further details, please refer to the section headed “Risk Factors — Risk Relating to the Business of the Group” in this prospectus.

The Group has not experienced any material disputes with its PRC CJV partners under the CJV agreements. The CJV agreements contain standard arbitration clauses for settling disputes.

The Group has unilateral control over each of the CJV companies because the Group is entitled to:

- appoint a majority of the directors of each CJV company; and

- appoint the general manager of each CJV company, who is responsible for the day-to-day operation and management of the CJV company and implementing resolutions of the Board.

Each matter to be considered by the board of directors of a CJV company must be approved by a majority of the directors of the CJV company. Therefore, the directors appointed by the Group are able to control each of the decisions of the board of directors of the CJV company, except those decisions that, under the CJV Law and the CJV agreements, require the unanimous consent of the directors present at a meeting of the board. The decisions that require the unanimous consent of the directors present at a meeting of the board are listed in the section headed “Risk Factors — Risks Relating to the Business of the Group” in this prospectus.

Each CJV company is treated as a subsidiary for accounting purposes — please refer to “Appendix I — Accountants’ Report — Principal Accounting Policies — Joint Ventures” of this prospectus.

The following is a summary of the key terms common to the CJV agreements and some of the key variations:

Key Common Terms of the CJV agreements

- The CJV company is to be established as an enterprise legal person with limited liability under the laws of the PRC.
- The liability of each party to the CJV company is to be limited to the full amount of such party’s equity interest in the company consisting of capital investments or cooperative conditions.
- The parties are to share the CJV company’s profits and bear the losses and risks in proportion to their respective equity interests in the CJV company.
- The formation, validity, interpretation and implementation of the CJV agreement and any disputes arising under such agreement are to be governed by the laws of the PRC.

Key Variations

Increase in Capital and Anti-dilution

- In the event of an increase in the registered capital in the CJV company (which is subject to obtaining unanimous approval of the board of the CJV company and the relevant PRC governmental approvals), each party is entitled to contribute proportionately, except that in the Jinluo CJV agreement, the Sandi CJV agreement, the Golden Triangle CJV agreement, the Hexi CJV agreement, the Sanjianfang CJV agreement and the Greatland CJV agreement, depending on the circumstances:
 - (i) the Group is entitled to contribute disproportionately to an increase in the registered capital of the CJV company;
 - (ii) the Group is required (without a corresponding requirement on the CJV partner) to contribute to an increase in the registered capital of the CJV company; and/or
 - (iii) if a party does not contribute to an increase in the registered capital of the CJV company, the other party may make such contribution, thus diluting the non-contributing party’s interest.

- In the Jinluo CJV agreement, the Golden Triangle CJV agreement, the Hexi CJV agreement, the Sanjianfang CJV agreement, the Heishan CJV agreement, the Jindu CJV agreement and the Greatland CJV agreement, any dilution of a party's equity interest is subject to a minimum level of equity interest (ranging from 5% to 20%).

Option to Acquire Additional Interest from the CJV Partner

- In the White Mountain CJV agreement, the Jindu CJV agreement, the Golden Triangle CJV agreement, the North Mountain CJV agreement and the Greatland CJV agreement, the Group has an option to acquire an additional equity interest (ranging from 7.5% to 15%) from the CJV partner for a pre-agreed consideration, subject to obtaining the relevant PRC governmental approvals.

Loans and Payments to the CJV Partner

- In the North Mountain CJV agreement, the Golden Triangle CJV agreement, the Greatland CJV agreement and the Jindu CJV agreement, the Group is required to provide financing to the CJV partner to assist it to make capital contributions or to prepare for the establishment of the CJV company.
- Save for the Heishan CJV agreement and the North Mountain CJV agreement, the Group is required to make a payment (ranging from approximately RMB5 million to RMB15 million) to the CJV partner for the evaluation and transfer of its exploration right and mining right and the transfer of geological data.

Management

- Save for the Jinfeng CJV agreement, the board of directors of the CJV company is to consist of five directors, three of whom are appointed by the respective wholly-owned subsidiaries of the Company and two of whom are appointed by the respective CJV partners. In the Jinfeng CJV agreement, the board of the Jinfeng CJV is to consist of nine directors, five of whom are to be appointed by SG Guizhou and four of whom are to be appointed by Lannigou.
- The CJV agreement becomes effective upon issuance of the approval certificate by relevant PRC governmental authorities.

Term and Renewal

- The term of the CJV agreement is 30 years commencing from the date the agreement becomes effective. Subject to approval by the relevant PRC government authorities, such term may be extended by mutual agreement.

Termination

- Either party is entitled to terminate the CJV agreement prior to the expiration of the term of the agreement by delivering written notice to the other party if:
 - (i) the other party materially breaches the CJV agreement or the articles of association of the CJV company, and such breach is not cured within 90 days (and in some cases within 180 days) of written notice to such party; or

- (ii) the other party or the CJV company becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or ceases carrying on business, or becomes unable to pay its debts as they come due.

SUMMARY OF CJV AGREEMENTS

CJV agreements for Current Projects

Jinfeng CJV agreement

On April 30, 2001, SG Guizhou, a wholly-owned subsidiary of the Company, entered into a CJV agreement with Lannigou to establish the Jinfeng CJV, a CJV company. Such CJV agreement was subsequently amended on December 28, 2001, March 1, 2002, May 13, 2002 and June 19, 2002.

Lannigou is a limited liability company established under PRC laws, registered under number 5223251500001. Lannigou is engaged in gold exploration and other activities within the business scope stipulated in its business licence.

In addition to the key common terms and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Jinfeng CJV agreement:

- Lannigou contributed its pre-work results, exploration rights and mining rights and its database and other rights pertaining to the project areas in consideration for 15% of the equity interest. SG Guizhou contributed US\$2.1 million in cash to the Jinfeng CJV as registered capital in consideration for 82% of the equity interest;
- in addition, after the Jinfeng CJV commences production, Lannigou will be entitled to receive 3% of the net sales of the gold produced each year;
- the project is divided into in two phases;
- in the first phase, SG Guizhou is obliged to contribute US\$2.1 million to the registered capital;
- the second phase is the development of the mining operation. The investment and registered capital requirements for the second phase are determined by unanimous approval of the board based on the feasibility study, subject to obtaining the relevant PRC governmental approvals. Both parties contribute to the registered capital proportionate to their equity interest; and
- if the Jinfeng CJV’s production does not commence within three years of the effective date of the CJV agreement (June 21, 2002), subject to the gold price being in excess of US\$200/oz in the relevant period, SG Guizhou is required to pay Lannigou the following amounts:
 - (i) RMB2 million pro-rata for the period in the fourth year;
 - (ii) RMB3 million pro-rata for the period in the fifth year; and
 - (iii) RMB4 million pro-rata for the period annually thereafter.

As at the Latest Practicable Date, no payments have been made and no demand or request for payment has been received.

White Mountain CJV agreement

On June 26, 2003, SG BMZ entered into a CJV agreement with Tonghua to establish the White Mountain CJV for the development of mining operations in the defined exploration area. Such CJV agreement was subsequently amended on August 10, 2005, May 22, 2006 and July 13, 2006.

Tonghua is a state-owned enterprise established under PRC laws, registered under number 2205001100366. Tonghua is engaged in the mineral exploration, mineral mining, gold mining and other activities within the business scope stipulated in its business licence.

In addition to the key common terms and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the White Mountain CJV agreement:

- Tonghua is required to contribute its pre-work results, exploration rights, database and other rights pertaining to the project areas in consideration for 20% of the equity interest. SG BMZ is required to contribute US\$800,000 in cash to the registered capital in consideration for 80% of the equity interest;
- the project is divided into two phases;
- in the first phase, SG BMZ is required to contribute US\$800,000 to the registered capital of the White Mountain CJV over a three year period. Pursuant to two amendments to the CJV agreement dated August 10, 2005 and May 22, 2006, respectively, the registered capital of the White Mountain CJV is to be increased to US\$6 million, and SG BMZ is required to contribute an additional US\$5 million;
- the second phase, which is the development of a mining operation, is dependent on the outcome of the feasibility study. The investment and registered capital requirements for the second phase is determined by unanimous approval of the board of directors based on the outcome of the feasibility study, subject to obtaining the relevant PRC governmental approvals. SG BMZ is required to contribute to the increased registered capital; and
- SG BMZ has an option to acquire from Tonghua a further interest in the White Mountain CJV of 15% for RMB5 million if SG BMZ decides to proceed with the second phase. SG BMZ exercised such option during the first phase in July 2006. Therefore, SG BMZ holds 95%, and Tonghua holds 5%, of the equity interests.

Jinluo CJV agreement

On June 24, 2003, SG Jinluo entered into a CJV agreement with Brigade 117 to establish the Jinluo CJV. Such CJV agreement was subsequently amended on October 22, 2004, changing the CJV partner to Guiyang Minerals.

Guiyang Minerals is a state-owned enterprise established under PRC laws, registered under number 5200001202481. Guiyang Minerals is engaged in mineral mining and exploration and other activities within the business scope stipulated in its business licence.

In addition to the key features and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Jinluo CJV agreement:

- the project is divided into two phases;
- in the first phase, SG Jinluo is required to contribute US\$2 million to the registered capital in consideration for 65% of the equity interest. Guiyang Minerals is required to contribute its pre-work results, exploration rights, database and other rights pertaining to the project areas in consideration for 35% of the equity interest;
- if the board determines unanimously to increase the registered capital, SG Jinluo is entitled to contribute to the registered capital disproportionately. If total capital (which is subject to obtaining the relevant PRC governmental approvals) contributions made by SG Jinluo are US\$6.1 million, Guiyang Minerals and SG Jinluo are entitled to 15% and 85% of the equity interest, respectively. If the total capital contribution by SG Jinluo is greater than US\$2 million, but less than US\$6.1 million, the equity interest of SG Jinluo in the Jinluo CJV will be adjusted in accordance with a formula set forth in the CJV agreement;
- the second phase is the development of a mining operation. The investment and registered capital requirements for the second phase are determined by unanimous approval of the board based on the feasibility study, subject to obtaining necessary PRC governmental approvals. The increase in the registered capital is to be contributed by SG Jinluo; and
- in the first phase, the equity interest of Guiyang Minerals in the Jinluo CJV may not be diluted below 15%. In the second phase, SG Jinluo has been granted an option to acquire half of the equity interest in the CJV Company then held by Guiyang Minerals for RMB6 million. If exercised, SG Jinluo will hold between 82.5% and 92.5%, and Guiyang Minerals will hold between 7.5% and 17.5%, of the equity interests in the Jinluo CJV.

Heishan CJV agreement

On January 12, 2004, SG SPD entered into a CJV agreement with Shandong Bureau to establish the Heishan CJV.

Shandong Bureau is a semi-governmental department registered under number 137000000411. Shandong Bureau is engaged in geological exploration and other activities within the business scope as stipulated in its business licence.

In addition to the key common terms and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Heishan CJV agreement:

- the project is divided into two phases;
- in the first phase, SG SPD is required to contribute US\$990,500, of which US\$700,000 constitutes part of the registered capital. Shandong Bureau is required to contribute US\$424,500 by transferring to the Heishan CJV certain exploration rights, reports, data, surveys and other information and rights pertaining to the project areas in consideration for 30% of the equity interest, of which US\$300,000 constitutes the remainder of the registered capital. In the first

phase, if the actual capital contribution of SG SPD is less than 50% of the required total contribution, the Heishan CJV is not entitled to dispose of assets that have been transferred from Shandong Bureau to the Heishan CJV; and

- the second phase is the development of the mining operation. The investment and registered capital requirements for the second phase are determined by unanimous approval of the board based on the feasibility study. Both parties contribute to the registered capital proportionate to their equity interests. If a party fails to contribute and the other party contributes, the equity interest of the non-contributing party will be diluted. The equity interest of any party may not be diluted below 10%.

Sandi CJV agreement

On July 20, 2004, SG SEL entered into a CJV agreement with Zhengyuan, to establish the Sandi CJV.

Zhengyuan is a limited liability company established under PRC laws, registered under number 3700001806788. Zhengyuan is engaged in mineral exploration and other activities within the business scope stipulated in its business licence.

In addition to the key common terms and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Sandi CJV agreement:

- the project is divided into two phases;
- in the first phase, SG SEL is required to contribute US\$1,950,024, of which US\$1,365,017 constitutes part of the registered capital, in consideration for 80% of the equity interest. Zhengyuan is required to contribute exploration rights, reports, data, surveys and other information and rights pertaining to the project areas in consideration for 20% of the equity interest. The contribution of Zhengyuan is valued at US\$487,506, of which US\$341,254 constitutes the remainder of the registered capital. If the capital contribution of SG SEL is less than 80% of the required contribution, the Sandi CJV is not entitled to dispose of assets transferred by Zhengyuan to Sandi CJV;
- thereafter, the general manager of the Sandi CJV is entitled to issue a cash call to SG SEL and Zhengyuan to fund exploration and development, each of whom is required to contribute proportionate to their equity interests, subject to obtaining the relevant PRC governmental approvals. If such cash call results in any increase of registered capital, unanimous board approval is necessary. If a party fails to contribute and the other party contributes, the equity interest of the non-contributing party will be diluted;
- if the capital contribution of SG SEL is 80% of the required contribution, and if the board decides not to proceed with the exploration program and/or feasibility study, the Sandi CJV is entitled to dispose of its assets;
- the Sandi CJV is entitled to withdraw from the project areas after the completion of the exploration work. Upon Sandi CJV’s withdrawal, SG SEL is entitled to sell its interest in the Sandi CJV to Zhengyuan and withdraw from the agreement. The data pertaining to the project areas, the exploration rights and data obtained from the exploration program will be transferred to Zhengyuan; and

- the second phase of the project is the commercial development of a mining operation. The investment and registered capital requirements for the second phase are determined by the board based on the feasibility study. Both parties are required to contribute to the registered capital proportionate to their equity interest.

Golden Triangle CJV agreement

On September 2, 2006, SG Golden Triangle entered into a CJV agreement with Guangxi Institute to establish the Golden Triangle CJV.

Guangxi Institute is a semi-governmental department registered under number 145000060052. Guangxi Institute is engaged in geological exploration and other activities within the business scope stipulated in its business licence.

In addition to the key common terms and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Golden Triangle CJV agreement:

- the project is divided into two phases;
- in the first phase, SG Golden Triangle is required to contribute US\$2,100,000 as registered capital over a three-year period in consideration for 70% of the equity interest. Guangxi Institute is required to contribute its pre-work results, exploration and mining rights, database and other rights pertaining to the project areas in consideration for 30% of the equity interest. If the board unanimously determines to increase the registered capital (which is subject to obtaining necessary PRC governmental approvals), SG Golden Triangle is entitled to contribute to the registered capital disproportionately. The interest of Guangxi Institute may not be diluted below 15%. If the total capital contribution is US\$5,100,000, SG Golden Triangle will hold 85%, and Guangxi Institute will hold 15%, of the equity interest. If SG Golden Triangle’s total capital contribution is more than US\$2,100,000 but less than US\$5,100,000, SG Golden Triangle’s equity interest will be adjusted in accordance with a formula set forth in the CJV agreement;
- in the second phase, subject to obtaining the relevant PRC governmental approvals, SG Golden Triangle and Guangxi Institute are required to contribute to the registered capital proportionate to their equity interests. At the request of Guangxi Institute, SG Golden Triangle is required to provide a loan to Guangxi Institute at the same rate of interest as that for SG Golden Triangle’s project financing to assist Guangxi Institute to make its capital commitment. SG Golden Triangle is entitled to be repaid in priority from the cash flow of the Golden Triangle Project. If Guangxi Institute does not contribute, SG Golden Triangle is entitled to acquire 2/3 of Guangxi Institute’s then interest in the Golden Triangle CJV for RMB7,000,000 within 12 months after the completion of the feasibility study. If exercised, Guangxi Institute will hold between 5% and 10%, and SG Golden Triangle will hold between 90% and 95%, of the equity interest in the Golden Triangle CJV, respectively; and
- between date of the CJV agreement and the commencement of the mine construction, SG Golden Triangle is required to pay RMB6,000,000 to Guangxi Institute for evaluation and transfer of the exploration right and geological data.

CJV Agreements for Projects Pending Governmental Approval

The Group has also entered into the following CJV agreements with local PRC CJV partners. As at the Latest Practicable Date, the Group has not yet received the requisite governmental approvals for the proposed CJV companies pursuant to such CJV agreements.

Jindu CJV agreement

On July 24, 2003, SG Jindu entered into a CJV agreement with China Gold to establish the Jindu CJV. Such CJV agreement was subsequently amended on December 28, 2003 and April 5, 2006.

China Gold is a wholly state-owned limited liability company, registered under number 5200001207047. China Gold is engaged in mineral resources exploration and other activities within the business scope stipulated in its business licence.

In addition to the key features and variations discussed in the section headed “Business — Information on CJV Agreements” in this prospectus, the following is a summary of other principal terms of the Jindu CJV agreement, as amended by the supplementary agreement:

- the project is divided into two phases;
- in the first phase, SG Jindu is required to contribute US\$1,500,000 as registered capital over five years in consideration for 75% of the equity interest. China Gold is required to contribute pre-work results, exploration rights, database and other rights pertaining to the project areas in consideration for 25% of the equity interest. If the board determines unanimously to increase the registered capital (subject to obtaining the relevant PRC governmental approvals), SG Jindu is entitled to contribute to the registered capital disproportionately. If the total capital contribution by SG Jindu is US\$2,830,000, SG Jindu will hold 85%, and China Gold will hold 15%, of the equity interests, in the Jindu CJV. If SG Jindu’s total capital contribution is more than US\$1,500,000 but less than US\$2,830,000, SG Jindu’s interest will be adjusted in accordance with a formula set forth in the CJV agreement;
- in the second phase, subject to obtaining, the relevant PRC governmental approvals, China Gold is required to contribute to the increased registered capital, as determined unanimously by the board, proportionate to its equity interest. At the request of China Gold, SG Jindu is required to provide a loan to China Gold at the same rate of interest as that for SG Jindu’s project financing to assist China Gold to make its capital contribution, on the terms that one third of the loan will not be required to be repaid and will bear no interest. SG Jindu is entitled to be repaid in priority from the cash flow of the Jindu Project. If China Gold does not contribute, SG Jindu is entitled to acquire 2/3 of Guizhou Gold’s then equity interest in the Jindu CJV for RMB5,000,000 within 12 months of completion of the feasibility study. If exercised, China Gold will hold between 5% and 8.3%, and SG Jindu will hold between 91.7% and 95%, of the equity interest in the Jindu CJV; and
- between the date of the agreement (including the supplementary agreement) and the commencement of the mine construction, SG Jindu is required to pay RMB9,000,000 to China Gold for evaluation and transfer of the exploration rights and data.