

A. OVERVIEW

The estimate of our net loss and comprehensive loss attributable to equity holders of our Company for the year ended December 31, 2009 is set out in the section headed “Financial Information — Loss Estimate”.

B. BASES AND ASSUMPTIONS

Our Directors have prepared the estimated net loss and comprehensive loss attributable to equity holders of our Company for the year ended December 31, 2009 based on the audited results of our Group for the nine months ended September 30, 2009, the unaudited management accounts of our Group for the two months ended November 30, 2009 and an estimate of the consolidated results of our Group for the remaining one month ended December 31, 2009. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as set out in Note 4 of “Appendix I — Accountant’s Report” to this prospectus. Our Directors have adopted the following assumptions in the preparation of the loss estimate:

- (i) there will be no material changes in our Group’s operations;
- (ii) there will be no material changes in the existing political, legal, fiscal, market or economic conditions in Mongolia, PRC and Hong Kong or in any other country or territory in which our Group currently operates or which are otherwise material to our business;
- (iii) there will be no changes in legislation, regulations or rules in Mongolia, the PRC, Hong Kong or in any other countries or territories in which our Group operates or with which our Group has arrangements or agreements, which may materially adversely affect our Group’s business or operations;
- (iv) there will be no material changes in inflation rates, interest rates or foreign exchange rates from those currently prevailing in the context of our Group’s operations;
- (v) there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the countries or territories in which our Group operates except as otherwise disclosed in this prospectus; and
- (vi) our Group’s operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents.

C. LETTERS

Set out below are the texts of letters received by our Directors from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, and from the Joint Sponsors in connection with the estimate of the net loss attributable to equity holders of the Company for the year ended December 31, 2009.

(a) Letter from Deloitte Touche Tohmatsu

Deloitte.
德勤

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香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

January 15, 2010

The Directors
SouthGobi Energy Resources Ltd.
Citigroup Global Markets Asia Limited
Macquarie Capital Securities Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the Loss Estimate of the consolidated net loss of SouthGobi Energy Resources Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended December 31, 2009 attributable to equity holders of the Company (the “Loss Estimate”), for which the directors of the Company are solely responsible, as set out in the prospectus dated January 15, 2010 issued by the Company (the “Prospectus”). The Loss Estimate is prepared based on the audited results of the Group for the nine months ended September 30, 2009, the consolidated results shown in the unaudited management accounts of the Group for the two months ended November 30, 2009, and an estimate of the consolidated results of the Group for the remaining one month of the financial year ended December 31, 2009.

In our opinion the Loss Estimate, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in part B of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountant’s report of the financial information on the Group for the three years ended December 31, 2008 and the nine months ended September 30, 2009 as set out in Appendix I to the Prospectus.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(b) Letter from Citigroup Global Markets Asia Limited and Macquarie Capital Securities Limited

January 15, 2010

The Directors
SouthGobi Energy Resources Ltd.

Dear Sirs,

We refer to the estimate of the net loss and comprehensive loss attributable to the equity holders of SouthGobi Energy Resources Ltd. (the "Company", together with its subsidiaries, the "Group") for the year ended December 31, 2009 (the "Loss Estimate") as set out in the section entitled "Financial Information — Loss Estimate" of the prospectus of the Company dated January 15, 2010 (the "Prospectus").

The Loss Estimate, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the nine months ended September 30, 2009, the unaudited consolidated results based on management accounts for the two months ended November 30, 2009, and an estimate of the consolidated results of the Group for the one month of the financial year ended December 31, 2009.

We have discussed with you the bases made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Loss Estimate has been made. We have also considered the letter dated January 15, 2010 addressed to yourselves and ourselves from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the information comprising the Loss Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Loss Estimate for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Citigroup Global Markets Asia Limited

Willy Liu
Managing Director

Richard Zhang
Director

Yours faithfully,
For and on behalf of
Macquarie Capital Securities Limited

Bardin Davis
Managing Director

Debora Cheng
Managing Director