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## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

### **ANNOUNCEMENT**

### **BUSINESS UPDATE**

This announcement is made by Mongolia Energy Corporation Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 25 January 2016 (the “**Announcement**”). Capitalized terms used in this announcement have the same meaning as those used in the Announcement, unless otherwise stated.

We are pleased to inform that we have entered into the coal supply contract for this year up to 31 December 2016 with our customer in Xinjiang, the People’s Republic of China, for supplying up to 1,000,000 tonnes of coking coal (raw coal) conditional on the sales price to be negotiated and mutually agreed from time to time between the parties in this period. We are currently preparing for recommencement of the on-site excavation works and operation of our washing plant in Xinjiang. The target surface of our coal mine has already been stripped which is ready for the current coal excavation. Overburden removal works will be required in due course for the ongoing mining works. We have already started shipping handful amount of cleaned coking coal sitting at our washing plant to our customer by the end of February. According to our schedule, the first loading of coal for export is expected to take place in early March. Notwithstanding the signing of the coal supply contract, our production and shipment of coal are closely linked to the market conditions. We will closely monitor the developments and adjust our operation schedule from time to time. If the market conditions remain harsh, we may halt our production temporarily and this will affect our trading prospects.

In relation to the settlement negotiation with Monnis, our former overburden removal contractor, MoEnCo has made further partial payment of US\$200,000 (approximately HK\$1.56 million) to Monnis in February. We are endeavoring to reach a settlement with Monnis and will make further update as and when necessary.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Mongolia Energy Corporation Limited**  
**Tang Chi Kei**  
*Company Secretary*

Hong Kong, 1 March 2016

*As at the date of this announcement, the Board comprises six Directors, including Mr. Lo Lin Shing, Simon and Ms. Yvette Ong as executive Directors, Mr. To Hin Tsun, Gerald as non-executive Director, and Mr. Peter Pun OBE, JP, Mr. Tsui Hing Chuen, William JP, and Mr. Lau Wai Piu as independent non-executive Directors.*