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## **MONGOLIA ENERGY CORPORATION LIMITED**

**蒙古能源有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code : 276)

### **UNUSUAL PRICE AND TRADING VOLUME MOVEMENT AND PROFIT WARNING**

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Mongolia Energy Corporation Limited (“**MEC**”) has noted the recent increases in the price and trading volume of its shares and MEC wishes to state that it is not aware of any reasons for such increases. The board of directors (the “**Board**”) of MEC would also like to inform its shareholders and potential investors that MEC and its group (the “**Group**”) is expected to record a loss for the year ended March 31, 2009 as compared to a profit for the year ended March 31, 2008.

As an update, in relation to the Khushuut project, of around 600 hectares of MEC's 330,000 hectares of concession areas in western Mongolia for coal, ferrous and non-ferrous metal resources, and other announced projects of MEC, the indications of the analytical results from drilling works, which are being gathered in, are that substantially all of the 150 million tonnes of JORC compliant in-place resources demonstrated at Khushuut, are of coking coal quality. Coking coal is an essential ingredient for steel manufacture.

**Shareholders and potential investors should exercise caution when dealing in the shares and securities of MEC.**

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Mongolia Energy Corporation Limited (“**MEC**”) has noted the recent increases in the price and trading volume of its shares and MEC wishes to state that it is not aware of any reasons for such increases. The board of directors (the “**Board**”) of MEC would also like to inform its shareholders and potential investors that the Group is expected to record a loss for the year ended March 31, 2009 as compared to a profit for the year ended March 31, 2008. The Board believes that the loss will flow mainly from (i) the loss relating to the expenses for exploration and other costs and expenses consistent with MEC's

business as an energy and resources developer (approximately HK\$45 million). Further, there will be (ii) pure accounting losses by reason of early redemption of loan note which saves MEC interest (approximately HK\$100 million); (iii) pure accounting loss treatments on finance costs requiring interest to be charged at an effective interest rate despite (a) loan note at 5% interest rate and (b) two convertible notes of the company at zero and 3% interest rate respectively (approximately HK\$171 million) and (iv) there being no re-valuation gain on investment property as with the previous fiscal year 2007/2008.

The above is based on the preliminary assessment of the consolidated management accounts of the Group by the Board, which has not been confirmed or audited by the MEC's independent auditor. MEC is in the process of finalizing the Group's audited financial results for the year ended March 31, 2009, which is expected to be published in July 2009. Please refer to MEC's Interim Report for the six months ended September 30, 2008 for MEC's accounting treatments.

Apart from the above, the Board confirmed that there are no negotiations or agreements relating to intended acquisition or realizations which are discloseable under rule 13.23 of Listing Rules, and neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

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Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

Hong Kong, May 20, 2009

*As at the date hereof, the Board comprises seven directors, of which Mr. Lo Lin Shing, Simon, Mr. Liu Zhuo Wei, and Ms. Yvette Ong are executive directors, Mr. To Hin Tsun, Gerald is a non-executive director and Mr. Peter Pun OBE, JP, Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are independent non-executive directors.*

*\* For identification purpose only*