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## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

### **PROFIT WARNING AND BUSINESS UPDATES**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on the information currently available, it is expected that the Group may record a significant gross loss for the financial year ending 31 March 2013 as compared with the audited results in 2012 on the same basis.

This profit warning announcement is only based on the preliminary review on the currently available information and the management accounts of the Company, which have not been confirmed nor audited by the Company's independent auditor.

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

This announcement is made by Mongolia Energy Corporation Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that based on the information currently available, it is expected that the Group may record a significant gross loss for the financial year ending 31 March 2013 as compared with the audited results in 2012 on the same basis.

Based on the preliminary review on the management accounts of the Company, the gross loss will, among others, be attributable to (i) the temporary halt of commercial coking coal production since last September due to the retreat of Leighton as mine contractor of our Khushuut Coal Mine; and (ii) the technical issues in operation facing by the Group.

As disclosed previously, our technical issues include the need to improve our coal screening capability on site; otherwise the continued production and export of our coking coal products will unjustifiably increase our operation costs and affect our products' quality. We are installing a dry coal processing system for improvement of our coal screening process as an immediate measure.

As a result of a change of mining contractor, the mining plan for the Khushuut Coal Mine may be subject to change which may affect the valuation of the Group's mining assets. The loss for this financial year may further be adjusted depending on the results of impairment review of the Khushuut mine related assets, which has yet to be carried out. The possible impairment loss, if any, is a non-cash accounting treatment in accordance with Hong Kong Financial Reporting Standards and it will have no effect on the cash flow for the Group's operation.

In view of the sluggish coal market condition, technical issues facing by the Group, and the strategic deposit issues, our mining operation has been curtailed due to such uncertainties. Nevertheless, our operation team on site is currently performing the overburden removal and other preparation works to prepare for our resumption of commercial coal production at any time. In the meantime, we are finalizing the coal extraction contractor selection process and hopes to conclude and sign up a coal extraction contractor as soon as possible.

Also as part of the costs saving measures, we are reviewing the development potential of our other non-Khushuut mining and exploration licences so as to cut down the mandatory exploration and routine maintenance costs of these licences.

This profit warning announcement is only based on the preliminary review on the information currently available and the management accounts of the Group, which have not been confirmed nor audited by the Company's independent auditor.

The Company will further update the shareholders and potential investors as and when appropriate.

**Shareholders of the Company 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, 25 March 2013

*As at the date of this announcement, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Liu Zhuo Wei 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.*