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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

UPDATE ON THE ISSUE OF STRATEGIC DEPOSITS AND MINERAL LICENCES

Mongolia Energy Corporation Limited is pleased to announce that its Khushuut Coal Mine has been removed from the proposed list of Strategic Deposits for consideration by the Mongolian Parliament.

In order to concentrate our resources for development of our Khushuut Project, we have planned to dispose of our deposit in Bayan-Ugii which contains iron resources. Due to the current market condition, we anticipate an impairment of value may arise on the valuation of this exploration licence. In addition, upon expiry of our non-Khushuut related mineral licences, we will not apply for renewal if they have no development potential in order to save unnecessary expenses.

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 Company refers to its announcement dated 6 June 2013 (the “**Announcement**”). Capitalised terms used in this announcement have the same meaning as those defined in the Announcement, unless otherwise stated.

It was reported in the Announcement that the Mongolian government had proposed to add the Khushuut Coal Mine into the list of Strategic Deposits for consideration by the Parliament of Mongolia. According to our enquiry with our Mongolian legal adviser and its advice on 28 May 2014, we are pleased to announce that our Khushuut Coal Mine has been removed from the proposed list of Strategic Deposits for consideration by the Mongolian Parliament.

In order to concentrate our resources for development of our Khushuut Project, we have planned to dispose of our deposit in Bayan-Ugii which, according to our preliminary exploration, contains iron resources. The relevant exploration licence was acquired by us in 2009 and announced on 10 July 2009. No potential purchaser has been identified for the time being. In the meantime, a valuation on the recoverable amount on the relevant exploration licence will be carried out by an independent valuer. In view of the current market condition, we anticipate an impairment of value may arise; however, such impairment loss is non-cash in nature and will not affect our liquidity, cashflow nor will it have any impact on future operations. In addition, for the purpose of saving unnecessary expenditure, upon expiry of our non-Khushuut related mineral licences, we will not apply for renewal if they have no development potential. The non-renewal of these licences will not have any financial impact on the Company.

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, 30 May 2014

As at the date of this announcement, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon 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.