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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

FULFILLMENT OF RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

The Company is pleased to announce that the Company has fulfilled all the conditions stated in the Resumption Guidance as disclosed in the Announcement to the satisfaction of the Stock Exchange. Trading in the Shares on the Stock Exchange will be resumed at 9:00 a.m. on 1 November 2022.

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 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 (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 8 August 2022 (the “**Announcement**”) in relation to the resumption guidance for the resumption of trading in the Shares. Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those ascribed to them in the Announcement.

RESUMPTION GUIDANCE

Trading in the Shares on the Stock Exchange has been suspended since 4 July 2022 as the Annual Results were unable to be published by 30 June 2022 under the requirement of the Listing Rules. As stated in the Announcement, the Stock Exchange has set out the following conditions in its Resumption Guidance for the Company as follows:

- (1) publish all outstanding financial results and address any audit modifications (the “**First Resumption Guidance**”);
- (2) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (the “**Second Resumption Guidance**”); and
- (3) inform the market of all material information for the Shareholders and other investors to appraise the Company’s position (the “**Third Resumption Guidance**”).

FULFILLMENT OF RESUMPTION GUIDANCE

The Company is pleased to announce that, as of the date hereof, each of the conditions under the Resumption Guidance has been fulfilled, details of which are set out below.

The First Resumption Guidance

As disclosed in the announcement dated 31 October 2022, (the “**Results Announcement**”) the Company has published its Annual Results with an unqualified opinion on the Group’s consolidated financial position and a disclaimer (the “**Disclaimer**”) of opinion on the Group’s consolidated financial performance and consolidated cash flows from the independent auditor. The fundamental reason for the Disclaimer made by the independent auditor is due to the limitation of audit scope on (i) the recoverable amount of the Khushuut mine and related assets (“**Khushuut Related Assets**”) as at 31 March 2021 and the related profit and loss impact for the Financial Year; and (ii) the deferred tax (mainly associated to the Khushuut Related Assets) recognised by the Group during the Financial Year.

Please refer to pages 40 to 41 in the Results Announcement relating to the Khushuut Related Assets and page 42 in the Results Announcement relating to the deferred tax for details.

The audit committee of the Company (the “**Audit Committee**”) made thorough discussion with the current independent auditor on certain prior years adjustments and matters indicating the disclaimer of opinion on mine valuation on 22 June 2022 and 27 July 2022 respectively. The current independent auditor further indicated the deferred taxation to the Company on 23 August 2022. The Audit Committee has reviewed the Disclaimer and prior year adjustments for the Financial Year and has well noted the basis thereof. It has considered if it was appropriate to make reassessment on the impairment testing as at 31 March 2021. The Audit Committee after deliberate consideration, is of the view that it would not be appropriate to reassess the impairment for the financial year ended 31 March 2021 as the then key assumptions adopted were based on the plan of the Group as at 31 March 2021. On the other hand, the Audit Committee has no objection to the key changes and the assumptions used for impairment testing for the Financial Year.

The management of the Company (“**Management**”) had followed the proper internal procedures in the preparation of the financial statement, and also include among other things, (i) providing all relevant financial statements to the former and current independent auditors and addressing their queries in a timely manner during the financial statement preparation process; (ii) retaining external professional valuer; and (iii) engaging in thorough discussion with the Audit Committee and both the former and current independent auditors. The Audit Committee had reviewed the financial statements for the year ended 2020, six months ended 30 September 2020, financial statements for the year ended 2021, six months ended 30 September 2021 and the financial statements for the year ended 2022, the effectiveness of the Group’s risk management systems during these periods, independent auditors reports for these period, thorough discussion with the Management and the independent auditors. The Audit Committee did not note any accounting issues and audit disagreements with the Management and the former and current independent auditors in the preparation of the relevant financial statements. The Audit Committee had also (i) reviewed the internal controls of the Group in the preparation of the financial statements; (ii) made inquiries on the assumptions adopted by the Group in the preparation of the financial statements; and (iii) ensured competent adviser had been retained, and proper procedures had been followed relating to the financial statements preparation throughout. It noted that the Management had performed with due care in the preparation of the financial statements together with other financial information of the Group and had been cooperative with the independent auditor to perform the Group’s annual audit review. As the Disclaimer and

prior year adjustments mainly involved the difference in commercial judgments, views on future business plans for the purposes of valuation and unintended accounting errors, the Audit Committee found that there has not been any fundamental weakness in the Group's internal control and the Management had not committed any material wrongdoings in the process.

The Management has also reviewed the impact of the Disclaimer on the Group and considers that it does not have any significant impact on the Group's daily operation and cashflow position. Besides, the Disclaimer is non-recurring in nature as it has no effect on the Company's consolidated statement of financial position as at 31 March 2022 as the independent auditor issued an unqualified opinion on the Group's consolidated financial position as at 31 March 2022.

Therefore, the Company expects the Disclaimer will be removed in the financial year ending 31 March 2023 except for the comparative figures and information disclosed for the corresponding period for the year ended 31 March 2022 will be qualified as it is not comparable to that of the coming year due to the limitation of scope.

The Directors hereby confirm that there was no disagreement between the views of the Audit Committee and the Management in respect of (i) the Disclaimer; and (ii) the necessity of any action plan to address the Disclaimer. In addition, as of the date of this announcement, the current independent auditor has not yet been re-appointed as the auditor of the Company for the audit of the year ending 31 March 2023 pending Shareholders' approval at the upcoming annual general meeting. Nevertheless, the current independent auditor has indicated that the two issues that resulted in the Disclaimer, namely the impairment assessment and deferred tax assessment, would have been addressed by the Management and resolved, and will not be carried forward to next financial year.

Conclusively, the Company is of the view that the First Resumption Guidance has been fulfilled.

The Second Resumption Guidance

As disclosed in the Results Announcement, the revenue was HK\$1,563 million and the gross profit was HK\$615 million for the Financial Year. The total assets of the Group was HK\$3,620 million as at 31 March 2022. As at the same date, excluding site and construction workers directly employed by our contractors, the Group employed 758 full-time employees in Hong Kong, Mongolia, and the People's Republic of China. The audit issues are merely technical and accounting items and relevant prior year adjustments made were non-cash in nature and did not affect the cash flow position of the Group for the Financial Year. The Group's normal operation has also not been affected, and there has not been any adverse changes regarding the Group's operation after the publication of the unaudited results announcement on 15 July 2022.

Accordingly, the Company is of the view that the Group has always complied with Rule 13.24 of the Listing Rules and the Second Resumption Guidance has been fulfilled.

The Third Resumption Guidance

The update position of the Company has been disclosed in the Results Announcement. As explained above, the major reason for the suspension of trading of the Shares was the Company's inability to publish the audited financial information on time due to more time was required by the new independent auditor to complete the audit work. The Results Announcement has been published and the audit issues have all been satisfactorily dealt with. Apart from those disclosed in this and all prior announcements, there is no other material information which the Company is required to bring to the attention of the Shareholders and potential investors.

Accordingly, the Company is of the view that the Third Resumption Guidance has also been fulfilled.

LISTING RULES IMPLICATIONS

Pursuant to Rule 13.49(1) of the Listing Rules, an issuer shall publish in accordance with rule 2.07C its preliminary results in respect of each financial year as soon as possible, but in any event no later than three months after the end of the financial year.

Pursuant to Rule 13.46(2)(a) of the Listing Rules, an issuer is required to despatch its annual report to shareholders no later than four months after the end of the financial year.

As explained in the prior announcements of the Company and this announcement, the delay in the publication of the Audited Annual Results for the Financial Year and the 2022 Annual Report is mainly due to the additional time required by the new independent auditor to complete the audit in concluding their audit opinion on the Group's consolidated financial statements for the Financial Year. The Company had rendered every assistance to cooperate and enable the new independent auditor for completion of the audit process and the event is out of the control of the Company. In addition, the Company had kept the Shareholders and potential investors informed of the Group's latest financial and operation positions through the publication of the unaudited results for the Financial Year on 15 July 2022 and the quarterly update on 3 October 2022.

The Company will publish and despatch the annual report for the Financial Year containing all the information required by the Listing Rules to the Shareholders on or before 10 November 2022.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 4 July 2022. As all the conditions under the Resumption Guidance have been fulfilled, the Stock Exchange has accepted the Company's trading resumption application. The trading in the Shares on the Stock Exchange will be resumed at 9:00 a.m. on 1 November 2022.

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

Hong Kong, 31 October 2022

As at the date of this announcement, the board of directors of the Company comprises nine directors, including Mr. Lo Lin Shing, Simon, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei and Mr. Lo, Chris Cze Wai as executive directors, Mr. To Hin Tsun, Gerald and Mr. Tang Chi Kei as non-executive directors, and Mr. Tsui Hing Chuen, William_{JP}, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank as independent non-executive directors.