MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

INSIDE INFORMATION
SUBSTANTIAL REDUCTION IN LOSS

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record a substantial reduction in loss for the six-month period ended 30 September 2019 as compared with the corresponding period in 2018.

Shareholders 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**", together with its subsidiaries, the "**Group**") 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 under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the latest available information and a preliminary review of the latest unaudited consolidated management accounts of the Group for the five-month period ended 31 August 2019, the Group recorded an accumulated net loss of approximately HK$102 million. Therefore, subject to the finalization of assessment on the (i) recoverable amount of Khushuut related assets and (ii) fair value of the derivative component of convertible notes as at 30 September 2019, it is expected that there would be a substantial reduction in loss in the unaudited net loss for the six months ended 30 September 2019 compared with the corresponding period last year. The reduction in loss is primarily due to the surge in demands and orders of clean coking coal from our customers in Xinjiang, People's Republic of China, resulting in revenue increase of approximately twofold compared with that of the last corresponding period.

The information contained in this announcement is only based on the preliminary review of the latest unaudited consolidated management accounts of the Group and the information currently available to the Board. Such information has not been reviewed by the Company's auditors. The Company is in the process of finalizing the interim results for the six months ended 30 September 2019, and further adjustments to the interim results may arise. The interim results announcement of the Group for the six months ended 30 September 2019 is expected to be published in November 2019.

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, 10 October 2019

As at the date of this announcement, the Board comprises seven Directors, including Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Lo, Rex Cze Kei as executive Directors, Mr. To Hin Tsun, Gerald as non-executive Director, and Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank as independent non-executive Directors.