MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

PROFIT WARNING

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 (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the unaudited gross profit of the Group for the six months period ending 30 September 2020 (the "**Financial Period**") is expected to record a decrease to approximately HK$77.3 million (2019: HK$365.3 million).

The significant decrease of gross profit for the Financial Period is principally due to the global outbreak of the COVID-19 pandemic which has resulted in widespread of travel restrictions and quarantines imposed in mainland China, Mongolia and Hong Kong. This has negatively impacted the Group's mining operations during the Financial Period. The unaudited revenue of the Group for the Financial Period is expected to be approximately HK$252.0 million, a 68.5% drop from the last corresponding period (2019: HK$800.1 million). However, with the easing of the pandemic in Xinjiang, PRC, the Group made attempts to revive its operations. The production and sales of the Group are back to normal gradually since August 2020.

The loss before taxation for the Financial Period is uncertain due to the review exercises which are still underway for the recoverable amount assessment on Khushuut mine and the changes in fair value on derivative components of convertible notes issued in March 2020. The exercises will only be finished at an advanced stage shortly before the publication of the interim results. However, both of these accounting items are non-cash in nature and will not affect the cash flow of the Group.

The Company is still in the process of finalising the interim results of the Group for the Financial Period. The information contained in this announcement is a preliminary assessment made by the Board based on information currently available to the Group, including the latest unaudited consolidated management accounts, which have not been audited or reviewed by the independent auditor or the audit committee of the Company and is subject to adjustments or amendments. Detailed financial information and performance of the Group for the Financial Period will be disclosed in its interim results announcement which is expected to be published in November 2020.

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, 24 September 2020

As at the date of this announcement, the board of directors of the Company comprises eight 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 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.