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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

BUSINESS UPDATE SETTLEMENT OF LEGAL PROCEEDINGS

The Company is pleased to announce that it has entered into the Settlement Agreement with Thiess for US\$5.75 million in full and final settlement of the disputes between the parties.

Reference is made to the announcements of Mongolia Energy Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 14 February 2013 and 31 May 2013 (the “**Announcements**”) in relation to the disputes between MoEnCo LLC (“**MoEnCo**”), an indirect wholly-owned subsidiary of the Company, and Leighton LLC (which has changed its name and is now known as Thiess Mongolia LLC, “**Thiess**”), the former mining contractor of MoEnCo in the Khushuut Coal Mine from 2010 to 2012. Unless otherwise defined, terms used in this announcement shall have the meanings as those defined in the Announcements.

Background

Two writs of summons (the “**Writs**”) were issued in the Court of First Instance of the High Court of Hong Kong in 2013 by Thiess against the Company as surety under a written contract of guarantee for an aggregate outstanding mining service fees allegedly due from MoEnCo to Thiess, or alternatively damages for breach of contract together with interest and costs.

Subsequently, Thiess requested to consolidate the two sets of proceedings under the Writs and are now known as Consolidated HCA 31/2016 and HCA 34/2016 (the “**Proceedings**”). The amount claimed by Thiess against the Company in the Proceedings is US\$13.5 million (approximately HK\$106 million).

SETTLEMENT AGREEMENT

On 16 September 2022, the Company and Thiess, each on a without admission of any liability basis, entered into a settlement Agreement (the “**Settlement Agreement**”) to settle all claims and actions against each other and all disputes in relation to the Proceedings.

Under the Settlement Agreement, the Company agrees to pay Thiess on a without admission of liability basis, on or before Friday, 30 September 2022, the amount of US\$5,750,000 (approximately HK\$45 million) in full and final settlement of all claims, actions and disputes in relation to the Proceedings. Upon signing of the Settlement Agreement, the parties will apply to the Court for a consent order to stay the Proceedings for 45 days from the date of the order to be made. Upon the payment of the said sum of US\$5,750,000 by the Company to Thiess on or before 30 September 2022, the parties shall apply to the Court for a consent order to discontinue the Proceedings.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

As the issues involved in the Proceedings are extremely complex and complicated, we have devoted substantial time and resources in defending this case. Should the Group continue the Proceedings, substantial amount of legal expenses would be further incurred. Taking into account the nature and complexity of this case, uncertainty of outcome in the Proceedings, to avoid further time and resources to be spent, and to enable the Group to concentrate on its business development, the board of directors of the Company (the “**Board**”) considers that the entering into the Settlement Agreement is fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE SETTLEMENT ON THE GROUP

The Group has previously provided approximately HK\$50 million as accounts payable in the consolidated financial statements since the balance sheet date of 31 March 2013 in accordance with the Hong Kong Financial Reporting Standards. As a result of the entering into the Settlement Agreement, it is estimated that the Group will record an unaudited one-off gain of approximately HK\$5 million written back to the profit and loss account for the year ending 31 March 2023 which is based on the difference between (i) the accounts payable of HK\$50 million as at 31 March 2022; and (ii) the payment of US\$5.75 million (approximately HK\$45 million) under the Settlement Agreement for the full and final settlement of the Proceedings. The Group shall settle the payment by way of internal resources. The Board considers that there will be no material adverse impact on the financial position of the Group as a result of the payment to be made under the Settlement Agreement.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Company's shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was suspended with effect from 9:00 a.m. on 4 July 2022, pending of the publication of the audited annual results for the year ended 31 March 2022 (the "**Annual Results**"). As a result of the delay in publication of the Annual Results and the requirements of Rule 13.50 of the Rules Governing the Listing of Securities on the Stock Exchange, trading in the Shares on the Stock Exchange will remain suspended until further notice.

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

Hong Kong, 16 September 2022

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.83 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such a rate.

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.