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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

INSIDE INFORMATION

MONGOLIA TAX AUDIT

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 Hong Kong Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mongolia Tax Audit

The Company wishes to inform its shareholders and potential investors that on or around 28 July 2023, MoEnCo LLC (“**MoEnCo**”), our indirect wholly-owned subsidiary operating in Mongolia, received a notice of tax finding from the Mongolia General Tax Office (“**GTO**”). Under the said notice, the GTO informed MoEnCo that it has recently completed a routine periodic tax audit (the “**Tax Audit**”) on MoEnCo for the period between 2017 and 2020, including sales revenues, unrealized foreign exchanges losses, royalty, etc. As a result of the Tax Audit, the GTO notified MoEnCo its finding that the total tax payables including additional taxes and penalty for the relevant period are approximately US\$52.1 million (the “**Additional Taxes**”).

Under Mongolian law, MoEnCo could file a notice of appeal within period of 30-day from the date of receipt of the notice in relation to the tax amount payable. Upon receipt of the said notice, MoEnCo immediately studied the nature and issues involved under the tax finding, and also sought preliminary advice from professional experts. Based on the professional advice and the preliminary review and assessment of MoEnCo, MoEnCo will not accept the finding of the Tax Audit and proposes to file the notice of appeal with the Mongolia tax authority. The Group is currently reviewing the finding from the GTO and taking more detailed and thorough professional advice from Mongolian tax and legal experts. As at the date of this announcement, the Company has yet to make any provision of the Additional Taxes in its accounting records pending a solid and thorough assessment from its legal and tax experts.

Based on the Company's preliminary assessment by reference to the information currently available to it but subject to any further actions to be taken by MoEnCo, the finding of the Tax Audit, save for the provision of the full or partial amount of the Additional Taxes which may require, do not appear to have material adverse effect on the operation of the Group. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress in due course as and when appropriate.

Shareholders and potential investors of the Company 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, 21 August 2023

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. Lo, James Cze Chung 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.