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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

BUSINESS UPDATE ON MONGOLIA TAX AUDIT

Reference is made to the Company's announcements dated 21 August 2023 and 7 November 2023 (the "**Announcements**"). Unless otherwise defined in this announcement, capitalised terms shall have the same meanings as defined in the Announcements.

As disclosed in the Announcements, MoEnCo received a notice of tax findings from the Mongolia General Tax Office for the tax period between 2017 and 2020 on certain tax items and the Additional Taxes payable by MoEnCo for the relevant period were approximately US\$52.1 million. Subsequently, MoEnCo filed an appeal notice against the tax findings and the Tax Dispute Resolution Committee of Mongolia ("**TDRC**") hearing took place on 29 January 2024.

On 14 February 2024, MoEnCo received a decision letter from the TDRC after the tax review hearing. The letter states that the Additional Taxes demand is suspended, pending reinvestigation on some of the tax items by the tax authority. The reinvestigation tax items include the issues on transfer pricing, withholding taxes, foreign exchange unrealised loss, exploration depreciation, asset and road depreciation amounting to approximately US\$48.6 million (the "**Reinvestigation items**"). However, there are some tax items which the TDRC did not order reinvestigation (the "**Non-reinvestigation items**"), namely the royalty taxes, past due payment on royalty, consumed coal and immovable property tax amounting to US\$3.48 million. As it is not clear if a final tax review decision has been made on the Non-reinvestigation items, MoEnCo sought clarification from the TDRC. The TDRC replied that final decision on all items (including the Non-reinvestigation items) would be made in the next hearing after the tax authority has completed the reinvestigation on the Reinvestigation items.

On 23 February 2024, MoEnCo received a notice from the tax authority advising that the reinvestigation process will commence on or about 7 March 2024, and the duration required will be 45 working days. The next TDRC hearing will only be held after the completion of the reinvestigation process but the time is yet to know.

The Group is assessing the implications of the notices from the TDRC. In any event, if the Group does not agree with the final decision of the TDRC after the next hearing, the Group may make further appeal to the Mongolia court within 30 days upon receipt

of the final decision from the TDRC.

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.

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

Hong Kong, 28 February 2024

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.