MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

INSIDE INFORMATION
in relation to
the Results for the Financial Year ended 31 March 2025 and
the Mongolian Tax issues

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 results for the Financial Year ended 31 March 2025

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the latest unaudited consolidated management accounts of the Group for the financial year ended 31 March 2025 (the "**Financial Year**"), the unaudited revenue and the unaudited gross profit of the Group for the Financial Year are expected to decrease from HK$3,173.2 million and HK$1,186.9 million for the year ended 31 March 2024 to approximately HK$2,800.0 million and HK$848.0 million respectively. The decrease in revenue and gross profit in the Financial Year was primarily due to the decline in average coal selling prices.

The Group's financial results for the Financial Year are in the finalization stage, with particular focus on the potential impairment loss related to the Group's Khushuut mine-related assets. The impairment assessment remains ongoing and is expected to be completed in the advanced stages shortly before the official publication of the 2025 Annual Results. This assessment follows a discounted cash flow model, incorporating the management's best estimates on key assumptions, including but not limited to selling price trends, future production and sales volumes, and discount rates, and each of which plays a critical role in determining the recoverable amount of Khushuut mine-related assets as of 31 March 2025. Preliminary findings suggest that a significant impairment loss, estimated in the low-ten figures in Hong Kong dollars, may arise due to the continuous decline in the average selling prices of coal products. However, the recoverable amount remains highly sensitive to the collective changes across all key assumptions within the discounted cash flow model. The final impairment figure remains subject to further independent auditor's review. Nevertheless, the relevant impairment loss is a non-cash accounting adjustment and will not impact the Group's cash flow.

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 Board and is subject to adjustments or amendments. As the Company is still in the process of finalizing the 2025 Annual Results, actual audited financial information of the Group for the Financial Year may be different from what is disclosed in this announcement. Potential investors and the Shareholders are advised to read carefully the results announcement of the Group for the Financial Year, which is expected to be released in late June 2025.

The Mongolian Tax issues

Reference is made to the announcements dated 21 August 2023, 7 November 2023, 28 February 2024, 7 May 2024 and 23 May 2024 of the Company (the "**Announcements**") in relation to aggregate outstanding tax demand from the Mongolian General Tax Office ("**GTO**") on MoEnCo LLC ("**MoEnCo**") in the approximate sum of HK$ 1,333.1 million. Unless otherwise defined in this announcement, capitalised terms shall have the same meanings as defined in the Announcements.

The Company was informed on 19 May 2025 that the Tax Dispute Resolution Committee of Mongolia ("**TDRC**") re-hearing will take place on 23 May 2025. In addition, the bank accounts of MoEnCo have also been frozen for part of the outstanding amount of approximately US$109,250,000 (approximately HK$852,150,000) by the GTO. If the result of the re-hearing is not favourable to the Group and the said outstanding amount continues to remain outstanding, GTO has the right to take further action including seizure of the MoEnCo's assets in Mongolia. If such event happens, MoEnCo's operation would come to a halt. Currently, the operation of MoEnCo remains normal.

As advised by our Mongolian legal adviser, notwithstanding the freezing of MoEnCo's bank accounts, MoEnCo could still defend its case in the TDRC and under the Mongolian legal procedures. In the meantime, the Group will exercise all its reasonable endeavours to negotiate with the relevant Mongolian authorities for an amicable solution. If no speedy resolution is reached, and the outcome of the TDRC re-hearing is negative, it may have adverse operational and financial impacts (including going concern) on the Group.

The Company will closely monitor the developments and publish further announcement(s) to keep Shareholders and potential investors informed of any progress in due course as and when appropriate.

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, 22 May 2025

As at the date of this announcement, the Board comprises nine directors, including Mr. Lo Lin Shing, Simon, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei, Mr. Lo, Chris Cze Wai and Mr. Lo, James Cze Chung 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.