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**MONGOLIA INVESTMENT GROUP LIMITED**

**蒙古投資集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 402)**

**LAPSE OF OBLIGATION TO ISSUE THE COMPENSATION NOTE  
AND  
UNUSUAL SHARE PRICE AND VOLUME MOVEMENTS**

**LAPSE OF OBLIGATION TO ISSUE THE COMPENSATION NOTE**

This statement is made by Mongolia Investment Group Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the circular of the Company dated 12 May 2010 (the “**Circular**”) and the announcement dated 17 June 2010 (the “**Completion Announcement**”). Terms used herein shall have the same meanings as contained therein unless they are otherwise defined.

As stated in the Completion Announcement, completion of the Acquisition took place on 17 June 2010 (the “**Completion Date**”). Following that, the Target Company has become a wholly-owned subsidiary of the Company. The Target Company, through its subsidiaries, holds the Major Licences in respect of the TNE Mine and seven exploration licences in respect of the Other Mines. As stated in the Circular, pursuant to the Acquisition Agreement, in any event not later than eight months after the Completion Date, the following should be made available for determining the issue of the Compensation Note: (i) the Second Technical Report (to be conducted in compliance with the requirements under Chapter 18 of the Listing Rules) in respect of the Other Mines; and (ii) the Second Valuation Report on the value of Camex LLC and its subsidiaries (excluding TNE) or the value of the Other Licenses (the “**Extended Valuation**”). It was further agreed in the Acquisition Agreement that the Compensation Note would be issued to Best State (or its nominee) but subject to a maximum amount of HK\$3,100 million by reference to the actual amount of the Extended Valuation.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, following the completion of the Acquisition, an independent technical adviser has been commissioned to conduct a study on the Other Mines for the purposes of the Second Technical Report. However, the necessary work on the Second Technical Report cannot be completed in time to make the Second Technical Report available by the deadline and as a result the necessary work on the Second Valuation Report did not proceed. In the circumstances, in accordance with the terms of the Acquisition Agreement, no Compensation Note will be issued to Best State (or its nominee).

Notwithstanding this, the Company will continue to complete the geological study and technical report on the ore resources, and to explore economic viability of the Other Mines as part of its business plan on its mining activity in Mongolia.

## **UNUSUAL SHARE PRICE AND VOLUME MOVEMENT**

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rule 13.10 of the Listing Rules.

The Board has noted today’s decrease in the price and increase in the trading volume of the Shares and wishes to state that it is not aware of any reasons for such movements.

Save as disclosed above in this announcement, the Board confirms that there are no negotiations or agreements relating to any intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

**Investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Mongolia Investment Group Limited**  
**Wong Tak Chung**  
*Executive Director*

Hong Kong, 16 February 2011

*As at the date of this announcement, the executive Directors are Messrs. YUEN Chow Ming (Chairman), YUEN Wai Keung (Deputy Chairman and Chief Executive Officer), SO Yiu Cheung (Deputy Chairman), CHEUNG Chi Man, Dennis, HO Hin Hung, Henry, LIM Siong, Dennis, WONG Tak Chung and ENEBISH Burenkhuu and the independent non-executive Directors are Messrs. CHAN, Sai Kit Kevin, LIAO Cheung Tin, Stephen and TAM Tsz Kan.*