MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The directors (the "**Directors**") of Mongolia Energy Corporation Limited (the "**Company**") announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2011 together with the comparative figures in the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Continuing operation			
Revenue — coal mining	*3*	**—**	—
Interest income		**2,655**	2,274
Staff costs		**(96,995)**	(63,235)
Depreciation		**(27,877)**	(24,177)
Other expenses		**(109,452)**	(96,936)
Finance costs	*4*	**(149,450)**	(91,556)
Fair value gain (loss) on investment property		**7,231**	(10,689)
Fair value (loss) gain on held-for-trading investments		**(7,581)**	72,814
Fair value gain on derivative component	*12*	**71,803**	—
Impairment losses on interests in and loans to associates		**(1,596)**	(2,457)
Impairment loss on available-for-sale financial asset		**(4,785)**	(3,024)
Share of losses of associates		**(3,090)**	(31,535)
Gain from early redemption of a loan note receivable		**8,387**	—
Loss before taxation	*5*	**(310,750)**	(248,521)
Income tax expense	*6*	**—**	—
Loss for the year from continuing operation		**(310,750)**	(248,521)
Discontinued operation			
Loss for the year from discontinued operation	*7*	**—**	(68,884)
Loss for the year		**(310,750)**	(317,405)
Loss for the year attributable to owners of the Company		**(310,750)**	(317,405)

	Notes	2011 HK$'000	2010 HK$'000
Loss per share	*8*		
From continuing and discontinued operations			
— basic (HK cents)		**(5.02)**	(5.22)
— diluted (HK cents)		**(5.02)**	(5.22)
From continuing operation			
— basic (HK cents)		**(5.02)**	(4.08)
— diluted (HK cents)		**(5.02)**	(4.08)
From discontinued operation			
— basic (HK cents)		**N/A**	(1.14)
— diluted (HK cents)		**N/A**	(1.14)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(310,750)**	(317,405)
Other comprehensive income		
Exchange difference arising on translation	**49,146**	31,025
Total comprehensive expense for the year	**(261,604)**	(286,380)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	9	**13,250,527**	94,314
Investment property		**105,264**	94,278
Intangible assets		**1,113**	877
Development in progress		**1,731,667**	1,090,494
Exploration and evaluation assets	10	**385,912**	13,189,727
Interests in associates		**—**	41,599
Available-for-sale financial asset		**3,914**	—
Other asset		**1,150**	1,150
Loan note receivable		**—**	37,667
Prepayments for exploration and evaluation expenditure		**22,016**	22,042
Deposits for property, plant and equipment and other long-term deposits		**94,661**	63,556
Amount due from an associate		**200,000**	200,000
		15,796,224	14,835,704
Current assets			
Other receivables, prepayments and deposits		**53,133**	164,094
Held-for-trading investments		**37,626**	45,207
Amounts due from associates		**10,107**	3,654
Cash and cash equivalents		**10,175**	121,299
		111,041	334,254
Current liabilities			
Accounts payable	11	**37,107**	8,110
Other payables and accruals		**55,402**	49,244
Convertible notes	12	**1,996,516**	140,232
Loan note		**—**	112,969
Advances from a Director		**42,184**	—
Amount due to an associate		**—**	624
		2,131,209	311,179
Net current (liabilities) assets		**(2,020,168)**	23,075
Total assets less current liabilities		**13,776,056**	14,858,779
Non-current liabilities			
Convertible notes	12	**701,897**	1,709,801
Net assets		**13,074,159**	13,148,978

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Financed by:			
Capital and reserves			
Share capital		**132,131**	122,058
Reserves		**12,941,971**	13,026,863
Equity attributable to owners of the Company		**13,074,102**	13,148,921
Non-controlling interests		**57**	57
Total equity		**13,074,159**	13,148,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group. While recognising that the Group had net current liabilities of approximately HK$2,020,168,000 at 31 March 2011, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future as the Group has agreed with Chow Tai Fook Nominee Limited, being the holder of the zero coupon convertible note (principal amount of HK$2 billion) to redeem the note by reissuance of a 3-year 3% coupon convertible note in the principal amount of HK$2 billion (the "**3% CTF Convertible Note**"). The completion on subscription of the 3% CTF Convertible Note is subject to satisfaction of certain conditions and it was completed before the date of issue this final results announcement. In addition, Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), the major shareholder and chairman of the Company, has also provided further facilities to meet the Group's funding needs. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Currently, the Group's principal project, the Khushuut Coking Coal Mine, is still under trial production stage and did not contribute any revenue to the Group for the year ended 31 March 2011. The Group is using its best endeavours in an attempt to bring the project into commercial production as soon as possible and it will then further improve the liquidity position of the Group. However, the commencement of the project is still subject to satisfaction of certain conditions, which represents an uncertainty to the going concern of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current financial year, the Group has applied the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (As revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (As revised in 2008)	Business Combinations
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (As revised in 2009)	Related Party Disclosures[3]
HKAS 27 (As revised in 2011)	Separate Financial Statements[6]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[6]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosures of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

[2] Effective for annual periods beginning on or after 1 July 2010

[3] Effective for annual periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2011

[5] Effective for annual periods beginning on or after 1 January 2012

[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value.

HKFRS 9 was revised in November 2010 by adding the requirements for the classification and measurement of financial liabilities. One major change relates to the presentation of a gain or loss on a financial liability designated at fair value to the consolidated income statement. The revised HKFRS 9 requires the change in fair value that is attributable to changes in the credit risk of that financial liability to be presented in other comprehensive income, unless such presentation would create or enlarge an accounting mismatch.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014. Based on the Group's financial assets and financial liabilities as at 31 March 2011, the application of the new HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investment and may affect the classification and measurement of the Group's other financial assets but not on the Group's financial liabilities.

The Directors anticipate that the application of other new and revised standards, amendments to existing standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Continuing operation		
Revenue — coal mining	**—**	—

Based on information reported to the chief operating decision maker (i.e. the Board of Directors) for the purpose of resource allocation and performance assessment, the Group's only operating segment is the coal mining business.

The provision of charter flight services was discontinued with effect from 1 March 2010. The total segment revenue derived from the continuing and the discontinued operations is HK$Nil (2010: HK$2,392,000) and total segment loss derived from the continuing and the discontinued operations is HK$97,305,000 (2010: HK$135,776,000).

Segment revenue and result

The following is an analysis of the Group's revenue and result by operating segment from continuing operation:

For the year ended 31 March 2011

Continuing operation

	Coal mining	**Total**
	HK$'000	***HK$'000***
Segment revenue	**—**	**—**
Segment loss	**(97,305)**	**(97,305)**
Unallocated expenses *(Note)*		**(134,717)**
Interest income		**353**
Finance costs		**(149,450)**
Fair value gain on investment property		**7,231**
Fair value loss on held-for-trading investments		**(7,581)**
Fair value gain on derivative component		**71,803**
Impairment losses on loans to associates		**(1,596)**
Impairment loss on available-for-sale financial asset		**(4,785)**
Share of losses of associates		**(3,090)**
Gain from early redemption of a loan note receivable		**8,387**
Loss before taxation		**(310,750)**

For the year ended 31 March 2010

Continuing operation

	Coal mining *HK$'000*	Total *HK$'000*
Segment revenue	—	—
Segment loss	(71,692)	(71,692)
Unallocated expenses *(Note)*		(112,656)
Interest income		2,274
Finance costs		(91,556)
Fair value loss on investment property		(10,689)
Fair value gain from held-for-trading investments		72,814
Impairment losses on interests in and loans to associates		(2,457)
Impairment loss on available-for-sale financial asset		(3,024)
Share of losses of associates		(31,535)
Loss before taxation		(248,521)

Note:

Unallocated expenses mainly include staff costs, office rental and legal and professional fees.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statements as set out in the annual report. Segment loss represents the loss from the coal mining operation without allocation of expenses not directly related to operating segments, unallocated interest income, change in fair value of investment property, impairment losses on interests in and loans to associates, impairment loss on available-for-sale financial asset, change in fair value from held-for-trading investments, fair value gain on derivative component, finance costs, share of losses of associates and gain from early redemption of a loan note receivable. This is the measure reported to the chief operation decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment for continuing operation:

As at 31 March 2011

	HK$'000
ASSETS	
Segment assets — coal mining	**15,254,392**
Investment property	**105,264**
Held-for-trading investments	**37,626**
Amounts due from associates	**202,986**
Cash and cash equivalents	**4,684**
Other unallocated assets *(Note)*	**302,313**
Consolidated total assets	**15,907,265**
LIABILITIES	
Segment liabilities — coal mining	**45,203**
Convertible notes	**2,698,413**
Advances from a Director	**42,184**
Other unallocated liabilities	**47,306**
Consolidated total liabilities	**2,833,106**

As at 31 March 2010

	HK$'000
ASSETS	
Segment assets — coal mining	14,222,174
Investment property	94,278
Held-for-trading investments	45,207
Loan note receivable	37,667
Interests in associates	41,599
Amounts due from associates	203,654
Cash and cash equivalents	84,770
Other unallocated assets *(Note)*	440,609
Consolidated total assets	15,169,958
LIABILITIES	
Segment liabilities — coal mining	7,630
Convertible notes	1,850,033
Loan note	112,969
Other unallocated liabilities	50,348
Consolidated total liabilities	2,020,980

Note:

Other unallocated assets mainly represent exploration right for iron ore, property, plant and equipment, deposit for property, plant and equipment and other long term deposits not for coal mining business, available-for-sale financial asset, other assets and other receivables, prepayments and deposits.

Other segment information

For the year ended 31 March

Amounts included in the measure of segment loss or segment assets:

Continuing operation — coal mining

	2011	2010
	HK$'000	*HK$'000*
Capital additions *(Note)*	**920,383**	491,172
Depreciation of property, plant and equipment	**18,361**	15,975

Note:

Capital additions to property, plant and equipment, development in progress, exploration and evaluation assets and intangible assets.

Geographical information

The Group's operations are principally located in Hong Kong, Mongolia and Mainland China.

The Group's information about its non-current assets in relation to continuing operation by geographical location of the assets is detailed below:

	Non-current assets	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**14,677**	13,628
Mongolia	**15,467,647**	14,431,643
Mainland China	**117,107**	152,766
	15,599,431	14,598,037

Note:

Non-current assets exclude financial instruments.

4. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operation		
Interest on borrowings wholly repayable within five years:		
Interest expense:		
— convertible notes *(Note 12)*	**323,711**	202,867
— loan note	**2,031**	2,501
— advances from a Director *(Note a)*	**1,677**	—
Less: interest expense capitalised *(Note b)*	**(177,969)**	(113,812)
	149,450	91,556

Note:

(a) The amount represents interest paid/payable to Mr. Lo for short term unsecured advances to the Company. The interest expense was charged at the prevailing prime rate quoted by the Hong Kong and Shanghai Banking Corporation Limited per annum.

(b) The weighted average capitalization rate on convertible notes and advances from a Director is 13.16% (2010: 14.07%) per annum on expenditure on road construction which is a qualifying asset.

5. LOSS BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Continuing operation		
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration	**20,312**	3,215
Other staff costs:		
Salaries and other benefits	**74,624**	58,878
Retirement benefits scheme contributions (excluding Directors' contributions)	**2,059**	1,142
Total staff costs (included equity-settled share-based payments)	**96,995**	63,235
Auditor's remuneration	**3,316**	2,004
Amortisation on software (included in other expenses)	**640**	423
Depreciation of property, plant and equipment	**27,877**	24,177
Direct operating expenses arising from investment property that do not generate rental income	**12**	11
Impairment loss on deposit and loan and receivable (included in other expenses)	**1,566**	—
Loss on disposal of property, plant and equipment	**15**	—
Net exchange (gains) losses (included in other expenses)	**(420)**	443
Operating lease rental in respect of office premises	**17,544**	14,813
Write off of prepayments for exploration and evaluation expenditure	**—**	3,174

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% at the estimated assessable profit (if any) for both years.

Mongolian corporate income tax is calculated at 10% at the estimated assessable profit (if any) for both years.

The Company is not subject to any taxation in Bermuda. Bermuda levies no tax on the income of the Group.

No provision for Hong Kong and overseas taxation has been made for both years as subsidiaries of the Group have no assessable profit either the year.

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation from continuing operation	**(310,750)**	(248,521)
Calculated at a tax rate of 16.5%	**(51,274)**	(41,006)
Tax effect on income not subject to tax	**(13,523)**	(12,397)
Tax effect on expenses not deductible for tax purposes	**52,456**	45,961
Tax effect on tax loss not recognised	**8,639**	5,524
Effect of different tax rates in other jurisdictions	**3,702**	1,918
Income tax expense	**—**	—

7. DISCONTINUED OPERATION

On 9 December 2009, the Company entered into a sale and purchase agreement with Vision Values Holdings Limited ("**VVH**") to dispose of its entire interest in Glory Key Investments Limited ("**Glory Key**"), an indirect wholly owned subsidiary of the Company, at a consideration of HK$96 million subject to change if there were net liabilities of Glory Key at the completion date. Mr. Lo is also a director and controlling shareholder of VVH. The consideration was satisfied by (i) cash of HK$48,694,000 (HK$50,000,000 net of change in net liabilities of Glory Key amounting to HK$1,306,000) and (ii) a loan note issued by VVH of HK$46,000,000 at 4% interest per annum with an option entitling to the issuer to redeem the loan note before maturity. The principal asset of Glory Key is a Gulfstream G200 aircraft and Glory Key engaged in aircraft leasing business. The disposal was effected for the Group to focus its resources on its mining business. The disposal was completed on 1 March 2010, on which date control of Glory Key passed to VVH.

The loss for the year ended 31 March 2010 from the discontinued operation is analysed as follows:

	2010
	HK$'000
Loss on charter flight service and aircraft leasing operations for the year	64,084
Loss on disposal of charter flight service and aircraft leasing operations	4,800
	68,884

The loss on charter flight service and aircraft leasing operations for the year ended 31 March 2010 is analysed as follows:

	2010
	HK$'000
Revenue	2,392
Direct aviation costs	(870)
Depreciation	(7,857)
Impairment loss on aircraft	(24,333)
Impairment loss on deposit paid for acquisition of aircraft *(Note)*	(23,649)
Other expenses	(9,767)
	(64,084)

Note:

After the completion of the disposal of Glory Key, the management began to look for alternatives to terminate the contract for the acquisition of the Falcon 900EX aircraft, which had a contract value amounting to approximately HK$295,620,000. Onfield Group Limited, a wholly owned subsidiary of the Company, had already paid a total of approximately HK$147,804,000 to the seller pursuant to the aircraft acquisition agreement up to 1 March 2010. Based on the contract terms, management estimated that the termination cost would be 8% of the contract amount and hence an impairment loss of HK$23,649,000 was recognised against the deposit and the remaining deposit amounting to approximately HK$124,610,000 was included in other receivables, prepayments and deposits as at the date of settlement.

On 12 May 2010, Onfield Group Limited received formal notice of termination of this acquisition from the seller. The liquidated damage amounting to HK$23,649,000 was forfeited by the seller and the remaining deposit was refunded and received in full on 25 May 2010.

Cash flows from discontinued operation:

	2010
	HK$'000
Net cash outflows from operating activities	(54,391)
Net cash inflows from investment activities	48,311
Net cash inflows from financing activities	6,079
Net cash outflows	(1)

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share		
Loss from continuing and discontinued operations	**(310,750)**	(317,405)
Loss from continuing operation	**(310,750)**	(248,521)
Loss from discontinued operation	**—**	(68,884)

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for calculation of basic and diluted loss per share	**6,190,675**	6,085,327

Note:

The denominators used are the same as those detailed above for both basic and diluted losses per share.

The computation of diluted loss per share does not assume the exercise of share option or the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

Included in the property, plant and equipment, there are mineral properties with net book value amounting to HK$12,913,882,000 (2010: HK$Nil).

On 16 July 2009, the Parliament of Mongolia enacted the Mining Prohibition Law (the "**MPL**") which prohibits minerals exploration and mining in areas such as headwaters of rivers and lakes, forest areas and areas adjacent to rivers and lakes (the "**Defined Prohibited Areas**"). Pursuant to the MPL, the Mongolian government was supposed to define the boundaries of the relevant prohibited areas by 16 October 2009 but it had not done so by the prescribed time. It also states that any previously granted licenses that overlap the Defined Prohibited Areas will be terminated within five months following the enactment of the law.

The MPL further states that affected license holders shall be compensated but details as to how the compensation is determined have not been specified in the MPL and the Mongolian government has not yet released any further guidance on how to interpret the MPL. The Mineral Resources Authority of Mongolia (the "**MRAM**") has prepared a preliminary list of licences that overlap with the Defined Prohibited Areas under the MPL.

MoEnCo LLC ("**MoEnCo**"), a wholly owned subsidiary of the Group, has been notified by MRAM in 2010 that four mining concessions (license no. 2913A, 4322A, 11888A and 15289A) owned by MoEnCo are within the area designated, on a preliminary basis, as land where mineral exploration and mining are prohibited under the MPL. The MRAM further informed MoEnCo on 7 April 2011 that the boundary lines of restricted areas as defined by MPL have not been finally determined and advised MoEnCo continues fulfilling its obligations under the Minerals Law of Mongolia. As such, there was no revocation of these licenses as at 31 March 2011. The management also considers that even if the licenses were revoked due to the MPL, the Mongolian government would pay a reasonable compensation to the Group. Hence, the management concluded that there is no impairment on the corresponding mineral properties as at 31 March 2011 amounting to approximately HK$12,914 million. The implementation of the MPL represents a significant uncertainty to the Group, which might have a significant effect on the consolidated financial statements of the Group. If the Group's affected mining concessions were revoked due to the MPL and the Group was paid compensation significantly less than the acquisition cost and any other costs the Group incurred, the Group would incur a significant impairment loss on the corresponding mineral properties.

10. EXPLORATION AND EVALUATION ASSETS

	Mining and Exploration Rights	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(Note c)	*(Note d)*	
COST			
At 1 April 2009	12,512,186	246,534	12,758,720
Acquisition *(Note a)*	285,676	—	285,676
Additions	—	121,598	121,598
Exchange adjustments	23,733	—	23,733
At 31 March 2010 and 1 April 2010	12,821,595	368,132	13,189,727
Additions	—	74,833	74,833
Transfer *(Note b)*	(12,535,919)	(342,729)	(12,878,648)
At 31 March 2011	285,676	100,236	385,912

Notes:

(a) On 10 July 2009, the Group entered into an acquisition agreement with Lenton Capital Management Limited for the acquisition of the entire interest in Millennium Hong Kong Group Limited and its subsidiary, Zvezdametrika LLC ("**Z LLC**"), a company incorporated in Mongolia (collectively referred to as the "**Millennium Group**"). Z LLC owns an exploration concession of around 2,986 hectares in Western Mongolia for ferrous resources. The consideration was satisfied by: (1) US$10,000,000 (approximately HK$77,540,000) in cash; (2) 54,577,465 new shares of the Company at an issue price of HK$3.1, representing the market price of the Company's shares on 27 July 2009; and (3) the remaining consideration of US$5,000,000 (approximately HK$39,000,000) in cash which is to be payable conditional to the issuance of a mining licence for the concession area and was included in the other payables and accruals as at 31 March 2010 and 2011. The total consideration for this amounted to HK$285,730,000 and the acquisition was completed on 27 July 2009. At the acquisition date, the Millennium Group was holding cash of HK$55,000 and the exploration concession. The acquisition was considered as an assets acquisition and the Group identified and recognised the individual identifiable assets and liabilities being acquired and allocated acquisition costs to the individual identifiable assets and liabilities on the basis of their fair values at the date of completion. As limited exploration work has been done, the Directors are of the opinion that the fair value of the exploration concession acquired cannot be measured reliably, so the fair value of the consideration paid, including cash consideration and cost of shares issued, determined in accordance with HKFRS 2 "Share-based Payments" were used to account for the cost of the exploration concession. In this regard, the amount represents the total consideration less fair value of cash and bank balances of the Millennium Group acquired at the completion date. The net cash outflow of the acquisition was HK$77,485,000.

The Group's iron ore exploration concession might be affected by the MPL under the preliminary list. Z LLC, a subsidiary of the Group which owns the iron ore exploration concession, received a notice from the MRAM about the potential revocation of its exploration concession under the MPL and Z LLC was requested to submit the estimated compensation for termination of licenses with supporting documents. After taking legal advice from the Group's Mongolian legal advisers, the Group decided not to respond to the MRAM's request. According to the best knowledge of the Group, there was no revocation of its licences as at 31 March 2011. The management also considered that even if the licenses were revoked due to the MPL, the Mongolian government would pay a reasonable compensation to the Group. Hence, the management concluded that there is no impairment on the corresponding exploration and evaluation assets as at 31 March 2011 amounting to approximately HK$286 million. The implementation of the MPL represents a significant uncertainty to the Group, which might have a significant effect on the consolidated financial statements of the Group. If the Group's iron ore exploration concession was revoked due to the MPL and the Group was paid compensation significantly less than the consideration the Group paid to acquire this concession, the Group would incur a significant impairment loss on the corresponding exploration and evaluation assets.

(b) On 2 June 2010, based on collective results of various explorations, the Directors considered the technical feasibility and commercial viability of extracting mineral resources of the Khushuut coking coal mine became demonstrable and this coal mine has moved to a development phase. As a result, its corresponding exploration and evaluation assets were transferred to property, plant and equipment as mining structures and mineral properties.

(c) Exploration and mining licences are granted for an initial period of 3 and 30 years respectively. The exploration licences can be extended for two successive periods of 3 years each and mining licences for two successive periods of 20 years each. The Group has renewed all exploration and mining licenses before the expiry date.

(d) Others represent the geological and geophysical costs, drilling and exploration expenses.

11. ACCOUNTS PAYABLE

The ageing analysis of accounts payable presented based on invoice date at the reporting date is as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**23,643**	967
31 to 60 days	**10,441**	7,141
61 to 90 days	**1,087**	2
Over 90 days	**1,936**	—
	37,107	8,110

12. CONVERTIBLE NOTES

The movement of the liability component and derivative component of convertible notes for the year is set out below:

	Liability component		Derivative component		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year	**1,850,033**	1,647,166	**—**	—	**1,850,033**	1,647,166
Initial recognition	**570,814**	—	**177,981**	—	**748,795**	—
Interest expense	**323,711**	202,867	**—**	—	**323,711**	202,867
Amortization of transaction cost	**3,001**	—	**—**	—	**3,001**	—
Conversion of convertible note	**(155,324)**	—	**—**	—	**(155,324)**	—
Fair value gain on derivative component	**—**	—	**(71,803)**	—	**(71,803)**	—
At end of the year	**2,592,235**	1,850,033	**106,178**	—	**2,698,413**	1,850,033

Analysed for reporting purposes as:

	2011	2010
	HK$'000	*HK$'000*
Current liabilities	**1,996,516**	140,232
Non-current liabilities	**701,897**	1,709,801
	2,698,413	1,850,033

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the year ended 31 March 2011 has been modified but without qualification, an extract of which is as follow:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14* and 18(a)* to the consolidated financial statements. The Group owns four mining concessions included in mineral properties of approximately HK$12,914 million in Western Mongolia for coal mining and an exploration concession of approximately HK$286 million in Western Mongolia for iron ore which may be revoked as a result of the enactment of the Mining Prohibition Law (the "**MPL**") on 16 July 2009. According to the MPL, the affected license holders, including the Group, are to be compensated but the details of the compensation are not currently available. If the Group's four mining concessions and/or exploration concession is revoked due to the MPL and the compensation received by the Group is significantly less than the consideration the Group paid to acquire these concessions, the Group would incur a significant impairment loss on the related mineral properties and/or exploration and evaluation assets. The ultimate outcome of this matter cannot presently be determined and no provision for an impairment, if any, that may result has been made in the consolidated financial statements.

In addition, we draw attention to Note 1# to the consolidated financial statements which indicates that as at 31 March 2011 the Group's current liabilities exceeded its current assets by approximately HK$2,020,168,000 and that there are uncertainties about the commencement of the commercial production of the Khushuut Coking Coal Mine and the related capital commitments of the Group outlined in Note 34(b) to the consolidated financial statements as set out in annual report. The Group's ability to continue as a going concern is dependent on the ongoing availability of finance to the Group, including from the major shareholder of the Company. If the finance is not available, the Group would be unable to meet its obligations as and when they fall due. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

** Being Note 9 and Note 10(a) in this results announcement respectively*

 # Being Note 1 in this results announcement

FINAL DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 30 August 2011 and the notice of the 2011 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS ANALYSIS

During the financial year ended 31 March 2011 (the "**Financial Year**"), we focused in our Khushuut Coking Coal Project which was in a trial stage of production.

Turnover for the Khushuut Coking Coal Project will be formally recognised when it commences commercial production. Thus, the revenue from the trial shipments during the Financial Year was not recognised in the Consolidated Income Statement.

Staff costs increased to HK$97.0 million (2010: HK$63.2 million). Including in the staff costs was share-based payment expenses of HK$23.4 million (2010: HK$6.7 million) in relation to 11.8 million share options granted to the Directors and employees of the Group on 9 April 2010.

The finance costs increased to HK$149.5 million (2010: HK$91.6 million). Two convertible notes with aggregate principal value of HK$766.8 million were issued during the Financial Year accounted for the increase in finance costs.

A fair value gain of HK$71.8 million (2010: HK$Nil) on derivative component was recognised. It was arising from the new convertible notes issued during the Financial Year. These convertible notes contain two components, a liability component and a derivative component. The derivative components were measured at fair value at their respective issue dates and re-measured at the balance sheet date. The resulting changes in fair value were then recognised in the Financial Year.

BUSINESS REVIEW

We did not acquire any new project or subsidiary in relation to our energy and resources business during the Financial Year.

The following disposal and termination were completed during the Financial Year:

(i) In May 2010, we terminated the acquisition of a new Falcon 900EX aircraft. This is consistent with our focus as an energy and resources developer after the disposal of Glory Key Investment Limited in December 2009 and the cessation of our aircraft charter and aircraft leasing businesses in March 2010; and

(ii) In August 2010, we disposed Business Aviation Asia Group Limited ("**Business Aviation**"), a wholly owned subsidiary of the Company at a consideration of HK$38,239,645. The principal asset of Business Aviation was its 43% equity interest in a company in the People's Republic of China engaging in the business of aircraft charter, aircraft management, aircraft maintenance and related business. The disposal was completed in September 2010.

Our principal project is the Khushuut Coking Coal Project which was under trial production during the Financial Year.

Progress of the Khushuut Coking Coal Project

In the last interim report, we highlighted that trial production and the first shipment from the Khushuut Coking Coal Project began in October 2010. Since then, the Company continued the production of coking coal through its indirectly wholly owned subsidiary in Mongolia, MoEnCo LLC. The small volume trial shipments continued from October 2010 through the end of the Financial Year for a total of approximately 5,300 tonnes of raw coking coal. Ramp up of coal shipments was slower and smaller than expected and was attributed to various factors including the completion and acceptance of the Khushuut Road. The Khushuut Road is a roadway of approximately 310 km connecting the Khushuut coal mine and the Yarant/Takeshenken border and is the main route for our coal transportation. All issues have been attended to and we are working closely with our principal contractor and government departments to complete the outstanding issues. Particulars are detailed in the paragraph of Khushuut Road below. We hope to satisfy the compliance issues with the Mongolian requirements as soon as possible to commence formal commercial production. Our contract miner, Leighton, is in place and prepared to ramp up production as soon as the approval is received.

Subsequent to the disclosure in the last interim report, the Yarant/Takeshenken border has effectively become a permanent border, which opens on a full month schedule, since January 2011. It operates eight hours per day and five days per week. The Company is the first to transport coal from Western Mongolia to Xinjiang, PRC via this border-crossing. The introduction of this type of cross border trade presents the Company and border officials with various challenges in the delivery process. As the border-crossing of bulk materials was new to all parties concerned, including the border officials of both sides and the transportation companies, the trial shipments have provided a greater understanding of issues that need to be addressed to expand the capacity and improve operating efficiency. We are working with the Mongolian government officials for an expansion of the border, longer and flexible opening hours and continued improvement of operational efficiency to increase the border-crossing capability to meet our long term production capabilities.

Market conditions for the Khushuut coking coal product remain favorable and encouraging. According to the CEO Technical summary dated 1 September 2010 and the market study for the Khushuut coking coal conducted by Shanxi Fenwei Energy Consulting Co., Ltd. last year, each clean tonne of our product in the C seam can achieve a selling price of between RMB1,290 and RMB1,390 (VAT excluded) at Urumqi area, the PRC, where the customers are located at, in 2010. Initially, we will be selling raw coal product until the coal processing facility is in place. The actual pricing of the coal is negotiated based on various factors including, for example, recovery yield from raw coal to clean coal, ash contents, washing and transportation costs etc., between the customers and the Company prior to actual delivery. We are working on various solutions' such as raw coal screening and installation of a rotary breaker at the mine site that will improve the consistency and overall raw coal quality shipment and better pricing.

We have secured sales agreements for up to 2 million tonnes of coking coal product for this year from two customers depending on our production status and shipping capacity. Apart from that, we have been approached by other potential customers. The Group is confident on its high quality coking coal product and the market conditions.

Coal Resources and Quality Review

Since the initial exploration program in 2007, the Company has completed several additional exploration programs in 2008, 2009 and in 2010. These programs have been for the primary purpose of improving the understanding of the geological structure and expected coal quality. John T. Boyd Company has been involved in the exploration work and completed an updated geological model of the Khushuut coal deposit during the Financial Year.

The updated resource estimate for in-place coal shows a 5.4% increase from the original estimate in June 2008.

Resources Estimate	In-Place Tonnes ('000) Coal	Parting	Seam
June 2008	134,170	15,067	149,237
Update - May 2011	141,456	not estimated	not estimated
Increase	5.4%	n/a	n/a

The additional exploration data increased the reliability of the estimate such that the resources in 2008 were classified as indicated (according to JORC Standards) and the revised estimate were classified as 44,503,000 tonnes (31.5%) measured and 96,953,000 tonnes (68.5%) indicated.

The coal resources include both hard and semi-hard coking coal with expected washed product quality specifications (air dried basis) of: 10-11% ash, less than 0.5% sulfur and 16-22% volatile matter.

Khushuut Road

As reported in the last interim report, the Khushuut Road is substantially completed and trial shipments began in last October.

Currently, 304 km out of the 310 km of the road has been built and 295 km out of the 310 km of the road has been paved.

In order to receive Mongolian government's approval of the road and to begin formal commercial production, a few issues are required to be addressed. A 6 km section of the Khushuut Road connecting immediately to the Yarant border has yet been constructed. In the meantime, we are building a temporary road connecting to the border. Additional requirements include the installation of signage and guard rails which will be completed shortly.

We have been working closely with our principal contractor to complete the Khushuut Road as soon as possible for road acceptance and commissioning.

Mine Infrastructure

Infrastructure projects at the Khushuut mine completed during the Financial Year include the mine production office overlooking the pit with facilities for communications, supervision, training and worker amenities. There are two operational camps with over 300 people on site with an operational boiler house, full ablution facilities, and a portable water treatment plant. An on-site coal quality laboratory is operational for quality control prior to shipment and the medical clinic has been moved to a new site within the work camp to more efficiently provide health and medical care for the workers.

Mining Production Update

Mine production commenced in line with the plan with a focus on waste stripping to expose the high quality coal from the C seam as soon as possible. Two initial pits (Phases 1 and 2) identified to have low strip ratio, high quality coking coal are the initial focus of the operations to date.

The mining team has focused on training a predominantly local workforce during the Financial Year by introducing international standard training packages and modular training facilities. These on-site training facilities provide the ability to train the workforce consisting of a significant proportion of local citizens providing employment opportunities to the local citizens and reducing the cost of transport and accommodation usually associated with labor brought in from other parts of the country. This practice is in line with the Company's sustainability strategy such that it is the Company's priority to help develop and provide job opportunities to the local community.

Raw Coal Quality Control and the Rotary Breaker

We have completed the design and purchasing of related structure and equipment for the installation of a rotary breaker. We are now pending completion of the permit application and approval process to commence installation of the rotary breaker and the related facilities.

Other Coal and Mineral Concession Areas in Western Mongolia

Our total concession areas for coal, ferrous and non-ferrous resources in Western Mongolia were around 330,000 hectares at the end of the Financial Year. Apart from the Khushuut Coal Mine, we have conducted general reconnaissance and initial explorations in some areas for potential resources in the Financial Year. We will continue the exploration and to develop plans for potential resources.

SUBSEQUENT BUSINESS DEVELOPMENT

Chow Tai Fook Convertible Note

Pursuant to the convertible note issued to Chow Tai Fook Nominee Limited ("**CTF**") in April 2008 (the "**2008 CTF Note**"), the Company was required to redeem the 2008 CTF Note on 30 April 2011. By a letter issued by CTF dated 29 April 2011, CTF consented to extend the date of repayment of the 2008 CTF Note from 30 April 2011 to 15 June 2011.

On 12 May 2011, the Company and CTF entered into a subscription agreement pursuant to which CTF agreed to subscribe for a 3% coupon convertible note with an aggregate principal amount of HK$2,000,000,000 at the subscription price of HK$2,000,000,000 (the "**2011 CTF Note**"). The 2011 CTF Note has a maturity period of three years and can be converted into 1 ordinary share of the Company for every HK$2 at the holder's option at any time between the issue date and the maturity date.

The subscription was completed on 15 June 2011 and the proceeds have been used by the Company to redeem the 2008 CTF Note in full.

Support from the local government for our Project

The Mongolian government has been very supportive towards foreign investments in the mining sector and the Company has been benefiting from these government policies since we started developing the Khushuut project years ago. For instance, the Yarant border has become a permanent border since January 2011.

MoEnCo LLC, our principal subsidiary in Mongolia entered into a co-operative agreement with the Khovd Province on 7 April 2011 which we received the support from the local government where our Khushuut Mine is located.

The purpose of this agreement is to enhance cooperation between the parties and to provide successful implementation of our projects and investments planned by MoEnCo LLC. As part of a responsible Company, we are required to protect the environment, develop infrastructure for mine usage and to provide local community and economic support by creating more job opportunities.

FINANCIAL REVIEW

1. Liquidity and Financial Resources

During the year, the Group's capital expenditure and working capital were mainly funded from net proceeds from the issuance of two convertible notes with an aggregate principal value of HK$766.8 million.

The Group had conducted the following fund raising exercise for its operation of the Khushuut Coking Coal Project and general working capital:—

(a) On 27 April 2010 we entered into a subscription agreement with Golden Infinity Co., Ltd ("**Golden Infinity**") whereby Golden Infinity as a subscriber agreed to subscribe for a 3.5% coupon convertible note with an aggregate principal amount of HK$300 million ("**GI Convertible Note**"). The subscriber is a company wholly and beneficially owned by Mr. Lo Lin Shing, Simon (Chairman and Executive Director of the Company). The subscription was completed on 6 September 2010. The GI Convertible Note has a maturity period of three years and can be converted into 1 ordinary share of the Company for every HK$4 at the holder's option at any time between the issue date and the maturity date.

(b) On 3 November 2010 we entered into a subscription agreement with Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited whereby these subscribers agreed to subscribe for 3.5% coupon convertible notes with an aggregate principal amount of HK$466.8 million ("**SF Convertible Notes**"). The SF Convertible Notes subscription was completed on 12 November 2010. The SF Convertible Notes have a maturity period of three years and can be converted into 1 ordinary share of the Company for every HK$4 at the holders' option at any time between the issue date and the maturity date. The subscribers have not exercised their option to subscribe for the second note under the relevant subscription agreement.

The borrowings of the Group as at 31 March 2011 comprised convertible notes and advances from a Director amounting to HK$2,741 million (2010: HK$1,963 million). The increase was due to the issue of the new convertible notes and accrual of effective interest rates in the range of 11.92% to 14.38%. Of the total borrowings, 74 per cent was repayable within 12 months and the rest was falling in the 1 to 3 year maturity profile.

As at 31 March 2011, the cash and bank balances were HK$10.2 million (2010: HK$121.3 million). The decline in cash balances was largely caused by the use of funding in the mine development and related activities such as construction of the road from the Group's mine areas in Khushuut, Western Mongolia to the Yarant/Takeshenken border crossing with Xinjiang, PRC and the repayment of HK$100 million for the loan note due in January 2011 with which the Group acquired the Khushuut Project in 2007. Mr. Lo, Chairman and substantial shareholder of the Company, has agreed to provide continue financial support to the Group so as to enable the Group to continue day-to-day operations as a going concern.

The liquidity ratio as at 31 March 2011 was 0.05 (2010: 1.07).

2. Investment in Listed Securities

As at 31 March 2011, the Group's held-for-trading investments comprised of equity securities listed in Hong Kong with a fair value of HK$37.6 million (2010: HK$45.2 million).

3. Charge on Group's Assets

There were no charges on the Group's assets for each of the two years ended 31 March 2010 and 2011.

4. Gearing Ratio

As at 31 March 2011, the gearing ratio of the Group was 0.17 (2010: 0.13) which was calculated based on the Group's total borrowings to total assets.

5. Foreign Exchange

The Group mainly operates in Hong Kong, Mainland China and Mongolia. The Group's assets and liabilities are mainly denominated in Hong Kong dollar, Unites States dollar, Renminbi and Mongolia Tugrik. The Group does not have a foreign currency hedging policy. However, management will monitor foreign exposure and will consider hedging significant currency exposure should the need arise.

6. Contingent Liabilities

As at 31 March 2011, the Group did not have significant contingent liabilities (2010: Nil).

OUTLOOK

In October 2010 we initiated our trial production as reported in the last interim report. We have experienced more challenges than expected in forging our way to formal production. Completion of the Khushuut Road and all necessary ancillary structures in compliance with the Mongolian requirements must be completed and approved by the government prior to full commissioning of the road. We are working closely with the Mongolian authorities to expand the export handling capacity for our future coal shipment in bulk quantity. We, as all other companies in Mongolia, are facing a shortage of fuel supply in Mongolia and its effect on our costs of production. These are only a few of the challenges that we must overcome in order to bring our hard work to fruitful results. Nevertheless, we are proud of being one of the few companies which has determined to become and focus on the energy sector and is still working confidently towards our goal.

With the support of the local government and our professional teams, we will concentrate on bringing formal commercial production to the Khushuut coking coal mine as soon as possible. Following the formal commencement of commercial production, we will work on the supporting facilities and infrastructures such as coal handling processing plant and power plant to upgrade the quality of our coal products. As we have premium quality coking coal and demand from the market, we are confident in our future.

We will also consider any opportunity of co-operation with potential investors and other potential projects which will have synergy to our business operation. We will continue our effort to strength our operations and business potential to enhance maximum development of the Group and return to shareholders.

HUMAN RESOURCES

As at 31 March 2011, the Group employed total of 248 employees (2010: 284) in Mainland China, Hong Kong and Mongolia. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on a periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The board of Directors (the "**Board**") recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders. The Board and the senior management of the Company recognise their responsibilities to maintain the interest of the shareholders and to enhance their values. The Board also believes a good corporate governance practice can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

The Company has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "**CG Code**") of the Listing Rules.

For the year ended 31 March 2011, the Company has complied with the code provisions of the CG Code except the deviations as mentioned below:

i. Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election.

   None of the existing Non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, they are subject to the retirement by rotation under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

ii. The code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting (the "AGM").

   The Chairman did not attend the 2010 AGM due to another business engagement. An Executive Director chaired the 2010 AGM and answered questions from shareholders. The AGM of the Company provides a channel for communication between the Board and the shareholders. A member of the audit and remuneration committee of the Company was also available to answer questions at the 2010 AGM. Other than the AGM, shareholders may also communicate with the Company through the contact information listed on the Company's website under the Investor Relations Contact.

iii. The Company, Mr. Lo Lin Shing, Simon and Ms. Yvette Ong were censured by the Listing Committee for breach of the Listing Rules in relation to clarity of certain announcements issued in 2007. Further details are set out in the press release of the Stock Exchange dated 28 October 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Model Code for Securities Transactions by Directors (the "**Code**"), which is on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**"). The Code is sent to each Director on his/her initial appointment and from time to time which is amended or restated.

The Company has also established written guidelines on no less exacting terms than the Model Code ("**Employees' Guidelines**") for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company. To date, no incident of non-compliance of the Employees' Guidelines by the employees has been noted by the Company.

To enhance corporate governance transparency, the Code and Employees' Guidelines have been published on the Company's website at www.mongolia-energy.com.

During the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to and including the publication date of the annual results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published. Legal and Compliance Department will send a reminder prior to the commencement of such period to all Directors and relevant employees.

In the period of 30 days immediately preceding and including the publication of the half year results or, if shorter, the period from the end of the relevant quarterly or half year period up to and including the publication date of the results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published. Legal and Compliance Department will send a reminder prior to the commencement of such period to all Directors and relevant employees.

It is stipulated under the Code and/or Employees' Guidelines that all dealings of the Company's securities must be conducted in accordance with the provisions stated therein. Under the Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company, and in the case of the Chairman himself, he must notify the designated Director and receive a dated written acknowledgement before any dealing.

All Directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has three members, all of whom are Independent Non-executive Directors. Mr. Lau Wai Piu is appointed as the chairman of the Audit Committee. He has appropriate professional qualifications, accounting and related financial management expertise.

Composition of Audit Committee members:

Mr. Lau Wai Piu *(chairman of the Audit Committee)*
Mr. Peter Pun *OBE, JP*
Mr. Tsui Hing Chuen, William *JP*

The Audit Committee has reviewed the consolidated financial statements for the year ended 31 March 2011 of the Group.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mongolia-energy.com). The annual report of the Company for the year ended 31 March 2011 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Mongolia Energy Corporation Limited
Lo Lin Shing, Simon
Chairman

Hong Kong, 28 June 2011

As at the date of this announcement, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Mr. Liu Zhuo Wei and Ms. Yvette Ong are Executive Directors, Mr. To Hin Tsun, Gerald is a Non-executive Director and Mr. Peter Pun OBE, JP, Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are Independent Non-executive Directors.