

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNOUNCEMENT PURSUANT TO
RULE 13.09(1) OF THE LISTING RULES**

UPDATES ON TNE MINE

PROFIT WARNING

This announcement is made by Mongolia Investment Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) 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 (the “**Circular**”) of the Company dated 12 May 2010, the Company’s announcement dated 15 November 2010, the Company’s announcement dated 15 June 2011, and the Company’s Annual Results announcement dated 24 June 2011 by which the audited consolidated results of the Group for the year ended 31 March 2011 (“**2011 Annual Results**”) are announced. Capitalised terms used herein shall have the same meanings as contained therein unless they are otherwise defined.

In the announcement dated 15 November 2010, it was stated that due to unforeseeable technical causes the overall production schedule of the TNE Mine had to be adjusted. At that time, the Board estimated that the expected output of coal from the TNE Mine for the year ending 31 December 2010 and 31 December 2011 would be adjusted to approximately 60,000 tonnes and 1,000,000 tonnes respectively.

In the announcement dated 15 June 2011, the Board announced its expectation that the consolidated results of the Group for the year ended 31 March 2011 may experience a significant decline as compared to the results of the same period last year.

In the 2011 Annual Results announcement dated 24 June 2011, it was stated that due to unforeseeable technical causes, the commencement of test pumping for the dewatering work of the TNE Mine had been deferred, and the required time for water management program was longer than expected. Hence, the overall production schedule of the TNE Mine had to be adjusted. In late 2010, mining activities at the TNE Mine began with an initial focus on the removal of overburden. As a result of production delay, management resolved to concentrate on local marketing in the early years of production and this subsequent change in market condition led to an impairment adjustment to the fair value of the TNE Mine. As stated in the 2011 Annual Results, the Group recorded an impairment loss of HK\$300.6 million on the valuation of the TNE Mine which pertained to delay in production because of dewatering issue and subsequent change in market condition that led to changes in business plan and also downward adjustment of the carrying value of the TNE Mine.

On 21 November 2011, the Board met to discuss the production schedule of the TNE Mine. The Board took into consideration a number of factors, including:

1. in 2011, further drilling works and laboratory tests have been done to determine coal layer structure and thickness and to verify coal quality. From the laboratory test results, the calorific value of such samples was in the range of 3,100 to 4,300 Kcal/kg;
2. according to the latest available information, the output of coal from the TNE Mine in 2011 is about 748 tonnes;
3. mining production costs in Mongolia had greatly escalated;
4. the TNE Mine faces increasing competition in Mongolia; and
5. it is not cost efficient for the Company to mine and sell coal having a calorific value in the range of 3,100 to 4,300 Kcal/kg.

After discussion, the Board resolved that the Company will focus on excavation and sale of coal of around 5,000 Kcal/kg or above. For this purpose, the Board resolved to engage an independent mining expert to review and advise on its mining plan.

Separately, based on preliminary review by the Company's management on the consolidated management accounts of the Group, the Board wishes to inform the shareholders of the Company and potential investors that it is expected that the consolidated results of the Group for the period of 6 months ended 30 September 2011 will incur a loss higher than that for the period of 6 months ended 30 September 2010, mainly due to increase in operating expenses, imputed interest expenses in respect of outstanding Convertible Notes and Promissory Note, and share-based payment. This profit warning is only based on the preliminary assessment by the Company's management on the consolidated management accounts of the Group, which is subject to finalization. The Company is in the process of finalizing the unaudited interim results of the Group for the period of 6 months ended 30 September 2011, which is expected to be published on 30 November 2011.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Mongolia Investment Group Limited
Leung, Chung Tak Barry
Executive Director

Hong Kong, 21 November 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, LIM Siong, Dennis, ENEBISH Burenkhuu and LEUNG, Chung Tak Barry, and the non-executive director is Mr. HO Hin Hung, Henry, and the independent non-executive directors are Messrs. CHAN, Sai Kit Kevin, LIAO Cheung Tin, Stephen and TAM Tsz Kan.