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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 276)

TERMINATION OF THE FALCON 900EX AIRCRAFT ACQUISITION

The Company terminates the acquisition of the Falcon 900EX aircraft.
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Mongolia Energy Corporation Limited (the “**Company**”) refers to its circular dated January 21, 2008 relating to the acquisition of a new Falcon 900EX aircraft (“**Aircraft**”) at US\$37,900,000 (equivalent to approximately HK\$295,620,000) (“**Acquisition**”) for our aircraft charter business.

The Company received the formal notice of termination on May 12, 2010 from the seller of the Aircraft and the Acquisition was terminated.

As disclosed in our circular of January 27, 2010 relating to the disposal of Glory Key Investments Limited whose principal asset was a Gulfstream G200 aircraft, the Company has been focusing its effort on resources development in Mongolia and aircraft charter is considered as a residual business of the Company. The termination of the Acquisition is in line with the Company’s strategy not to continue this residuary business and focusing on the resources and related business development.

Onfield Group Limited, the buyer and a wholly-owned subsidiary of the Company, has paid a total of US\$19,018,600 (equivalent to approximately HK\$148,345,000) to the seller pursuant to the aircraft acquisition agreement. Upon termination, US\$3,042,976 (equivalent to approximately HK\$23,735,000) of the payment was forfeited by the seller as liquidated damages and full and final settlement of duties and obligations stipulated in the aircraft acquisition agreement between the parties. The balance of US\$15,975,624 (equivalent to approximately HK\$124,610,000) will be refunded by the seller to Onfield Group Limited.

The Company incurs a loss of approximately HK\$23,735,000 as a result of termination of the Acquisition. The termination relieves the Company from paying the balance of the purchase price of approximately HK\$147,275,000 under the aircraft acquisition agreement. It also strengthens the cashflow of the Company by the refund of approximately HK\$124,610,000 which will be used by the Company as general working capital.

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

Hong Kong, May 14, 2010

As at the date hereof, 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 Pin are independent non-executive Directors.