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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

**ANNOUNCEMENT
DELAY IN DESPATCH OF CIRCULAR
REGARDING MAJOR AND CONNECTED TRANSACTION
ON
MEC INITIAL ACQUISITION IN XINJIANG, PRC
RELATING TO COPPER, TIN & MULTI-METALS RESOURCES
WITH EXPLORED TUNGSTEN AND TIN RESOURCES
And
UNWINDING OF JOINT VENTURE**

MEC refers to the announcements of March 10, 2008 and June 30, 2008. MEC is now scheduled to despatch the circular on or before October 31, 2008. MEC has applied to the Stock Exchange for an extension of time for the despatch of the circular to on or prior to October 31, 2008 under Rules 14.38, 14.40 and 14A.49 of the Listing Rules.

The delay in despatch of the circular and the transaction is because in the interim, the independent valuer needed to assist MEC to value a part of MEC's concessions (66,000 hectares out of 330,000 hectares for coal, ferrous and non-ferrous metals resources) to support the HK\$13 billion net asset value of MEC under MEC's latest financial statements for the financial year end of March 31, 2008 published on July 23, 2008. The priority required to assist the preparation of the financial statement arose over time and this contributed to the delay in the delivery of the draft independent valuation report for the present transaction.

MEC has obtained the independent technical report and the draft independent valuation report on August 22, 2008 and August 26, 2008 respectively for inclusion in the circular.

The independent financial adviser will now compile the letter of advice to the independent shareholders and the independent board committee and MEC will request from Mr. Liu Cheng Lin an extension to complete the transaction to on or prior to December 31, 2008 for MEC to call for the necessary shareholders' meeting. MEC contemplates no issue with obtaining these.

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MEC has obtained the independent technical report and the draft independent valuation report on August 22, 2008 and August 26, 2008 respectively for inclusion in the circular.

As the independent financial adviser has to base its opinion on the transaction, among others, from the two professional reports and substantial amount of technical information for analysis will be involved, additional time is required for the independent financial adviser to compile the letter of advice to the independent shareholders and the independent board committee to be incorporated into the circular. Furthermore, MEC will request from Mr. Liu Cheng Lin an extension to complete the transaction to on or prior to December 31, 2008 for MEC to call for the necessary shareholders' meeting. MEC contemplates no issue with obtaining these.

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

Hong Kong, August 29, 2008.

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 Piu are independent non-executive Directors.