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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

**MEC INITIAL ACQUISITION IN XINJIANG, PRC
RELATING TO COPPER, TIN & MULTI-METALS RESOURCES
WITH EXPLORED TUNGSTEN AND TIN RESOURCES
AND
UNWINDING OF JOINT VENTURE
TIMING FOR COMPLETION**

MEC refers to the sanction of the independent shareholders of MEC on November 25, 2008 for the Transaction and unwinding of Joint Venture, as referred to and defined under the circular of October 31, 2008 (the “Circular”) and the announcement of December 31, 2008. The scheduled timing for completion is now on or before October 31, 2009.

MEC refers to the sanction of the independent shareholders of MEC on November 25, 2008 for the Transaction and the unwinding of Joint Venture, as referred to and defined under the circular of October 31, 2008 (the “Circular”), with a completion date of on or prior to May 31, 2009, in accordance with the announcement of December 31, 2008.

By a notice of The Ministry of Land and Resources, People’s Republic of China of May 6, 2009 (the “Notice”), amongst others, mining licence relating to tungsten deposits will only be considered for certain excepted projects, prior to June 30, 2010.

Mr. Liu Cheng Lin (“Mr. Liu”) has on May 27, 2009 advised MEC that there would be basis to rely on the exceptions under the Notice to continue to apply for the mining licence. This will however require further time, and accordingly, requested MEC to extend the completion date to on or prior to October 31, 2009.

In view of the recent Notice, MEC will require time to assess the impact upon the Transaction. MEC is of the view that the eventual outcome of the application will be the best gauge as to whether to proceed with the Transaction. As such, MEC has on May 29, 2009 agreed with Mr. Liu to provide an extension for the Transaction to on or before October 31, 2009 to give time for the application.

The Directors (including independent non-executive directors) believes that based on the current Consideration for the Transaction, as sanctioned by the independent shareholders of MEC and the circumstances mentioned above, it is prudent to provide an extension which is in the interest of MEC and its shareholders as a whole.

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

Hong Kong, May 29, 2009

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. Tsai Hing Chuen, William JP and Mr. Lau Wai Piu are independent non-executive Directors.