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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

SUSPENSION OF MINE CONTRACTING SERVICES

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

MoEnCo LLC, an indirect wholly-owned operating subsidiary of the Company in Mongolia, received a “first” notice yesterday from Leighton, the mining contractor responsible for coal extraction at the Khushuut Coal Mine, whereby Leighton is demanding payment of the outstanding contractor’s fees as alleged by Leighton together with a notice of suspension of the works at the Khushuut Coal Mine by Leighton. Leighton also stipulated in the said “first” notice that if MoEnCo LLC does not settle the outstanding contractor’s fees as claimed by Leighton within 28 days, Leighton will terminate the relevant mining agreement.

The Company disputes all claims by Leighton as alleged. The Company is currently in negotiation with Leighton and will continue to do so to ascertain whether the parties can reach an amicable settlement. The Company will explore all legal options as may be available to the Company and MoEnCo LLC. Additionally, the Company’s technical operation team will prepare themselves to extend their current works either by themselves or through other contractors to take over such of the works currently undertaken by Leighton in the event an amicable settlement cannot be reached with Leighton or if the mining agreement is terminated by Leighton or otherwise.

The Company will make further appropriate announcement as the Company may consider necessary.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made 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**”).

MoEnCo LLC, an indirect wholly-owned operating subsidiary of Mongolia Energy Corporation Limited (the “**Company**”) in Mongolia, received a “first” notice yesterday from Leighton LLC (“**Leighton**”), the mining contractor responsible for coal extraction at the Khushuut Coal Mine, whereby Leighton is demanding payment

of the outstanding contractor's fees together with a notice of suspension of the works at the Khushuut Coal Mine by Leighton. Leighton also stipulated in the said "first" notice that if MoEnCo LLC does not settle the outstanding contractor's fees as claimed by Leighton within 28 days, Leighton will terminate the relevant mining agreement. Leighton also stipulated that it will issue a payment notice to the Company as the guarantor of MoEnCo LLC if payment is not made within 3 days.

According to the notices, Leighton demands payment to be made by MoEnCo LLC within 28 days for the sum of MNT16,961,875,197 (approximately US\$12,211,661) as alleged by Leighton to be outstanding and due by MoEnCo LLC which the Company and MoEnCo LLC dispute.

The Company and MoEnCo LLC also dispute the scopes of service provided by Leighton and disagree on the amount charged under the existing mining contract as claimed by Leighton and accordingly, refuse to settle the contractor fees as claimed by Leighton. The Company is currently in negotiation with Leighton and will continue to do so to ascertain whether the parties can reach an amicable settlement. Additionally, the Company's technical operation team will prepare themselves to extend their current works either by themselves or through other contractors to take over such of the works currently undertaken by Leighton in the event that an amicable settlement cannot be reached with Leighton or if the mining agreement is terminated by Leighton or otherwise. The Company's technical operation team currently comprises international coal mining and management experts and geologists with considerable experience in the mining industry.

Notwithstanding the above, all other operations of the Company will proceed normally (though in a smaller scale due to the prevailing adverse coal market condition) including coal screening, loading and shipping of existing raw coking coal stored at the Khushuut Coal Mine as well as the treatment of around 140,000 tonnes of raw coking coal already shipped and stored in Xinjiang, the People's Republic of China.

The Company will closely monitor the above event and will further make appropriate announcement as the Company may consider necessary.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 11 September 2012

As at the date hereof, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Liu Zhuo Wei 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.