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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

BUSINESS UPDATE

The Company is extending the evaluation period to January 2013 for consideration of a suitable coal extraction contractor for the Khushuut Coal mine.

Mongolia Energy Corporation Limited (the “**Company**”) refers to its announcement dated 10 October 2012 (the “**Announcement**”). Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings adopted, used, or referred to in the Announcement.

As disclosed in the Announcement, MoEnCo LLC (“**MoEnCo**”) invited tenders from contractors in Mongolia for the provision of coal extraction services at the Khushuut Coal Mine. The invitation for tenders was closed on 12 October 2012, and there were altogether four (4) bidding proposals received by MoEnCo. The MoEnCo tender selection team has made an initial evaluation on the bidding proposals and additional time is required to complete the assessment. In this connection, the tender selection team is extending the evaluation period to early January 2013 to further evaluate the most suitable contractor, and/or other alternative plans.

Due to extension of the contractor selection process, the Company anticipates the resumption of the coal extraction work will be delayed depending on the outcome of the bidding process. Currently, apart from the foregoing, MoEnCo is focusing on the foundation work for setting up the dry processing system in the Khushuut Coal Mine, and targeting to complete the installation of the system by the end of this year or next January. The proposed system will enhance our coal quality in the coal treatment process.

The Company will further update the development of the Group by further announcement as and when the Company deems 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, 5 November 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.