



MONGOLIA ENERGY CORPORATION

蒙古能源有限公司

For Immediate Release

MEC Enters Agreement to Acquire Further Mine Areas

MEC's acquires 32,000 hectares of further mine areas in western Mongolia and nearly doubles resources bank to 66,000 hectares (to around 2/3rd the size of Hong Kong SAR) with an estimate of up to between 3.4 to 4.4 billion tonnes of coal resources along with other ferrous and non-ferrous metal resources

Hong Kong, May 31, 2007 – Mongolia Energy Corporation Limited ("MEC", SEHK stock code 0276) is pleased to announce that it has entered into an agreement on May 29, 2007 to acquire 32,000 hectares of further mine areas ("further mine areas") in western Mongolia. This nearly doubles the resources bank which MEC is acquiring to 66,000 hectares (around 2/3rd the size of Hong Kong SAR) with an estimate of up to between 3.4 to 4.4 billion tones of coal resources along with other ferrous and non-ferrous metal resources.

As previously announced, MEC is acquiring mine areas ("initial mine areas") in western Mongolia with up to 2.4 billion tonnes of coal resources over an area of some 34,000 hectares (around 1/3rd the size of Hong Kong SAR). The current acquisition of the further mine areas of around 32,000 hectares (another around 1/3rd the size of Hong Kong SAR) serves as a feeder to the initial mine areas in terms of coal resources. The Science Academy under the Institute of Geology and Mineral Resources of Mongolia has confirmed that based on Russian geologists' geological assessment of most of these further mine areas conducted during the 1960's that there are between 1 and 2 billion tonnes of coal resources. Accordingly, the aggregate of the coal resources of all mine areas in western Mongolia which MEC is acquiring would be up to between 3.4 and 4.4 billion tonnes. In addition, the further mine areas may contain other ferrous and non-ferrous metal resources. The above figures are subject to exploration.

MEC can acquire title to the further mine areas of around 32,000 hectares for US\$1.00 and thereafter pay resources fees on a "pay as demonstrated" basis and commercial

exploitation payments on a “pay as used” basis. These resources fees and exploitation payments aggregate to HK\$12.00 per tonne for coal resources and 3% of the prevailing international market price or the actual sales price for other ferrous and non-ferrous metal resources. MEC has requested and supplemented the acquisition of the initial mine areas and will be allowed to obtain title once 300 million tones of coal resources are demonstrated with the reserves report to follow in 120 days as certified by the technical adviser. The title to the mine areas will assist MEC to accelerate its business plans including to build power plants to supply electricity to the Xinjinag power grid which is at the feasibility study stage.

The further mine areas are being acquired for exploration for coal resources, ferrous and non-ferrous resources and eventual conversion into 70-year mining rights which MEC contemplates effecting well within the 9-year exploration period under the Mongolian revised minerals law permitted for exploration.

PRC is a global consumer of coal and for which there is a shortage of this irreplaceable form of energy. In view of the continued economic growth and accelerated industrialization and urbanization in the PRC and the development of the global economy, coal and other natural resources will have its sustained demand. This position is similar for other ferrous and non-ferrous metals.

“The commercial terms of the acquisition of the further mine areas speak for themselves. MEC will continue to work to explore and exploit all mine areas and to accelerate its business plans. MEC will continue to seek to identify other opportunities and to work hard to maximize our shareholders’ returns,” said Mr. Simon Lo, Chairman of MEC.

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About MEC

MEC, formerly known as New World Cyberbase Limited (“NWCB”), was established in August 1999 and headquartered in Hong Kong. Through the purchase of mine areas in western Mongolia, MEC is in a strong position to capitalize on the demands of China, including for coal, coal products and energy along with other resources.

MEC’s initiation project is the acquisition of coal mine areas in western Mongolia of over

34,000 hectares which former Soviet geologists believe that there are 2.4 billion tonnes of resources. MEC will close the acquisition when an initial 300 million tonnes of resources are demonstrated scheduled for on or prior to January 30, 2008 under the terms of the acquisition. The second project is the acquisition of over 32,000 hectares of the further mine areas for coal, ferrous metal and non-ferrous metal resources as detailed above. For further details of the acquisitions, please refer to MEC's circular to its shareholders of March 22, 2007 and the announcement of May 30, 2007 respectively, which could be found at www.mongolia-energy.com.

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