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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

**MAJOR AND CONNECTED TRANSACTION
RELATING TO ACQUISITION OF RESOURCES IN XINJIANG, THE PRC**

MEC refers to the announcements of 29 May 2009 and 30 September 2010. The application of the Mining Licence is progressing and further time is required to obtain the Mining Licence. Mr. Liu sought an extension of time to complete the Transaction by no later than 31 December 2011.

MEC agrees to grant the extension as requested subject to the condition that MEC has discretion not to proceed with the Transaction at any time before completion.

MEC refers to the announcements of 29 May 2009 and 30 September 2010 which the completion of the Transaction was extended to 31 March 2011 pending the fulfilment of the conditions precedent of the Transaction, namely the issue of the relevant Mining Licence.

According to the copies of the correspondence from the National Land and Resources Bureau of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區國土資源廳) provided by Mr. Liu, the Concession Area under the Transaction is located within the prime exploration district which received development and support under the co-operative agreement entered into between the Ministry of Land and Resources and the Government of the Xinjiang Uygur Autonomous Region. The Ruoqiang County People's Government Website (若羌縣人民政府網站)(<http://www.loulan.gov.cn>) on 1 March 2011 published that the application for Mining Licence has been submitted to the Ministry of Land and Resources of the People's Republic of China (中華人民共和國國土資源部) and pending the approval.

Mr. Liu anticipates that further time is required to obtain the Mining Licence from the Ministry of Land and Resources of the People's Republic of China (中華人民共和國國土資源部).

Mr. Liu has sought an extension of time from MEC to complete the Transaction by no later than 31 December 2011. As a condition for the extension, MEC has discretion not to proceed with the Transaction at any time before completion.

Aside from the Transaction related rationale set out under the announcement of 29 May 2009, the Directors (including Independent Non-executive Directors) believe that based on the progress information as reported by Mr. Liu and that the completion is a discretion and not an obligation for MEC when the Mining Licence is obtained. Further, MEC would have more opportunity to assess and consider the benefits of the Transaction at any time before completion. Therefore, an extension of time for the completion to take place by no later than 31 December 2011 is fair and reasonable and is in the interest of MEC and the Shareholders as a whole. MEC accordingly granted an extension for the Transaction as requested.

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

Hong Kong, 31 March 2011

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.