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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on the unaudited management accounts of the Group for the year ended 31 March 2011, it is expected that the Group may record further loss, which is mainly accounting loss, for the year ended 31 March 2011 as compared with the audited loss for the corresponding period in 2010.

This profit warning announcement is only based on the preliminary review on the management accounts of the Group, which has not been confirmed nor audited by the Company's independent auditor.

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

This announcement is made by Mongolia Energy Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board wishes to inform the shareholders of the Company and potential investors that based on the unaudited management accounts of the Group for the year ended 31 March 2011, it is expected that the Group may record further loss for the year ended 31 March 2011 as compared with the audited loss for the corresponding period in 2010. Based on the information currently available, the expected further loss of the Group was mainly accounting loss attributable to certain non-cash expense items: (i) the increase in staff costs due to the recognition of share based payments arising from share options granted to certain employees and directors of the Group; (ii) the increase in finance costs in association with convertible notes issued by the Company calculated at effective interest rate and (iii) the recognition of fair value loss from held-for-trading investments. The Group's principal project, the Khushuut Coking Coal Mine, is still under trial production stage and did not contribute to the revenue of the Group for the year ended 31 March 2011.

This profit warning announcement is only based on the preliminary review on the management accounts of the Group, which has not been confirmed nor audited by the Company's independent auditor.

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

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

Hong Kong, 31 May 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.