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**MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

**ANNOUNCEMENT**

**ACQUISITION OF 25% OF XINJIANG KAIYUE YUAN  
- DISCUSSIONS ON AMENDMENT FOR ACCELERATED COMPLETION**

**MEC INITIAL ACQUISITION IN XINJIANG, PRC  
RELATING TO COPPER, TIN & MULTI-METALS RESOURCES  
WITH EXPLORED TUNGSTEN AND TIN RESOURCES  
- SUPPLEMENT AND DESPATCH OF CIRCULAR**

**UNUSAL PRICE MOVEMENT**

**Acquisition of 25% of Xinjiang Kaiyue Yuan. Discussions on amendment for accelerated completion.**

MEC refers to its announcement of September 25, 2008 (the “**Announcement**”) and the expressions and definitions therein. As set out under the Announcement, Xinjiang Kaiyue Yuan’s registered capital is verified at RMB150 million with RMB50 million to be verified.

MEC has commenced discussions for an accelerated completion of the acquisition of 25% Xinjiang Kaiyue Yuan and related shareholder’s loan, on the basis of completing the acquisition based on the existing verified capital, which to be precise, stands at RMB150.02 million. The rationale for the accelerated completion is that this will provide an early nexus to MEC to finalize negotiations for MEC’s 20% stake in two joint ventures with the two Geological Bureaus over 2 billion tonnes of demonstrated coal resources as detailed under the Announcement.

The discussions are expected to result in agreement shortly. MEC will, under the amended terms be required to pay RMB37.505 million instead of RMB 50 million, which is an approximately RMB12.5 million reduction, to acquire 25% interest of Xinjiang Kaiyue Yuan and the related shareholder’s loan based on the verified registered capital of RMB150.02 million. As and when the registered capital is verified over time to RMB200 million from RMB150.02 million, MEC will pay a corresponding amount of up to the approximately RMB12.5 million reduction, within 7 days of such verification by reason of the increased verified registered capital and take on a further assignment of the related shareholder’s loan.

The above are subject to agreement and compliance with the Listing Rules requirements, if any.

**MEC initial acquisition in Xinjiang, PRC relating to copper, tin & multi-metals resources with explored tungsten and tin resources. Supplement and despatch of circular**

MEC refers to the announcements of March 10, March 31, June 30 and August 29, 2008 and the expressions and definitions therein.

MEC has on October 27, 2008 entered into a supplemental agreement (the “**Supplement**”) with Mr. Liu to extend the Closing of the Acquisition Agreement from prior to September 1, 2008 to December 31, 2008 to give time to MEC to comply with the requirements of the Listing Rules including the issue of the circular; and to revise the Consideration downward slightly from approximately HK\$1.108 billion to HK\$1 billion. These are detailed below.

The circular relating to the transaction will be despatched to shareholders on or before October 31, 2008.

**Unusual price movement**

MEC has noted the recent increase in the price of the shares of MEC and wish to state that MEC is not aware of any reasons for such increase.

Apart from the above, the board of directors (the “**Board**”) confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), and neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

**ACQUISITION OF 25% OF XINJIANG KAIYUE YUAN. DISCUSSIONS ON AMENDMENT FOR ACCELERATED COMPLETION**

MEC refers to its announcement of September 25, 2008 (the “**Announcement**”) and the expressions and definitions therein. As set out under the Announcement, Xinjiang Kaiyue Yuan’s registered capital is verified at RMB150 million with RMB50 million to be verified.

MEC has commenced discussions for an accelerated completion of the acquisition of 25% Xinjiang Kaiyue Yuan and related shareholder’s loan, on the basis of completing the acquisition based on the existing verified capital, which to be precise, stands at RMB150.02 million. The rationale for the accelerated completion is that this will provide an early nexus to MEC to finalize negotiations for MEC’s 20% stake in two joint ventures with the two Geological Bureaus over 2 billion tonnes of demonstrated coal resources as detailed under the Announcement.

The discussions are expected to result in agreement shortly. MEC will, under the amended terms be required to pay RMB37.505 million instead of RMB 50 million, which is an approximately RMB12.5 million reduction, to acquire 25% interest of Xinjiang Kaiyue Yuan and the related shareholder’s loan based on the verified registered capital of RMB150.02 million. As and when the registered capital is verified over time to RMB200 million from RMB150.02 million, MEC will pay a corresponding amount of up to the approximately

RMB12.5 million reduction, within 7 days of such verification by reason of the increased verified registered capital and take on a further assignment of the related shareholder's loan.

The above are subject to agreement and compliance with the Listing Rules requirements, if any.

### **MEC INITIAL ACQUISITION IN XINJIANG, PRC RELATING TO COPPER, TIN & MULTI-METALS RESOURCES WITH EXPLORED TUNGSTEN AND TIN RESOURCES. SUPPLEMENT AND DESPATCH OF CIRCULAR**

MEC refers to the announcements of March 10, March 31, June 30 and August 29, 2008 and the expressions and definitions therein.

MEC has on October 27, 2008 entered into a supplemental agreement (the “**Supplement**”) with Mr. Liu to extend the Closing of the Acquisition Agreement from prior to September 1, 2008 to December 31, 2008 to give time to MEC to comply with the requirements of the Listing Rules including the issue of the circular; and to revise the Consideration downward slightly from approximately HK\$1.108 billion to HK\$1 billion.

Under the Supplement, the service fee of HK\$200 million and reimbursement of the RMB100 million, that is, approximately HK\$114 million, at the market exchange rate, to Mr. Liu under the Acquisition Agreement remain unchanged and the balance amount of HK\$686,000,000 is to be satisfied by the issue of new Shares by MEC following Closing and the issued price shall be the closing price of the Shares as at the date of Closing. The parties, however, further agreed that the new Shares to be issued by MEC are subject to a maximum of 100 million new Shares.

Apart from and the inclusion of the above, and a further undertaking by Mr. Liu to be liable for any non-receipt of payment by MEC which MEC otherwise should have received, other terms of the Acquisition Agreement remain unchanged.

Under the combined effect of the Acquisition Agreement and the Supplement, for a Closing to take place, a mining licence, instead of the exploration licence should be secured by the scheduled completion date of December 31, 2008 unless extended with agreement of both parties.

The slight adjustment of the Consideration payable by MEC would have the benefit to MEC in reducing overall purchase price and possibly the amount of the new Shares to be issued in case of an increase in the share price of MEC whilst, without the Supplement, this can potentially exceed HK\$1.108 billion as stated under the Acquisition Agreement. This is the main reason for MEC to enter the Supplement.

The circular relating to the transaction will be despatched to shareholders on or before October 31, 2008.

### **UNUSUAL PRICE MOVEMENT**

MEC has noted the recent increase in the price of the shares of MEC and wish to state that MEC is not aware of any reasons for such increase.

Apart from the above, the board of directors (the “**Board**”) confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), and neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

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

Hong Kong, October 29, 2008.

*As at the date hereof, the Board comprises seven directors, of which Mr. Lo Lin Shing, Simon, Mr. Liu Zbuo 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 Pin are independent non-executive directors.*