

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF GI CONVERTIBLE NOTE;
(2) WHITEWASH WAIVER
IN RELATION TO THE GI CONVERTIBLE NOTE;
AND
(3) RESUMPTION OF TRADING**

THE SUBSCRIPTION

On 27 April 2010 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe for the GI Convertible Note in an aggregate principal amount of HK\$300,000,000.

Upon full conversion of the HK\$300,000,000 principal amount of the GI Convertible Note at the initial GI Conversion Price, a total of 75,000,000 GI Conversion Shares will be issued, representing approximately 1.23% of the total existing issued share capital of the Company and approximately 1.21% of the Company's total issued share capital as enlarged by the issue of 75,000,000 GI Conversion Shares.

The GI Convertible Note is proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders at the SGM. As the Subscriber is a substantial shareholder of the Company and its beneficial owner is an executive Director, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules. An application will be made to the Stock Exchange for the listing of and permission to deal in the GI Conversion Shares.

The net proceeds from the Subscription is expected to be approximately HK\$296 million.

WHITEWASH WAIVER

Completion of the Subscription Agreement is conditional upon, among other things, the Whitewash Waiver being approved by the Independent Shareholders and granted by the Executive. As at the date of this announcement, the Concert Group holds in aggregate approximately 29.83% of the voting rights of the Company. Upon full conversion of the HK\$300,000,000 principal amount of the GI Convertible Note at the initial GI Conversion Price, the aggregate voting rights of the Company held by the Concert Group will increase to approximately 30.68%, assuming no changes to the share capital or shareholding structure of the Company other than the issue of GI Conversion Shares on full conversion of the GI Convertible Notes. Under Rule 26 of the Takeovers Code, the acquisition of voting rights under such circumstances will trigger a mandatory general offer by the Concert Group for all the securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group, unless an appropriate waiver is available. An application will be made by the Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be made subject to the approval of the Independent Shareholders on a vote taken by way of a poll. Members of the Concert Group and their respective associates and those who are involved or interested in the Subscription or the Whitewash Waiver will abstain from voting on the resolution to approve the Whitewash Waiver at the SGM.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 28 April 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 30 April 2010.

GENERAL

A circular containing, among other things (i) details of the Subscription and the Whitewash Waiver; (ii) recommendations from the Independent Board Committees; (iii) the advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders; and (iv) the notice of the SGM will be sent to the Shareholders as soon as practicable.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares or any securities of the Company. Shareholders and the potential investors of the Company should note that completion of the Subscription Agreement is conditional and they should exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

The Subscription Agreement contains the principal terms set out below:—

Parties: The Company, as issuer
The Subscriber

Subscription Agreement: On 27 April 2010 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for the GI Convertible Note in the principal amount of HK\$300,000,000 on the terms and conditions of the Subscription Agreement.

Conditions Precedent:

Completion of the Subscription Agreement is conditional upon:—

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the GI Conversion Shares;
- (b) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Subscription, issue of the GI Convertible Note and the GI Conversion Shares;
- (c) if required, the Bermuda Monetary Authority having approved the issue of the GI Convertible Note and the allotment and issue of the GI Conversion Shares upon the exercise of the conversion rights or otherwise pursuant to the conditions of the GI Convertible Note and the GI Conversion Shares;
- (d) the passing of the requisite resolution(s) by the relevant Shareholders at a general meeting of the Company approving the transactions contemplated under the Subscription Agreement and the Whitewash Waiver; and
- (e) the Whitewash Waiver having been granted by the Executive.

None of the above conditions precedent can be waived.

Completion:

Completion of the Subscription shall take place on the third Business Day after fulfillment of the conditions precedent set out above or such other date as may be agreed between the parties to the Subscription Agreement in writing no later than 30 September 2010 (or such other date as the parties to the Subscription Agreement may agree in writing) (the “**Completion Date**”).

Termination:

If any of the following events occurs at any time prior to 9:30 a.m. on the Completion Date, the Subscriber may, by giving a written notice to the Company, rescind the Subscription Agreement if in the reasonable opinion of the Subscriber, the Subscription would be materially and adversely affected by:—

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Subscriber materially and adversely affect the business or the financial position of the Group as a whole; or

- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Subscription Agreement, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Subscriber, materially and adversely affect the business or the financial position of the Group as a whole.

Upon the giving of such notice by the Subscriber, all obligations of the Subscriber under the Subscription Agreement shall cease and determine and no party to the Subscription Agreement shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Subscription Agreement.

The Subscriber is an investment holding company wholly and beneficially owned by Mr. Lo. As at the date of this announcement, the Subscriber holds 1,194,029,301 Shares, representing approximately 19.56% of the total issued share capital of the Company as at the date of this announcement.

PRINCIPAL TERMS OF THE GI CONVERTIBLE NOTE

Set out below are the principal terms of the GI Convertible Note:—

Aggregate principal amount of the GI Convertible Note:	HK\$300,000,000
Authorised denomination for conversion and transfer:	HK\$10,000,000 or integral multiples thereof (save that if at any time the principal outstanding amount of the GI Convertible Note is less than HK\$10,000,000, the whole (but not part only) of the principal outstanding amount of the GI Convertible Note may be converted)
Maturity date:	The third anniversary of the date of issue of the GI Convertible Note (or such later date consented by the holder of the GI Convertible Note)
Conversion rights and conversion period:	The holder of the GI Convertible Note shall have the right to convert all or part of the outstanding principal amount of the GI Convertible Note into Shares at the GI Conversion Price on any Business Day from the date of issue of the GI Convertible Note and up to the Business Day immediately prior to the maturity date.
Conversion price:	Initially, HK\$4 per GI Conversion Share, subject to adjustments in certain events, including share consolidation, share subdivision, capitalisation issues, capital distribution or grant of rights to Shareholders to acquire for cash assets of the Company or its subsidiaries, rights issue of Shares or options or warrants or other rights over Shares, and other equity or equity derivatives issues
Interest rate:	3.5% per annum, payable annually in arrears

Transferability:	<p>The GI Convertible Note is transferrable in authorised denominations.</p> <p>The GI Convertible Note may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Any transfer of the GI Convertible Note is subject to (i) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; (ii) the approval of Shareholders in a general meeting if so required under the Listing Rules if such transfer is proposed to be made to a connected person of the Company.</p>
Voting:	<p>The holder of the GI Convertible Note will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a holder of the GI Convertible Note.</p>
Listing:	<p>No application will be made for the listing of the GI Convertible Note on the Stock Exchange or any other stock exchange.</p> <p>Application will be made by the Company for the listing of, and permission to deal in, the GI Conversion Shares to be issued upon the exercise of the conversion rights attaching to the GI Convertible Note.</p>
Ranking:	<p>The obligations of the Company under the GI Convertible Note are unsecured.</p> <p>The GI Conversion Shares to be issued upon the exercise of the conversion rights attaching to the GI Convertible Note will rank pari passu in all respects with all other Shares outstanding at the date of exercise of the conversion rights and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of exercise of the conversion rights.</p>
Restriction on the exercise of Conversion rights:	<p>The Company shall be entitled (without penalty on any right of recourse by the holder of the GI Convertible Note) to disregard any conversion notice and the conversion rights thereunder and the Company shall not be obliged to issue any GI Conversion Shares, if and to the extent the issue of the relevant GI Conversion Shares would lead to an insufficient public float for the Shares (as required under the Listing Rules).</p>

Early redemption and repurchase: The Company shall redeem at 100% of the outstanding principal amount on the maturity date.

The Company may, at any time prior to the maturity date by giving not less than five Business Days and not more than ten Business Days prior notice to the holder of the GI Convertible Note, redeem on any Business Day prior to maturity date the whole or part of the principal amount of the GI Convertible Note at any amount equal to the aggregate of the principal amount to be redeemed and any unpaid interest accrued thereon from the date of issue of the GI Convertible Note up to (but excluding) the date of redemption.

The Company or any of its subsidiaries may at any time and from time to time repurchase the GI Convertible Note at any price as may be agreed between the Company or such subsidiary and the holder of the GI Convertible Note. Any GI Convertible Note so purchased shall forthwith be cancelled by the Company.

Events of Default:

Holder(s) of at least 75% of the principal amount of the GI Convertible Note then outstanding may require immediate redemption of the GI Convertible Note at their principal amount together with interest accrued thereon and unpaid up to (and excluding) the date of redemption if any of the following events occurs: (i) the listing of the Shares on the Stock Exchange ceases or is suspended for a continuous period of 21 Business Days on which the Stock Exchange is generally open for trading due to the default of the Company or any of its directors, officers or employees; (ii) default in payment under the GI Convertible Note; (iii) on the occurrence of certain insolvency or bankruptcy related events relating to the Company, or if the Company ceases or threatens to cease to carry on its business or any substantial part thereof; (iv) revocation or withdrawal or modification of consents, licence, approval or authorisation which materially and adversely affects the ability of the Company to perform its obligations under the GI Convertible Note; or (v) if it becomes impossible or unlawful in Hong Kong for the Company to fulfil its payment obligations under the GI Convertible Note.

Upon full conversion of the HK\$300,000,000 principal amount of the GI Convertible Note at the initial GI Conversion Price, a total of 75,000,000 GI Conversion Shares will be issued, representing approximately 1.23% of the total existing issued share capital of the Company and approximately 1.21% of the Company's total issued share capital as enlarged by the issue of 75,000,000 GI Conversion Shares.

GI CONVERSION PRICE

The initial GI Conversion Price, being HK\$4 per Share, represents:—

- (i) a premium of approximately 8.99% over the closing price of HK\$3.670 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 8.99% over the average closing price of HK\$3.670 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.12% over the average closing price of HK\$3.734 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 83.49% over the unaudited consolidated net assets value of the Company attributable to the Shareholders of approximately HK\$2.180 per Share as at 30 September 2009 (based on the unaudited consolidated net assets of the Company attributable to the Shareholders of approximately HK\$13,304,812,000 and 6,102,797,828 Shares in issue as at 30 September 2009).

The GI Conversion Price was determined with reference to the prevailing market price of the Shares, the operation and financial performance of the Group and the current market conditions and was negotiated on an arm's length basis between the Company and the Subscriber.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, there are outstanding (i) the 2008 Puraway Convertible Bond which was issued to Puraway Holdings Limited pursuant to the transactions as set out in the announcement of the Company dated 7 February 2007 and (ii) the 2008 CTF Convertible Note issued to CTF Nominee which was the subject of the announcement of the Company dated 1 February 2008. As at the date of this announcement, there are also outstanding share options granted by the Company under its share option scheme to the directors and employees of the Group to subscribe for an aggregate of 22,300,670 Shares (including options to Mr. Lo to subscribe for 6,000,000 Shares). Save as disclosed above, as at the date of this announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares. There may also fall to be issued up to a maximum of 100,000,000 new Shares to Mr. Liu Cheng Lin following completion of the acquisition which was the subject of the circular of the Company dated 31 October 2008.

The table below illustrates the shareholding structure of the Company as at the date of this announcement and the shareholding structures of the Company under the following scenarios (assuming that there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement up to the occurrence of the events mentioned below):—

- (A) immediately after full conversion of the GI Convertible Note at the initial GI Conversion Price;
- (B) immediately after full conversion of the 2008 CTF Convertible Note at the conversion price of HK\$7.3 per Share;
- (C) immediately after full conversion of the GI Convertible Note at the initial GI Conversion Price and full conversion of the 2008 CTF Convertible Note at the conversion price of HK\$7.3 per Share; and

- (D) immediately after full conversion of the GI Convertible Note at the initial GI Conversion Price, full conversion of the 2008 CTF Convertible Note at the conversion price of HK\$7.3 per Share, full conversion of the 2008 Puraway Convertible Bond at the initial conversion price of HK\$0.285 per Share, exercise of all the existing outstanding share options of the Company granted pursuant to the Company's share option scheme and issue of 100,000,000 new Shares (being the maximum number of Shares that may be issued to Mr. Liu Cheng Lin following completion of the acquisition which was the subject of the circular of the Company dated 31 October 2008).

Shareholders	As at the date of this announcement		Scenario A		Scenario B		Scenario C		Scenario D	
	Number of	%	Number of	%	Number of	%	Number of	%	Number of	%
	Shares (approximately)		Shares (approximately)		Shares (approximately)		Shares (approximately)		Shares (approximately)	
The Concert Group										
The Subscriber and its associates (Note 1)	1,200,739,301	19.67	1,275,739,301	20.65	1,200,739,301	18.83	1,275,739,301	19.77	1,281,739,301	18.12
Chow Tai Fook Nominee Limited and its associates (Note 2)	225,000,000	3.69	225,000,000	3.64	498,972,602	7.82	498,972,602	7.73	498,972,602	7.05
Dragon Noble Group Limited and its associates (Note 3)	394,670,000	6.47	394,670,000	6.39	394,670,000	6.19	394,670,000	6.12	394,670,000	5.58
Subtotal	1,820,409,301	29.83	1,895,409,301	30.68	2,094,381,903	32.84	2,169,381,903	33.62	2,175,381,903	30.75
Puraway Holdings Limited and Mr. Liu Cheng Lin (Note 4)	925,000,000	15.15	925,000,000	14.97	925,000,000	14.51	925,000,000	14.34	1,525,000,000	21.56
Other directors of the Group (Note 5)	7,283,200	0.12	7,283,200	0.12	7,283,200	0.11	7,283,200	0.11	10,283,349	0.14
Public shareholders	3,350,355,327	54.90	3,350,355,327	54.23	3,350,355,327	52.54	3,350,355,327	51.93	3,363,655,848	47.55
Total	6,103,047,828	100.00	6,178,047,828	100.00	6,377,020,430	100.00	6,452,020,430	100.00	7,074,321,100	100.00

Notes:

- Among the 1,200,739,301 Shares, 4,960,000 Shares are held by Mr. Lo, 1,194,029,301 Shares are held by the Subscriber (which is wholly and beneficially owned by Mr. Lo), and 1,750,000 Shares are held by the spouse of Mr. Lo.
- CTF Nominee is a company wholly owned by Dato' Dr. Cheng Yu Tung. It is also the holder of the 2008 CTF Convertible Note. Among the 225,000,000 Shares, 220,000,000 Shares are held by CTF Nominee and 5,000,000 Shares are held by Dato' Dr. Cheng Yu Tung.
- Dragon Noble Group Limited is a company wholly owned by Dr. Cheng Kar Shun. Among the 394,670,000 Shares, 325,570,000 Shares are held by Dragon Noble Group Limited and 69,100,000 Shares are held by the spouse of Dr. Cheng Kar Shun.
- Puraway Holdings Limited is a company wholly owned by Mr. Liu Cheng Lin. It is a substantial shareholder of the Company and also the holder of the 2008 Puraway Convertible Bond.
- Other directors of the Group, other than Mr. Lo and his associates.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an energy and resources developer. The Group is currently focusing on the development of its initial coking coal mining project in Khushuut, Khovd Province, western Mongolia.

To facilitate transportation of coal, the Group has completed substantially the road foundation work to link the mine site at Khushuut with the Yarant/Takeshenken border crossing at Xinjiang, PRC, some 310 kilometers away. To consolidate the road foundation already built for better running of vehicles and maintenance, the Group had on 9 April 2010 entered into the Road Surface Contract consisting principally of asphalt pavement of the roadway and construction of some surface stations along the roadway of approximately 340 kilometers with an independent contractor for RMB488,240,940. The road surface pavement is expected to be completed before September this year to facilitate the transportation of coking coal.

The Group is preparing and working towards commencement of its mining operation at Khushuut in the later part this year.

Prior to actual commencement of the mining operation, additional capital is anticipated for necessary infrastructures including paving the road surface as mentioned above. It is therefore prudent for the Company to have additional working capital and funding for miscellaneous expenses for its upcoming mining operation.

After taking into account that: (i) the lending interest rate of bank financing (if and to the extent available) will not be attractive as compared to the GI Convertible Note; (ii) the issue of the GI Convertible Note will not lead to an immediate dilution on the shareholding interests of the existing Shareholders compared with a placing of new Shares; (iii) fund raising through rights issue, open offer and placing of new Shares may also attract a higher transaction cost such as underwriting and other fees; and (iv) the provision of funding through the subscription of the GI Convertible Note by the Subscriber and the premium to current market price implied in the initial GI Conversion Price evidences the confidence by Mr. Lo (as Chairman, executive director and substantial shareholder of the Company) in the business of the Group prior to actual commencement of mining, the executive Directors consider that the issue of the GI Convertible Note is an appropriate means for the Company to obtain financing.

In view of the above, the Directors (excluding the independent non-executive Directors whose views will be included in the Company's circular to be published in connection with, among other things, the Subscription) consider that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

The net proceeds of the GI Convertible Note are estimated to be approximately HK\$296 million which will be used for general working capital of the Group including financing the road surface pavement and miscellaneous pre-mining operation expenses of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

LISTING RULES IMPLICATIONS

As the Subscriber is a substantial shareholder of the Company and its beneficial owner is an executive Director, the Subscriber is a connected person of the Company and the Subscription constitutes a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The GI Convertible Note is proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders at the SGM. Pursuant to the Listing Rules, the Subscription IBC will be established to advise the Independent Shareholders in respect of the Subscription and an independent financial adviser will be appointed to make recommendations to the Subscription IBC and the Independent Shareholders in respect of the Subscription.

WHITEWASH WAIVER

The Subscriber, Mr. Lo and his spouse, CTF Nominee, Dragon Noble Group Limited, Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun and his spouse are parties acting in concert with each other in respect of the Company. As at the date of this announcement, the Concert Group holds an aggregate of 1,820,409,301 Shares, representing approximately 29.83% of the total voting rights of the Company.

Completion of the Subscription Agreement is conditional upon, among other things, the Whitewash Waiver being approved by the Independent Shareholders and granted by the Executive. Upon full conversion of the HK\$300,000,000 principal amount of the GI Convertible Note at the initial GI Conversion Price and assuming no other change to the share capital and shareholding structure of the Company, the Concert Group will hold approximately 30.68% of the voting rights of the Company. Under Rule 26 of the Takeovers Code, the acquisition of voting rights under such circumstances will trigger a mandatory general offer by the Concert Group for all the securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group, unless an appropriate waiver is available. An application will be made by the Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be made subject to the approval of the Independent Shareholders on a vote taken by way of a poll. Members of the Concert Group and their respective associates and those who are involved or interested in the Subscription or the Whitewash Waiver will abstain from voting on the resolution to approve the Whitewash Waiver at the SGM.

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.

Pursuant to the Takeovers Code, the Whitewash IBC will be established to make a recommendation to the Independent Shareholders in respect of the Whitewash Waiver and an independent financial adviser will be appointed to advise the Whitewash IBC in respect of the Whitewash Waiver and how the Independent Shareholders should vote in respect of the resolution to approve the Whitewash Waiver. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

Save as disclosed in the section headed "Shareholding structure of the Company" above, none of the Subscriber and parties acting in concert with it own, control or direct any Shares, convertible securities, warrants, options or derivatives in respect of the Shares as at the date of this announcement, and there is no outstanding derivative in respect of securities in the Company which has been entered into by the Subscriber or any person acting in concert with it as at the date of this announcement.

On 9 April 2010, 6,000,000 outstanding options carrying right to subscribe for an aggregate of 6,000,000 Shares were granted to Mr. Lo pursuant to the share option scheme of the Company. Save as aforesaid and save as the entering into of the Subscription Agreement by the Subscriber, none of the parties in the Concert Group has dealt in the securities of the Company in the six-month period prior to and including the date of this announcement.

Save for the transactions contemplated under the Subscription Agreement, as at the date of this announcement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Subscriber which might be material to the Whitewash Waiver as at the date of this announcement.

As at the date of this announcement, neither the Subscriber nor parties acting in concert with it has received any irrevocable commitment to vote in favour of the Subscription Agreement and the Whitewash Waiver.

As at the date of this announcement, save for the Subscription Agreement, there is no agreement or arrangement to which the Subscriber is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription.

None of the Subscriber or any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

GENERAL

A SGM will be convened by the Company at which resolutions will be proposed to seek approval of (i) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the GI Convertible Note and the issue and allotment of the GI Conversion Shares upon exercise of the conversion rights attaching to the GI Convertible Note); and (ii) the Whitewash Waiver. Members of the Concert Group and their respective associates and those who are involved or interested in the Subscription or the Whitewash Waiver will abstain from voting on such resolutions.

A circular containing, among other things (i) details of the Subscription and the Whitewash Waiver; (ii) recommendations from the Subscription IBC and the Whitewash IBC in respect of the Subscription and the Whitewash Waiver respectively, (iii) the advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; and (iv) the notice of the SGM will be sent to the Shareholders as soon as practicable.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares or any securities of the Company. Shareholders and potential investors of the Company should note that completion of the Subscription Agreement is conditional and they should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 28 April 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 30 April 2010.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, a Sunday and any public holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Concert Group”	the Subscriber, CTF Nominee, Dragon Noble Group Limited, Mr. Lo and his spouse, Dato’ Dr. Cheng Yu Tung, Dr. Cheng Kar Shun and his spouse
“connected person”	the meaning ascribed thereto in the Listing Rules
“CTF Nominee”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong, which is wholly and beneficially owned by Dato’ Dr. Cheng Yu Tung and holds 220,000,000 Shares and 2008 CTF Convertible Note as at the date of this announcement
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GI Convertible Note”	a convertible note in the principal amount of HK\$300,000,000 proposed to be issued by the Company pursuant to the Subscription Agreement
“GI Conversion Price”	the initial conversion price of HK\$4 per GI Conversion Share (subject to adjustments)
“GI Conversion Shares”	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the GI Convertible Note
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committees”	the Subscription IBC and the Whitewash IBC

“Independent Shareholders”	Shareholders other than (1) members of the Concert Group and their respective associates; and (2) those who are involved or interested in the Subscription or the Whitewash Waiver
“Last Trading Day”	27 April 2010, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Lin Shing, Simon, Chairman of the Company and an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the GI Convertible Note, and the issue and allotment of the GI Conversion Shares upon exercise of the conversion rights attaching to the GI Convertible Note) and the Whitewash Waiver
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Golden Infinity Co., Ltd., a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Lo and holds 1,194,029,301 Shares as at the date of this announcement
“Subscription”	the subscription of the GI Convertible Note in the principal amount of HK\$300,000,000 by the Subscriber on the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 27 April 2010 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription IBC”	a committee of the Board to be established for the purpose of advising the Independent Shareholders in respect of the Subscription
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Whitewash IBC”	a committee of the Board to be established for the purpose of advising the Independent Shareholders in respect of the Whitewash Waiver

“Whitewash Waiver”	a waiver of the obligation of the Concert Group to make a mandatory general offer for all the issued securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group under Rule 26 of the Takeovers Code as a result of the issue of new Shares on conversion of the GI Convertible Note
“2008 CTF Convertible Note”	the outstanding zero coupon convertible note due 30 April 2011 in the principal amount of HK\$2,000,000,000 issued by the Company on 30 April 2008, details of which are set out in the announcement of the Company dated 1 February 2008
“2008 Puraway Convertible Bond”	the outstanding 3% convertible bond due 29 January 2011 in the principal amount of HK\$142,500,000 issued by the Company on 29 January 2008, details of which are set out in the circular of the Company dated 22 March 2007
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 April 2010

As at the date of this announcement, 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.

As at the date of this announcement, Mr. Lo Lin Shing, Simon is the sole director of the Subscriber.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The sole director of the Subscriber accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.