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If you have sold or transferred all your shares in Mongolia Energy Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF A FALCON 900EX AIRCRAFT
FOR CAPACITY TO EXPAND
PRIVATE JET CHARTER BUSINESS**

A letter from the Board of Mongolia Energy Corporation Limited is set out on pages 3 to 6 of this circular.

January 21, 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Aircraft”	a new Falcon 900EX Aircraft
“Aircraft Purchase Agreement”	the Falcon 900EX Aircraft Purchase Agreement dated December 31, 2007 entered into between Onfield Group as buyer and Dassault Falcon as seller in relation to the sale and purchase of a new Falcon 900EX aircraft
“AVIC I”	中航第一集團國際租賃有限責任公司 (AVIC I International Leasing Co., Ltd)
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company” or “MEC”	Mongolia Energy Corporation Limited (stock code: 276), a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the new Falcon 900EX Aircraft under the Aircraft Purchase Agreement
“Consideration”	US\$37,900,000 (equivalent to HK\$295,620,000)* being the consideration payable under the Aircraft Purchase Agreement
“Dassault Falcon” or “Seller”	Dassault Falcon Jet Corp, a company based in the USA and an Independent Third Party
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who, to the best of the Director’s knowledge and information and having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	January 15, 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Onfield Group” or “Buyer”	Onfield Group Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of MEC
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America
“USA”	the United States of America

* For illustration purpose only at the exchange rate of US\$1 to HK\$7.8



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

Executive Directors:

Mr. Lo Lin Shing, Simon (*Chairman*)

Ms. Yvette Ong

Non-executive Director:

Mr. To Hin Tsun, Gerald

Independent non-executive Directors:

Mr. Peter Pun, *OBE, JP*

Mr. Tsui Hing Chuen, *William, JP*

Mr. Lau Wai Piu

Registered office:

Clarendon House

Church Street

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Bermuda

*Head office and principal place
of business in Hong Kong:*

Rooms 1502-5

New World Tower 1

16-18 Queen's Road Central

Hong Kong

January 21, 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**ACQUISITION OF A FALCON 900EX AIRCRAFT
FOR CAPACITY TO EXPAND
PRIVATE JET CHARTER BUSINESS**

INTRODUCTION

The Board is pleased to announce that, on December 31, 2007, Onfield Group, an indirect wholly-owned subsidiary of MEC, entered into the Aircraft Purchase Agreement with Dassault Falcon, an independent Third Party, for the purchase of a new Falcon 900EX Aircraft by Onfield Group from Dassault Falcon at a consideration of US\$37,900,000 (equivalent to HK\$295,620,000)*.

The purpose of this circular is to provide you with details of the transaction.

LETTER FROM THE BOARD

THE AIRCRAFT PURCHASE AGREEMENT

Date: December 31, 2007

Parties:

Seller: Dassault Falcon Jet Corp., a company based in USA. It is a wholly-owned subsidiary of Dassault Aviation headquartered in France. It is a jet manufacturer. Dassault Falcon and its ultimate beneficial owners are Independent Third Parties.

Purchaser: Onfield Group Limited, a company incorporated under the laws of BVI with limited liability and an indirect wholly-owned subsidiary of MEC.

According to the Aircraft Purchase Agreement, Onfield Group agreed to purchase and Dassault Falcon agreed to sell a new Falcon 900EX Aircraft at the Consideration. The Group has no previous transaction with the Seller and its associates.

The Falcon 900EX Aircraft

The Falcon 900EX Aircraft is a long range, high-performance, widebody business jet designed and produced by Dassault Aviation of France. The Aircraft is powered by three Honeywell TFE731-60 turbofan engines. It is configured to hold 12 passengers in a standard configuration. Its maximum range is up to 4,500 nautical miles.

Consideration

The Consideration for the acquisition of the new Falcon 900EX Aircraft is US\$37,900,000 (equivalent to HK\$295,620,000)*. The payment schedule under the Aircraft Purchase Agreement is as follows:

Payment Schedule	Currency	Amount	Percentage
January 7, 2008	US	\$1,895,000	5%
May 30, 2008	US	\$3,790,000	10%
November 28, 2008	US	\$7,580,000	20%
May 29, 2009	US	\$11,370,000	30%
On delivery of the completed aircraft	US	\$13,265,000	35%

LETTER FROM THE BOARD

Onfield Group has made a refundable pre-sale payment in the sum of US\$500,000 (equivalent to HK\$3,900,000)* to Dassault Falcon on December 12, 2007 which was used to partially set-off the payment due on January 7, 2008. As shown in the above table, MEC is required to make payments in a scheduled manner and MEC does not currently anticipate any issue with these payments in a scheduled manner through a combination of internal resources and/or external financing, including possibly from AVIC I.

The Consideration was determined after arm's length negotiations between the parties to the Aircraft Purchase Agreement and based on the manufacturer's prices for the new Falcon 900EX Aircraft.

Conditions precedent

The Completion of the Aircraft Purchase Agreement is conditional upon the fulfillment of the conditions thereof, including but not limited to:

- (i) inspection of the conditions of the Falcon 900EX Aircraft being in accordance with the provisions of the Aircraft Purchase Agreement from a pre-delivery inspection of the Aircraft;
- (ii) Dassault Falcon's delivery of the airworthiness documentation issued by the United States Federal Aviation Administration for the Aircraft prior to the Aircraft delivery; and
- (iii) the tender of the Aircraft in compliance with the terms and conditions of the Aircraft Purchase Agreement for delivery to Onfield Group in the USA on or before the scheduled delivery date of November 30, 2009.

Completion

According to the provisions of the Aircraft Purchase Agreement, the scheduled delivery date of the completed Falcon 900EX Aircraft is November 30, 2009. The new Aircraft will then join the Group's current Gulfstream G-200 aircraft and provide expanded capacity for the Group's private jet charter business.

INFORMATION OF THE GROUP

The Group

The Group is focused on building its energy and related resources business. Throughout 2007, the Group has explored for coal resources. By January 30, 2008, the Group shall have acquired some 66,000 hectares of exploration and mining concessions in western Mongolia for coal, ferrous and non-ferrous metal resources. Please refer to the circulars of MEC of March 22, 2007 and June 25, 2007.

LETTER FROM THE BOARD

The Group is also engaged in private jet charter business and property investments.

FINANCIAL EFFECTS OF THE ACQUISITION

It is not expected that the acquisition of the Aircraft will have any significant impact on the Group's net asset value upon Completion as any increase in assets will be offset by a corresponding decrease in bank balances and cash of the Group and increase in bank borrowings. As the expected delivery of the Aircraft is in November 2009, it will not have any impact on earning of the Group for the time being.

REASONS FOR THE ACQUISITION

As announced on October 30, 2007 under the Co-operation Framework Agreement, between MEC and AVIC I, MEC wishes to expand its private jet charter business. The acquisition of the Aircraft is consistent with such purpose and the wider purpose of eventual expansion of the relationship with AVIC I, including in relation to other leverage transactions in Mongolia, as set forth under the announcement of October 30, 2007.

In terms of the aviation market, MEC believes that with the economic growth of PRC, the demands for private jet charter shall continue to increase. Thus, the acquisition of the new Falcon 900EX Aircraft is a viable proposition in itself and the Board contemplates further acquisitions of aircraft over time.

The Group mentions that upon acquisition of the new Falcon 900EX Aircraft, the Aircraft will be managed by BAA Jet Management Limited, a company incorporated in Hong Kong which MEC will have an indirect interest of 43% as announced on December 5, 2007. BAA Jet Management Limited will be wholly-owned by Asia United Business Aviation Limited upon completion of the major disposal as announced on December 5, 2007. Asia United Business Aviation Limited owns a PRC air operators certificate.

Based on the above, the Board is of the view that the entering into of the Aircraft Purchase Agreement is fair and reasonable and in the interest of the Shareholders as a whole.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares interested	Approximate percentage of shareholding
Mr. Lo Lin Shing, Simon ("Mr. Lo")	Beneficial owner/ Interest of a controlled corporation/ Interest of spouse	1,174,522,301 (Note)	44.89%
Ms. Yvette Ong	Beneficial owner	1,090,000	0.04%
Mr. To Hin Tsun, Gerald	Beneficial owner	3,200,000	0.12%
Mr. Tsui Hing Chuen, William	Beneficial owner	500,000	0.01%
Mr. Lau Wai Piu	Beneficial owner	201,200	0.01%

Note: Among the 1,174,522,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,167,812,301 Shares represent interest of Golden Infinity Co., Ltd (“Golden”). The balancing of 1,750,000 Shares represent interest of Mrs. Ku Ming Mei, Rouisa (“Mrs. Lo”). Accordingly, Mr. Lo is deemed to be interested in the Shares in which Golden and Mrs. Lo are interested by virtue of the SFO. The 1,167,812,301 Shares which Golden is interested comprise, 387,812,301 Shares held by Golden and 780,000,000 Shares which will be issued to Golden upon completion of a subscription agreement dated January 30, 2007 entered into between the Company and Golden.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders/other persons

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the Shares or/and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name	Long Position in Shares/Underlying Shares	Short Position in Shares/Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Mr. Liu Cheng Lin ("Mr. Liu")	1,625,000,000 (Note 1)	–	Interest of a controlled corporation	62.10%
Puraway Holdings Limited ("Puraway")	1,625,000,000 (Note 1)	–	Corporate	62.10%
Madam Ku Ming Mei, Rouisa	1,174,522,301 (Note 2)	–	Beneficial owner/ Interest of spouse	44.89%
Golden Infinity Co., Ltd.	1,167,812,301	–	Corporate	44.63%
Taifook (BVI) Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Taifook Finance Company Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Taifook Securities Company Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Corporate	42.04%(L) 42.04%(S)
Taifook Securities Group Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Dr. Cheng Kar Shun	383,170,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	14.64%

Name	Long Position in Shares/Underlying Shares	Short Position in Shares/Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Dragon Noble Group Limited ("Dragon")	328,070,000 (Note 4)	–	Corporate	12.53%
Ms. Ip Mei Hing	383,170,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	14.64%
Mr. Law Ka Keung	341,666,666 (Note 5)	–	Interest of a controlled corporation	13.05%
Keswick Agents Limited ("Keswick")	341,666,666 (Note 5)	–	Corporate	13.05%
Dato' Dr. Cheng Yu Tung	223,000,000 (Note 6)	–	Beneficial owner/ Interest of a controlled corporation	8.52%
Chow Tai Fook Nominee Limited ("CTF")	220,000,000 (Note 6)	–	Corporate	8.40%
Mr. Han Yuanlin	210,493,478 (Note 7)	–	Interest of a controlled corporation	8.04%
Visionary Profits Limited ("Visionary Profits")	210,493,478 (Note 7)	–	Corporate	8.04%
Mr. Ng Chun Ping, Brendan	194,444,442 (Note 8)	–	Interest of a controlled corporation	7.43%
Better Year Investments Limited ("Better Year")	194,444,442 (Note 8)	–	Corporate	7.43%
Mr. Ho Hau Chong, Norman	257,675,000 (Note 9)	–	Beneficiary of a trust	9.84%
Honorway Nominees Limited	257,675,000 (Note 9)	–	Trustee	9.84%

Notes:–

1. Mr. Liu Cheng Lin is interested in the entire issued share capital of the Puraway. By virtue of the SFO, he is deemed to be interested in the 1,625,000,000 new Shares to be issued upon completion of the acquisition agreement dated January 30, 2007 entered into between the Company and inter alia Mr. Liu (the “Acquisition Agreement”). The 1,625,000,000 new Shares to be issued to the Puraway represents 1,125,000,000 new Shares and 500,000,000 underlying Shares which may be issued upon conversion of the 3% convertible bond of the Company with maturity on the third anniversary from the date of the issue of the convertible bond, as part of the consideration deferred under the Acquisition Agreement.
2. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 1,174,522,301 Shares under the SFO.
3. The Shares represent the number of Shares agreed to be underwritten by Taifook Securities Company Limited (“Taifook Securities”) pursuant to the placement agreement dated January 30, 2007. Taifook Securities Group Limited is interested in the entire issued share capital of Taifook (BVI) Limited. Taifook (BVI) Limited is interested in the entire issued share capital of Taifook Finance Company Limited. Taifook Finance Company Limited is interested in the entire issued share capital of the Taifook Securities. By virtue of the SFO, each of Taifook Securities Group Limited, Taifook (BVI) Limited and Taifook Finance Company Limited is deemed to be interested in the Shares Taifook Securities is interested in.
4. Dr. Cheng Kar Shun is interested in the entire issued share capital of Dragon and 5,000,000 Shares on an individual basis. By virtue of the SFO, he is deemed to be interested in the 128,070,000 Shares held by Dragon and the 200,000,000 new Shares to be issued to Dragon upon completion of the subscription agreement dated January 30, 2007, entered into between Dragon and the Company. The 50,100,000 Shares are owned by Madam Ip Mei Hing, the spouse of Dr. Cheng Kar Chun.
5. Mr. Law Ka Keung is interested in the entire issued share capital of Keswick. By virtue of the SFO, he is deemed to be interested in the 166,666,666 Shares held by Keswick and the 175,000,000 Shares which was interested by Keswick as a sub-underwriter of the placing agreement dated January 30, 2007 entered into between Taifook Securities and the Company.
6. Dato’ Dr. Cheng Yu Tung is interested in the entire issued share capital of CTF. By virtue of the SFO, he is deemed to be interested in the 20,000,000 Shares held by CTF and the 200,000,000 new shares to be issued to CTF upon completion of the subscription agreement dated January 30, 2007 entered into between CTF and the Company by virtue of the SFO.
7. Mr. Han Yuanlin is interested in the entire issued share capital of Visionary Profits. By virtue of the SFO, Mr. Han Yuanlin is deemed to be interested in the 210,493,478 Shares held by Visionary Profits.
8. Mr. Ng Chun Ping, Brendan is interested in the entire issued share capital of Better Year. By virtue of the SFO, he is deemed to be interested in the 194,444,442 Shares held by Better Year.
9. Honorway Nominees Limited holds the Shares in trust for Mr. Ho Hau Chong, Norman.

Abbreviations:–

“L” stands for long position

“S” stands for short position

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any member of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

6. GENERAL

- (i) The secretary of the Company is Mr. Tang Chi Kei, *CPA*. The qualified accountant of the Company is Mr. Kwok Ying Tung, Daniel, *ACCA*.
- (ii) The principal place of business of the Company in Hong Kong is at Rooms 1502-5, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (iv) The English text of this circular shall prevail over its Chinese text.

7. EXPLORATION AND MINING BUSINESS OF THE GROUP

The Initial Acquisition

The Group announced on January 9, 2008 that, among others, the acquisition of the 34,000 hectares of concession areas in western Mongolia (“**Initial Mine Areas**”) for coal resources will be closed on before January 30, 2008.

The acquisition of the Initial Mine Areas (“**Initial Acquisition**”) was announced by the Company on February 7, 2007 and details could be found in MEC’s circulars dated March 22 and June 25, 2007 respectively (the “**Circulars**”). The acquisition is by way of acquiring from the seller 8 mining licenses and 1 exploration license (details of which can be found in the Circulars). The mining licenses are for an initial period of 30 years from their respective dates of grant and extendable by two successive 20-year periods in accordance with the Minerals Law. In terms of resources under the Initial Mine Areas, the old Russian estimated that there are 2.4 billion tonnes of coal resources. This is subject to exploration.

The Group has received the final exploration report (the “**Exploration Report**”) by Team 129 of the China Coal Geology Bureau (the “**Exploration Company**”) relating to 600 hectares out of the 34,000 hectares of the Initial Mine Areas. The summary of information in the Exploration Report is as follows:–

- The exploration work was done over a period between late May and early October, 2007.
- The exploration team had 346 professionals and 48 drill rigs on site.
- Representatives of John T. Boyd Company (MEC’s independent technical advisor) were on site throughout the exploration program.
- There were 198 holes drilled involving some 49,673 meters of drilling work.
- There were 829 samples collected and analyzed for coal quality characteristics.
- There were four primary coal seams belonging to the upper Permian system.
- The combined exploitable thickness of the coal seams was 84 meters.
- The coal resources for the four primary coal seams were 460.26 million tonnes.
- The top coal seams have a combined 306.10 million tonnes of coal resources of which 181.33 million tonnes are coking coal resources.

The Further Acquisition

The Group announced the further acquisition of exploration concessions of 32,000 hectares in western Mongolia (“**Further Mine Areas**”) for coal, ferrous and non-ferrous resources (“**Further Acquisition**”) on May 30, 2007.

The exploration concessions of the Further Acquisition are under 4 exploration licenses (details of which can be found in the circular dated June 25, 2007). The exploration licenses are for an initial period of 3 years from their respective dates of grant and extendable by two successive 3 year periods. Mongolian legal counsel has advised that there is no legal impediment to converting such exploration licenses to 70-year mining licenses with a corresponding 70-year mining period subject to compliance with the Minerals Law. In terms of resources under the Further Mine Areas, the old Russian estimated that there are between 1 billion to 2 billion tonnes of coal resources. This is subject to exploration.

The Further Acquisition was closed on July 16, 2007.

Ownership of concessions under the Initial Acquisition and the Further Acquisition

The Group will, upon completion of the Initial Acquisition, own title to 66,000 hectares of concession areas in western Mongolia as set out under the Circulars for coal, ferrous and non-ferrous metal resources. The Group will continue its exploration work with the assistance of the Exploration Company and the Group’s independent technical adviser, John T. Boyd Company.

Further, the Group controls 487,509 hectares of oil and gas concession areas in western Mongolia over which a 20% ownership is being transferred to the Group. The Group has commenced co-operation with CNPC Daqing Petroleum as set out under MEC’s announcement of December 17, 2007.