MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

MAJOR ACQUISITION & CONNECTED TRANSACTION

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

UNWINDING OF JOINT VENTURE

RESUMPTION OF TRADING

Introduction

The Company ("**MEC**") is pleased to announce that through a series of agreements (the "**Relevant Agreements**"), which MEC entered on March 5, 2008 and detailed below, MEC has entered into its initial acquisition in Xinjiang, PRC relating to copper, tin and multi-metal resources (the "**Resources**") under 13.54 sq. km. of exploration concession area (the "**Concession Area**") located in Ruoqiang County, Xinjiang Province, PRC, initially for 20% (the "**Relevant Percentage**") of the benefits of the Resources (the "**Relevant Interest**") under the Relevant Agreements (the "**Transaction**"), and subject to further agreement for up to the balance 80% of the benefits of such Resources.

Preliminary Data

The preliminary exploration work in 2007 over the Concession Area has demonstrated 235,600 tons of tungsten trioxide (WO_3) resources and 49,400 tons of tin (Sn) resources (the "**Explored Resources**"). 吉林省地質調查院(Jinlin Institute of Geological Survey) (the "**Exploration Company**") is the exploration company conducting the exploration work.

Prevailing Market Value/Further Resources

The prevailing market value of the Explored Resources is approximately HK$33 billion. The Exploration Company will continue exploration for further resources within the Concession Area. Thus, the Relevant Interest over the Explored Resources is HK$6.6 billion, which may increase with further resources being demonstrated under further exploration. These figures are subject to recovery under commercial exploitation.

Further Priority Rights

Aside from the Resources under the Concession Area, under the Relevant Agreements, MEC is provided the priority right, subject to further agreement, to invest into exploration and development of further resources owned by 新疆欣業礦產開發有限公司(Xinjiang Yinye Mineral Products Development Company Limited) (the "**Concession Owner**"), the owner of the Concession Area.

In fact, MEC is aware that the Concession Owner owns another 32.18 sq. km. of concession areas in the vicinity of the Concession Area. This priority right amongst the parties is in general terms and depends on the good faith of the parties to implement.

The Consideration

Subject to the satisfaction of the conditions precedent (the "**Conditions Precedent**") prior to September 1, 2008, the consideration (the "**Consideration**") payable by MEC for the initial acquisition of the Relevant Interest under the Transaction is approximately HK$1.108 billion. The Consideration is payable as follows:

(1) HK$200 million to Mr. Liu Cheng Lin ("**Mr. Liu**") for procurement of the Transaction in China (the "**Service Fee**");

(2) reimbursement of RMB100 million (HK$108 million)* paid by Mr. Liu under the Relevant Agreements to the Concession Owner for the purpose of development and commercial exploitation of the Resources (initially, the Explored Resources); and

(3) reimbursement of 100 million Shares of MEC paid by Mr. Liu under the Relevant Agreements to the natural person nominee of the Concession Owner. The Shares shall be allotted to Mr. Liu at HK$8.00 per Share.

The considerations for the acquisition of up to the balance 80% of the Resources and any further resources under MEC's priority rights under any other concession areas of the Concession Owner are to be agreed. MEC will comply with the relevant Listing Rules requirements if any further acquisition materializes.

Conditions Precedent

The initial acquisition of the Relevant Interest under the Transaction is conditional, upon (1) compliance with the applicable rules and regulations under the Listing Rules (2) such other reasonable authorizations, approvals, opinions, reports and permits required by MEC and (3) the mining licence over the Concession Area having been obtained.

For the avoidance of doubt, in case MEC does not proceed ahead with the acquisition of the Relevant Interest, Mr. Liu will personally acquire the Relevant Interest without further reference to MEC.

The Transaction

Under the Relevant Agreements, the combined effect are that Mr. Liu, shall firstly acquire the Relevant Interest for RMB100 million and 100 million Shares of MEC, with the right to transfer the Relevant Interest to 新疆凱禹源礦業有限公司(Xinjiang Kaiyue Yuan Mineral Company) ("**Xinjiang Kaiyue**"), a wholly foreign owned enterprise beneficially owned by Mr. Liu, upon Xinjiang Kaiyue's business scope being expanded to allow Xinjiang Kaiyue to develop or invest into the Resources prior to September 1, 2008. Mr. Liu indicated that he wanted to centralize Xinjiang Kaiyue as a holding company for his energy and related resources projects which he is acquiring and for which MEC has no specific details for the moment.

When MEC, upon Closing prior to September 1, 2008, acquires the Relevant Interest, it will reimburse Mr. Liu for the payments of RMB100 million and 100 million Shares of MEC (set at HK$8.00 per Share), and pay Mr. Liu the extra Service Fee. Mr. Liu will upon Closing hold whatever monetary benefits received by him under the Relevant Interest as nominee for MEC, with a trust of any residual monetary benefits not provided to MEC as nominee. MEC does not acquire any title to the Concession Area. These are the essence of Closing of the Transaction.

If MEC does not proceed to Closing, Mr. Liu will own the Relevant Interest himself whether directly or through Xinjiang Kaiyue.

Unwinding of Joint Venture

Mr. Liu has directed that the Service Fee under the Relevant Agreements, shall be satisfied by the deemed refund to MEC of the HK$200 million paid to Mr. Liu's nominee, as referred under the announcement of August 31, 2007. MEC and Mr. Liu further agree that the Joint Venture and transactions referred therein are upon the deemed refund unwound *ab initio*. MEC agrees to waive any interest payment required with the deemed refund. Please refer to the announcement of August 31, 2007 for further details.

For the avoidance of doubt, MEC and Mr. Liu will continue co-operation for the purpose of acquisition of further energy and related resources projects, as and when the same arise, however, MEC and Mr. Liu believed it appropriate to unwound the Joint Venture to retain a degree of flexibility on the investment vehicle to adopt for any further transaction.

The Commercial Basis

The commercial basis for the Consideration (including the Service Fee) was arrived at after commercial negotiations between the Parties. MEC approached the commercial negotiations based on the prevailing market price of the Relevant Interest represented under the Explored Resources and the opportunity of there being further Resources and the possibility of a wider co-operation with the Concession Owner. In addition, the scarcity of the resources, as reflected by the price of the Resources was also considered. The basis of determination of the issue price of the new Shares as part of the Consideration was made with reference to the recent trading prices of MEC's shares as detailed below. The Board (excluding independent non-executive directors who will be advised by an independent financial adviser) believes that the Consideration is fair and reasonable for these reasons.

The Commercial Exploitation

Under the Relevant Agreements, Mr. Liu agrees to comply with all directions of MEC in relation to the investment into the Relevant Interest, including to procure that the mining development and commercial exploitation is in accordance with the requirements of MEC. However, this is subject to the Concession Owner agreeing to implement such directions of MEC.

The RMB100 million amount under the Consideration, to be funded by MEC from its internal resources, is intended to cover the initial development and commercial exploitation expenses for the Explored Resources. However, MEC will not engage in any exploration or development of natural resources under the initial acquisition of the Relevant Interest.

As the market demand for the Resources, including the Explored Resources is high in the PRC, the target customers of the Project for its commercial operation will be principally PRC customers.

Risk Factors

There are possible risk factors which may be faced by MEC including: (i) fluctuation in market price of the Resources (ii) significant and continuous capital investment, (iii) policies and regulations, (iv) country risk, (v) environmental protection issue; and (vi) contractual risks under the Relevant Agreements between the Parties, which are discussed below.

General

Based on the Consideration payable by MEC, the acquisition of the Relevant Interest under the Transaction under the Relevant Agreements constitutes a major acquisition on the part of MEC pursuant to Rule 14.06 of the Listing Rules. Furthermore, as Mr. Liu is a substantial shareholder of MEC and hence a connected person within the meaning of the Listing Rules, the Transaction under the Relevant Agreements and the unwinding of the Joint Venture (including waiving of any refund interest) constitute connected transactions on the part of MEC pursuant to Chapter 14A of the Listing Rules with Mr. Liu and his associates are required to abstain from voting in the SGM. MEC will convene a SGM to seek approval of the Independent Shareholders in relation to the Transaction under the Relevant Agreements and the unwinding of the Joint Venture (including waiving of any refund interest).

A circular containing, amongst other things, further details of the Relevant Agreements and the unwinding of the Joint Venture (including waiving of any refund interest), letter from the Independent Board Committee, letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction will be despatched to the Shareholders as soon as reasonably practicable.

CAUTION WHEN DEALING IN THE SHARES

The Transaction under the Relevant Agreements is subject to Conditions Precedent and relevant PRC approvals and therefore they may or may not proceed ahead, and shareholders and investors should exercise caution when dealing in the Shares of MEC.

Resumption of Trading

At the request of MEC, trading in the Shares of MEC was suspended with effect from 9.30 a.m. on March 5, 2008. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on March 11, 2008.

The Company ("**MEC**") is pleased to announce that through a series of three agreements (the "**Relevant Agreements**"), which MEC entered on March 5, 2008 and detailed below, MEC has entered into its initial acquisition in Xinjiang, PRC relating to copper, tin and multi-metal resources (the "**Resources**") under 13.54 sq. km. of exploration concession area (the "**Concession Area**") located in Ruoqiang County, Xinjiang Province, PRC, initially for 20% (the "**Relevant Percentage**") of the benefits of the Resources under the Relevant Agreements (the "Transaction"), and subject to further agreement for up to the balance 80% of the benefits of such Resources.

A. THE RELEVANT AGREEMENTS

A.1 INVESTMENT AGREEMENT

1. The Date

March 3, 2008

2. The Parties

(a) **新疆欣業礦產開發有限公司(XINJIANG YINYE MINERAL PRODUCTS DEVELOPMENT COMPANY LIMITED)**, a company incorporated under the laws of the People's Republic of China (the "**Concession Owner**"), an Independent Third Party;

(b) **MR. LIU CHENG LIN** ("**Mr. Liu**"); and

(c) **新疆凱禹源礦業有限公司(XINJIANG KAIYUE YUAN MINERAL COMPANY LIMITED)**, a wholly foreign owned enterprise incorporated under the laws of the People's Republic of China ("**Xinjiang Kaiyue**").

3. Background for entering into the Investment Agreement

The parties entered the Investment Agreement for the purpose of a transaction relating the Resources under 13.54 sq. km. of the Concession Area located in Ruoqiang County, Xinjiang Province, PRC under the exploration licence number 6500000724076 with an exploration period of between August 14, 2007 to August 14, 2008 (the "**Exploration Licence**").吉林省地質調查院 (Jinlin Institute of Geological Survey) (the "**Exploration Company**") is the exploration company conducting the exploration work.

4. The details of the Investment Agreement

Under the Investment Agreement, Mr. Liu agrees to pay RMB100 million to the Concession Owner as investment into the Resources and 100 million shares of MEC to the natural person nominee of the Concession Owner. The sum of RMB100 million is to be applied by the Concession Owner for development and commercial exploitation of the Resources, in particular, commercial exploitation design, extracting mineral products, refinery, sales and other usual and ordinary expenses that will be incurred in commercial exploitation for non-ferrous resources.

If Mr. Liu is able to obtain PRC approval for Xinjiang Kaiyue to engage in any non-ferrous metal concession development or investment prior to September 1, 2008, all investment by Mr. Liu as well as the benefits deriving from commercial production will be dealt with in accordance with the Agreement (referred under A.2 below) between the Concession Owner, Xinjiang Kaiyue and MEC. If not, Mr. Liu shall retain the benefits relating to the Relevant Interest.

5. The Consideration

The Investment Agreement is subject to the payment of sum of RMB100 million by Mr. Liu to the Concession Owner as investment into the Resources and 100 million shares of MEC to the natural person nominee of the Concession Owner. These are expected to occur well in advance of September 1, 2008. It is premature and will not be known until Mr. Liu pay the 100 million Shares as to whether these will be existing Shares Mr. Liu owns or through further acquisition of Shares.

To MEC's best knowledge and belief the Concession Owner and the natural person nominee of the Concession Owner are Independent Third Party to MEC.

6. The Commercial Basis

The commercial basis for the consideration under the Investment Agreement, amongst private companies and individuals, was arrived at after commercial negotiations between the parties.

7. Conditions Precedent

The condition precedent for the transaction is payment of the consideration (referred in A1.5. above). This is expected to occur well in advance of September 1, 2008.

A.2 AGREEMENT

1. The Date

March 5, 2008 (by MEC)

2. The Parties

(a) **MONGOLIA ENERGY CORPORATION LIMITED**, a company incorporated under the laws of Bermuda, and whose shares are listed on The Stock Exchange of Hong Kong Limited ("**MEC**");

(b) **新疆欣業礦產開發有限公司(XINJIANG YINYE MINERAL PRODUCTS DEVELOPMENT COMPANY LIMITED)**, a company incorporated under the laws of the People's Republic of China (the "**Concession Owner**"), an Independent Third Party; and

(c) **新疆凱禹源礦業有限公司(XINJIANG KAIYUE YUAN MINERAL COMPANY LIMITED)**, a wholly foreign owned enterprise incorporated under the laws of the People's Republic of China ("**Xinjiang Kaiyue**").

3. Background for entering into the Agreement

The parties entered the Agreement for the purpose of implementing the Investment Agreement (in A1. above) where Xinjiang Kaiyue is able to obtain PRC approval to engage in any non-ferrous metal concession development or investment prior to September 1, 2008 relating to the Resources.

4. The details of the Agreement

Under the Agreement, subject to the PRC approval, the benefits of Mr. Liu arising from payment of the consideration under the Investment Agreement, namely relating to the Relevant Interest is to be transferred to Xinjiang Kaiyue for MEC's benefit. This is subject to adoption of all corresponding obligations of Mr. Liu under the Investment Agreement.

In case the Relevant Interest is transferred to Xinjiang Kaiyue for MEC's benefit, MEC and the Concession Owner may jointly agree and nominate a relevant authority to appraise the value of the whole of the Resources including to take into account the tax, costs, expenses and sums paid under the Investment Agreement for the purposes of agreeing a further transaction based on cash or shares of MEC or other forms of consideration. This in effect, allows MEC the opportunity to acquire up to the balance of 80% of the Resources. However, this is subject to further agreements.

The Agreement also refers to the explored Resources under the Exploration Licence at 235,600 tons of tungsten trioxide (WO_3) resources and 49,400 tons of tin (Sn) resources (the "**Explored Resources**"). As noted under the Investment Agreement,吉林省地質調查院(Jinlin Institute of Geological Survey) (the "**Exploration Company**") is the exploration company conducting the exploration work.

Aside from the Project, MEC is provided the priority right, subject to further agreement, to invest into exploration and development of further resources owned by the Concession Owner. In fact, MEC is aware that the Concession Owner owns another 32.18 sq. km. of concession areas in the vicinity of the Concession Area. This priority right amongst the parties is in general terms and depends on the good faith of the parties to implement.

5. The Consideration

The Agreement is supplemental to the Investment Agreement. There is no separate consideration for the entry into the Agreement.

6. The Commercial Basis

The Agreement is supplemental to the Investment Agreement. There is no separate commercial basis for the entry into the Agreement.

7. Conditions Precedent

The Agreement is supplemental to the Investment Agreement. MEC in relation to the acceptance of the Agreement has stipulated that the initial acquisition of the Relevant Interest is conditional, upon (1) compliance with the applicable rules and regulations under the Listing Rules (2) such other reasonable authorizations, approvals, opinions, reports and permits required by MEC and (3) the mining licence over the Concession Area having been obtained.

A.3 ACQUISITION AGREEMENT

1. The Date

March 5, 2008

2. The Parties

(a) **MONGOLIA ENERGY CORPORATION LIMITED**, a company incorporated under the laws of Bermuda, and whose shares are listed on The Stock Exchange of Hong Kong Limited ("**MEC**"); and

(b) **MR. LIU CHENG LIN** ("**Mr. Liu**")

3. Background for entering into the Acquisition Agreement

The Acquisition Agreement is to set out the initial acquisition by MEC in Xinjiang, PRC of the Resources under 13.54 sq. km. of the Concession Area located in Ruoqiang County, Xinjiang Province, PRC, initially for the Relevant Interest, and subject to further agreement for up to the balance 80% of the benefits of such Resources.

Aside from the Resources under the Concession Area, under the Acquisition Agreement, MEC is provided the priority right, subject to further agreement, to invest into exploration and development of further resources owned by the Concession Owner of the Concession Area consistent with the Agreement (A2. above). In fact, MEC is aware that the Concession Owner owns another 32.18 sq. km. of concession areas in the vicinity of the Concession Area. This priority right amongst the parties is in general terms and depends on the good faith of the parties to implement.

4. The details of the Acquisition Agreement

The Acquisition Agreement refers to the Investment Agreement and the Agreement, and depending on whether Xinjiang Kaiyue, beneficially owned by Mr. Liu is approved to engage in the business relating to the development or investment in the Resources prior to September 1, 2008, Mr. Liu will either himself be an investor in the Relevant Interest or through Xinjiang Kaiyue be investor in the Relevant Interest.

Under the Acquisition Agreement, in consideration of the Consideration, Mr. Liu agrees to hold the monetary benefits of the investment upon receipt by Mr. Liu as nominee for MEC as from closing ("**Closing**") prior to September 1, 2008. By monetary benefits, the reference is to moneys distributed by the Concession Owner, under the Relevant Interest, to Mr. Liu (either himself or in case Xinjiang Kaiyue takes up the Relevant Interest to Xinjiang Kaiyue and then distributed by Xinjiang Kaiyue to Mr. Liu). For the avoidance of doubt, there are no voting rights associated with the Relevant Interest. To the extent that Mr. Liu has any residual monetary benefits under the investment not provided to MEC as nominee for MEC, the same shall be held on trust to convey to MEC. MEC does not acquire any title to the Concession Area. These are the essence of Closing of the Transaction.

5. The Consideration

Subject to the satisfaction of the conditions precedent (the "**Conditions Precedent**") prior to September 1, 2008, the consideration (the "**Consideration**") payable by MEC for the initial acquisition of the Relevant Interest under the Transaction is approximately HK$1.108 billion. The Consideration is payable as follows:

(1) HK$200 million to Mr. Liu Cheng Lin ("**Mr. Liu**") for procurement of the Transaction in China (the "**Service Fee**");

(2) reimbursement of RMB100 million (HK$108 million)* paid by Mr. Liu under the Relevant Agreements to the Concession Owner for the purpose of development and commercial exploitation of the Resources (initially, the Explored Resources); and

(3) reimbursement of 100 million Shares of MEC paid by Mr. Liu under the relevant Agreements to the natural person nominee of the Concession Owner. The Shares shall be allotted to Mr. Liu at HK$8.00 per Share.

MEC will make an application to the Listing Committee of the Stock Exchange for the listing of and permission to deal with the new Shares to be issued as part of the Consideration.

The new Shares to be issued as part of the Consideration represent approximately 1.65% of the existing issued share capital of MEC and approximately 1.62% of the enlarged issued share capital of MEC.

The considerations for the acquisition of up to the balance 80% of the Resources and any further resources under MEC's priority rights under any other concession areas of the Concession Owner are to be agreed. MEC will comply with the relevant Listing Rules requirements if any further acquisition materializes.

6. The Commercial Basis

The commercial basis for the Consideration (including the Service Fee) was arrived at after commercial negotiations between the Parties. MEC approached the commercial negotiations based on the prevailing market price of the Relevant Percentage of the Explored Resources and the opportunity of there being further Resources and the possibility of a wider co-operation with the Concession Owner. In addition, the scarcity of the resources, as reflected by the price of the Resources was also considered. The basis of determination of the issue price of the new Shares as part of the Consideration was made with reference to the recent trading prices of MEC's shares as detailed below. The Board (excluding independent non-executive directors who will be advised by an independent financial adviser) believes that the Consideration is fair and reasonable for these reasons.

The issue price of the new Shares was arrived at after arm's length negotiations between MEC and the remaining Parties with reference to the recent market prices of the Shares, representing:

1. A discount of approximately 3.26% to the average of the closing price per Share of HK$8.27 as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Acquisition Agreement.

2. A discount of approximately 2.65% to the average of the closing price per Share of HK$8.218 as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Acquisition Agreement.

3. A discount of approximately 3.38% to the closing price per Share of HK$8.28 as quoted on the Stock Exchange immediately prior to the date of the Acquisition Agreement.

7. Conditions Precedent

The initial acquisition of the Relevant Interest under the Transaction is conditional, upon (1) compliance with the applicable rules and regulations under the Listing Rules and (2) such other reasonable authorizations, approvals, opinions, reports and permits required by MEC and (3) the mining licence over the Concession Area having been obtained.

It is expected that the Concession Owner shall arrange for obtaining the mining licecne, which may be subject to the payment of resources fees normally amortized over the operations of the mine. The mining licence will allow the Concession Owner to commence commercial exploitation which is not permissible where there is only an exploration licence.

For the avoidance of doubt, in case MEC does not proceed ahead with the acquisition of the Relevant Interest, Mr. Liu will personally acquire the Relevant Interest without further reference to MEC.

MEC expects that PRC legal opinion and the mining licence to be the main Conditions Precedent for the initial acquisition of the Relevant Interest under the Transaction. If Mr. Liu transfer his interests under the Relevant Interest to Xinjiang Kaiyue, MEC further expects, in accordance with MEC's preliminary PRC legal advice, the relevant approvals for the increase in business scope of Xinjiang Kaiyue to develop or invest into the Resources from the department or bureaus under the Ministry of Commerce and the Ministry of Land and Resources, if relevant.

8. Unwinding of Joint Venture

Mr. Liu has directed that the Service Fee under the Acquisition Agreement, shall be satisfied by the deemed refund to MEC of the HK$200 million paid to Mr. Liu's nominee, as referred under the announcement of August 31, 2007. MEC and Mr. Liu further agree that the Joint Venture and transactions referred therein are upon the deemed refund be unwound *ab initio*. MEC agrees to waive any interest payment required with the deemed refund. Please refer to the announcement of August 31, 2007 for further details.

For the avoidance of doubt, MEC and Mr. Liu will continue co-operation for the purpose of acquisition of further energy and related resources projects, as and when the same arise, however, MEC and Mr. Liu believed it appropriate to unwound the Joint Venture to retain a degree of flexibility on the investment vehicle to adopt for any further transaction.

The topic of unwinding of the Joint Venture, in the context of the Relevant Agreements, was first discussed on March 4, 2008. The reason for waiving the interest on the amount refunded was that MEC believed that this was a better alternative than having the Consideration increased by the amount of the interest to be repaid and then being repaid the interest, which may attract tax. The amount of interest being waived of approximately HK$13.5 million (assuming Closing of the Transaction takes place on August 31, 2008), while significant, would otherwise have to be paid as Consideration for the Transaction. There is no impact on MEC by reason of unwinding of the Joint Venture, as in fact, MEC could claw back part of the Consideration through the unwinding of the Joint Venture. The Board (excluding independent non-executive directors who will be advised by an independent financial adviser) is of the view that the unwinding of the Joint Venture is fair and reasonable for these reasons.

9. Covenants on development

Under the Acquisition Agreement, Mr. Liu agrees to comply with all directions of MEC in relation to the investment into the Relevant Interest, including to procure that the mining development and commercial exploitation is in accordance with the requirements of MEC. However, this is subject to the Concession Owner agreeing to implement such directions of MEC.

The RMB100 million amount under the Consideration, to be funded by MEC from its internal resources, is intended to cover the initial development and commercial exploitation expenses for the Explored Resources. However, MEC will not engage in any exploration or development of natural resources under the initial acquisition of the Relevant Interest.

A4. THE COMBINED EFFECT OF THE DOCUMENTS

Under the Relevant Agreements, the combined effect are that Mr. Liu, shall firstly acquire the Relevant Interest for RMB100 million and 100 million Shares of MEC, with the right to transfer the Relevant Interest to 新疆凱禹源礦業有限公司(Xinjiang Kaiyue Yuan Mineral Company) ("**Xinjiang Kaiyue**"), a wholly foreign owned enterprise beneficially owned by Mr. Liu, upon Xinjiang Kaiyue's business scope being expanded to allow Xinjiang Kaiyue to develop or invest into the Resources prior to September 1, 2008. Mr. Liu indicated that he wanted to centralize Xinjiang Kaiyue as a holding company for his energy and related resources projects which he is acquiring and for which MEC has no specific details for the moment. According to MEC's preliminary PRC legal advice, this requires approvals from the relevant department or bureaus under the Ministry of Commerce and the Ministry of Land and Resources, if relevant.

When MEC, upon Closing prior to September 1, 2008, acquires the Relevant Interest, it will reimburse Mr. Liu for the payments of RMB100 million and 100 million Shares of MEC, and pay Mr. Liu the extra Service Fee. Mr. Liu will upon Closing hold whatever benefits received by him under the Relevant Interest as nominee for MEC, with a trust of any residual benefits not provided to MEC as nominee. These are the essence of Closing of the Transaction. As the Acquisition Agreement is governed by Hong Kong laws and all payments from Mr. Liu to MEC are to be made in Hong Kong MEC's preliminary legal advice is that there is no PRC law issues.

If MEC does not proceed to Closing, Mr. Liu will own the Relevant Interest himself whether directly or through Xinjiang Kaiyue.

The Agreement is supplemental to the Investment Agreement and is to be read together. The Investment Agreement and the Agreement, as read together, is not inter-conditional upon the Acquisition Agreement. This means that Mr. Liu or Xinjiang Kaiyue can acquire the Relevant Interest even where MEC does not proceed to Closing of the initial acquisition of the Relevant Interest under the Transaction.

Mr. Liu provided MEC on March 4, 2008 the signed Investment Agreement and the Agreement and offered the opportunity to MEC to enter into the Transaction. Mr. Liu noted that he discussed the possibility of a direct transaction with the Concession Owner but was limited by the Concession Owner's desire to retain title and to deal directly with him. MEC with the background of the business relationship with Mr. Liu as disclosed in prior announcements, was comfortable in having a contractual arrangement with Mr. Liu in relation to the acquisition of the Relevant Interest. Further, MEC is a debtor to Mr. Liu under the initial acquisition of concession areas in western Mongolia under the loan note in the original amount of HK$787,500,000 referred under MEC's circular of March 22, 2007, and there is an avenue for set-off of any default sums by Mr. Liu, in the event of a default, however unlikely. Please refer to pages 16 to 17 of the MEC's circular of March 22, 2007 for further details. As at March 10, 2008, the principal amount outstanding under the loan note is HK$787,500,000.

The Consideration was approximately 3% of the prevailing market value of the Explored Resources plus Mr. Liu's costs on a back-to-back basis (which MEC will ask for the relevant receipts thereof from the Concession Owner) and (1) aside for the services in procuring the acquisition of the Relevant Interest brings along with it the conditional opportunity, subject to terms and agreement, to (2) acquire the rest of the 80% benefits and (3) the priority rights for the nearby 32.18 sq. km. of Concession Area, along with (4) the services of Mr. Liu as nominee of MEC on the Relevant Interest and taking MEC's instructions thereon from time to time, which are reasonable incidental matters to the holding of the Relevant Interest by Mr. Liu as nominee for MEC.

B. COMMERCIAL EXPLOITATION TO BE CARRIED OUT BY MEC UNDER THE PROJECT

The preliminary exploration work in 2007 over the Concession Area has demonstrated the Explored Resources.

The prevailing market value of the Explored Resources is approximately HK$33 billion. The Exploration Company will continue exploration for further resources within the Concession Area. Thus, the Relevant Interest over the Explored Resources is HK$6.6 billion, which may increase with further resources being demonstrated under further exploration. These figures are subject to recovery under commercial exploitation, including extraction (inclusive of relating processing) in the appropriate manner in due course. It is contemplated that the Concession Owner shall appoint, at the relevant stage, the relevant professionals to assist in commercial exploitation, as there is a need to extract the relevant metals from the mined ore bodies to reflect their market values, as the mined ore bodies in themselves will otherwise be only a relatively small indeterminate amount of the metals market values. It is at this stage premature for there to be a timetable as to commercial exploitation, which requires further analytical work by the Exploration Company and working with the other relevant mine designers and other professionals involved in the commercial exploitation process.

MEC's Mr. James Schaeffer Jr, Mr. Jerry Jergensen and Mr. Frank Witzel, who are specialists for mining operations, metallurgy and geology, attended a site visit in January 2008 with others, including from the Exploration Company, as MEC's professional team. They found the work conducted by the Exploration Company to be professional.

They discussed the Explored Resources position with the Exploration Company the work done during by the Exploration Company the site visit and were satisfied with the figures for the Explored Resources provided by the Exploration Company.

MEC's professional team has the experience in tungsten and tin resources and the value of the Explored Resources was advised in-house by MEC's professional team to the Board following the site visit.

The background and credentials of MEC's professional team can be found on MEC's website at www.mongolia-energy.com and they are all specialists from John T. Boyd Company in their field and there is no doubt that their judgment in the present case can be relied upon by the Board (excluding independent non-executive directors who will be advised by an independent financial adviser).

The breakdown of the prevailing market price, as advised by MEC's professional team, for the Explored Resources is as follows:

1. The Explored Resources: 235,600 tons of tungsten trioxide (with an assumed extraction rate of 65% for tungsten (W) from the oxide body (WO_3)) and 49,400 ton of tin.

2. For tungsten under the Explored Resources: 235,600 tons x US$24,000 per ton (approximately) x 65% extraction rate = US$3.675 billion.

3. For the tin under the Explored Resources: 49,400 tons x US$12,000 per ton (approximately) = US$593 million.

4. The combined prevailing market price for the Explored Resources: US$4.268 billion or approximately HK$33 billion (rounded upwards).**

MEC intends to develop the Resources for commercial exploitation on an as soon as practicable basis. The RMB100 million amount under the Consideration, to be funded by MEC from its internal resources, is intended to cover the initial development and commercial exploitation expenses for the Explored Resources.

As the market demand for the Resources, including the Explored Resources is high in the PRC, the target customers of the Project for its commercial operation will be principally PRC customers.

C. EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of MEC and the effect on the shareholding structure of MEC immediately upon issue of the new Shares as part of the Consideration are set out as below:

Shareholders	Existing shareholdings		Immediately upon issue of the new Shares as part of the Consideration	
	Number of shares	*% (approximately)*	*Number of shares*	*% (approximately)*
Substantial Shareholders				
Golden and its associates *(Note 1)*	1,174,522,301	19.42	1,174,522,301	19.11
Puraway Holdings Limited *(Note 2)*	1,125,000,000	18.60	1,125,000,000	18.30
Mr. Liu Cheng Lin	–	–	100,000,000	1.62
Directors				
Other directors of the Group *(Note 3)*	5,511,200	0.09	5,511,200	0.09
Public Shareholders				
Public Shareholders	3,742,228,862	61.89	3,742,228,862	60.88
	6,047,262,363	100	6,147,262,363	100

Note 1: Among the 1,174,522,301 Shares, 4,960,000 Shares represent interest of Mr. Lo Lin Shing, Simon ("Mr. Lo") on an individual basis; while 1,167,812,301 Shares represent interest of Golden Infinity Co., Ltd ("Golden"). The balance 1,750,000 Shares represents 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 Securities and Futures Ordinance. Golden is beneficially owned by Mr. Lo.

Note 2: Puraway Holdings Limited is a company wholly owned by Mr. Liu Cheng Lin.

Note 3: Directors of the Group other than Mr. Lo.

D. THE INFORMATION ABOUT THE GROUP AND MR. LIU

1. Principal activities of the Group

The Group is focused on building its energy and related resources business. Throughout 2007, the Group has explored for coal resources. The Group has acquired some 66,000 hectares of exploration and mining concessions in western Mongolia for coal, ferrous and non-ferrous metal resources. During exploration work in the later half of 2007 over an area of 600 hectares out of the 66,000 hectares of concession areas, MEC demonstrated in excess of 460 million tonnes of coal resources of which 181 million tonnes comprise of premium coking coal resources. Please refer to the announcement of MEC of January 9, 2008.

Throughout 2008, the Group will continue to explore for coal, ferrous and non-ferrous metal resources and to work towards its initial commercial exploitation in western Mongolia, as well as to identify further business opportunities in the energy and related resources sector in Mongolia and China, initially in Xinjiang, PRC. In addition, as the Group has acquired an interest and control of certain oil and gas exploration concessions in western Mongolia and CNPC Daqing Petroleum (中國石油大慶石油管理局), will assist MEC to determine the feasibility and, where feasible, explore for oil and gas, aside from commencement of co-operation with CNPC Daqing Petroleum. Please refer to the announcement of MEC of December 17, 2007.

2. Principal activities of Mr. Liu

Mr. Liu is a party to the initial acquisition of the 34,000 hectares of exploration and mining concessions in western Mongolia as detailed under MEC's circulars of March 22, 2007 and June 25, 2007. Mr. Liu is also a party to the further acquisition of the 32,000 hectares of exploration concessions which MEC acquired the title on July 16, 2007. There are also various other agreements entered with Mr. Liu as set forth under various announcements of MEC.

Further, as the initial acquisition of the 34,000 hectares of exploration and mining concessions in western Mongolia has been completed, Mr. Liu became a substantial shareholder of MEC and hence a connected person to MEC under the meaning of the Listing Rules.

3. Principal activities of the Concession Owner

The Concession Owner is an Independent Third Party, with business scope to invest into the Resources. The Concession Owner is the owner of the Exploration Licence. To the best knowledge and belief of MEC, the Concession Owner is the owner of certain exploration concessions in the vicinity of the Concession Area of an additional 32.18 sq. km. of concession areas. It is contemplated that the Concession Owner shall, as with the appointment of the Exploration Company for exploration, appoint professionals to assist it in commercial exploitation, including the relevant mine designer and mining company for commercial exploitation.

E. REASONS FOR ACQUIRING THE INTEREST UNDER THE RESOURCES AND ADDITIONAL RESOURCES

MEC has been actively considering to expand its energy and resources sector business into Xinjiang, PRC which MEC believes has synergy to MEC's current energy and resources sector business in Mongolia. This synergy arises by reason that Xinjiang, PRC will be the leading market place for the energy and resources products of MEC and gaining a foothold for eventual expansion of the market share of MEC in Xinjiang, PRC makes commercial sense to MEC. Further, the Resources and the Explored Resources are in high demand both in Mainland China and overseas with a continuing upward trend in market price.

In terms of the Consideration, the Service Fee component is approximately 3% of the Explored Resources. The Board (excluding independent non-executive directors who will be advised by an independent financial adviser) believes that international transactions may be concluded based on resources figures and that 3% plus reimbursement of Mr. Liu's costs of acquisition is acceptable in the present case, especially given the high absolute and scarcity value of the Explored Resources. In addition, from MEC's perspective there are further opportunities, subject to terms and conditions, to acquire the rest of the 80% and to invest in priority in the 32.18 sq. km. of concession in the vicinity.

Further, from MEC's perspective Mr. Liu has performed valuable services, in identifying the transaction and arranging for a site visit by the professional team. In fact, prior to meeting of March 4, 2008, with Mr. Liu, Mr. Liu indicated that the negotiations were not advancing and there were unlikely to be any agreement and that this project was simply to show MEC as to what potential projects there are in Xinjiang, PRC. It was not until March 4, 2008, that Mr. Liu disclosed that there was a 7-hour long meeting on March 3, 2008 wherein agreement was eventually reached with the Concession Owner and their respective legal advisers. The fact that Mr. Liu has procured the transaction with high absolute and scarce value resources is in itself sufficient to MEC as to the valuable nature of the services performed by Mr. Liu, especially in light of the difficult negotiations which took place only on March 3, 2008, as indicated by Mr. Liu, with the Investment Agreement and the Agreement setting forth the terms of the agreement eventually reached. In addition, the Service Fee includes the services of Mr. Liu as nominee of MEC on the Relevant Interest and taking MEC's instructions thereon from time to time, which are reasonable incidental matters to the holding of the Relevant Interest by Mr. Liu as nominee for MEC for which there will be no further payment.

In view of the above, the Board (excluding independent non-executive directors who will be advised by an independent financial adviser) is of the opinion that the Transaction, including the Consideration (and the Service Fee thereunder) under the Acquisition Agreement is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

F. RISK FACTORS

There are several possible risk factors which may be faced by the Company including: (i) fluctuation in market price of the Resources, including the Explored Resources (ii) significant and continuous capital investment, (iii) policies and regulations, (iv) country risk, (v) environmental protection issue; and (vi) contractual risks under the Transfer Agreement and the Agreement between various parties, which are discussed below.

Fluctuation in market price of Resources, including the Explored Resources

Although the market demand for the Resources, including the Explored Resources is high, they are subject to various economic factors such as international supply of and demand for these metals which would affect their prices. The fluctuations in supply and demand are caused by numerous factors beyond the Company's control, which include, but not limited to:

(i) Global and domestic economic conditions;

(ii) Political conditions and competition amongst suppliers; and

(iii) The rate of growth and expansion in industries with high demand for these metals.

There is no assurance that international and domestic demand for these metals and related products will continue to grow, or that the international and domestic demand for these metals and related products will not experience excess supply.

Significant and continuous capital investment

The mining business requires significant and continuous capital investment; the commercial operation of a project may not be completed as planned, or may exceed the original budgets and may not achieve the intended economic results or commercial viability including by reason of the commercial recoverability of the resources under commercial exploitation. Actual capital expenditures for commercial operation under the Project may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition and the viability of the Project.

Policies and regulations

The mining business is subject to extensive PRC governmental regulations, policies and controls, for example, the timely payment of resources fee and other compliance issues. There can be no assurance that the relevant PRC authorities will not change such laws and regulations or impose additional or more stringent laws or regulations or making the whole Project not viable. Failure to comply with the relevant laws and regulations in commercial operation of the Project may adversely affect the Company and the viability of the Project.

Country risk

The Company is entering a business in the PRC. Although PRC is politically stable and its economy continues to grow after it adopts the open door policy, the Company cannot rule out the risk relating to the likelihood of changes in the business environment which will reduce the profitability of doing business in the PRC. The changes of political and economic conditions in the PRC may adversely affect the Company and the viability of the Project.

Environmental protection policies

As the commercial operation of the Project may be conducted under the direction of the Company, the Company may subject to the relevant PRC environmental protection laws and regulations. If the Company fails to comply with existing or future environmental laws and regulations, the Company may be required to take remedial measures, which could have a material adverse effect on the commercial operation, financial condition and results of operations and the viability of the Project.

Contractual risks under the Transfer Agreement and the Agreement between various parties

The benefits under the Resources or part thereof are based upon the contractual relationships under the Relevant Agreements. Whilst Mr. Liu holds the benefits of the Relevant Interest as nominee for MEC and also declares the residual benefits on trust to convey for MEC, the Transaction calls for a high level of good faith and compliance by the parties of their contractual obligations and undertakings under the Relevant Agreements. If any of the contractual parties fails to or omits or refuse to honour their respective obligations and undertakings under the relevant contracts, or otherwise becomes insolvent, the Company's investment on the Project will be adversely affected and the redress will be to recourse to legal or other proceedings. If the Concession Owner fails or omits to comply with the relevant PRC rules and regulations imposed in relation to the Concession, the interest of MEC under the Project may also be adversely affected along with the viability of the Project.

G. INFORMATION ON TUNGSTEN AND TIN AND THEIR MARKET

Tungsten concentrates are used in the production of tungsten metal, tungsten carbide, tungsten alloys as well as compounds. Tungsten metal is an important material in the electrical appliance industry and electronic industry. Tungsten carbide-base sintered hard alloys are generally used to produce high-speed bits and high-speed cutting tools. Heat-resisting and wear-resistant alloys made from tungsten in combination with chrome, iron and cobalt can be used to produce cutting tools, materials for metal surface hardening, gas-fired steam turbines as well as combustion tubes. The utilization of tungsten is being expanded continuously, especially in the sophisticated industries, such as, the rocket nozzles, jet-pipes and thermal dissociator of ion propulsion in the aerospace industry as well as containers that hold liquid metal in nuclear engineering. Influenced by the ever-increasing demands of tungsten in the domestic and overseas markets, the domestic tungsten concentrate has come in short supply since the beginning of 2003. In 2006, China is estimated to have imported 12,274 tons of tungsten ore.

Tin is easy to be processed into tubes, foils, filaments and bars and also can be made into fine powders to be used in powder metallurgy. Tin can be made into alloys with many metals, such as Babbit alloy, soldering tin, tin bronze, lead-tin bearing alloy and type-writer alloy. There are still other tin-bearing alloys, such as zirconium-based alloy which is used a packaging materials for fuel holding in the atomic energy industry, titanium-based alloy which is used in the industries like aviation, shipbuilding, atomic energy, chemical and medical apparatus; columbium-tin alloy which can be used as superconducting materials; tin-silver-mercury alloy which is used as dental materials and compounds of tin which are respectively used as enamel materials of chinaware, mordant of dying silk fabrics as well as plastic thermal stabilizer and also can be used as germicides and pesticides. In 2007, China's tin demand is estimated at 40,000 tons while the global tin demand is approximately 300,000 tons. According to the current global production and consumption tendency, the demand is expected to rise, causing a situation where supply falls short of demand.

H. GENERAL

Based on the Consideration payable by MEC, the acquisition of the Relevant Interest under the Transaction under the Relevant Agreements constitutes a major acquisition on the part of MEC pursuant to Rule 14.06 of the Listing Rules. Furthermore, as Mr. Liu is a substantial shareholder of MEC and hence a connected person within the meaning of the Listing Rules, the Transaction under the Relevant Agreements and the unwinding of the Joint Vontune (including waiving of any refund interest) constitute connected transactions on the part of MEC pursuant to Chapter 14A of the Listing Rules with Mr. Liu and his associates are required to abstain from voting in the SGM. MEC will convene a SGM to seek approval of the Independent Shareholders in relation to the Transaction under the Relevant Agreements and the unwinding of the Joint Venture (including waiving of any refund interest).

A circular containing, amongst other things, further details of the Relevant Agreements and the unwinding of the Joint Venture (including waiving of any refund interest), letter from the Independent Board Committee, letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction will be despatched to the Shareholders as soon as reasonably practicable.

I. CAUTION WHEN DEALING IN THE SHARES

The Transaction under the Relevant Agreements is subject to Conditions Precedent and relevant PRC approvals and therefore they may or may not proceed ahead, and shareholders and investors should exercise caution when dealing in the Shares of MEC.

J. RESUMPTION OF TRADING

At the request of MEC, trading in the Shares of MEC was suspended with effect from 9.30 a.m. on March 5, 2008. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on March 11, 2008.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

"Acquisition Agreement"	means the acquisition agreement entered into by MEC and Mr. Liu of March 5, 2008 relating to the acquisition by MEC of the Relevant Interest and other transactions therein.
"Agreement"	means the agreement entered into by MEC, the Concession Owner and Xinjiang Kaiyue of March 5, 2008, relating to the situation where Xinjiang Kaiyue is approved to develop or invest into the Resources pursuant to the Investment Agreement.
"Board"	means the board of Directors of the Company.
"Closing"	means completion of the Transaction upon satisfaction of the Conditions Precedent prior to September 1, 2008.
"Company" or "MEC"	means Mongolia Energy Corporation Limited, a company incorporated under the laws of Bermuda and whose shares are listed on The Stock Exchange.
"Concession Area"	means the 13.54 sq. km. of exploration concession area located in Ruoqiang County, Ba Yin Guo Leng Mongolia Autonomous State, Xinjiang, PRC (新疆維吾爾自治區巴音郭楞蒙古自治州若羌縣).
"Concession Owner"	means新疆欣業礦產開發有限公司(Xinjiang Yinye Mineral Products Development Company Limited), a company incorporated under the laws of the PRC and an Independent Third Party.
"Conditions Precedent"	means the conditions precedent under the Acquisition Agreement for Closing of the acquisition of the Relevant Interest prior to September 1, 2008.
"Consideration"	means the aggregate consideration in the sum of HK$1.108 billion for acquiring the Relevant Interest under the Acquisition Agreement.

"Directors"	means directors of the Company.
"Exploration Company"	means吉林省地質調查院(Jinlin Institute of Geological Survey).
"Exploration Licence"	means the exploration licence over the Concession Area with exploration licence number 6500000724076 with an exploration period of between August 14, 2007 to August 14, 2008.
"Explored Resources"	means 235,600 tons of tungsten trioxide (WO_3) resources and 49,400 tons of tin (Sn) resources demonstrated by the Exploration Company under the Concession Area.
"Group"	means the Company and its subsidiaries.
"Group Members"	means any or all of the members of the Group.
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	means Hong Kong Special Administrative Region of the PRC.
"Independent Shareholders"	means Shareholders of MEC other than Mr. Liu and his associates and those who are required to abstaining from voting in the SGM under the Listing Rules.
"Independent Third Party(ies)"	means independent third party(ies) who, to the best of the Directors' knowledge and information and having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of MEC
"Investment Agreement"	means the investment agreement entered into between the Concession Owner, Mr. Liu and Xinjiang Kaiyue of March 3, 2008, relating to the investment by Mr. Liu in the Relevant Interest, and the possible transfer of the investment into Xinjiang Kaiyue under the Agreement subject to approval for development and investment into non-ferrous metal resources by Xinjiang Kaiyue prior to September 1, 2008.
"Joint Venture"	means Upper Easy Enterprises Limited, a company incorporated under the laws of British Virgin Islands owned by MEC as to 20% and Mount Billion Group Limited as to 80% established for the purpose of potential acquisition of energy and related projects in Xinjiang, PRC, which is to be unwound by the parties in accordance with the Acquisition Agreement.

"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or replaced.
"Mongolia"	means the independent sovereign nation of Mongolia.
"Mr. Liu"	means Mr. Liu Cheng Lin, a substantial shareholder to MEC.
"Party" or "Parties"	means, as the context requires, any or all of the Parties under the Relevant Agreements.
"Percentage" and "%"	means percent.
"PRC"	means the People's Republic of China.
"Project"	means the acquisition of the Relevant Interest including the Explored Resources and the development and commercial exploitation thereof.
"Relevant Agreements"	means, as the context requires, any or all of the Investment Agreement, the Agreement and the Acquisition Agreement relating to the Transaction.
"Relevant Percentage"	means 20%.
"Relevant Interest"	means the benefits in the Relevant Percentage of the Resources.
"Resources"	means copper, tin and multi-metals, including the Explored Resources.
"Service Fee"	means the sum of HK$200 million to be paid by MEC to Mr. Liu as deemed payment as part of the Consideration to be used towards unwinding the Joint Venture.
"SGM"	means the special general meeting of Company to be convened to consider and, if thought fit, approve, among other things, the Transaction under the Relevant Agreements.
"Shareholders"	means holders of the Shares.
"Shares"	means ordinary shares of HK$0.02 each in the share capital of the Company.
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited.

"Transaction"	means the acquisition of the Relevant Interest.
"Xinjiang Kaiyue"	means Xinjiang Kaiyue Yuan Mineral Company (新疆凱禹源礦業有限公司), a wholly foreign owned enterprise incorporated under the laws of PRC and beneficially owned by Mr. Liu.

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

Hong Kong, March 10, 2008

As at the date of this announcement, the Board comprises Mr. Lo Lin Shing, Simon and Ms. Yvette Ong are executive Directors, and 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.

* *For illustration purpose only at the exchange rate of RMB 1 to HK$1.08.*
** *For illustration purpose only at the exchange rate of US$1 to HK$7.78.*