



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

CHINA METALLURGICAL GROUP AS MEC MAIN CONTRACTOR FOR CONSTRUCTION OF COKING FACILITIES FOR PRODUCTION OF 2 TO 3 MILLION TONNES OF COKE PER ANNUM AND TO FORM STRATEGIC ALLIANCE FOR PRODUCTION BEYOND THIS PRODUCTION AMOUNT

UPDATE ON THE KHUSHUUT ROAD

The CTF subscription

The Company (“**MEC**”) refers to the subscription by Chow Tai Fook Nominee Limited (“**CTF**”) of HK\$2 billion zero coupon convertible note due April 2011 (the “**Subscription**”) to be issued by MEC as intended financing for construction of coking facilities for production of 2 to 3 million tonnes of coke per annum relating to MEC’s coking coal resources in Khushuut, western Mongolia. This is set out under MEC’s announcement of February 1, 2008.

Background

Following the entry into the CTF Subscription, MEC took steps to identify the main contractor for the construction of the coking facilities. MEC is pleased to have identified China Metallurgical Group represented by its parent company, China Metallurgical Group Corporation (“**中國冶金科工集團公司**”) (“**MCC**”) as main contractor for construction of the coking facilities.

Strategic Alliance with MCC

During the discussions with MCC, it transpires that there is a high level of interest for MCC, not only to be the main contractor for MEC, but also to form a strategic alliance to invest into coking facilities beyond the initial production of 2 to 3 million tonnes of coke per annum funded by MEC itself, including the possibility of MCC being an investor in MEC itself.

Industry Leader: MCC ACRE (MCC’s wholly owned subsidiary)

Further, it was agreed that the relevant member of MCC which was qualified to take up the project, ACRE Coking & Refractory Engineering Consulting Corporation, MCC (“**中冶焦耐工程技術有限公司**”) (“**MCC ACRE**”), was to enter the relevant agreements with MEC. MCC ACRE is the recognized international industry leader in construction of coking facilities as set out below.

Agreement with MCC ACRE

MEC is pleased that following discussions, MCC ACRE entered the co-operation agreement (the “**Agreement**”) on March 20, 2008 with MEC to be MEC’s main contractor for the construction of the coking facilities for production of 2 to 3 million tonnes of coke per annum funded by MEC itself.

Further, in the event that MEC expands the production capacity beyond 2 to 3 million tonnes of coke per annum, MCC ACRE recites under the Agreement, that MCC agrees to negotiate to form a strategic alliance with MEC for construction of coking facilities beyond this production amount, including the possibility of MCC being an investor in MEC itself.

Background of MCC

MCC, incorporated in the People’s Republic of China (“**PRC**”), is a leading multidisciplinary and multinational company. MCC is known for its experience and strength in scientific research, industrial engineering practice and international trading capabilities. MCC is a major driving force behind the growth of China’s steel industry, and a reputable contractor of a number of key projects both at home and abroad. It is a leading investor licensed by China’s government in natural resources exploitation businesses and owns many production facilities and claims of resources including iron ores, copper, gold, nickel, cobalt, zinc, lead and aluminum, etc.

MCC is not connected person to the best knowledge of the directors of MEC under the definitions of the Listing Rules. For further details of MCC please visit MCC’s website at: <http://www.mcc.com.cn>.

Background of MCC ACRE

MCC ACRE is a wholly owned subsidiary of MCC. MCC ACRE is an international large-scale corporation involved in engineering technology and construction and capable of engaging in turn-key projects (engineering, procurement and construction, or EPC). It was established in 1953 and is a large-scale enterprise in China, covering the fields of coking, refractory, town gas, environment treatment, municipal engineering and automation. At present, MCC ACRE is an industry leader in terms of human resources, annual sales income and number of coke ovens designed each year. MCC ACRE has designed over 300 large and medium-scale coking plants and over 200 or more large and medium-size refractory plants and fuel engineering designs. MCC ACRE has undertaken joint design work for a number of projects worldwide, including in Germany, United States, Britain, Japan, France and Australia.

MCC ACRE is not connected person to the best knowledge of the directors of MEC under the definitions of the Listing Rules. For further details of MCC ACRE, please visit MCC ACRE’s website at: <http://www.acre.com.cn>.

Further details of the Agreement

Under the Agreement, MCC ACRE agrees to be the main contractor of MEC for the construction of the coking facilities at an appropriate location under MEC's concession areas. The scope of work includes feasibility study, detailed design and engineering works. Further, MCC ACRE agrees to be responsible for the general construction planning over MEC's concession areas, including relating to the construction of the washery, coking facilities, power generation and ancillary facilities. The project is to be constructed to international standards. There is an obligation upon MEC to provide or procure the relevant permits, approvals and information for the construction of the coking facilities. In fact, MEC has already commenced the process to obtain such permits, approvals and information for construction of coking facilities for production of 2 to 3 million tonnes of coke in Khushuut, western Mongolia.

Update on the Khushuut Road

MEC is pleased to provide an update as to the upgrading, including related construction of the Khushuut Road as referred under the earlier announcement of December 7, 2007 following approval of the route and the related need for the detailed engineering and design study. The matter has now progressed to the calling, by the Road Transport and Tourist Ministry of Mongolia on March 6, 2008, for the detailed engineering and design study. This is a pre-requisite on actual work commencement which is expected to commence following approval of the submitted materials to the Road Transport and Tourist Ministry of Mongolia.

Implication under the Listing Rules

If further agreements are entered into between the parties in relation to the construction of the coking facilities and/or the Khushuut Road and they constitute notifiable transactions for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and seeking approval from shareholders as and when appropriate.

Caution when dealing in the shares of MEC

As there is no assurance that MEC will enter further agreements with MCC and MCC ACRE relating to the construction of the coking facilities, shareholders and investors should exercise caution when dealing in the shares of MEC.

THE CTF SUBSCRIPTION

The Company (“**MEC**”) refers to the subscription by Chow Tai Fook Nominee Limited (“**CTF**”) of HK\$2 billion zero coupon convertible note due April 2011 (the “**Subscription**”) to be issued by MEC as intended financing for construction of coking facilities for production of 2 to 3 million tonnes of coke per annum relating to MEC’s coking coal resources in Khushuut, western Mongolia. This is set out under MEC’s announcement of February 1, 2008.

BACKGROUND

Following the entry into the CTF Subscription, MEC took steps to identify the main contractor for the construction of the coking facilities. MEC is pleased to have identified China Metallurgical Group represented by its parent company, China Metallurgical Group Corporation (“**中國冶金科工集團公司**”) (“**MCC**”) as main contractor for construction of the coking facilities.

STRATEGIC ALLIANCE WITH MCC

During the discussions with MCC, it transpires that there is a high level of interest for MCC, not only to be the main contractor for MEC, but also to form a strategic alliance to invest into coking facilities beyond the initial production of 2 to 3 million tonnes of coke per annum funded by MEC itself.

INDUSTRY LEADER: MCC ACRE (MCC’S WHOLLY-OWNED SUBSIDIARY)

Further, it was agreed that the relevant member of MCC which was qualified to take up the construction of the project, ACRE Coking & Refractory Engineering Consulting Corporation, MCC (“**中冶焦耐工程技術有限公司**”) (“**MCC ACRE**”), was to enter the relevant agreements with MEC. MCC ACRE is the recognized international industry leader in construction of coking facilities set out below.

AGREEMENT WITH MCC ACRE

MEC is pleased that following discussions, MCC ACRE entered the co-operation agreement (the “**Agreement**”) on March 20, 2008 with MEC to be MEC’s main contractor for the construction of the coking facilities for production of 2 to 3 million tonnes of coke per annum funded by MEC itself.

Further, in the event that MEC expands the production capacity beyond 2 to 3 million tonnes of coke per annum, MCC ACRE recites under the Agreement, that MCC agrees to negotiate to form a strategic alliance with MEC for construction of coking facilities beyond this production amount, including the possibility of MCC being an investor in MEC itself.

BACKGROUND OF MCC

MCC, incorporated in the People's Republic of China ("PRC"), is a leading multidisciplinary and multinational company. MCC is known for its experience and strength in scientific research, industrial engineering practice and international trading capabilities. MCC is a major driving force behind the growth of China's steel industry, and a reputable contractor of a number of key projects both at home and abroad. It is a leading investor licensed by China's government in natural resources exploitation businesses and owns many production facilities and claims of resources including iron ores, copper, gold, nickel, cobalt, zinc, lead and aluminum, etc.

MCC is not connected person to the best knowledge of the directors of MEC under the definitions of the Listing Rules. For further details of MCC please visit MCC's website at: <http://www.mcc.com.cn>.

BACKGROUND OF MCC ACRE

MCC ACRE is a wholly owned subsidiary of MCC. MCC ACRE is an international large-scale corporation involved in engineering technology and construction and capable of engaging in conducting turn-key projects (engineering, procurement and construction or, EPC). It was established in 1953 and is a large-scale enterprise in China, covering the fields of coking, refractory, town gas, environment treatment, municipal engineering and automation. At present, MCC ACRE is an industry leader in terms of human resources, annual sales income and number of coke ovens designed each year. MCC ACRE has designed over 300 large and medium-scale coking plants and over 200 or more large and medium-size refractory plants and fuel engineering designs. MCC ACRE has undertaken joint design work for a number of projects worldwide, including in Germany, United States, Britain, Japan, France and Australia.

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FURTHER DETAILS OF THE AGREEMENT

Under the Agreement, MCC ACRE agrees to be the main contractor of MEC for the construction of the coking facilities at an appropriate location under MEC's concession areas. The scope of work includes feasibility study, detailed design and engineering works. Further, MCC ACRE agrees to be responsible for the general construction planning over MEC's concession areas, including relating to the construction of the washery, coking facilities, power generation and ancillary facilities. The project is to be constructed to international standards. There is an obligation upon MEC to provide or procure the relevant permits, approvals and information for the construction of the coking facilities. In fact, MEC has already commenced the process to obtain such permits, approvals and information for construction of coking facilities for production of 2 to 3 million tonnes of coke in Khushuut, western Mongolia. The parties are to agree the construction price and terms following MCC ACRE's general construction planning.

UPDATE ON THE KHUSHUUT ROAD

MEC is pleased to provide an update as to the upgrading, including related construction of the Khushuut Road as referred under the earlier announcement of December 7, 2007 following approval of the route and the related need for the detailed engineering and design study. The matter has now progressed to the calling, by the Road Transport and Tourist Ministry of Mongolia on March 6, 2008, for the detailed engineering and design study. This is a pre-requisite on actual work commencement which is expected to commence following approval of the submitted materials to the Road Transport and Tourist Ministry of Mongolia.

For completeness, please refer to pages 28 to 29 of MEC's circular of March 22, 2007 on the risk factors relating to the project in general.

IMPLICATION UNDER THE LISTING RULES

If further agreements are entered into between the parties in relation to the construction of the coking facilities and/or the Khushuut Road and they constitute notifiable transactions for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and seeking approval from shareholders as and when appropriate.

CAUTION WHEN DEALING IN THE SHARES OF MEC

As there is no assurance that MEC will enter further agreements with MCC and MCC ACRE relating to the construction of the coking facilities, shareholders and investors should exercise caution when dealing in the shares of MEC.

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

Hong Kong, March 25, 2008.

As at the date hereof, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon 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.