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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

EXPLORATION REPORT FROM TEAM 129 OF CHINA COAL GEOLOGY BUREAU AND SCHEDULED COMPLETION OF INITIAL ACQUISITION AND RESUMPTION OF TRADING

This announcement is made pursuant to Rule 13.09 of the Listing Rules

The Exploration Report

The Company (“**MEC**”) is pleased to announce that MEC has, on January 8, 2008, 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 concession areas (the “**Concessions**”) in western Mongolia as disclosed under MEC’s circulars of March 22, 2007 and June 25, 2007 (the “**Circulars**”) and explored between late May, 2007 to early October 2007.

The Coal and Coking Coal Resources

As set out under the Exploration Report, there are four primary coal seams with 460.26 million tonnes of coal resources. The top two coal seams have a combined 306.10 million tonnes of coal resources, of which 181.33 million tonnes of the coal resources comprise a premium coking coal which typically commands a higher market price.

Satisfaction of Requirement under Initial Acquisition

The resources figures satisfy the requirement under the initial acquisition (the “**Initial Acquisition**”) of the Concessions, namely, that completion (the “**Completion**”) of the Initial Acquisition is subject to 300 million tonnes of coal resources being demonstrated. MEC is pleased with the presence of coking coal which typically commands a higher market price.

Completion of Initial Acquisition

The resources figures also satisfy all conditions precedent (the “**Conditions Precedent**”) under the Initial Acquisition of the Concession. This is subject only to The Stock Exchange of Hong Kong Limited (the “**Exchange**”) granting the listing approval for the new shares to be issued by MEC to pay for the Initial Acquisition of the Concessions as set out under the Circulars. MEC will proceed, in accordance to schedule to Completion of the Initial Acquisition on or before January 30, 2008. MEC will make the relevant listing application to the Exchange for the listing of the new shares to be issued under the Initial Acquisition, Subscription and Placing as mentioned in MEC’s circular of March 22, 2007.

Ownership of Concessions

MEC will, upon Completion 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. MEC will continue its exploration work with the assistance of the Exploration Company and MEC’s independent technical adviser, John T. Boyd Company.

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

Suspension and resumption of trading

At the request of MEC, trading in the shares of MEC was suspended with effect from 9.30 a.m. on January 9, 2008 pending the release of this announcement. An application has been made by MEC to the Stock Exchange for resumption of MEC’s shares with effect from 9:30 am on January 10, 2008.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

THE EXPLORATION REPORT

The Company (“**MEC**”) is pleased to announce that MEC has, on January 8, 2008, 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 concession areas in western Mongolia (the “**Concessions**”) explored as disclosed under MEC’s circulars of March 22, 2007 and June 25, 2007 (the “**Circulars**”) and between late May, 2007 to early October 2007.

THE COAL AND COKING COAL RESOURCES

As set out under the Exploration Report, there are four primary coal seams with 460.26 million tonnes of coal resources. The top two coal seams have a combined 306.10 million tonnes of coal resources, of which 181.33 million tonnes of the coal resources comprise a premium quality coking coal which typically commands a higher market price.

SUMMARY OF INFORMATION UNDER THE EXPLORATION REPORT

The following contains a summary of certain information under the Exploration Report:

- 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.

SATISFACTION OF REQUIREMENT UNDER INITIAL ACQUISITION

The resources figures satisfy the requirement under the initial acquisition (the “**Initial Acquisition**”) of the Concessions, namely, that completion (the “**Completion**”) of the Initial Acquisition is subject to 300 million tonnes of coal resources being demonstrated. MEC is pleased with the presence of coking coal resources which typically commands a higher market price.

Under the terms of the Initial Acquisition, the guarantor of the transaction, namely Mr. Liu Cheng Lin, has agreed, within 120 days from the date of Completion, to undertake to demonstrate the coal resources to 200 million tonnes of proved reserves and 100 million tonnes of probable reserves to the satisfaction of the technical adviser, John T. Boyd Company, meaning the reserves figures are to be certified by the technical adviser.

COMPLETION OF INITIAL ACQUISITION

The resources figures also satisfy all conditions precedent (the “**Conditions Precedent**”) under the Initial Acquisition of the Concession. This is subject only to The Stock Exchange of Hong Kong Limited (the “**Exchange**”) granting the listing approval for the new shares to be issued by MEC to pay for the Initial Acquisition of the Concessions, as set out under the Circulars. MEC will proceed, in accordance to schedule to Completion of the Initial Acquisition on or before January 30, 2008.

MEC will make the relevant listing application to the Exchange for the listing of the new shares to be issued under the Initial Acquisition, Subscription and Placing as mentioned in MEC’s circular of March 22, 2007.

OWNERSHIP OF CONCESSIONS

MEC will, upon Completion 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. MEC will continue its exploration work with the assistance of the Exploration Company and MEC’s independent technical adviser, John T. Boyd Company.

Details of the 66,000 hectares of concessions areas in western Mongolia are as follows:-

Under the Initial Acquisition:-

Licence / Licence No.	Mining and Exploration Licences Area Hectares	Licence Period
1640A	40	70 years since 2002
4322A	54	70 years since 2002
6525A	46	70 years since 2003
11887A	203	70 years since 2006
11888A	1,742	70 years since 2006
1414A	28	70 years since 1998
11889A	486	70 years since 2006
11890A	28	70 years since 2006
Subtotal Mining Licences	2,627	
Exploration Licence		Licence Period[#]
11515X	31,638	9 years since 2006
Subtotal Exploration Licences	31,638	
Total Mining / Exploration Licences	34,265	

Under the Further Acquisition (as referred in MEC's circular of June 25, 2007):-

Licence (Licence no.)	Location	The Exploration Licences	
		Mine Area (Hectare)	Licence Period#
8976X	Western Mongolia	26,033	9 years since 2004
8994X	Western Mongolia	39	9 years since 2004
11628X	Western Mongolia	3,519	9 years since 2006
11724X	Western Mongolia	2,112	9 years since 2006
Total Hectares		31,703	

The Exploration Licences are for 3 years with two further extensions of 3 years.

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

EFFECT ON SHAREHOLDING

Upon Completion, assuming there is no issue of new shares by MEC under, for example, share option scheme from the date of this announcement, the shareholding structure of MEC will be as follows:–

Shareholders	Immediately before Completion		Immediately upon Completion and the issue of the Subscription Shares and the Placing Shares		Upon Completion and the issue of the Subscription Shares, Placing Shares and full conversion of the Convertible Bonds	
	Number of shares	% (approximately)	Number of shares	% (approximately)	Number of shares	% (approximately)
Substantial Shareholder						
Golden and its associates (Note 1)	394,522,301	15.07	1,174,522,301	19.50	1,174,522,301	18.00
Puraway Holdings Limited (Note 2)	–	–	1,125,000,000	18.68	1,625,000,000	24.91
Directors						
Yvette Ong	1,090,000	0.042	1,090,000	0.018	1,090,000	0.017
To Tin Tsun, Gerald	3,200,000	0.122	3,200,000	0.053	3,200,000	0.049
Tsui Hing Chuen, William	500,000	0.020	500,000	0.008	500,000	0.007
Lau Wai Piu	201,200	0.007	201,200	0.003	201,200	0.003
Other Subscribers						
CTF (Note 3)	23,000,000	0.870	223,000,000	3.7	223,000,000	3.41
Dragon and its associates (Note 4)	183,170,000	6.99	383,170,000	6.36	383,170,000	5.87
Placees (Note 5)	–	–	1,100,000,000	18.26	1,100,000,000	16.86
Public Shareholders	<u>2,011,428,862</u>	<u>76.85</u>	<u>2,011,428,862</u>	<u>33.40</u>	<u>2,011,428,862</u>	<u>30.84</u>
Total	<u><u>2,617,112,363</u></u>	<u><u>100</u></u>	<u><u>6,022,112,363</u></u>	<u><u>100</u></u>	<u><u>6,522,122,363</u></u>	<u><u>100</u></u>

Note 1: Golden Infinity Co., Ltd (“Golden”) is wholly owned by Mr. Lo who is the Chairman and an executive Director. Among the 394,522,301 shares, 4,960,000 shares represent interest of Mr. Lo on an individual basis; while 387,812,301 shares are held by Golden. The remaining balance of 1,750,000 shares represents interest of Mrs. Ku Ming Mei, Rousia, spouse of Mr. Lo.

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

Note 3: Chow Tai Fook Nominee Limited is a company controlled by Dato’ Dr. Cheng Yu Tung and members of his family.

Note 4: Dragon Noble Limited is a company controlled by Dr. Cheng Kar Shun.

Note 5: Not less than six placees, who together with their respective ultimate beneficial owners, will be independent third parties not connected with MEC and its connected persons (as defined under the Listing Rules).

MEC will not issue further announcement on completion in relation to the Initial Acquisition unless Completion has not taken place on or before January 30, 2008.

NO CHANGE TO THE BOARD OF DIRECTORS AND MANAGEMENT OF MEC

There will be no change, by reason of Completion, to the Board of Directors as well as the professional management and legal teams of MEC as referred under MEC's website at www.mongolia-energy.com.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the MEC, trading in the shares of MEC was suspended with effect from 9.30 a.m. on January 9, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of MEC's shares with effect from 9:30 am on January 10, 2008.

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

Hong Kong, January 9, 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.

** please note that 1 hectare = 100 metres x 100 metres and 100 hectares = 1 square kilometer*