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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**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**

**MEC AWARDS ROAD WORKS CONTRACTS  
OF APPROXIMATELY RMB866 MILLION  
RELATING TO THE KHUSHUUT ROAD**

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A letter from the Board of Mongolia Energy Corporation Limited is set out on pages 3 to 8 of this circular.

July 23, 2008

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## DEFINITIONS

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

“Board”	the board of Directors
“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, and in the context of the circular, as maker of statements for the Group, including the Owner
“Consideration”	the aggregate considerations of RMB866,085,861 payable by the Owner under the Contracts
“Contractors”	North East Construction and Xinjiang Highway & Bridge as contractors for upgrading of the foundation of the Khushuut Road including related building works under each of the Contracts respectively
“Contracts”	the two contracts for upgrading of the foundation of the Khushuut Road including related building works entered into by the Owner and each of the Contractors respectively
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries, including the Owner
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) including its/their ultimate beneficial owner(s) 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 the Company
“km”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	July 18, 2008, being the latest practicable date prior to the printing of the circular for the purpose of ascertaining certain information for inclusion in this circular

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## DEFINITIONS

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“North East Construction”	航空港東北建設局 (North East Construction Agency of China Airport Construction Group Corporation), one of the Contractors responsible for the upgrading of 193.3 km of the foundation of the Khushuut Road including related building works
“Owner”	MoEnCo LLC, an indirect wholly owned subsidiary of MEC in Mongolia, as owner of the Khushuut mine areas
“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 ordinary shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinjiang Highway & Bridge”	新疆建工路橋工程有限責任公司 (Highway & Bridge Engineering Company Limited of Xinjiang Construction & Engineering Group), one of the Contractors responsible for the upgrading of 146.7 km of the foundation of the Khushuut Road including related building works

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LETTER FROM THE BOARD

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**MEC**

**MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 276)

*Executive Directors:*

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

Mr. Liu Zhuo Wei

Ms. Yvette Ong

*Registered office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Non-executive Director:*

Mr. To Hin Tsun, Gerald

*Head office and principal place*

*of business in Hong Kong:*

*Independent non-executive Directors:*

Mr. Peter Pun, *OBE, JP*

Mr. Tsui Hing Chuen, *William, JP*

Mr. Lau Wai Piu

Rooms 1502-5

New World Tower 1

16-18 Queen's Road Central

Hong Kong

July 23, 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**MEC AWARDS ROAD WORKS CONTRACTS  
OF APPROXIMATELY RMB866 MILLION  
RELATING TO THE KHUSHUUT ROAD**

**INTRODUCTION**

On July 7, 2008, MEC awarded two road works contracts of approximately RMB866 million (RMB866,085,861) relating to the Khushuut Road, of around 340 km, from MEC's mine areas in Khushuut, western Mongolia to the Yarant border crossing with 塔克什肯 (Takeshiken), Xinjiang, PRC (the "Border Crossing"). This follows contract negotiations on the final terms of the Contracts with the Contractors referred to below. The Contracts are entered by MoEnCo LLC, an indirect wholly-owned subsidiary of MEC in Mongolia, as owner of the Khushuut mine areas.

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

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## LETTER FROM THE BOARD

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### SUMMARY OF THE CONTRACTS

#### Contract (1)

1. **Date:** July 7, 2008

2. **Parties:**

Owner: MoEnCo LLC, an indirect wholly-owned subsidiary of MEC incorporated under the laws of Mongolia.

Contractor: 航空港東北建設局 (North East Construction Agency of China Airport Construction Group Corporation), a state-owned enterprise established under the laws of the PRC, which is an Independent Third Party.

3. **Contract sum:**

RMB376,970,956. The Contractor is the contractor for upgrading and construction of the Khushuut Road and accepts the appointment by the Owner. The portion of the construction responsible by the Contractor is of a length of 193.3 kilometers. The Contractor shall comply with the relevant laws of Mongolia including but not limited to the environmental protection in the course of upgrading and construction of the Khushuut Road. If there is any violation, the Contractor shall be responsible for the loss and damage incurred to the Owner. As a contractor to the Contract, the Contractor shall be responsible for the personnel and equipment to complete the project.

35% of the Contract sum, which is RMB131,939,835, is payable within 7 working days from the date of the Contract less RMB80 million already paid to the Contractor independently to assist MEC to source preliminary supplies, including steel and concrete as preparatory works. The balance of the payment shall be made at monthly intervals after the certification of progress by the supervising company, based on the amount of the work completed.

The contract price of RMB376,970,956 under the contract with North East Construction Agency also includes (1) environmental assessment on road construction in the sum of RMB18,500,000; and (2) road design construction fee in the sum of RMB40,000,000.

#### Contract (2)

1. **Date:** July 7, 2008

2. **Parties:**

Owner: MoEnCo LLC, an indirect wholly-owned subsidiary of MEC incorporated under the laws of Mongolia.

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## LETTER FROM THE BOARD

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Contractor: 新疆建工路橋工程有限責任公司 (Highway & Bridge Engineering Company Limited of Xinjiang Construction & Engineering Group), a limited liability company established under the laws of PRC, which is an Independent Third Party. It is a subsidiary of 新疆建工（集團）有限責任公司 (Xinjiang Construction Engineering (Group) Co. Limited), a state-owned enterprise established under the laws of the PRC, which is an Independent Third Party.

### **3. Contract sum:**

RMB489,114,905. The Contractor is the contractor for upgrading and construction of the Khushuut Road and accepts the appointment by the Owner. The portion of the construction responsible by the Contractor is of a length of 146.7 kilometers. The Contractor shall comply with the relevant laws of Mongolia including but not limited to the environmental protection in the course of upgrading and construction of the Khushuut Road. If there is any violation, the Contractor shall be responsible for the loss and damage incurred to the Owner. As a contractor to the Contract, the Contractor shall be responsible for the personnel and equipment to complete the project.

35% of the Contract sum, which is RMB171,190,217, is payable within 7 working days from the date of the Contract less RMB40 million already paid independently to the Contractor to assist MEC to source preliminary supplies, including steel and concrete as preparatory works. The balance of the payment shall be made at monthly intervals after the certification of progress by the supervising company, based on the amount of the work completed.

### **The Contracts**

#### **1. The standard:**

The minimum standard requirements for upgrading and construction of the Khushuut Road shall be in accordance with “Planning and Construction Standard BHBD32-01-00 for Roads of Mongolia” and “Planning and Construction Standard BHD32-01-03 for Road, Caves and Bridges” and “Technological Conditions for Road, Climate, Geology Standards 2-01-01-2004 and shall be up to a category 3 road standard. The quality shall be assessed and certified by a PRC transport bureau according to the “Road Project Quality Assessment Standard of the PRC”.

#### **2. Construction period:**

The construction period for road foundation is 180 days from the date of the Contracts. The Khushuut Road should upon completion of the road foundation works be able to carry 60 metric tonnes coal trucks at speeds of up to 60 kilometers per hour. Time is of the essence under the Contracts.

#### **3. Supervision:**

The road upgrading and construction project shall be supervised by a supervisory company appointed by the Owner which is an Independent Third Party. The supervisory company may provide opinions and suggestions in relation to the project with a view that the project would be up to international standards. The Contractors shall follow the suggestions provided by the supervisory company from time to time in the implementation of the road upgrade.

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## LETTER FROM THE BOARD

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### **4. Safety procedures:**

The Contractors as contractors of the project (a) shall comply with all safety regulations (b) ensure the health and safety of all workers on site and (c) use reasonable efforts to keep the site clear and not to cause any danger to workers.

### **5. The Insurances:**

The Contractors shall be responsible for having valid insurances for the protection of workers on-site. In this connection, the Contractors have to ensure there is sufficient insurance coverage for the project, facilities and the workers.

### **6. Environmental protection:**

During the implementation of the project, the Contractors shall strictly comply with the environmental protection laws, rules and regulations of Mongolia from time to time and in accordance with international standards. The Contractors shall avoid contaminating the natural resources or causing harm to air, ocean, river, lake, underground water, port, soil or other environmental conditions.

## **THE CONSIDERATION**

The aggregate consideration for upgrading the foundation of the Khushuut Road, including related building works, is RMB866,085,861 (the “**Consideration**”). There was an open tendering process and eleven (11) contractors tendered for the project. The tenders of the contractors were competitive, and recommended by 新疆新天國際招標有限責任公司 (Xinjiang Sumtime International Tendering Co Ltd), an independent and qualified PRC tendering company, which has completed nearly 1,000 tendering projects in the PRC. Accordingly, the Board of Directors believes that the Consideration was fair and reasonable. The Consideration shall be satisfied by internal resources of MEC.

## **THE MAIN PURPOSE OF THE CONTRACTS**

The main purpose of the Contracts is for the Contractors to upgrade the foundation, along with necessary building works, for the Khushuut Road, to the standards of a dual carriageway (with one carriageway in each direction) carrying 60 metric tonnes trucks at speeds of up to 60 kilometers, within 180 days from the date of Contracts. This will compliment MEC’s scheduled mining operations, concentrating on coking coal, by the end of the second quarter of 2009, to supply the local market in Xinjiang, PRC for coking coal which is in short local supply and being imported from other regions of the PRC. MEC is finalizing its mine plan for the commencement of mining operations.

Following the foundation works, the running of the 60 metric tonnes trucks under MEC’s mining operations will help settle the foundation. Thereafter, with further road surface works, the carrying capacity of the Khushuut Road will increase to 80-100 metric tonnes at speeds of up to 100 km per hour. MEC will negotiate the relevant agreements for the road surface work in due course.



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## LETTER FROM THE BOARD

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### THE SELECTION OF THE CONTRACTORS

The Contractors are (1) 航空港東北建設局 (North East Construction Agency of China Airport Construction Group Corporation) and (2) 新疆建工路橋工程有限責任公司 (Highway & Bridge Engineering Company Limited of Xinjiang Construction & Engineering Group).

航空港東北建設局 (North East Construction Agency of China Airport Construction Group Corporation) is a state-owned enterprise and is a member of 中國航空港建設總公司 (China Airport Construction Group Corporation) (together the “**China Airport Group**”). The China Airport Group has undertaken many highways, bridges, caves projects including Shenzhen expressways and tunnels, No 312, 316 and 107 National Roads, industrial and civil construction projects, steel structure and lattice frame projects both in the PRC and aboard.

新疆建工路橋工程有限責任公司 (Highway & Bridge Engineering Company Limited of Xinjiang Construction & Engineering Group) is a limited liability company incorporated under the laws of the PRC. Xinjiang Highway & Bridge has completed highway constructions in the PRC of over 257 kilometers.

### THE APPROVALS

MEC has obtained all the permits necessary to implement road construction works for the Khushuut Road, including related buildings works, based on confirmation by MEC’s Mongolian legal counsel.

### REASONS FOR UPGRADING THE KHUSHUUT ROAD

The Khushuut Road, is important for MEC’s commencement of mining operations concentrating on coking coal, by allowing MEC to transport coking coal from Khushuut to Xinjiang, PRC where there is demand for such coking coal, in view of short local supply of coking coal, which is currently being imported from other parts of China. The Khushuut Road will further facilitate the future expansion of MEC’s mining operations over other MEC concession areas in western Mongolia, which are subject to exploration and the relevant mine plans. The general improvement of road transport infrastructure of western Mongolia will also assist the economic development of western Mongolia as part of MEC’s corporate social responsibility. Based on the above, the Board is of the view that the entering into the Contracts is fair and reasonable and in the interests of the Shareholders as a whole.

### FINANCIAL EFFECTS

It is not expected that upon awarding of the Contracts will have significant impact on the Group’s assets and liabilities as any increase in assets will be offset by a corresponding decrease in bank balances and cash of the Group. As the Khushutt Road will be self-used for coal transportation, it will not have any impact on earning of the Group for the time being.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP

#### The Group

The Group is focused on building its energy and related resources business. Up to present, the Group has acquired an aggregate of approximately 329,008 hectares of concession areas for coal, ferrous and non-ferrous resources in western Mongolia. For further information on the Group, please refer to MEC's July 2008 corporate presentation, which can be found at [www.mongolia-energy.com](http://www.mongolia-energy.com).

### GENERAL

The Contracts 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 issued and underlying Shares*

Name of Director	Capacity	Number of Shares interested	Number of underlying Shares interested	Total	Approximate percentage of shareholding
Mr. Lo Lin Shing, Simon ("Mr. Lo")	Beneficial owner/ Interest of a controlled corporation/ Interest of spouse	1,181,292,301 (Note)	690,000	1,181,982,301	19.54%
Ms. Yvette Ong	Beneficial owner	1,090,000	–	1,090,000	0.02%
Mr. To Hin Tsun, Gerald	Beneficial owner	5,250,000	–	5,250,000	0.09%
Mr. Tsui Hing Chuen, William	Beneficial owner	500,000	–	500,000	0.01%
Mr. Lau Wai Piu	Beneficial owner	201,200	–	201,200	0.01%

*Note:* Among the 1,181,292,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,174,582,301 Shares represent interest of Golden Infinity Co., Ltd (“Golden”). The balancing of 1,750,000 Shares represent interest of Ms. 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.

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**

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)	–	Beneficial owner/ Interest of a controlled corporation	26.87%
Puraway Holdings Limited (“Puraway”)	1,525,000,000 (Note 1)	–	Corporate	25.21%
Ms. Ku Ming Mei, Rouisa	1,181,982,301 (Note 2)	–	Beneficial owner/ Interest of spouse	19.54%
Golden Infinity Co., Ltd.	1,174,582,301	–	Corporate	19.42%

Name	Long Position in Shares/Underlying Shares	Short Position in Shares/Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Dr. Cheng Kar Shun	383,170,000 (Note 3)	–	Interest of a controlled corporation/ Interest of spouse	6.34%
Dragon Noble Group Limited (“Dragon”)	328,070,000 (Note 3)	–	Corporate	5.42%
Ms. Ip Mei Hing	383,170,000 (Note 3)	–	Interest of a controlled corporation/ Interest of spouse	6.34%
Dato’ Dr. Cheng Yu Tung	496,972,602 (Note 4)	–	Beneficial owner/ Interest of a controlled corporation	8.22%
Chow Tai Fook Nominee Limited (“CTF”)	493,972,602 (Note 4)	–	Corporate	8.17%
Mr. Ng Chun Ping, Brendan	424,724,442	–	Beneficial owner/ Interest of controlled corporations	7.02%

*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 1,525,000,000 Shares held by Puraway.
2. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 1,181,982,301 Shares under the SFO.
3. Dr. Cheng Kar Shun is interested in the entire issued share capital of Dragon. By virtue of the SFO, he is deemed to be interested in the 328,070,000 Shares held by Dragon. The 55,100,000 Shares are owned by Ms. Ip Mei Hing, the spouse of Dr. Cheng Kar Shun.
4. 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 493,972,602 Shares held by CTF.

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. INTERESTS IN ASSETS OF THE GROUP**

Since March 31, 2007, the date to which the latest published audited accounts of the Company have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to, any member of the Group.

**7. INTERESTS IN CONTRACTS OR ARRANGEMENT**

None of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

**8. 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.

## 9. EXPLORATION AND MINING CONCESSIONS OF THE GROUP

The information of the Group's exploration and mining concession areas in western Mongolia for Coal, Ferrous and Non-ferrous resources are as follows:

Licence (Licence no.)	Location	Mine Area (Hectare)*	Licence date	Licence valid period#	Remark
<i>Initial Acquisition</i> (announced on February 7, 2007)					
1414A, 1640A, 4322A, 6525A, 11887A, 11888A, 11889A, 11890A 11515X	Khushuut, Khovd, western Mongolia	34,000	Various (please refer to circular of March 22, 2007)	9 years for Exploration Licences (X) ▲ and 70 years for Mining Licences (A) ▲▲	From exploration of over 600 hectares during 2007, MEC demonstrated 460 million tonnes of coal resources of which 181 million tonnes comprise premium coking coal resources.  From the demonstrated resources and to support an initial 3 million tonnes mining operation between the end of 2008 to mid- 2009, MEC measured in-place Joint Ore Resources Code (JORC) coal resources of 149 million tonnes. The initial mine plan is being finalized and will be fine tuned over time prior to commencement of initial mining.  MEC expects to measure further coal resources with further exploration within 2008.
<i>Further Acquisition</i> (announced on May 31, 2007)					
8976X, 8994X, 11628X, 11724X (titles in the name of a MEC Group company)	Gants Mod, western Mongolia	32,000	Various (please refer to circular of June 25, 2007)	9 years for Exploration Licences (X)	MEC expects to measure resources following exploration commencing in 2008. The focus will be on prospects for metals deposits. The exploration plan is being finalized and will be fine tuned over time.
<b>Sub-total Hectares</b>		<b>66,000</b>			

Licence (Licence no.)	Location	Mine Area (Hectare)*	Licence date	Licence valid period#	Remark
<i>Acquisition (announced on May 5, 2008)</i>					
2913A	Olon Bulag, western Mongolia	38	January 24, 2007	70 years for Mining Licence (A)	There will be general reconnaissance for coal, ferrous and non-ferrous metal resources prior to exploration, if any, within 2008. This applies to the Exploration Licences below.
7460X	Olon Bulag, western Mongolia	276	January 24, 2007	9 years for Exploration Licence (X)	As above.
11719X	Gobi-Altai, western Mongolia	216,644	January 23, 2007	9 years for Exploration Licence (X)	As above.
12126X	Gobi-Altai, western Mongolia	41,386	January 16, 2007	9 years for Exploration Licence (X)	As above.
12315X	Gobi-Altai, western Mongolia	3,249	January 2, 2007	9 years for Exploration Licence (X)	As above.
5390X	Khovd, western Mongolia	1,415	January 24, 2007	9 years for Exploration Licence (X)	As above.
<b>Sub-total Hectares</b>		<b>263,008</b>			
<b>Total Hectares</b>		<b>329,008</b>			

\* Note: 1 Hectare = 10,000 square metres. That is an area of 100m x 100m.

# The Exploration Licences are for 3 years with two further extensions of 3 years. The Mining Licences are for 30 years with two further extensions of 20 years.

▲ (X) stands for Exploration Licence(s)

▲▲ (A) stands for Mining Licences



Apart from working actively towards commencement of commercial operation of the concession areas in western Mongolia, the Group is working with CNPC Daqing Petroleum (中國石油大慶石油管理局) to determine the feasibility and where feasible, explore for oil and gas in western Mongolia. Please refer to the announcement of the Company of December 17, 2007.

The Group further announced on March 5, 2008 that it entered into agreement to acquire 20% benefit of the resources under an exploration concession areas located in Ruoqiang County, Xinjiang Province PRC. The preliminary exploration work in 2007 over the exploration concession area has demonstrated 235,600 tons of tungsten trioxide (WO<sub>3</sub>) resources and 49,000 tons of tin (Sn) resources. The completion is expected to take place prior to September 1, 2008.