



# MONGOLIA ENERGY CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 276)**

## **MEC EXPANDS ITS CONCESSION AREAS IN WESTERN MONGOLIA FROM AROUND 66,000 HECTARES TO AROUND 329,008 HECTARES FOR COAL, FERROUS AND NON-FERROUS RESOURCES**

### **EXEMPTED CONNECTED TRANSACTION**

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

#### **THE AGREEMENT**

##### **Acquisition of further concession areas in western Mongolia**

MEC is pleased to announce that, on May 5, 2008, it entered an agreement (the “Agreement”) with Mr. Liu Cheng Lin (“Mr. Liu”) and other members of their respective groups, as detailed below, relating to the acquisition (the “Acquisition”) by MEC’s group (“MEC’s Group”) of further mining and exploratory concession areas (the “Concession Areas”) in western Mongolia for coal, ferrous and non-ferrous metal resources (the “Resources”).

##### **Size of Concession Areas**

The Acquisition expands the concession areas in western Mongolia owned by the MEC’s Group from around 66,000 hectares to around 329,008 hectares, through the acquisition of an additional approximate 263,008 hectares of Concession Areas under the Acquisition. Please refer to the table below for further details.

##### **The Relevant Licences**

The Acquisition will be effected by way of a transfer of six licences, with one being a mining licence (the “Mining Licence”) and the rest of the five licences being exploration licences (the “Exploration Licences”). The Mining Licence and the Exploration Licences are collectively referred to as the relevant licences (the “Relevant Licences”).

##### **The duration of the Relevant Licences**

In accordance with the Minerals Law of Mongolia, the Exploration Licences have up to a 9-year duration and the Mining Licence has up to a 70-year duration. As warranted under the Agreement, there is no legal impediment to eventually converting all exploration licences under the Relevant Licences to mining licences, subject to compliance with the Minerals Law.

##### **The commercial terms**

**Consideration.** The consideration (the “Consideration”) for the Acquisition is nominal at US\$1.00.

**Resources Fees.** Following completion (the “Completion”) of the Acquisition and within 30 days after the relevant Resources are demonstrated by MEC’s exploration (the “Exploration”) to international standards (the “International Standards”), as defined below, the following payments are required to be made by the purchaser member of MEC’s Group (the “Purchaser”) to the seller member (the “Seller”) of Mr. Liu’s group:

- (a) Coal Resources Fees: HK\$2.00 per tonne for the coal Resources (the “Coal Resources”) by way of loan note (with a 3% per annum coupon rate and 5-year maturity) (the “Loan Note”) as deferred payment;
- (b) Ferrous Resources Fees: 0.5% of the prevailing international market price (“Prevailing International Market Price”) for the relevant ferrous metal Resources (“Ferrous Resources”) of the quality and type by way of Loan Note (with a 3% per annum coupon rate and 5-year maturity) as deferred payment; and
- (c) Non-Ferrous Resources Fees: 0.5% of the Prevailing International Market Price for the relevant non-ferrous metal Resources (“Non-Ferrous Resources”) of the quality and type by way of Loan Note (with a 3% per annum coupon rate and 5-year maturity) as deferred payment.

MEC’s Group’s professional team will bear in mind the need to comply with the Listing Rules in relation to payment of the Resources Fees and will only certify any demonstrated Resources within such schedule in compliance with the Listing Rules requirements, including any relevant Shareholders’ approval.

**Commercial Exploitation payments.** Following exploration and determination by the Purchaser in its sole and absolute discretion to conduct Commercial Exploitation of the relevant Resources or part thereof (Coal Resources, Ferrous Resources and the Non-Ferrous Resources, as the case may be), the Purchaser shall pay the Seller further exploitation payments (the “Exploitation Payments”) quarterly in arrears, based on the quality and quantity of the actual Resources sold under commercial exploitation (the “Commercial Exploitation”) for the quarter prior to quarter during which payment is to be made, as follows:

- (a) Coal Resources Exploitation Payments: HK\$10.00 per tonne;
- (b) Ferrous Resources Exploitation Payments: 2.5% of the Prevailing International Market Price for the relevant Ferrous Resources of the quality and type or the actual sales price, whichever the lower; and
- (c) Non-Ferrous Resources Exploitation Payments: 2.5% of the Prevailing International Market Price for the relevant Non-Ferrous Resources of the quality and type or the actual sales price, whichever the lower.

MEC’s Group’s professional team will bear in mind the need to comply with the Listing Rules in relation to payment of the Commercial Exploitation Payments and will only engage in Commercial Exploitation within such schedule in compliance with the Listing Rules requirements, including any relevant Shareholders’ approval.

## **BENEFIT OF THE ACQUISITION AND INTENTION OF MEC**

The Acquisition expands MEC's concession areas in western Mongolia for Coal Resources, Ferrous Resources and Non-Ferrous Resources from around 66,000 hectares to approximately 329,008 hectares for Exploration and eventual Commercial Exploitation, depending on the results of the Exploration. MEC's Group's professionals have visited the parts of the Concession Areas and believe that there are prospects for identifying the Resources.

There is no definite timetable for Exploration for the Resources at the moment as this will depend on geological reconnaissance work before any Exploration work plan is finalized with the assistance and advice of an independent technical adviser to MEC's mining activities, currently John T. Boyd Company. MEC shall work out its Exploration expenses in accordance with its internal resources at the relevant time. MEC will pay for such Exploration expenses from its internal resources.

## **RISK FACTORS**

The risk factors of MEC to carry out exploration and mining activities are set out under MEC's circulars of March 22, 2007 and June 25, 2007 (the "Circulars") which are deemed repeated in this announcement.

## **CONNECTED TRANSACTION**

Mr. Liu is a substantial shareholder to MEC and hence a connected person under the meaning of the Listing Rules. The entry of the Agreement with Mr. Liu and members of Mr. Liu's group is therefore a connected transaction under the Listing Rules.

## **GENERAL**

The Consideration for the Acquisition is US\$1.00. The Resources Fees and Exploitation Payments cannot be determined until after Exploration and after commencement of Commercial Exploitation respectively. Accordingly, this is an exempt connected transaction but MEC is subject to the disclosure obligations under Rules 13.09 of the Listing Rules.

It is specifically set out under the Agreement that the Resources Fees and Exploitation Payments, when any of the same materializes, will be subject to the relevant regulatory requirements. MEC will then comply with all requirements of the Listing Rules including disclosure and independent Shareholders' approval (if required) before making such payments.

## **CAUTION WHEN DEALING IN THE SHARES**

**The transaction is subject to Conditions Precedent. The Exploration may or may not demonstrate the relevant Resources for Commercial Exploitation. Thus, Shareholders and investors should exercise caution when dealing in the securities of MEC.**

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

MEC is pleased to announce that, on May 5, 2008, it entered an agreement (the “Agreement”) with Mr. Liu Cheng Lin (“Mr. Liu”) and other members of their respective groups, as detailed below, relating to the acquisition (the “Acquisition”) by MEC’s group (“MEC’s Group”) of further mining and exploratory concession areas (the “Concession Areas”) in western Mongolia for coal, ferrous and non-ferrous metal resources (the “Resources”).

## **THE AGREEMENT**

### **Parties**

- (1) Seller – Shine Ocean International Limited, a company incorporated in the British Virgin Islands with limited liability as seller and a member of Mr. Liu’s group;
- (2) Purchaser – Mongolia Energy Corporation (Singapore) Pte Limited, a company incorporated in Singapore with limited liability and an indirect wholly owned subsidiary of the Company and as purchaser and a member of MEC’s Group;
- (3) Mining Company – MBGHL LLC, a company incorporated in Mongolia with limited liability and a member of Mr. Liu’s group, wholly owned by the Holding Company as beneficial owner of the Concession Areas which Concession Areas is the subject of the Acquisition by the Purchaser;
- (4) Guarantor – Mr. Liu Cheng Lin as guarantor of the obligations of the Seller;
- (5) MEC (the “Company”) – Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange as performance guarantor of the obligations of the MEC’s Group; and
- (6) Holding Company – Mega Bright Group Holdings Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the Seller as a passive holding company of the Mining Company and a member of Mr. Liu’s group.

Under the Agreement, the Seller agrees (to procure the Mining Company) to sell, and the Purchaser agrees to purchase, under the Acquisition, the Concession Areas, by way of a transfer of the Mining Licence and the Exploration Licences to the Purchaser or its nominee (namely, a Mongolian company as required under the Minerals Law).

### **Size of Concession Areas**

The Acquisition expands the concession areas in western Mongolia owned by the MEC’s Group from around 66,000 hectares to around 329,008 hectares, through the acquisition of an additional approximate 263,008 hectares of Concession Areas under the Acquisition. This is subject to Completion.

Licence (Licence no.)	Location	Mine Area (Hectare)*	Licence date	Licence valid period <sup>#</sup>	Remark
<b>Initial Acquisition</b>					
1414A, 1640A, 4322A, 6525A, 11887A, 11888A, 11889A, 11890A 11515X  (titles in the name of a MEC Group company)	Khushuut, Khovd, western Mongolia	34,000	Various (please refer to circular of March 22, 2007)	9 years for Exploration Licences (X) <sup>▲</sup> and 70 years for Mining Licences (A) <sup>▲▲</sup>	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 136 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.
<b>Further Acquisition</b>					
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>			
<b>This Acquisition</b>					
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>			

The Concessions Areas are nearer to Xinjiang, PRC, than the concession areas of the Initial Acquisition, and there is potential inter-connectivity to the Khushuut Road (please refer to MEC's announcements of December 7, 2007 and of April 21, 2008) as an option in relation to transport of ore and other mining products. The transport related matters will be dealt with under the mine plan for Commercial Exploitation and other options like direct transport from Concession Areas in Gobi-Altai next to Xinjiang, PRC will be considered at the relevant stage.

\* *(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*

## **The Relevant Licences**

The Acquisition will be effected by way of a transfer of six licences, with one being a mining licence (the "Mining Licence") and the rest of the five licences being exploration licences (the "Exploration Licences"). The Mining Licence and the Exploration Licences are collectively referred to as the relevant licences (the "Relevant Licences") and the details are set out in the table above.

## **The duration of the Relevant Licences**

In accordance with the Minerals Law of Mongolia, the Exploration Licences have up to a 9-year duration and the Mining Licence has up to a 70-year duration. As warranted under the Agreement, there is no legal impediment to eventually converting all exploration licences under the Relevant Licences to mining licences, subject to compliance with the Minerals Law.

## **The commercial terms**

**Consideration.** The consideration (the "Consideration") for the Acquisition is nominal at US\$1.00.

**Resources Fees.** Following completion (the "Completion") of the Acquisition and within 30 days after the relevant Resources are demonstrated by MEC's exploration (the "Exploration") to international standards (the "International Standards"), as defined below, the following payments are required to be made by the purchaser member of MEC's Group (the "Purchaser") to the seller member (the "Seller") of Mr. Liu's group:

- (a) Coal Resources Fees: HK\$2.00 per tonne for the coal Resources (the "Coal Resources") by way of loan note (with a 3% per annum coupon rate and 5-year maturity) (the "Loan Note") as deferred payment;
- (b) Ferrous Resources Fees: 0.5% of the prevailing international market price ("Prevailing International Market Price") for the relevant ferrous metal Resources ("Ferrous Resources") of the quality and type by way of Loan Note (with a 3% per annum coupon rate and 5-year maturity) as deferred payment; and
- (c) Non-Ferrous Resources Fees: 0.5% of the Prevailing International Market Price for the relevant non-ferrous metal Resources ("Non-Ferrous Resources") of the quality and type by way of Loan Note (with a 3% per annum coupon rate and 5-year maturity) as deferred payment.

MEC's Group's professional team will bear in mind the need to comply with the Listing Rules in relation to payment of the Resources Fees and will only certify any demonstrated Resources within such schedule in compliance with the Listing Rules requirements, including any relevant Shareholders' approval.

*Terms of the Loan Note*

The terms of each of the Loan Note issued in respect of each payment of Resources Fees are summarized follows:

Principal amount:	The relevant amount of the Resources Fees from time to time in accordance with the Agreement.
Maturity:	The fifth (5th) anniversary from the date of issue of the Loan Note.
Transferability:	The Loan Note is not transferable without MEC's consent.
Interest rate:	A simple interest rate of 3.0% per annum payable outside Hong Kong.
Security:	No security will be provided by the Purchaser in respect of its obligations under the Loan Note.
Repayment:	At the sole discretion of the Purchaser, the Loan Note or such part thereof may be repaid earlier. Otherwise, payment of principal and interest of Loan Note is upon its maturity.

**Commercial Exploitation payments.** Following exploration and determination by the Purchaser in its sole and absolute discretion to conduct Commercial Exploitation of the relevant Resources or part thereof (Coal Resources, Ferrous Resources and the Non-Ferrous Resources, as the case may be), the Purchaser shall pay the Seller further exploitation payments (the "Exploitation Payments") quarterly in arrears, based on the quality and quantity of the actual Resources sold under commercial exploitation (the "Commercial Exploitation") for the quarter prior to quarter during which payment is to be made, as follows:

- (a) Coal Resources Exploitation Payments: HK\$10.00 per tonne;
- (b) Ferrous Resources Exploitation Payments: 2.5% of the Prevailing International Market Price for the relevant Ferrous Resources of the quality and type or the actual sales price, whichever the lower; and
- (c) Non-Ferrous Resources Exploitation Payments: 2.5% of the Prevailing International Market Price for the relevant Non-Ferrous Resources of the quality and type or the actual sales price, whichever the lower.

MEC's Group's professional team will bear in mind the need to comply with the Listing Rules in relation to payment of the Commercial Exploitation Payments and will only engage in Commercial Exploitation within such schedule in compliance with the Listing Rules requirements, including any relevant Shareholders' approval.

## **Conditions Precedent**

Completion of the Acquisition is conditional upon, among others, the Relevant Licences which are lawfully held by the Mining Company having been transferred to the Purchaser or its nominee (namely, a Mongolian company as required under the Minerals Law); all requisite agreements, consents and documents as advised by the various legal counsels or otherwise required by the Purchaser for the Acquisition are obtained including as required under the Listing Rules and; the Purchaser's due diligence on such matters relating to the Concession Areas and the Acquisition to its satisfaction in good faith. MEC does not currently foresee any issues with compliance with the Conditions Precedent by way of transfer of the Relevant Licences to the relevant members of the MEC's Group anticipated within 60 days from the date of the Agreement.

## **Completion of the Acquisition**

The Completion of the Acquisition shall take place on the 3rd Business Day following the Conditions Precedent being satisfied to the satisfaction of the Purchaser.

## **BENEFIT OF THE ACQUISITION AND INTENTION OF MEC**

The Acquisition expands MEC's concession areas in western Mongolia for Coal Resources, Ferrous Resources and Non-Ferrous Resources from around 66,000 hectares to approximately 329,008 hectares for Exploration and eventual Commercial Exploitation, depending on the results of the Exploration. MEC's Group's professionals have visited the parts of the Concession Areas and believe that there are prospects for identifying the Resources.

There is no definite timetable for Exploration for the Resources at the moment as this will depend on geological reconnaissance work before any Exploration work plan is finalized with the assistance and advice of an independent technical adviser to MEC's mining activities, currently John T. Boyd Company. MEC shall work out its Exploration expenses in accordance with its internal resources at the relevant time. MEC will pay for such Exploration expenses from its internal resources.

In view of the fact that MEC has the absolute discretion to determine when and how much to explore and exploit, and the commercial terms being similar to the Further Acquisition, the Board believes that the Acquisition is in the interest and to the benefit of MEC.

## **RISK FACTORS**

There risk factors of MEC to carry out exploration and mining activities are set out under MEC's circulars of March 22, 2007 and June 25, 2007 (the "Circulars") which are deemed repeated in this announcement.

## **CONNECTED TRANSACTION**

Mr. Liu is a substantial shareholder to MEC and hence a connected person under the meaning of the Listing Rules. The entry of the Agreement with Mr. Liu and members of Mr. Liu's group is therefore a connected transaction under the Listing Rules.



## GENERAL

The Consideration for the Acquisition is US\$1.00. The Resources Fees and Exploitation Payments cannot be determined until after Exploration and after commencement of Commercial Exploitation respectively. Accordingly, this is an exempt connected transaction but MEC is subject to the disclosure obligations under Rules 13.09 of the Listing Rules.

It is specifically set out under the Agreement that the Resources Fees and Exploitation Payments, when any of the same materializes, will be subject to the relevant regulatory requirements. MEC will then comply with all requirements of the Listing Rules including disclosure and independent Shareholders' approval (if required) before making such payments.

## CAUTION WHEN DEALING IN THE SHARES

**The transaction is subject to Conditions Precedent. The Exploration may or may not demonstrate the relevant Resources for Commercial Exploitation. Thus, Shareholders and investors should exercise caution when dealing in the securities of MEC.**

## DEFINITIONS

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

“Acquisition”	means the acquisition by the Purchaser (through its Mongolian nominee) of the Concession Areas constituted under the Relevant Licences pursuant to the Agreement.
“Agreement”	means the agreement relating to the Acquisition in western Mongolia of Concession Areas under Relevant Licences of approximately 263,008 hectares.
“Board”	means the board of Directors of the Company.
“Business Day”	means a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong during their normal business hours.
“Circulars”	means the circular dated March 22, 2007 and the circular date June 25, 2007 relating to the Initial Acquisition and the Further Acquisition respectively.
“Coal Resources”	means the coal Resources of the Concession Areas.
“Coal Resources Exploitation Payments”	means HK\$10.00 per tonne.
“Coal Resources Fee”	means HK\$2.00 per tonne of Coal Resources by way of Loan Note (with a 3% per annum coupon rate with 5-year maturity) as deferred payment.

“Commercial Exploitation”	means the commercial exploitation of the Mining Rights over the Concession Areas.
“Company” or “MEC”	means Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange.
“Completion”	means completion of the Acquisition of the Concession Areas upon satisfaction of the Conditions Precedent.
“Completion Date”	means the third (3rd) Business Day following the Conditions Precedent being satisfied to the satisfaction of the Purchaser.
“Concession Areas”	means the aggregate areas of 263,008 hectares in western Mongolia under the Relevant Licences.
“Conditions Precedent”	means the conditions precedent to Completion of the Acquisition of the Concession as set out under the Agreement.
“Consideration”	means the nominal consideration for the Acquisition comprising US\$1.00.
“Directors”	means directors of the Company.
“Exploration”	means the exploration activities over the Concession Areas.
“Exploitation Payments”	means as the context requires any or all of the Coal Resources Exploitation Payment, the Ferrous Resources Exploitation Payment and the Non-Ferrous Resources Exploitation Payment.
“Exploration Licences”	means the five (5) exploration licences of the Mining Company as set out in the table above.
“Exploration Rights”	means all exploration and related rights under the Exploration Licences and the Minerals Law including without limitation the right to conduct exploration for the relevant Resource relating to the relevant part of the Mine Areas and which Exploration Rights will eventually be converted to Mining Rights upon compliance with the Mineral Laws.
“Ferrous”	means ferrous metals.
“Ferrous Resources”	means the ferrous metal Resources of the Concession Areas.
“Ferrous Resources Exploitation Payments”	means 2.5% of the Prevailing International Market Price for the relevant Ferrous metal of the quality and type or the actual sales price, whichever the lower.

“Ferrous Resources Fees”	means 0.5% of the Prevailing International Market Price for the relevant Ferrous metal of the quality and type by way of Loan Note (with a 3% per annum coupon rate with 5-year maturity) as deferred payment.
“Further Acquisition”	means the acquisition of the Further Mine Areas as set out under the circular of June 25, 2007 and was completed on July 16, 2007.
“Further Mine Areas”	means the mine areas of approximately 32,000 hectares in western Mongolia under the Further Acquisition.
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.
“Holding Company”	means Mega Bright Group Holdings Limited, a company incorporated in Hong Kong and wholly owned by the Seller as a passive holding company over the Mining Company.
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC.
“Inferred Resources”	means in accordance with International Standards, the prospecting based on site inferred resources over the Concession Areas.
“Initial Acquisition”	means the acquisition of the Initial Mine Areas as set out under the circular of March 22, 2007 and was completed on January 29, 2008.
“Initial Mine Areas”	means the mine areas of approximately 34,000 hectares in western Mongolia under the Initial Acquisition.
“International Standards”	means the Guidelines to the United Nation International Framework Classification for Reserves/Resources adopted by UN ECE Committee on Sustainable Energy, Eleventh session, 21-22 November, 2001 as modified from time to time or such other international standards selected by MEC.
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or replaced from time to time.
“Loan Note”	means as the context requires, any or all of any loan note issued by the Purchaser to the Seller for payment of the relevant Resources Fee (with a 3% per annum coupon rate with 5-year maturity) payable outside of Hong Kong.
“MEC’s Group”	means the Company and its subsidiaries, including the Purchaser.
“Mining Company”	means MBGHL LLC, a company incorporated in Mongolia with limited liability and a wholly-owned subsidiary of the Holding Company.

“Mining Licences”	means the existing mining licence under the Relevant Licences set out in the table above and any further Mining Licences from a conversion from the Exploration Licences in accordance with the Minerals Law.
“Mining Rights”	means all mining and related rights under the Mining Licences and the Minerals Law including without limitation the (a) right to mine the relevant Resources relating to the Mine and (b) the right to sell the mined Resources and products at international market price, at international markets.
“Mongolia”	means the independent sovereign nation of Mongolia.
“Mr. Liu” or the “Guarantor”	means Mr. Liu Cheng Lin, as the sole beneficial owner of Mr. Liu’s group.
“Non-Ferrous”	means non-ferrous metals.
“Non-Ferrous Resources”	means the non-ferrous metal Resources of the Concession Areas.
“Non-Ferrous Resources Exploitation Payments”	means 2.5% of the Prevailing International Market Price for the relevant Non-Ferrous metal of the quality and type or the actual sales price, whichever the lower.
“Non-Ferrous Resources Fees”	means 0.5% of the Prevailing International Market Price for the relevant Non-Ferrous metal of the quality and type by way of Loan Note (with a 3% per annum coupon rate with 5-year maturity) as deferred payment.
“Percentage” and “%”	means percent.
“PRC”	means the People’s Republic of China
“Prevailing International Market Price”	means the appropriate prevailing international market price for the relevant Resources selected by the Purchaser in good faith relating to the supply of the relevant Resources of a comparable quantity, quality and delivery terms to the intended destination or on such other good faith basis as determined by the Purchaser in the event that such prevailing international market price is not ascertainable based on such other comparables selected by the Purchaser.
“Purchaser”	means Mongolia Energy Corporation (Singapore) Pte Limited, a company incorporated in Singapore with limited liability and an indirect wholly owned subsidiary of the Company.
“Reconnaissance Resources”	means in accordance with International Standards, the reconnaissance based on site reconnaissance resources over the Concession Areas.

“Relevant Licences”	means an approximate of 263,008 hectares of Concession Areas under one Mining Licence and five Exploration Licences in western Mongolia which is the subject of the Acquisition.
“Reserves”	means the Proved Reserves and the Probable Reserves.
“Resources”	means the Inferred Resources and the Reconnaissance Resources or as the context requires, the Coal Resources, Ferrous Resources and the Non-Ferrous Resources, as appropriate.
“Resources Fees”	means as the context requires any or all of the Coal Resources Fee, the Ferrous Resources Fee and the Non-Ferrous Resources Fee.
“Seller”	means Shine Ocean International Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Liu.
“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.

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

Hong Kong, May 5, 2008.

*As at the date hereof, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Mr. Liu Zhuo Wei 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 also refer to the published version of this announcement in the South China Morning Post”*