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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

MEC Awards Road Works Contracts

The Company (“**MEC**”) is pleased to announce that it has awarded two road works contracts (the “**Contracts**”) on July 7, 2008 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 (the “**Contractors**”) referred to below. The Contracts are entered by MoEnCo LLC (the “**Owner**”), an indirect wholly-owned subsidiary of MEC in Mongolia, as owner of the Khushuut mine areas.

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 per hour, within 180 days from the date of the 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.

The Contractors

The Contractors are (1) 航空港東北建設局 (North East Construction Agency of China Airport Construction Group Corporation) (“**North East Construction**”) 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) (“**Xinjiang Highway & Bridge**”).

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**”). 新疆建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. Both Contractors have experience in roadway constructions. For further details of the Contractors, please refer to below.

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 the internal resources of MEC.

The Approvals

MEC has obtained 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.

General

The Contracts constitute discloseable transactions for MEC under Rule 14.06 of the Listing Rules. A circular containing details of the transactions will be despatched to the shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

THE KHUSHUUT ROAD

The Company (“**MEC**”) refers to its announcements of December 7, 2007 and April 21, 2008 relating to the upgrade of the Khushuut Road, including related building works. The Khushuut Road is approximately 340 km in length and it runs from MEC’s Khushuut coal mine through to the Yarant border crossing with 塔克什肯 (Takeshiken), Xinjiang, PRC. The foundation works, include upgrading of the road foundation, bridges, caves and related building works.

MEC AWARDS ROAD WORKS CONTRACTS

MEC is pleased to announce that it has awarded two road works contracts (the “**Contracts**”) on July 7, 2008 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 (the “**Contractors**”) referred to below. The Contracts are entered by MoEnCo LLC (“**MoEnCo**”), an indirect wholly-owned subsidiary of MEC in Mongolia, with the Contractors.

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) (“**North East Constructions**”), a state-owned enterprise established under the laws of the PRC, which is an Independent Third Party.

3. **Contract sum:**

RMB376,970,956.00. 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 this 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.

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) (“**Xinjiang Highway & Bridge**”), 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 category 3 of 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 of the Contract.

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.

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 to 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.

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.

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.

GENERAL

The Contracts constitute discloseable transactions for MEC under Rule 14.06 of the Listing Rules. A circular containing details of the transactions will be despatched to the shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out opposite them unless the context otherwise requires:

“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 announcement, 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 the upgrading of the foundation of the Khushuut Road including related building works under each of the Contracts respectively
“Contracts”	The two contracts for the upgrading of the foundation of the Khushuut Road including related building works entered into by the Owner and each of the Contractors respectively
“Director(s)”	director(s) 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 Director’s 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
“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
“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
“US\$”	US dollars, the lawful currency of the United States of America

“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

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

Hong Kong, July 8, 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.