

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 together with the accompanying form of proxy to the purchaser or 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 transferee.

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MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATE TO ISSUE NEW SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Mongolia Energy Corporation Limited to be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 30 August 2012 at 3:30 p.m., at which a number of matters including the above proposals will be considered, is set out on pages 18 to 20 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

24 July 2012

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 30 August 2012 at 3:30 p.m. or where the context so admits, any adjournment thereof
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	has the meaning ascribed thereto under the Listing Rules
“Bye-laws”	the bye-laws of the Company, as amended and supplemented from time to time
“Company”	Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any person who is (or will be on and following the Offer Date): (i) any employee or proposed employee (whether full time or part time) or executive, including executive Director, of the Company, the controlling Shareholder (as defined in the Listing Rules), any Invested Entity and/or their respective subsidiaries; (ii) any non-executive director (including independent non-executive director) of any member of the Group or any Invested Entity; (iii) any supplier, adviser, agent, consultant, or contractor for the provision of goods or services to any member of the Group or any Invested Entity, or any vendor, customer or celebrity of any member of the Group or any Invested Entity
“Existing Scheme”	the existing share option scheme of the Company adopted on 28 August 2002 and expiring on 27 August 2012
“General Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with new Shares in the manner as set out in the Notice of AGM

DEFINITIONS

“Grantee”	any Eligible Person who accepts an Offer in accordance with the terms of the New Option Scheme or (where the context so permits) a person who is entitled, in accordance with the laws of succession applicable, to exercise any Option to the extent not already exercised in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which any member of the Group holds any direct or indirect equity interests, and/or any subsidiaries of such entity
“Latest Practicable Date”	18 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Option Scheme”	the proposed share option scheme to be adopted by the Company at the AGM, the principal terms of which are summarised in Appendix II to this circular
“Notice of AGM”	the notice convening the AGM as set out on pages 18 to 20 of this circular
“Offer”	an offer of the grant of an Option made under the New Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Person, which must be a Business Day
“Option(s)”	option(s) to subscribe for Share(s) that may be granted pursuant to the terms of the New Option Scheme
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all options granted under the New Option Scheme and any other share option scheme(s) of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company

DEFINITIONS

“Share Capital”	the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

Executive Directors:

Mr. Lo Lin Shing, Simon (*Chairman*)
Ms. Yvette Ong (*Managing Director*)
Mr. Liu Zhuo Wei

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:*

40th and 41st Floors
New World Tower 1
16–18 Queen's Road Central
Hong Kong

Independent Non-executive Directors:

Mr. Peter Pun *OBE, JP*
Mr. Tsui Hing Chuen, *William JP*
Mr. Lau Wai Piu

24 July 2012

To the Shareholders

Dear Shareholders,

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATE TO ISSUE NEW SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you details of the following proposals which, together with other ordinary business, will be proposed at the AGM for consideration and, where appropriate, approval by the Shareholders:

- (i) re-election of retiring Directors;
- (ii) grant of the General Mandate; and
- (iii) adoption of the New Option Scheme.

The Notice of AGM is set out on pages 18 to 20 of this circular.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

At the AGM, Mr. To Hin Tsun, Gerald, Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu will retire from office in accordance with bye-law 87 of the Bye-laws and, being eligible, will offer themselves for re-election. Pursuant to Rule 13.74 of the Listing Rules, the details of the above retiring Directors as required under Rule 13.51(2) of the Listing Rules are set out in Appendix I to this circular.

GENERAL MANDATE

The current general mandate granted to the Directors to issue Shares will expire at the conclusion of the AGM. In order to provide flexibility and discretion to the Directors to issue new Shares, an ordinary resolution will be proposed at the AGM that the Directors be granted the General Mandate to allot, issue and deal with new Shares of up to an amount not exceeding 20% of the Share Capital at the time of passing such resolution.

ADOPTION OF THE NEW OPTION SCHEME

The Company adopted the Existing Scheme on 28 August 2002 whereby the Directors had been authorised to invite, at their discretion, the eligible persons under the Existing Scheme to take up options to subscribe for the Shares (the “**Existing Options**”). The Existing Scheme will expire on 27 August 2012 and therefore it is proposed to adopt the New Option Scheme at the AGM.

As at the Latest Practicable Date, there were a total of 67,300,000 Existing Options remained outstanding and unexercised pursuant to which the holders thereof would be entitled to subscribe for a total of 67,300,000 Shares, representing approximately 0.996% of the Share Capital. Upon expiration of the Existing Scheme, no further Existing Options would be offered under the Existing Scheme but the Existing Scheme would in other respects remain in force to the extent necessary to give effect to the exercise of the outstanding Existing Options, if any. Any Existing Options granted will continue to be valid and exercisable in accordance with the terms of the Existing Scheme. Other than the Existing Scheme, the Company did not maintain any other share option scheme as at the Latest Practicable Date.

The purpose of the New Option Scheme is to:

- (a) provide incentive or reward to the Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group and/or any Invested Entity; and
- (b) enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group.

The principal terms of the New Option Scheme are set out in Appendix II to this circular. Based on the above, the Directors consider that the terms of the New Option Scheme are fair and reasonable to the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

CONDITIONS PRECEDENT TO THE NEW OPTION SCHEME

The adoption of the New Option Scheme is conditional upon satisfaction of the following conditions:

- (a) the passing of the ordinary resolution by the Shareholders to approve and adopt the New Option Scheme and to authorise the Directors to grant the Options and to allot and issue Shares pursuant to the exercise of any Options granted thereunder; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be allotted and issued upon the exercise of the Options granted under the New Option Scheme.

Assuming that the New Option Scheme has been adopted at the AGM, the maximum number of Shares which may be allotted and issued upon exercise of all options granted under the New Option Scheme and any other share option scheme(s) of the Company will represent up to 10% of the Share Capital on the date of approval of the New Option Scheme by the Shareholders at the AGM, which maximum number may however be refreshed as detailed in Appendix II to this circular. As at the Latest Practicable Date, the Share Capital comprised 6,756,547,828 Shares. Assuming that prior to the AGM, no Shares are issued or repurchased by the Company, the Scheme Mandate Limit will be 675,654,782 Shares, representing approximately 10% of the Share Capital as at the date of the passing of the ordinary resolution approving and adopting the New Option Scheme. Options to subscribe for up to 675,654,782 Shares will be available under the New Option Scheme. None of the Directors is a trustee of the New Option Scheme or has any direct or indirect interest in such trustee (if any) of the New Option Scheme.

The New Option Scheme does not contain any specific requirements for the minimum period which an Option must be held before exercise or for performance targets applicable to the Options. The Directors have retained the flexibility to impose such conditions if and when they consider appropriate. The Directors also believe that the formulation in the New Option Scheme for setting the minimum subscription price for the Shares will serve to protect the value of the Company as well as to achieve the purpose of the New Option Scheme. The Directors have considered and agreed that the New Option Scheme would enable the Company to offer the Eligible Persons Options to acquire equity interest in the Company as an incentive or reward for their contribution to, and continuing efforts to promote the interests of, the Group and/or any Invested Entity. The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Option Scheme given that the variables such as the subscription price, exercise period, interest rate, expected volatility and other relevant variables cannot be available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions will not be meaningful to the Shareholders in the circumstances.

The New Option Scheme is in compliance with Chapter 17 of the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in, the Shares which may be allotted and issued pursuant to the exercise of the Options to be granted under the New Option Scheme.

LETTER FROM THE BOARD

The Shares are only listed on the Stock Exchange and not on any other stock exchange. Copy of the rules of the New Option Scheme will be available for inspection at the head office and principal place of business of the Company in Hong Kong at 40th and 41st Floors, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong from 9:00 a.m. to 5:00 p.m. on any weekdays (Saturdays and public holidays excepted) for the period from the date of this circular up to and including the date of the AGM. Such copy will also be available for inspection at the AGM.

NOTICE OF AGM

The Notice of AGM is set out on pages 18 to 20 of this circular. A form of proxy for use at the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so desire.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will therefore put all resolutions to be proposed at the AGM to be voted by way of poll. An announcement on the results of the vote by poll will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. None of the Shareholders is required to abstain from voting on the resolutions to be proposed at the AGM pursuant to the Listing Rules and/or the Bye-laws.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed resolutions as set out in the Notice of AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the proposed resolutions at the AGM.

GENERAL

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
For and on behalf of the Board
Lo Lin Shing, Simon
Chairman

The biographical and other details of the retiring Directors standing for re-election at the AGM are set out as below:

(1) To Hin Tsun, Gerald — non-executive Director

Mr. To, aged 63, was appointed as an independent non-executive Director on 12 August 1999 and was re-designated as a non-executive Director on 17 October 2000. Mr. To has been a practising solicitor in Hong Kong since 1975. Mr. To is also a qualified solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore.

Mr. To is also an executive director of International Entertainment Corporation (stock code: 1009) and a non-executive director of NWS Holdings Limited (stock code: 659), both of which are listed on the Stock Exchange. Mr. To also served as a non-executive director of Haitong International Securities Group Limited (stock code: 665) from May 1996 to January 2010. Save as disclosed above, Mr. To did not hold any directorship in any other listed public company in the past three years immediately prior to the Latest Practicable Date. Mr. To has not entered into any service contract with the Company and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Mr. To is entitled to a remuneration of HK\$10,000 per annum, which is determined by reference to his duties and responsibilities with the Company, subject to review by the Board from time to time. Save as aforesaid, Mr. To has not had other remuneration such as bonus and other kinds of benefits.

As at the Latest Practicable Date, Mr. To (i) was interested in 5,400,000 Shares, representing approximately 0.080% of the Share Capital; and (ii) held the Existing Options to subscribe for 1,000,000 Shares within the meaning of Part XV of the SFO. Save as disclosed above, as at the Latest Practicable Date, Mr. To was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. To does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders (as respectively defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter that need to be brought to the attention of the Shareholders and there is no information required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(2) Tsui Hing Chuen, William JP — independent non-executive Director

Mr. Tsui, aged 61, has been an independent non-executive Director since September 2006. Mr. Tsui is also a member of the audit committee and the remuneration committee of the Company. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries, which was established in 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980 as well as a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. Mr. Tsui has also been an advocate and solicitor in Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988.

Mr. Tsui was appointed as a Justice of The Peace by the Government of Hong Kong in 1997. He is also an independent non-executive director of Haitong International Securities Group Limited (stock code: 665), International Entertainment Corporation (stock code: 1009) and Vision Values Holdings Limited (stock code: 862) respectively, all of which are listed on the Stock Exchange. Save as disclosed above, Mr. Tsui did not hold any directorship in any other listed public company in the past three years immediately prior to the Latest Practicable Date.

Mr. Tsui has not entered into any service contract with the Company and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. He is entitled to a remuneration of HK\$100,000 per annum, which is determined by reference to his duties and responsibilities with the Company, subject to review by the Board from time to time. Save as aforesaid, Mr. Tsui has not had other remuneration such as bonus and other kinds of benefits.

As at the Latest Practicable Date, Mr. Tsui (i) was interested in 500,000 Shares, representing approximately 0.007% of the Share Capital; and (ii) held the Existing Options to subscribe for 1,000,000 Shares within the meaning of Part XV of the SFO. Save as disclosed above, as at the Latest Practicable Date, Mr. Tsui was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. Tsui does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders (as respectively defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(3) Lau Wai Piu — independent non-executive Director

Mr. Lau, aged 48, has been an independent non-executive Director since September 2004. Mr. Lau is also the chairman of the audit committee and the remuneration committee of the Company. Mr. Lau has over 20 years of extensive experience in accounting and financial management. Mr. Lau is a member of Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants.

Mr. Lau is also an independent non-executive director of Haitong International Securities Group Limited (stock code: 665), International Entertainment Corporation (stock code: 1009) and Vision Values Holdings Limited (stock code: 862) respectively, all of which are listed on the Stock Exchange. Save as disclosed above, Mr. Lau did not hold any directorship in any other listed public company in the past three years immediately prior to the Latest Practicable Date.

Mr. Lau has not entered into any service contract with the Company and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws. Mr. Lau is entitled to a remuneration of HK\$100,000 per annum, which is determined by reference to his duties and responsibilities with the Company, subject to review by the Board from time to time.

Save as aforesaid, Mr. Lau has not had other remuneration such as bonus and other kinds of benefits. Mr. Lau is not connected with any other Directors, senior management or substantial Shareholders or controlling Shareholders (as respectively defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Lau (i) was interested in 201,200 Shares, representing approximately 0.003% of the Share Capital; and (ii) held the Existing Options to subscribe for 1,000,000 Shares within the meaning of Part XV of the SFO. Save as disclosed above, as at the Latest Practicable Date, Mr. Lau was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. Lau does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders (as respectively defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Set out below is a summary of the principal terms of the New Option Scheme.

PURPOSE OF THE SCHEME

The purpose of the New Option Scheme is to provide incentive or reward to the Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group and/or any Invested Entity.

WHO MAY JOIN

The Board may at its absolute discretion grant Options to any Eligible Persons.

PRICE OF SHARES

Options may be granted at an initial payment of HK\$1.00 for each acceptance of grant of Option(s) and can be exercised at an exercise price determined by the Board and notified to an Eligible Person (subject to adjustments as provided in the rules of the New Option Scheme and any amendments to the Listing Rules and shall at all times not be lower than the nominal value of a Share) and shall be at least the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; and (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for 5 Business Days immediately preceding the Offer Date.

MAXIMUM NUMBER OF SHARES

The maximum aggregate number of Shares which may be issued upon exercise of all options to be granted under the New Option Scheme and any other share option scheme(s) of the Company shall not exceed the Scheme Mandate Limit. Options lapsed in accordance with the terms of the relevant option scheme(s) shall not be counted for the purpose of calculating the Scheme Mandate Limit which may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of such Shareholders' approval of the refreshment of the Scheme Mandate Limit;
- (b) options previously granted under the New Option Scheme or any other share option scheme(s) (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (c) a circular regarding the proposed refreshment of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares (issued and to be issued) upon exercise of the options granted under the New Option Scheme and any other share option scheme(s) of the Company (whether exercised, cancelled or outstanding) to any Eligible Person in any 12-month period shall not exceed 1% of the total number of Shares in issue from time to time unless such grant is duly approved by ordinary resolution of the Shareholders in general meeting at which the relevant Eligible Person and his associates shall abstain from voting and the Company shall issue a circular in accordance with the relevant provisions of Chapter 17 of the Listing Rules.

In calculating the aforesaid limit of 1%, Options that have already lapsed shall not be counted.

GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee).

Where Options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of Options, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such Eligible Person under the New Option Scheme and any other share option scheme(s) of the Company in the past 12-month period up to and including the Offer Date (i) representing in aggregate more than 0.1% of the total number of issued Shares on the Offer Date; and (ii) having an aggregate value (based on the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date) exceeding HK\$5,000,000, the proposed grant shall be subject to the issue of a circular and the approval of the Shareholders in general meeting (taken on a poll) in accordance with the requirements of the Listing Rules at which all Connected Persons must abstain from voting (but a Connected Person may vote against the resolution at the general meeting provided that his intention to do so has been stated in the circular).

In calculating the aforesaid limit of 0.1%, Options that have already lapsed shall not be counted.

TIME FOR EXERCISE OF OPTIONS

The Grantee may subscribe for Shares during such period as may be determined by the Board (the period shall commence on the date on which the offer relating to such Option is duly approved by the Board in accordance with the New Option Scheme and expire in any event not later than the day falling 10 years thereafter). The New Option Scheme does not provide for any minimum period for which an Option must be held before it can be exercised.

PERFORMANCE TARGETS

The New Option Scheme does not provide any specific performance targets that need to be met before a Grantee is entitled to exercise an Option duly granted. The Board may at its absolute discretion specify such conditions as it thinks fit when making an Offer to an Eligible Person.

RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable nor transferable.

RIGHTS ON CEASING TO BE AN ELIGIBLE PERSON

Subject to the provisions in the paragraphs below headed “Rights on death” and “Rights on dismissal or breach of contract”, if a Grantee ceases to be an Eligible Person for any reason, all the outstanding Options granted shall lapse and have no further force and effect on the date of such cessation, which date shall be (i) if he is an employee of the Group, his last actual working day with the Group whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Group, the date on which the relationship constituting him an Eligible Person ceases.

RIGHTS ON DEATH

If the Grantee of an outstanding Option dies before exercising the Option in full or at all, the Option can only be exercised up to the entitlement of such Grantee by his personal representative(s) within 12 months after the date of death.

RIGHTS ON DISMISSAL OR BREACH OF CONTRACT

If the Grantee (if he is also an employee of the Group) (i) is summarily dismissed for misconduct or otherwise commits a breach of any terms of his employment or other contract constituting him an employee of the Group, or (ii) appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or becomes insolvent or makes any arrangements or composition with his creditors generally; or (iii) is convicted of any criminal offence involving his integrity or honesty, his right to exercise all outstanding Options held by him shall thereupon terminate immediately. A resolution of the Board to the effect that one or more of the grounds specified in this paragraph has occurred shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s).

If the Grantee (whether he is an employee of the Group or not) or his associate (i) commits any breach of any contract entered into between the Grantee or his associate on the one part and the Group or any Invested Entity or the Controlling Shareholder or any of their respective subsidiaries on the other part; or (ii) appears either to be unable to pay or to have no reasonable prospect of being able to pay his or its debts or becomes insolvent or is subject to any liquidation or analogous proceedings or makes any arrangements or composition with his or its creditors generally; or (iii) is convicted of any criminal offence involving his or its integrity or honesty, the right to exercise all outstanding Options held by him or it shall thereupon terminate immediately. A resolution of the Board or its duly authorised committee to the effect that one or more of the grounds specified in this paragraph has occurred shall be conclusive and binding on the Grantee and where appropriate, his legal representative(s).

EFFECT OF ALTERATIONS TO CAPITAL

In the event of a capitalisation issue, rights issue, consolidation, or subdivision of Shares or reduction of the share capital of the Company, the Company shall make corresponding alterations (if any) to:

- (a) the number of Shares subject to Options already granted so far as they remain exercisable; and/or
- (b) the subscription price,

or any combination thereof as the auditors of the Company or the independent financial adviser to the Company shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in their opinion fair and reasonable and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules. Further, it is provided that:

- (i) no such alterations shall be made in respect of an issue of securities by the Company as consideration for or in connection with a transaction;
- (ii) any such alterations shall be made so that each Grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled;
- (iii) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value;
- (iv) any such alterations, save as those made on a capitalisation issue, shall be confirmed by the auditors of the Company or the independent financial adviser in writing to the Directors as satisfying the requirements of the foregoing paragraphs (ii) and (iii) above; and
- (v) any such alterations made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event.

RIGHTS ON A GENERAL OFFER

If a general offer is made by way of takeover, share repurchase offer or otherwise in a like manner to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by offeror and/or any person acting in association or concert with the offeror), the Grantee can only, by notice in writing to the Company within 21 days after such offer becoming or being declared unconditional, exercise all or any of his Options, and to the extent that they are not so exercised, the right to exercise the Option shall upon the expiry of such period terminate immediately.

RIGHTS ON WINDING UP

If a notice of a general meeting is given by the Company for the purposes of considering and approving a resolution to voluntarily wind-up the Company, each Grantee can only exercise all or any of his Options at any time not later than 4 Business Days prior to the proposed general meeting of the Company. The right to exercise the Options shall, to the extent that they are not so exercised, terminate immediately on the date of commencement of the voluntary winding-up of the Company.

RIGHTS ON A SCHEME OF ARRANGEMENT

If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee can only thereafter (but before such time as shall be notified by the Company) by notice in writing to the Company exercise the Options in full or in part.

RANKING OF SHARES

Shares allotted upon exercise of Options shall be subject to the Bye-laws and shall rank *pari passu* in all respects with the other Shares in issue at the relevant date of allotment except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore is before the relevant date of allotment.

PERIOD OF THE SCHEME

The New Option Scheme shall be valid and effective for a period of 10 years commencing from and on its date of adoption (subject to early termination in accordance with the provisions thereof).

VARIATION AND TERMINATION

The New Option Scheme may be altered in any respect by resolution of the Board except that certain provisions as to:

- (a) the definitions of Grantee, Eligible Person(s) and subscription price; and
- (b) the provisions relating to, the matters set out in Rule 17.03 of the Listing Rules including those relating to the purpose, duration and administration of the New Option Scheme, grant of Options (except for the provision that an offer may be accepted in full or in part and the requirements that the offer shall be in writing and shall contain the terms of the offer), subscription price, exercise of Option, lapse of Option, maximum number of Shares available for subscription, reorganisation of capital structure, alteration of the New Option Scheme, cancellation of Options granted and termination,

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting (with such Grantees or prospective Grantees and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any Options granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the Bye-laws for a variation of the rights attached to the Shares.

Any alterations to the provisions of the New Option Scheme which are of a material nature (except where alterations take effect automatically under the provisions of the New Option Scheme) or any change to the terms of Options granted must be approved by the Shareholders in general meeting. The amended terms of (i) the New Option Scheme or (ii) the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alterations to the terms of the New Option Scheme must be approved by the Shareholders in general meeting.

The Company, by ordinary resolution in general meeting, or the Board may terminate the operation of the New Option Scheme at any time and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Option Scheme.

LAPSE OF OPTION

The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (a) the expiry of the option period as described in the paragraph above headed “Time for exercise of options”;
- (b) the expiry of any of the periods referred to in the paragraphs above headed “Rights on ceasing to be an Eligible Person”, “Rights on death”, “Rights on dismissal or breach of contract” and “Rights on a general offer”;
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in the paragraph above headed “Rights on a scheme of arrangement”;
- (d) subject to the provision in the paragraph above headed “Rights on winding up”, the date of the commencement of the voluntary winding-up of the Company; or
- (e) the date on which the Grantee commits a breach of the provisions of the New Option Scheme that an Option shall be personal to the Grantee and shall not be assignable nor transferable and that no Grantee shall sell, transfer, charge, mortgage or encumber or create any interest in favour of a third party over or in relation to any Option.

CANCELLATION OF UNEXERCISED OPTIONS

The Company may cancel an Option granted but not exercised with the approval of the Grantee of such Option. No Options may be granted to an Eligible Person in place of his cancelled Options unless there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit approved by the Shareholders as mentioned in the paragraph headed “Maximum number of Shares” above.



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

NOTICE IS HEREBY GIVEN that the annual general meeting of Mongolia Energy Corporation Limited (the “**Company**”) will be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 30 August 2012 at 3:30 p.m. to transact the following ordinary businesses:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor of the Company for the year ended 31 March 2012.
2.
 - (a) To re-elect Mr. To Hin Tsun, Gerald as a non-executive director of the Company;
 - (b) To re-elect Mr. Tsui Hing Chuen, William as an independent non-executive director of the Company;
 - (c) To re-elect Mr. Lau Wai Piu as an independent non-executive director of the Company; and
 - (d) To authorise the board of directors of the Company to fix their remuneration.
3. To re-appoint Deloitte Touche Tohmatsu as independent auditor of the Company and to authorise the board of directors of the Company to fix their remuneration.

By way of special business, to consider and, if thought fit, pass the following resolutions, with or without modification:

ORDINARY RESOLUTIONS

4. **THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company, and to make or grant offers, agreements or options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraphs (a) and (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares pursuant to any existing specific authority, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures or securities convertible into shares of the Company; (iii) the exercise of options granted under any share option scheme adopted by the Company; and (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

and “Rights Issue” means an offer of shares open for a period fixed by the directors of the Company made to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).

5. **THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) (not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution) which may fall to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**New Option Scheme**”) (a copy of the rules of which marked “A” is produced to this meeting and signed by the Chairman of this meeting for identification purpose), the New Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options thereunder and to allot, issue and deal with the Shares fall to be issued pursuant to the

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exercise of any options granted thereunder and to take all such steps and do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Option Scheme.

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

Hong Kong, 24 July 2012

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:

40th and 41st Floors
New World Tower 1
16–18 Queen's Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, on a poll, vote instead of him. In the case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the proxy form shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof. In such event, the form of proxy shall be deemed to have been revoked.

3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled to vote, but if more than one of such joint holders be present at the meeting in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect of it. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
4. In accordance with the bye-laws of the Company, Mr. To Hin Tsun, Gerald, Mr. Tsui Hing Chuen, William and Mr. Lau Wai Piu will retire at the meeting and, being eligible, offer themselves for re-election. Details of the retiring directors of the Company have been set out in the circular of the Company dated 24 July 2012.