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## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

### **ISSUE OF HK\$400,000,000 5% COUPON CONVERTIBLE NOTES CONSTITUTING A CONNECTED TRANSACTION**

On 28 November 2012 (after trading hours), the Company entered into the Subscription Agreement with Golden Infinity and CTF pursuant to which, the Company agreed to issue the Notes, and each of Golden Infinity and CTF agreed to subscribe for the Note in the principal amount of HK\$200,000,000 at the subscription price of HK\$200,000,000, payable in cash upon Completion. The initial Conversion Price under the Notes is HK\$0.36 per Conversion Share (subject to adjustments). The aggregate principal amount of the Notes to be issued by the Company to the Subscribers upon Completion is HK\$400,000,000.

Assuming the conversion rights to the Notes are exercised in full at the initial Conversion Price, a total of 1,111,111,110 Conversion Shares will be allotted and issued, representing approximately 16.45% of the entire issued share capital of the Company as at the date of this announcement and approximately 14.12% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Completion is conditional upon satisfaction of the Conditions Precedent as set out under the paragraph headed “The Subscription Agreement — Conditions Precedent” below. The Subscription by Golden Infinity and CTF shall be completed simultaneously and if either of the Subscribers fails to complete, the Company shall not be obliged to proceed to Completion.

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

No application will be made for the listing of the Notes on any stock exchange.

By virtue of Golden Infinity being a substantial Shareholder holding 1,212,788,301 Shares, representing approximately 17.95% of the entire issued share capital of the Company as at the date of this announcement, Golden Infinity is a connected person of the Company and the subscription of the Note by Golden Infinity constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Subscription Agreement are subject to, among other things, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, Golden Infinity, Mr. Lo and their respective associates are required to abstain from voting in respect of the proposed resolution approving the Subscription Agreement at the SGM.

As at the date of this announcement, CTF and its associates are holders of 225,000,000 Shares, representing approximately 3.33% of the entire issued share capital of the Company, and Dragon Noble (which is controlled by Dr. Cheng Kar Shun, being a director of CTF) and its associates are holders of 394,670,000 Shares, representing approximately 5.84% of the entire issued share capital of the Company. As both CTF and Dragon Noble are interested in the present transactions, they and their respective associates will abstain from voting in respect of the proposed resolution approving the Subscription Agreement at the SGM.

#### **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice convening the SGM; and (v) a proxy form, is expected to be dispatched to the Shareholders on or around 18 December 2012.

**As Completion is subject to the fulfillment of the Conditions Precedent which may or may not be fulfilled, the Subscription may or may not proceed. The Shareholders and potential investors of the Company should exercise caution in dealing in the securities of the Company.**

On 28 November 2012 (after trading hours), the Company entered into the Subscription Agreement with Golden Infinity and CTF pursuant to which, the Company agreed to issue the Notes, and each of Golden Infinity and CTF agreed to subscribe for the Note in the principal amount of HK\$200,000,000 at the subscription price of HK\$200,000,000, payable in cash upon Completion. The initial Conversion Price under the Notes is HK\$0.36 per Conversion Share (subject to adjustments). The aggregate principal amount of the Notes to be issued by the Company to the Subscribers upon Completion is HK\$400,000,000.

## THE SUBSCRIPTION AGREEMENT

**Date** : 28 November 2012 (after trading hours)

### Parties

**Issuer** : The Company

**Subscribers** : (a) Golden Infinity Co., Ltd., a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder; and  
(b) Chow Tai Fook Nominee Limited, a company incorporated under the laws of Hong Kong with limited liability

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CTF and its ultimate beneficial owner are not connected with the Company under the meaning of the Listing Rules.

### Subject matter

Pursuant to the Subscription Agreement, the Company as issuer has conditionally agreed to issue the Notes, and each of Golden Infinity and CTF as subscriber has conditionally agreed to subscribe for the Note at the subscription price of HK\$200,000,000, payable in cash upon Completion.

### Conditions Precedent

The obligations of the parties to the Subscription Agreement to effect Completion shall be conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject only to conditions to which the parties to the Subscription Agreement do not reasonably object) approval for the listing of, and permission to deal in, the Conversion Shares issuable under the Notes and such grant remaining in full force and effect;
- (b) the Stock Exchange having approved (either unconditionally or subject only to conditions to which the parties to the Subscription Agreement do not reasonably object) the issue of the Notes, or the Company not having received any objection from the Stock Exchange to the issue of the Notes;
- (c) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Subscription, issue of the Notes and the Conversion Shares;
- (d) if required, the Bermuda Monetary Authority having approved the issue of the Notes and the allotment and issue of the Conversion Shares or otherwise pursuant to the conditions of the Notes and the Conversion Shares; and

- (e) the passing of the requisite respective resolutions by the Board and the relevant Shareholders at the SGM approving the entering into of the Subscription Agreement and the performance of the transactions contemplated under the Subscription Agreement by the Company.

All the Conditions Precedent are not waivable. If the Conditions Precedent are not fulfilled by the Long Stop Date, the Subscription Agreement shall lapse and become null and void and the parties to the Subscription Agreement shall forthwith be released from all their respective obligations under the Subscription Agreement save for any liability arising out of any antecedent breaches thereof.

The Subscription by Golden Infinity and CTF shall be completed simultaneously and if either of the Subscribers fails to complete, the Company shall not be obliged to proceed to Completion.

### **Completion**

Subject to the fulfillment of the Conditions Precedent, Completion shall take place on the Completion Date.

### **Rescission**

If any of the following events occurs at any time prior to 9:30 a.m. on the Completion Date, which in the reasonable opinion of any of the Subscribers, the Subscription would be materially and adversely affected, such Subscriber may, by giving a written notice to the Company, rescind the Subscription Agreement:-

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Subscriber materially and adversely affect the business or the financial position of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Subscription Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Subscriber, materially and adversely affect the business or the financial position of the Group as a whole.

Upon the giving of such notice, all obligations of the parties to the Subscription Agreement shall cease and determine and no party to the Subscription Agreement shall have any claim against the others in respect of any matter or thing arising out of or in connection with the Subscription Agreement save for any antecedent breach of any terms thereof.

## **PRINCIPAL TERMS OF THE NOTES**

The principal amount of each Note is HK\$200,000,000. The principal terms of the Notes are summarised below:

### **The Notes**

Two 5% convertible notes due on the third anniversary of the date of issue and each in the principal amount of HK\$200,000,000 will be issued.

### **Maturity Date**

The Company shall redeem the outstanding principal amount of the Notes on the Maturity Date, i.e. the third anniversary of the date of issue of the Notes (or such other date as consented by the Noteholder(s)).

### **Interest**

Interest on the Notes shall be calculated at the rate of 5% per annum on the principal amount from time to time outstanding and shall be payable in arrears on each anniversary of the date of issue of the Notes.

### **Denomination for the conversion**

With a minimum principal amount of HK\$10,000,000 and the multiples thereof (save that if at any time the outstanding principal amount of each Note is less than HK\$10,000,000, the whole (but not part only) of the outstanding principal amount of each Note may be converted).

### **Transferability**

The Notes are freely transferable, in whole or in part (in authorised denomination of HK\$10,000,000 or its multiples) of the outstanding principal amount, to any person, subject to the terms of the Notes, the Listing Rules and all applicable laws and regulations.

### **Conversion rights**

Noteholder(s) shall have the right to convert on any Business Day during the period commencing from and including the Business Day immediately after the date of issue of the Notes up to and including the Business Day immediately prior to the Maturity Date, the whole or any part of the outstanding principal amount of the Notes into Shares at the Conversion Price (subject to adjustments).

### **Conversion Price**

The initial Conversion Price is HK\$0.36 per Conversion Share (subject to adjustments in certain events, including, among others, share consolidation, share subdivision, capitalization issues, capital distribution, right issues of Shares or options (other than share options of the Company under its share option scheme), warrants or other rights over Shares and other equity or equity derivatives issues).

## **Conversion Shares**

Assuming the conversion rights to the Notes are exercised in full at the initial Conversion Price, a total of 1,111,111,110 Conversion Shares will be allotted and issued, representing approximately 16.45% of the entire issued share capital of the Company as at the date of this announcement and approximately 14.12% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The net issue price of each Conversion Share after taking into account the related costs and expenses of the transactions contemplated under the Subscription Agreement is approximately HK\$0.36.

The Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **Ranking**

The Conversion Shares when issued will rank *pari passu* in all respects with all other Shares existing at the date of exercise of the conversion rights and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of exercise of the conversion rights.

## **Redemption and repurchase**

The Company may at any time prior to the Maturity Date, by giving not less five (5) Business Days and not more than ten (10) Business Days' prior written notice to the Noteholder(s), repay the whole or any part of the outstanding principal amount of the Notes together with all interest accrued thereon.

The Company or any of its subsidiaries may at any time and from time to time purchase the Note(s) or any part thereof at any price as may be agreed between the Company or such subsidiary and the Noteholder(s). The Note(s) or any part thereof so purchased shall forthwith be cancelled by the Company.

## **Status of the Notes**

The obligations of the Company arising under the Notes constitute general, unconditional, unsecured and unsubordinated obligations of the Company and rank, and shall rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws. No application will be made for the listing of the Notes on any stock exchange.

## **Voting rights**

The Noteholder(s) shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of its being a holder of the Note(s).



## **Others**

In the event that immediately after the exercise of any conversion rights attaching to the Note by any Subscriber, an obligation to make a general offer in respect of the securities of the Company under the Takeovers Code is triggered, such Subscriber agrees and undertakes to the Company that it shall forthwith comply with all the relevant provisions under the Takeovers Code and all applicable laws and regulations.

## **Events of Default**

The Noteholder may give notice in writing that the Note shall immediately be due and payable if any of the events of default set out in the Note occurs, which include, among others, the following:

- (a) the listing of the Shares (as a class) on the Stock Exchange:-
  - (i) ceases; or
  - (ii) is suspended for a continuous period of twenty one (21) Business Days on each of which the Stock Exchange is generally open for trading (due to the default of the Company or any of its Directors, officers or employees);
- (b) the Company breaches any of the warranties contained in the Subscription Agreement or defaults in performance or in compliance with any of its obligations contained in the conditions of the Note, which breach or default is incapable of remedy or, if capable of remedy, is not remedied within fifteen (15) Business Days after notice of such breach or default is sent from the Noteholder to the Company; or
- (c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its subsidiaries and is not discharged, paid out, withdrawn or remedied within fifteen (15) Business Days thereof.

## **CONVERSION PRICE**

The initial Conversion Price of HK\$0.36 per Conversion Share represents:

- (a) a premium of 14.3% over the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the date of the Last Trading Date;
- (b) a premium of approximately 4.3% over the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the date of the Last Trading Date;
- (c) a premium of approximately 3.2% over the average closing price of HK\$0.349 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the date of the Last Trading Date; and
- (d) a discount of approximately 62.9% to the unaudited consolidated net assets value of the Company attributable to the Shareholders of approximately HK\$0.97 per Share as at 30 September 2012 (based on the published consolidated net assets of the Company attributable to the Shareholders of approximately HK\$6,548,001,000 and 6,756,547,828 Shares in issue as at 30 September 2012).

The initial Conversion Price was determined after arm's length negotiation between the Company and the Subscribers with reference to the prevailing market price of the Shares.

## **USE OF PROCEEDS**

Upon Completion, the Company will issue the Notes in the aggregate principal amount of HK\$400,000,000 to the Subscribers and the net proceeds from the issue of the Notes in the amount of approximately HK\$398,900,000 will be used by the Company to finance the Khushuut coking coal project and as general working capital.

## **REASONS FOR AND BENEFIT OF THE ISSUE OF THE NOTES**

The Company is an energy and resources developer. The Group is currently focusing on the development of its initial coking coal mining project in Khushuut, Khovd Province, western Mongolia.

In view of the current coal market condition, and the infrastructures undertaken by the Group for coal quality improvement, the Board considers that the issue of the Notes pursuant to the terms of the Subscription Agreement represents a good opportunity to raise additional capital for strengthening the capital base and financial position of the Group, and to enhance the liquidity position for the development of the Group's Khushuut coking coal project.

Based on the above, the Directors (excluding the independent non-executive Directors who will form their view after receiving the advice of the independent financial adviser) consider that the terms of the Subscription Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

## **INFORMATION OF THE SUBSCRIBERS**

Golden Infinity is a private company incorporated in the British Virgin Islands with limited liability and is a substantial Shareholder holding 1,212,788,301 Shares, representing approximately 17.95% of the entire issued share capital of the Company as at the date of this announcement. Golden Infinity is wholly-owned by Mr. Lo, the chairman and executive Director of the Company. Accordingly, Golden Infinity is a connected person of the Company. Its principal business is investment holding. Golden Infinity is the holder of the GI Convertible Note 2010.

CTF is a private company incorporated under the laws of Hong Kong with limited liability and its principal business is investment holding. As at the date of this announcement, CTF and its associates are holders of 225,000,000 Shares, representing approximately 3.33% of the entire issued share capital of the Company. CTF is the holder of the CTF Convertible Note 2011.

## **EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY UPON FULL CONVERSION OF THE NOTES**

As at the date of this announcement, there are outstanding (i) the GI Convertible Note 2010 issued to Golden Infinity; (ii) the SF Convertible Note issued to Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited; (iii) the CTF Convertible Note 2011 issued to CTF; and (iv) the share options granted by the Company under its share option scheme to the directors and employees of the Group to



subscribe for an aggregate of 67,300,000 Shares. Save as disclosed above, as at the date of this announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or convertible into Shares.

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon full conversion of the Notes are set out as below:

| Shareholders  | Existing Shareholding       |                      | Scenario (A)                |                      | Scenario (B)                |                      |
|---|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|   | Number<br>of Shares         | Approximate %        | Number<br>of Shares         | Approximate %        | Number<br>of Shares         | Approximate %        |
| Golden Infinity and its associates                  | 1,212,788,301               | 17.95                | 1,768,343,856               | 22.48                | 1,855,343,856               | 20.26                |
| CTF and its associates <sup>(Note 1)</sup>          | 225,000,000                 | 3.33                 | 780,555,555                 | 9.92                 | 1,780,555,555               | 19.44                |
| Dragon Noble and its associates <sup>(Note 2)</sup> | <u>394,670,000</u>          | <u>5.84</u>          | <u>394,670,000</u>          | <u>5.02</u>          | <u>394,670,000</u>          | <u>4.31</u>          |
|   | 1,832,458,301               | 27.12                | 2,943,569,411               | 37.42                | 4,030,569,411               | 44.01                |
| Sculptor Finance (MD) Ireland Limited               | —                           | 0.00                 | —                           | 0.00                 | 98,994,267                  | 1.08                 |
| Sculptor Finance (AS) Ireland Limited               | —                           | 0.00                 | —                           | 0.00                 | 45,297,452                  | 0.49                 |
| Sculptor Finance (SI) Ireland Limited               | <u>—</u>                    | <u>0.00</u>          | <u>—</u>                    | <u>0.00</u>          | <u>4,370,700</u>            | <u>0.05</u>          |
|   | —                           | 0.00                 | —                           | 0.00                 | 148,662,419                 | 1.62                 |
| Other directors of the Group <sup>(Note 3)</sup>    | 7,283,200                   | 0.11                 | 7,283,200                   | 0.09                 | 18,283,200                  | 0.20                 |
| Other public Shareholders                           | <u>4,916,806,327</u>        | <u>72.77</u>         | <u>4,916,806,327</u>        | <u>62.49</u>         | <u>4,961,106,327</u>        | <u>54.17</u>         |
| <b>Total</b>  | <u><u>6,756,547,828</u></u> | <u><u>100.00</u></u> | <u><u>7,867,658,938</u></u> | <u><u>100.00</u></u> | <u><u>9,158,621,357</u></u> | <u><u>100.00</u></u> |

## Scenarios

(A) immediately after full conversion of the Notes at the initial Conversion Price of HK\$0.36 per Share

(B) immediately after full conversion of (i) the Notes at the initial Conversion Price of HK\$0.36 per Share; (ii) the CTF Convertible Note 2011 at the initial conversion price of HK\$2.0 per Share; (iii) the GI Convertible Note 2010 at the initial conversion price of HK\$4.0 per Share; (iv) the SF Convertible Note at the initial conversion price of HK\$3.14 per Share; and (v) the exercise of all the existing outstanding share options of the Company granted pursuant to the Company's share option scheme

Notes:

1. CTF, a company controlled by Dato' Dr. Cheng Yu Tung. It is also the holder of the CTF Convertible Note 2011.
2. Dragon Noble is a company controlled by Dr. Cheng Kar Shun.
3. Other directors of the Group, other than Mr. Lo and his associates.

## FUND RAISING EXERCISE IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

| Date of Announcement | Event                                       | Approximate net proceeds | Intended use of proceeds  | Actual use of proceeds  |
|----------------------|---|--------------------------|---|---|
| 28 February 2012     | Placing of new Shares under general mandate | HK\$117.3 million        | For the development of the Khushuut coking coal project and general working capital purposes of the Group | HK\$117.3 million for the development of the Khushuut coking coal project and general working capital purposes of the Group |

Save as disclosed above, the Company has not undertaken any equity fund raising exercise in the 12 months immediately preceding the date of this announcement.

### SPECIFIC MANDATE

The Company will seek the Specific Mandate from the Shareholders for the allotment and issue of the Conversion Shares. In this regard, the SGM will be convened and held for approving the entering into of the Subscription Agreement and the performance of the transactions contemplated thereunder by the Company.

**As Completion is subject to the fulfillment of the Conditions Precedent, which may or may not be fulfilled, the Subscription may or may not proceed. The Shareholders and potential investors of the Company should exercise caution in dealing in the securities of the Company.**

### GENERAL

By virtue of Golden Infinity being a substantial Shareholder holding 1,212,788,301 Shares, representing approximately 17.95% of the entire issued share capital of the Company as at the date of this announcement, Golden Infinity is a connected person of the Company and the subscription of the Note by Golden Infinity constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Subscription Agreement are subject to, among other things, reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, Golden Infinity, Mr. Lo and their respective associates are required to abstain from voting in respect of the proposed resolution approving the Subscription Agreement at the SGM.

As at the date of this announcement, CTF and its associates are holders of 225,000,000 Shares, representing approximately 3.33% of the entire issued share capital of the Company, and Dragon Noble (which is controlled by Dr. Cheng Kar Shun, being a director of CTF) and its associates are holders of 394,670,000 Shares, representing approximately 5.84% of the entire issued share capital of the Company. As both CTF and Dragon Noble are interested in the present transactions, they and their respective associates will abstain from voting in respect of the proposed resolution approving the Subscription Agreement at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement. An independent financial adviser will be appointed to advise the Independent Shareholders in this regard. A circular containing, among other

things, (i) further information on the Subscription Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice convening the SGM; and (v) a proxy form, is expected to be dispatched to the Shareholders on or around 18 December 2012.

## **ADJUSTMENT TO THE CONVERSION PRICE UNDER THE SF CONVERTIBLE NOTE**

As at the date of this announcement, the SF Convertible Note in the aggregate principal amount of HK\$466,800,000 is outstanding. Pursuant to the terms of the SF Convertible Note, the conversion price of the SF Convertible Note will have to be adjusted as a result of the issue of the Notes. Further announcement in respect of such adjustments will be made by the Company as and when appropriate.

## **DEFINITIONS**

The following terms are used in this announcement with the meanings set opposite them:

|                        |   |
|------------------------|---|
| “Board”                | the board of Directors  |
| “Business Day”         | a day (excluding a Saturday, a Sunday, any public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business |
| “Company”              | Mongolia Energy Corporation Limited (stock code:276), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange  |
| “Completion”           | completion of the Subscription  |
| “Completion Date”      | the third Business Day after fulfillment of the Conditions Precedent or such other date as may be agreed in writing between the parties to the Subscription Agreement   |
| “Conditions Precedent” | conditions precedent to the Subscription Agreement as set out in the paragraph headed “The Subscription Agreement — Conditions Precedent” above   |
| “connected person(s)”  | has the meaning as ascribed thereto in the Listing Rules  |
| “Conversion Price”     | the initial conversion price of HK\$0.36 per Conversion Share (subject to adjustment as set out in the Notes, from time to time, if any)  |
| “Conversion Share(s)”  | the new Share(s) to be issued by the Company upon exercise of the conversion rights attaching to the Notes by the Noteholders, or otherwise pursuant to the Notes   |
| “CTF”                  | Chow Tai Fook Nominee Limited, a company incorporated under the laws of Hong Kong with limited liability  |

|                               |  |
|-------------------------------|--|
| “CTF Convertible Note 2011”   | the 3% convertible note due 14 June 2014 issued by the Company to CTF, the outstanding principal amount of which is HK\$2,000,000,000 as at the date of this announcement                              |
| “Director(s)”                 | the director(s) of the Company   |
| “Dragon Noble”                | Dragon Noble Group Limited, a company incorporated in the British Virgin Islands with limited liability  |
| “GI Convertible Note 2010”    | the 3.5% convertible note due 5 September 2013 issued by the Company to Golden Infinity, the outstanding principal amount of which is HK\$300,000,000 as at the date of this announcement              |
| “Golden Infinity”             | Golden Infinity Co., Ltd., a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Lo  |
| “Group”                       | the Company and its subsidiaries   |
| “Independent Board Committee” | an independent committee of the Board consisting of all independent non-executive Directors to advise the Independent Shareholders in respect of the Subscription Agreement                            |
| “Independent Shareholders”    | Shareholders other than (i) Golden Infinity, Mr. Lo and their respective associates; (ii) CTF and its respective associates; (iii) Dragon Noble and its respective associates                          |
| “Last Trading Date”           | the date of this announcement, being the last trading day on which the Shares were traded on the Main Board of the Stock Exchange  |
| “Listing Committee”           | has the meaning as ascribed thereto in the Listing Rules   |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”              | 28 February 2013 or such other date as the parties to the Subscription Agreement may agree in writing  |
| “Maturity Date”               | the third anniversary of the date of issue of the Notes (or such other date as consented by the Noteholder(s))   |
| “Mr. Lo”                      | Mr. Lo Lin Shing, Simon, an executive Director and the chairman of the Company   |
| “Note”                        | the 5% convertible note in the principal amount of HK\$200,000,000 to be subscribed by each of Golden Infinity or CTF under the Subscription Agreement, and the “Notes” shall be construed accordingly |
| “Noteholder(s)”               | the holder(s) of the Note(s)   |
| “SF Convertible Note”         | the 3.5% convertible notes due 11 November 2013 issued by the Company to three subscribers, the aggregate outstanding principal amount of which is HK\$466,800,000 as at the date of this announcement |

|                          |  |
|--------------------------|--|
| “SGM”                    | the special general meeting of the Company to be convened to approve, inter alia, the entering into of the Subscription Agreement and the performance of the transactions contemplated thereunder by the Company             |
| “Share(s)”               | ordinary share(s) of HK\$0.02 each in the share capital of the Company   |
| “Shareholder(s)”         | holder(s) of the Share(s)  |
| “Specific Mandate”       | the specific mandate in relation to the issue and allotment of the Conversion Shares by the Company to be sought from the Shareholders at the SGM  |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscribers”            | collectively, Golden Infinity and CTF, and “Subscriber” means any one of them  |
| “Subscription”           | the subscription of the Notes by the Subscribers in accordance with the terms of the Subscription Agreement  |
| “Subscription Agreement” | the conditional subscription agreement dated 28 November 2012 entered into by the Company and the Subscribers pursuant to which the Company has agreed to issue, and the Subscribers have agreed to subscribe for, the Notes |
| “Takeovers Code”         | The Hong Kong Code on Takeovers and Mergers  |
| “HK\$”                   | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                      | per cent.  |

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

Hong Kong, 28 November 2012

*As at the date of this announcement, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Liu Zhuo Wei 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.*