
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 stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mongolia Energy Corporation Limited (“MEC”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF GLORY KEY INVESTMENTS LIMITED
AND THE SALE LOAN**

NOTICE OF SGM

**Independent financial adviser to the Independent Shareholders and
the Independent Board Committee**



KBC Bank N.V. Hong Kong Branch

A letter from the Independent Board Committee is set out on pages 14 of this circular. A letter of advice from KBC Bank, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 21 of this circular.

A notice convening an special general meeting (the “SGM”) of MEC to be held at Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, February 25, 2010 at 2:30 p.m. is set out on pages 35 to 36 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of MEC 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 no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

January 27, 2010

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DEFINITIONS

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

“Agreement”	the agreement dated December 9, 2009 entered into between the Vendor, the Purchaser and MEC in relation to the sale and purchase of the Sale Share and the assignment of the Sale Loan
“Aircraft Purchase Agreement”	the agreement dated November 11, 2005 entered into between Glory Key as purchaser and Sky Jet International Group Limited as seller in relation to the sale and purchase of a Gulfstream G200 aircraft which was more particularly set out in the circular of MEC of December 23, 2005
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Aviation”	亞聯公務機有限公司 (Business Aviation Asia Limited), a company established in the PRC, 43% of the registered capital of which is indirectly owned by MEC
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan under the Agreement
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	HK\$96 million (subject to adjustment), being the aggregate initial cash consideration for the Sale Share and the Sale Loan under the Disposal
“Director(s)”	director(s) of MEC

DEFINITIONS

“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Glory Key”	Glory Key Investments Limited, a limited liability incorporated under the laws of the British Virgin Islands and an indirectly wholly owned subsidiary of MEC as at the date of the Agreement
“Group”	MEC and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising an independent non-executive Director, which was formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser, Mr. Lo and their respective associates
“Jones Lang LaSalle Sallmanns”	Jones Lang LaSalle Sallmanns Limited
“KBC Bank”	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Latest Practicable Date”	January 22, 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease”	the lease between Glory Key as the lessor and Business Aviation as the lessee in relation to the leasing of the Gulfstream G200 aircraft pursuant to the Lease Agreement

DEFINITIONS

“Lease Agreement”	the lease agreement dated December 3, 2009 entered into between Glory Key as the lessor and Business Aviation as the lessee for the leasing of the Gulfstream G200 aircraft for an initial term of 12 months (with an option to renew for a further term of 12 months on the same term, upon which Glory Key and Business Aviation shall negotiate and agree on any adjustment to the rent for such renewal) at the monthly rent of US\$40,000 (equivalent to HK\$312,000**)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Note”	the loan note in the principal amount of HK\$46 million to be issued by the Purchaser in favour of the Vendor upon Completion in partial settlement of the Consideration
“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
“Mr. Lo”	Mr. Lo Lin Shing, Simon, the chairman of the Board, an executive Director and a substantial shareholder (as defined under the Listing Rules) of MEC
“PRC”	the People’s Republic of China
“Purchaser”	Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) (stock code: 862), a company incorporated under the laws of the Cayman Islands, and whose issued shares are listed on the Stock Exchange, being the purchaser of the Sale Share and the Sale Loan
“Sale Loan”	the entire interest free shareholder’s loan due from Glory Key to the Vendor
“Sale Share”	the entire issued share capital of Glory Key which is wholly owned by the Vendor as at the date of the Agreement

DEFINITIONS

“SFO”	Security Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of MEC to be held on Thursday, February 25, 2010 at 2:30 p.m. at Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the ordinary shares of HK\$0.02 each in the share capital of MEC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Asia Business Aviation Limited, an indirect wholly-owned subsidiary of MEC, being the vendor of the Sale Share and the Sale Loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America

*** For illustration purpose only at the exchange rate of US\$1 to HK\$7.8*

LETTER FROM THE BOARD

MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

Executive Directors:

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

Mr. Liu Zhuo Wei

Ms. Yvette Ong

Non-executive Director:

Mr. To Hin Tsun, Gerald

Independent non-executive Directors:

Mr. Peter Pun *OBE JP*

Mr. Tsui Hing Chuen, William *JP*

Mr. Lau Wai Piu

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

January 27, 2010

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF GLORY KEY INVESTMENTS LIMITED
AND THE SALE LOAN**

INTRODUCTION

On December 11, 2009, the Board announced that on December 9, 2009, the Vendor (being the MEC's indirect wholly-owned subsidiary) and the Purchaser entered into the Agreement pursuant to which (i) the Purchaser agreed to purchase and the Vendor agreed to sell the entire issued share capital in Glory Key; and (ii) the Vendor agreed to assign the Sale Loan to the Purchaser for a total consideration of HK\$96 million (subject to adjustment). The principal asset of Glory Key is a Gulfstream G200 aircraft.

The purpose of this circular is to provide you with details of the Disposal, the recommendation of the Independent Board Committee, the advice from KBC Bank to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and to provide you the notice of SGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date: December 9, 2009

Parties:

Vendor: Asia Business Aviation Limited, an indirect wholly-owned subsidiary of MEC, being the vendor of the Sale Share and the Sale Loan.

Vendor's guarantor: MEC, the ultimate beneficial owner of the entire issued share capital of the Vendor, has agreed to guarantee the performance and observance of the Vendor under the Agreement and to provide indemnity to the Purchaser in the event of Vendor's default under the Agreement.

Purchaser: Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited), a company incorporated under the laws of the Cayman Islands with limited liability. As Mr. Lo is the controlling shareholder (as defined under the Listing Rules) of the Purchaser, holding approximately 47.12% of the entire issued share capital of the Purchaser as at the Latest Practicable Date, the Purchaser is an associate of Mr. Lo and a connected person of MEC.

Pursuant to the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Share and assignment of the Sale Loan at the Consideration.

THE DISPOSAL

The Sale Share

The Sale Share represents the entire issued share capital of Glory Key which is one ordinary share of US\$1.00 in issue as at the date of the Agreement.

Glory Key is a company incorporated under the laws of the British Virgin Islands with limited liability. The principal asset of Glory Key is the beneficial ownership of the Gulfstream G200 aircraft for the provision of charter flight services.

Glory Key purchased the Gulfstream G200 aircraft for a consideration of US\$18.5 million (equivalent to approximately HK\$144.3 million**) pursuant to the Aircraft Purchase Agreement.

The Sale Loan

The Sale Loan represents the entire interest free shareholder's loan due from Glory Key to the Vendor.

LETTER FROM THE BOARD

The unaudited shareholder's loan due from Glory Key to the Vendor was standing at HK\$177,177,000 as at September 30, 2009.

The sale and purchase of the Sale Share and assignment of the Sale Loan are inter-conditional and shall be completed simultaneously upon Completion under the terms of the Agreement.

Consideration

The aggregate consideration for the Sale Share and assignment of the Sale Loan is HK\$96 million (subject to adjustment).

The Consideration will be satisfied by the Vendor upon Completion as follows:

- (a) as to HK\$50 million by cash; and
- (b) as to HK\$46 million by the issue of the Loan Note.

If the net asset value of Glory Key calculated by subtracting the aggregate liabilities (other than the Sale Loan) of MEC from the aggregate value of the assets (excluding the Gulfstream G200 aircraft and any value ascribed to the Lease) as shown in the unaudited management accounts of Glory Key for the period ending on the date of Completion is in the negative, the cash portion of the Consideration shall be adjusted downwards by the amount equal to such negative amount. As the Consideration will only be adjusted downwards, the Disposal will not constitute a major transaction or a very substantial disposal on the part of MEC after such adjustment.

Principal terms of the Loan Note

- (a) *Principal amount*

HK\$46 million.

- (b) *Maturity*

The second anniversary from the date of issue of the Loan Note.

- (c) *Interest*

4% per annum payable on maturity.

- (d) *Redemption*

The Purchaser may elect to redeem the whole or any part of the Loan Note (in an integral multiple of HK\$1,000,000) then outstanding together with all interest accrued thereon or any part thereof from time to time outstanding prior to the maturity date.

LETTER FROM THE BOARD

(e) *Assignment*

The Loan Note may be transferred or assigned by the holder of the Loan Note to any party.

The Consideration was determined after arm's length negotiations between the parties and with reference to the market value of the Gulfstream G200 aircraft of approximately US\$12.30 million (equivalent to HK\$95.94 million**) as at September 30, 2009 as appraised by Jones Lang LaSalle Sallmanns, an independent valuer.

Upon Completion, Glory Key will cease to be a subsidiary of MEC.

Conditions Precedent

Completion shall be conditional upon:

- (a) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of MEC approving the entering into of the Agreement and the performance of the transactions contemplated thereunder by the Vendor;
- (b) the passing of an ordinary resolution by the shareholders of the Purchaser (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Purchaser approving the entering into of the Agreement and the performance of the transactions contemplated thereunder by the Purchaser;
- (c) the Purchaser notifying the Vendor in writing that it is reasonably satisfied with the due diligence review;
- (d) the Purchaser having received the valuation report issued by an independent professional valuer appointed by the Vendor (at its sole costs and expenses) and approved by the Purchaser;
- (e) the Purchaser having received legal opinions relating to Glory Key, the title and rights of Glory Key over Gulfstream G200 aircraft and other matters as the Purchaser may reasonably require from a qualified lawyer in the relevant place of its incorporation to be approved by the Purchaser and at the sole costs and expenses of the Vendor and such legal opinions shall be in such form and substance reasonably acceptable to the Purchaser;
- (f) all necessary governmental and regulatory approvals in respect of the Lease at the monthly rent of not less than US\$30,000 (equivalent to HK\$234,000**) having been obtained;

LETTER FROM THE BOARD

- (g) all necessary governmental and regulatory (including the Stock Exchange) approvals or consents (or waivers) required by the Vendor and the Purchaser or any of them for the consummation of the transactions contemplated herein having been obtained;
- (h) all necessary third party approvals or consents (or waivers) required by the Vendor and the Purchaser or any of them for the consummation of the transactions contemplated herein having been obtained;
- (i) the Gulfstream G200 aircraft being in the conditions as set out in the Agreement;
- (j) the Vendor's warranties remaining true and accurate and not misleading in any material respects at Completion and at all times between the date of the Agreement and Completion (save as otherwise expressly provided in the Agreement); and
- (k) the Purchaser's warranties remaining true and accurate and not misleading in any material respects at Completion and at all times between the date of the Agreement and Completion (save as otherwise expressly provided in the Agreement).

If any of the conditions has not been fulfilled (or waived by the Purchaser in respect of conditions (c), (d), (e), (i) and (j) or by the Vendor in respect of condition (k)) by March 15, 2010, either the Vendor or the Purchaser shall be entitled to rescind the Agreement whereupon the provisions of the Agreement shall from such date have no further force and effect and no party to the Agreement shall have any liability under them (without prejudice to the rights of the parties to the Agreement in respect of any antecedent breaches). As at the Latest Practicable Date, condition (f) was fulfilled.

Long Stop Date

March 15, 2010 or such other later date as the Vendor and the Purchaser may agree in writing.

Completion

Completion shall take place on the third Business Day after the fulfilment or waiver (as the case may be) of all the conditions or such other date as the Vendor and the Purchaser may agree in writing on which Completion shall take place.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaged in energy and related resources and provision of charter flight services. As an energy and resources developer, MEC is now focusing on commencement of mining operations in Khushuut, Mongolia.

LETTER FROM THE BOARD

The Vendor

The Vendor is an indirect wholly-owned subsidiary of MEC. It was incorporated under the laws of Hong Kong with limited liability and is an investment holding company of Glory Key. Apart from this, the Vendor has no other business activity.

The Purchaser

The Purchaser is a company incorporated under the laws of the Cayman Islands with limited liability and whose issued shares are listed on the Stock Exchange. It is principally engaged in the provision of network solutions, project services and property investment. As the Purchaser is an associate of Mr. Lo, the Purchaser is a connected person of MEC under the Listing Rules.

Glory Key

Glory Key is a company incorporated under the laws of the British Virgin Islands with limited liability.

The current principal asset of Glory Key is the Gulfstream G200 aircraft and through which Glory Key is engaged in the provision of charter flight services.

Glory Key purchased the Gulfstream G200 aircraft for a consideration of US\$18.5 million (equivalent to approximately HK\$144.3 million**) pursuant to the Aircraft Purchase Agreement.

Under the Lease Agreement entered into between Glory Key and Business Aviation, Glory Key agreed to lease the Gulfstream G200 aircraft to Business Aviation, an associate of MEC, for an initial term of 12 months (with an option to renew for a further term of 12 months, upon which Glory Key and Business Aviation shall negotiate and agree on any adjustment to the rent for such renewal) at the monthly rent of US\$40,000 (equivalent to HK\$312,000**).

The following is a summary of the unaudited results of Glory Key for the years ended March 31, 2008 and 2009 and the six months ended September 30, 2009 respectively:

	For the six months ended September 30, 2009	For the year ended March 31,	
	30, 2009	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,239	2,005	3,044
Loss before taxation	25,443	24,606	18,127
Taxation	–	–	–
Loss attributable to shareholders	25,443	24,606	18,127
	<u> </u>	<u> </u>	<u> </u>
Net assets*	96,226	111,103	119,479
	<u> </u>	<u> </u>	<u> </u>

* (excluding the Sale Loan)

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed under the annual report 2009 of MEC and in earlier announcements, the Group is principally focusing in the energy and related resources business and working towards commencement of the mining operations of the Khushuut coking coal project. The private jet charter flight is a residual business and the Group is constantly reviewing its business strategy from time to time. The offer to purchase the entire issued share capital of Glory Key by the Purchaser represents a good realization opportunity to the Group based on the market value of the Gulfstream G200 aircraft as at September 30, 2009 and is consistent with the Group's focus on energy and related resources business.

Leighton LLC, our selected contract miner, is finalizing on the detailed mining plan for commencement of the mining operation. MEC shall determine its financial resources needs according to the mine plan and its business operations from time to time. The Disposal represents an opportunity to provide additional cash flow assisting the coming mining operation and related matters. MEC will consider potential opportunities for funding, should and when they arise, and as needed.

Based on the unaudited net assets value of Glory Key as at September 30, 2009 of approximately HK\$96,226,000 less the Consideration of HK\$96,000,000, there is an unaudited loss of approximately HK\$226,000 in relation to the Disposal.

MEC refers to page 13 of the annual report of MEC for the year ended March 31, 2009, wherein it was noted that MEC was in negotiations for consummating long term coal supply agreement(s) with major Xinjiang steel/coke producer(s), which would provide a possible source of revenues for MEC, following completion of the disposal of the Gulfstream G200 aircraft which is currently providing the only source of revenue for MEC, subject to the risk factors as previously disclosed, aside from any subsequent events that give rise to revenue to MEC over time. According to the announcement of January 18, 2010, MEC is working towards commencement of mining operations for the scheduled delivery of coal to Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd in or prior to August, 2010.

For the status of other projects owned by the Group, please refer to paragraph 10 in Appendix II of the circular.

The Board is of the view that the Disposal is fair and reasonable and in the interests of the Shareholders and MEC as a whole.

USE OF PROCEEDS

The Group intends to apply the net proceeds from the Disposal as general working capital of the Group.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of MEC under Chapter 14 of the Listing Rules. As the Purchaser is a connected person of MEC, the Disposal also constitutes a connected transaction on the part of MEC under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Agreement and the transactions contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the SGM. The Purchaser, Mr. Lo and their respective associates, holding an aggregate of 1,200,739,301 Shares, representing approximately 19.67% of the entire issued share capital of MEC as at the Latest Practicable Date, will abstain from voting for the relevant resolution to approve the Agreement and the transactions contemplated thereunder at the SGM. To the best knowledge, information and belief of the Directors as at the Latest Practicable Date, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Lo and his associates; and (ii) no obligation or entitlement of Mr. Lo and his associates, whereby they have or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

Pursuant to the Listing Rules, the resolution proposed at the SGM will be taken by way of poll and an announcement will be made after the SGM on the results of the SGM.

INDEPENDENT BOARD COMMITTEE

Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are also independent non-executive director of the Purchaser, they are in conflict of acting as members of the Independent Board Committee. Therefore, the Independent Board Committee comprising only Mr. Peter Pun OBE JP, being an independent non-executive Director, to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal. KBC Bank has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

A notice convening the SGM to be held at Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, February 25, 2010 at 2:30 p.m. is set out on pages 35 to 36 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of MEC 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 no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the Disposal; and (ii) the letter from KBC Bank, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from KBC Bank is set out on pages 15 to 21 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of KBC Bank, considers that the Disposal are entered into on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms of the Disposal are fair and reasonable and in the interests of the Group so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Disposal.

For the reasons set out above, the Board considers that the terms of the Disposal is fair and reasonable and are in the interests of MEC and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the SGM.

GENERAL

Your attention is drawn to the general information set out in the appendices to this circular.

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



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

January 27, 2010

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF GLORY KEY INVESTMENTS LIMITED
AND THE SALE LOAN**

I refer to the circular of MEC dated January 27, 2010 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Since Mr. Tsui Hing Chuen, William *JP* and Mr. Lau Wai Piu are the independent non-executive directors of the Purchaser, they are in conflict of acting as members of the Independent Board Committee. I have been appointed by the Board as the only member to advise you on the terms of the Disposal whether such terms are fair and reasonable and in the interests of MEC and the Independent Shareholders as a whole and how to vote on the resolution regarding the Disposal.

KBC Bank has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal are fair and reasonable in so far as the Independent Shareholders are concerned, whether such terms are in the interests of MEC and the Independent Shareholders as a whole and how to vote on the resolution regarding the Disposal. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 15 to 21 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in the appendices to the Circular.

Having considered the terms of the Disposal and the advice of KBC Bank, I am of the opinion that the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of MEC and the Independent Shareholders as a whole. Accordingly, I recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Mongolia Energy Corporation Limited
Mr. Peter Pun *OBE JP*
Independent non-executive Director

LETTER OF ADVICE FROM KBC BANK

The following is the full text of a letter received from KBC Bank setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder for inclusion in this circular.



39th Floor
Central Plaza
18 Harbour Road, Wan Chai
Hong Kong

27 January 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF GLORY KEY INVESTMENTS LIMITED AND THE SALE LOAN

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal. Details of the Disposal, amongst other things, are set out in the circular dated 27 January 2010 (the "Circular"), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 9 December 2009, the Purchaser and the Vendor, an indirect wholly-owned subsidiary of MEC, entered into the Agreement, pursuant to which (i) the Vendor agreed to dispose of and assign, and the Purchaser agreed to acquire the Sale Share and accept the assignment of the Sale Loan at the Consideration of HK\$96 million. The Disposal constitutes a discloseable transaction of MEC under Chapter 14 of the Listing Rules. By virtue of the Purchaser being an associate of Mr. Lo, the chairman of the Board and a substantial Shareholder, the Purchaser is a connected person (as defined under the Listing Rules) of MEC and the Disposal also constitutes a connected transaction on the part of MEC and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are the independent non-executive directors of both MEC and the Purchaser, the Independent Board Committee comprising only Mr. Peter Pun OBE JP has been formed to advise the Independent Shareholders in respect of the Disposal. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Disposal and the terms of the Agreement as to whether (i) the Disposal is conducted on normal commercial terms and in the ordinary and usual course of business of MEC; (ii) the terms of the Agreement are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Agreement is in the interests of MEC and the Shareholders as a whole.

LETTER OF ADVICE FROM KBC BANK

In formulating our recommendation, we have relied on the information and facts supplied to us by MEC. We have reviewed, among other things, (i) the Circular; (ii) the Agreement; (iii) the valuation report (the "Valuation Report") prepared by Jones Lang LaSalle Sallmanns Limited (the "Valuer"), an independent valuer, in respect of the Gulfstream G200 aircraft (the "Aircraft") as set out in Appendix I to the Circular; (iv) the annual reports of MEC covering each of the two years ended 31 March 2008 and 2009; and (v) the interim report of MEC for the six months ended 30 September 2009. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the directors and management of MEC that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by MEC, are true, complete and accurate in all material respects at the time they were made and continue to be so up to the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by MEC; nor have we conducted any independent in-depth investigation into the business and affairs of MEC and their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, we have taken into account the following principal factors:

1. Reasons and benefits of the Disposal

The business development of the Group

Prior to the Group's acquisition of a coal mine in western Mongolia in 2007, the Group was initially engaged in property investments in Hong Kong and private jet charter business. The Group commenced its private jet charter business through acquisition of two aircrafts (including the Aircraft) in 2005 and, since then, has primarily focused on business travelers, particularly those frequently travelling across various cities in the PRC. In view of the facts that (i) the air travel options to the PRC had remained relatively unsatisfactory to certain business travelers; (ii) domestic aircraft charter operators were not always fit for the specific needs and quality demand of business travelers; (iii) the increase in international travelling between the PRC and the rest of the world due to the rapid economic development in the PRC; and (iv) the relatively under-penetrated air passenger market in the PRC (as compared with the more

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developed markets/countries), the then management of MEC considered that the Group's private jet charter business represented a promising investment opportunity for the Group at that time. For the year ended 31 March 2007, turnover from the Group's provision of private jet charter business amounted to approximately HK\$16.24 million and accounted for approximately 40.84% of MEC's consolidated turnover. However, as described in the section headed "Letter from the Board" of the Circular and the annual reports of MEC in the previous years, the Group has adjusted its development strategies and has been focusing its resources on the energy and related resources business in the past three years through further acquisitions of natural resources concessions and investments in a number of energy and related resources projects in western Mongolia and the PRC, including, among others, (i) acquisition of additional coal, ferrous and non-ferrous metal resources concessions in Gants Mods, Olon Bulag, Gobi Altai and Bayan-Olgii in western Mongolia during 2007 to 2009; and (ii) investments in minerals and oil and gas related projects in Xinjiang, the PRC and western Mongolia from 2007 to 2008.

Given the capital intensive nature of MEC's mining operations and its corporate development strategy to focus on energy and related resources business, the Group has, since 2007, continued to dispose of its investment properties and withdraw from its private jet charter business, including (i) the disposal of its two associated companies engaged in property development projects in Hangzhou, the PRC and its remaining interest in the Bank of America Tower, Hong Kong in 2007 and 2008; and (ii) the disposal of its interest in a Gulf Stream G450 aircraft in 2007. As a result, the private jet charter business has become a residual business of the Group with contribution to MEC's consolidated turnover dropped significantly to approximately HK\$2.00 million for the year ended 31 March 2009 (accounted for only approximately 18.09% of MEC's consolidated turnover).

Having considered the shift in the Group's business focus from property investments and private jet charter business to energy and related resources business and its resulted corporate actions of gradual disposal of those non energy and resources related businesses and assets since 2007, we consider that the Disposal is in line with the Group's development strategy and is conducted in the Group's ordinary and usual course of business.

Opportunity to divest the Group's investment in the private jet charter business

Following the Disposal, the energy and related resources business will become the only business of the Group, but such business segment is yet to generate any revenue as at the Latest Practicable Date. We note from the section headed "Letter from the Board" of the Circular that the Group has entered into a long term coal demand and supply agreement with Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. ("Baosteel Bayi"), one of the major steel and steel products producers in the PRC, on 18 January 2010, pursuant to which Baosteel Bayi has conditionally agreed to purchase a minimum of 9.6 million to 10.0 million tonnes of coking coal produced by the Group in Khushuut from August 2010 to 2020, and MEC is working towards commencement of commercial production for the above-mentioned scheduled delivery of coal to Baosteel Bayi in or prior to August 2010. In addition, the Group has been suffering losses from its private jet charter business in the past few years and the relevant segmental loss was

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widened by approximately 26.01% from the year ended 31 March 2007 to 2009. In view of (i) the continuous losses incurred by Glory Key and the uncertainty as to whether and when the private jet charter business would turn-around its financial position; (ii) the confirmation by the management of MEC that it would not be likely for MEC to identify other third parties which could offer a purchase price at the market value of the Aircraft or close proximity to the net asset value of Glory Key of approximately HK\$96.23 million as at 30 September 2009, together with the fact that the proceeds of HK\$96 million obtained from the Disposal will strengthen the Group's working capital for future development of its energy and related resources business which is of capital intensive nature and may be expanded through acquisitions, we concur with the management of MEC that the Disposal represents an attractive divestment opportunity for the Group to dispose of its loss-making private jet charter business and is in the interests of MEC and the Shareholders as a whole.

2. Consideration

The Consideration, which is at close proximity to the market value of the Aircraft as at 30 November 2009 (the "Valuation") of approximately HK\$95.94 million, was determined after arm's length negotiation between the Vendor and the Purchaser and with reference to the market value of the Aircraft as at 30 September 2009 of approximately US\$12.30 million (being the same amount as the Valuation). The Valuation is performed by the Valuer based on market approach using market comparables with adjustment made to the indicated market prices to reflect condition and utility of the Aircraft relative to the market comparables. We have also reviewed and discussed with the Valuer regarding the methodology of, and bases and assumptions adopted for the Valuation and considered that the market approach is a reasonable approach in assessing the market value of the Aircraft.

The Consideration will be satisfied as to HK\$50 million by cash and as to the remaining HK\$46 million by the issue of the Loan Note. The Loan Note has a term of two years from the date of issuance and bears an interest rate of 4% per annum in which the Purchaser may redeem the whole or any part of the outstanding amount of Loan Note together with all interest accrued from time to time prior to the maturity date. In assessing the fairness and reasonableness of the terms of the Loan Note, we have also reviewed recent notifiable transactions (the "Comparable Transactions") as announced by the companies listed on the Main Board of the Stock Exchange on the website of the Stock Exchange from 9 October 2009 (being the two months preceding the date of the Agreement)

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to 8 December 2009 which involved the issue of note instruments as part of the considerations. To the best of our knowledge, we are able to identify only 7 Comparable Transactions, details of which are set out as follows:

Company	Stock code	Date of announcement <u>2009</u>	Principal amount of the underlying note instrument (HK\$' Million)	Tenure	Brief description of the subject transaction	Interest rate
Mayer Holdings Limited	1116	8 December	HK\$400.00	36 months	Acquisition of petroleum exploitation and production business	5%
First Pacific Company Limited	142	2 December	Approximately HK\$348.50	12 months	Acquisition of mining business	9%
Kwong Hing International Holdings (Bermuda) Limited	1131	27 November	HK\$120.00	24 months	Acquisition of mining business	2.5%
Brilliance China Automotive Holdings Limited	1114	29 October	In the range of HK\$561.24 to 624.30	36 months	Disposal of Zhonghua sedan brand business	Nil
SRE Group Limited	1207	28 October	HK\$500.00	24 months	Acquisition of residential and commercial properties	Nil
Xian Yuen Titanium Resources Holdings Limited	353	22 October	HK\$50.00	24 months	Acquisition of petroleum business	2%
Vision Tech International Holdings Limited	922	21 October	HK\$300.00	36 months	Acquisition of a funeral service business	3%

<i>Lowest</i>	<i>Nil</i>
<i>Mean</i>	<i>3.07%</i>
<i>Median</i>	<i>2.5%</i>
<i>Highest</i>	<i>9%</i>

Source: the website of the Stock Exchange

Given that (i) the principal asset of Glory Key is its ownership in the Aircraft and the Consideration is approximately the same as the Valuation and the net asset value of Glory Key as at 30 September 2009 as disclosed in the Circular, respectively; (ii) the interest rate of the Loan Note of 4% is higher than the mean and the median of those of the Comparable Transactions, respectively; and (iii) Glory Key's financial performance in the past years have been unsatisfactory, we consider that the terms of the Agreement (including the Consideration) are fair and reasonable in so far as the Independent Shareholders are concerned.

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3. Financial Impacts of the Disposal

(i) *Earnings and net asset value*

Based on the net asset value of Glory Key as at 30 September 2009, the Group will record a loss of approximately HK\$0.23 million as a result of the Disposal and the Group's consolidated net asset value will be reduced by the same amount. Following Completion, Glory Key will cease to be a subsidiary of MEC and its assets, liabilities and financial results will no longer be consolidated into the consolidated financial statements of MEC. We are of the view that such insignificant "one-off" loss on disposal will be offset by much greater improvement in the Group's financial performance as a result of cessation of the loss-making private jet charter business.

(ii) *Gearing and working capital*

According to the Interim Report, the Group had net debt of approximately HK\$1,571.87 million (being the aggregate of the Group's convertible notes and loan notes of approximately HK\$1,748.88 million and HK\$114.93 million, respectively, less the cash and cash equivalent of approximately HK\$291.94 million) and equity attributable to the Shareholders of approximately HK\$13,304.81 million as at 30 September 2009, gearing ratio of the Group (expressed as the percentage of the Group's net debt over equity attributable to Shareholders) was approximately 11.81%. Following Completion, the Group's working capital will be increased by HK\$50 million (upon receipt of the cash consideration) or HK\$96 million (upon full redemption of the Loan Note), which will reduce the Group's gearing ratio to approximately 11.64% and 11.28%, respectively.

CONCLUSION AND RECOMMENDATION

Having considered the principal factors referred from above, in particular,

- (i) the Disposal being in line with the adjusted corporate strategy of the Group to focus its financial resources on the energy and related resources business and to gradually dispose of its energy and resources unrelated businesses;
- (ii) the Disposal being an attractive divestment opportunity to allow the Group to divest its loss-making private jet charter business at a consideration approximately the same as the Valuation and the net asset value of Glory Key as at 30 September 2009, respectively;
- (iii) the interest rate of the Loan Note being higher than the mean and median of those of the Comparable Transactions, respectively; and
- (iv) the Disposal providing additional working capital for the Group's future development;

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we are of the view that (i) the Disposal is conducted on normal commercial terms and in the ordinary and usual course of business of MEC; (ii) the terms of the Agreement are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Agreement is in the interests of MEC and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Agreement.

Yours faithfully,

For and on behalf of

KBC Bank N.V. Hong Kong Branch

Kenneth Chan

*Head of Corporate Finance,
Greater China*

Gaston Lam

Corporate Finance

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns, an independent valuer, in connection with its valuation as at November 30, 2009 of the Gulfstream G200 aircraft.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

January 27, 2010

The Board of Directors
Mongolia Energy Corporation Limited
40/F, New World Tower 1,
16 - 18 Queen's Road Central,
Hong Kong

Dear Sirs,

In accordance with your instructions to value a business jet (Registration Mark B-8085) exhibited to us as those held by Glory Key Investments Limited (the "Company"), which is an indirect wholly owned subsidiary of Mongolia Energy Corporation Limited. We confirm that we have carried out inspections, made relevant inquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value for continued use of the business jet as part of an on-going business as at 30 November 2009.

It is our understanding that this valuation report shall be used for the purpose of inclusion in the circular to be issued to the shareholders of the Company.

Market Value is defined herein as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had acted knowledgeably, prudently and without compulsion.

Market Value In Continued Use is further defined as amount of money at which a given property would change hands between a willing buyer and a willing seller, in an appropriate marketplace, when neither is acting under compulsion and when both have reasonable knowledge of relevant facts, including installation and other turnkey costs and assumes that earnings support the value reported.

Market Value In Continued Use does not represent the amount that might be realised in the event of piecemeal disposition of the assets in the open market or from any alternative use to which they may be put.

This summary report forms part of the detailed valuation report dated 27 January 2010, which comprises:-

- A narrative section, which identifies the business jet valued, scope and character of our investigation; the premise of the value adopted; the valuation process employed and the opinion of value;

- Limiting Conditions;
- A summary of values; and
- A schedule with technical description of the business jet.

NARRATIVE DESCRIPTION

Company Background

The subject company, Glory Key Investments Limited, which is an indirect wholly owned subsidiary of Mongolia Energy Corporation Limited. Mongolia Energy Corporation Limited engaged in the business of energy and related resources, property investments and provision of charter flight services.

Assets Valued

Model: Gulfstream G200

Serial Number: 114

Registration Mark: B-8085

Type: "Super mid-size" business-jet

Manufacturer:
Gulfstream Aerospace Corp.
500 Gulfstream Road
Savannah, Georgia 31407 USA

General:

Crew: 2 in cockpit

Passengers: 8 to 10 in typical luxury arrangement, 18 in shuttle interior

Baggage volume: 3,53 cu m

Power plant: 2 x Pratt & Whitney Canada PW306A turbofans with Nordam thrust reversers Thrust : 2 x 6040 lbs (26,84 kN) at ISA + 10 deg C

Dimensions:

Length: 18,97 m

Height: 6,53 m

Span: 17,70 m

Wing area: 34,28 sq m

Leading-edge sweep: 34,5 deg inboard, 25 deg outboard

Cabin length:	7,44 m without flight deck
Cabin width:	2,18 m
Cabin height:	1,91 m
Cabin volume:	24,56 cu m

Weights

Basic operating weight:	9049 kg with two crew
Payload:	1837 kg
Payload with maximum fuel:	295 kg
Max. usable fuel:	7882 lites (2080 US gallons)
Max. zero-fuel weigh:	10886 kg
Max. ramp weight:	16148 kg
Max. take-off weight:	16080 kg
Max. landing weight:	13608 kg

Performance

Maximum operating speed:	Mach 0.85
Normal cruise speed:	Mach 0.8 / 459 kts (850 km/h)
Long range cruise speed:	Mach 0.75 / 430 kts (797 km/h)
Stall speed:	102 KCAS (189 km/h)
Initial cruise altitude:	39000 ft (11890 m)
Max. operating altitude:	45000 ft (13715 m)
Takeoff distance:	1853 m at max. take-off weight, sea level, ISA
Landing distance at max. landing weight:	1000 m (at max. landing weight)
Range:	- 3400 NM (6300 km) with NBAA IFR reserves, four passengers - 2710 NM (5020 km) in a corporate shuttle configuration, with NBAA IFR reserves
Load factors:	+ 2,65/-1,0 g

Avionics:

Collins Proline IV 5 Tube EFD-4077
 Dual Collins FCC 4005 Autopilot
 Dual Collins AHC-85E
 Dual Collins ADC-850C Air Data System
 Dual Collins VHF-422D VHF COMM
 Dual Collins VIR-432 NAVS
 Dual Collins ADF-462
 Dual Collins DME-442
 Dual Collins TDR-94D Transponders
 Dual Collins RTU-4200 Radio Tuning
 Collins ICC-4005 IAPS
 TCAS II with RVSM approved

FINDINGS**Inspection**

We have carried out inspection of the aircraft on 10 December 2009 in Hong Kong Business Aviation Centre Ltd., Hong Kong International Airport, Hong Kong SAR.

Conditions of the Aircraft

The plane was manufactured and delivered to the customer in 2005. We found that the aircraft was well maintained in accordance to manufacturer's recommendations. No obvious damage or corrosion were noted during our inspection of the external surfaces of the aircraft and no report of damage was noted.

The utilization data for the aircraft as at the Valuation Date are:

Registration Mark: B-8085

Serial Number: 114

Airframe Total Time	1262:07	hrs	@	30 Nov 2009
Landings	527			
Left Engine:	Total Time	1216:33	hrs	Cycles 511
Right Engine:	Total Time	1216:33	hrs	Cycles 511
HSI Cycle		3000	hrs	
Overhaul Cycle		6000	hrs	

Exclusions

We have excluded in this valuation: spare parts, stocks, company records or any current or intangible assets.

VALUATION METHODOLOGY

There are three generally accepted approaches to value, namely:

The Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

The cost approach generally furnishes the most reliable indication of value for assets without a known used market.

The Market Approach

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised machinery and equipment relative to the market comparative.

Assets for which there is an established used market may be appraised by this approach.

The Income Approach

The income approach is the present worth of the future economic benefits of ownership. This approach is general applied to an aggregation of assets that consists of all assets of a business enterprise including working capital and tangible and intangible assets.

Analysis

In accordance to valuation procedures, all valuation approaches must be considered, as one or more approaches may be applicable to the subject asset. In certain situations, elements of the three approaches may be combined to reach a value conclusion. However, the relative strength, applicability, and significance of the approaches and their resulting values must be analyzed and reconciled.

In estimating the value of the assets, the market approach was primarily utilized for those assets where an active secondary market exists. Verified market comparables is the best proof of transacted value as it reflects the dynamics of secondary market. Factors such as the availability and desirability of particular types of machines are vital consideration, as supply and demand is an influencing factor on the transactions.

For all other assets without active secondary market, we relied on the cost approach, where an estimate is made on the cost of reproduction new or replacement cost, less allowance for depreciation or loss of value arising from condition, utility, age, wear and tear, and obsolescence, taking into consideration past and present maintenance policy, and rebuilding history, if any, and current utilization.

In situation where we can identify and collect sufficient data on certain equipment that has direct contribution to the revenue generation, the income approach will be applied as part of the cross-checking procedure with the result from the cost approach and the market approach in arriving at our conclusion of value.

For this exercise, we have used the market approach in arriving at our estimate of market value in continued use.

Valuation Comments

In arriving at the value of the target business jet aircraft, we have taken into consideration the following factors:

- The year of manufacture
- The total airframe time
- Addition equipment on-board (vs the standard equipment)
- The price trend (future forecast) of same model new airplane
- The backlog of manufacturer for the same model plane
- The used market price for the same model from the last few years
- The demand of the same model planes in the used market
- The price structure of the competition
- The growth (decline) of the market for the same class of aircraft

Document Availability

We have reviewed the certification and documents for the aircraft Serial Number 114 and Registration Mark B-8085:

- Approval of Aircraft Radio Installation
- Noise Certificate
- Certificate of Airworthiness
- Certificate of Registration

We have relied to a considerable extent on information such as aircraft specifications, utilization, maintenance records and other documents furnished to us by the Company.

We have not investigated the title or any liabilities affecting the business jet appraised. No consideration was made for any outstanding amount owed under financing agreements, if any.

We hereby certify that we have neither present nor prospective interest in the assets appraised or on the value reported.

OPINION OF VALUE

Premised on the foregoing, we are of the opinion that as at 30 November 2009 the market value in continued use of the business jet is fairly represented in the amount of USD12,300,000 (US DOLLAR TWELVE MILLION AND THREE HUNDRED THOUSAND).

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited

James Lai, ASA
Director
Plant & Machinery Valuation

Note: James Lai is an Accredited Senior Appraiser of the American Society of Appraisers and he has more than 25 years of experience in plant and machinery valuation in the Asia Pacific region.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of MEC and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of MEC in the Shares, underlying Shares (within the meaning of Part XV of the SFO) or debentures of MEC and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to MEC and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to MEC and the Stock Exchange, were as follows:

Long positions in the issued and underlying Shares

Name of Director	Capacity	Number of shares interested	Number of underlying shares interested	Total	Approximate percentage or attributable percentage of shareholding
Mr. Lo	Beneficial owner/Interest of a controlled corporation/ Interest of spouse	1,200,739,301 (Note)	690,000	1,201,429,301	19.686%
Ms. Yvette Ong	Beneficial owner	1,090,000	-	1,090,000	0.018%
Mr. To Hin Tsun, Gerald	Beneficial owner	5,400,000	-	5,400,000	0.088%
Mr. Tsui Hing Chuen, William	Beneficial owner	500,000	-	500,000	0.008%
Mr. Lau Wai Piu	Beneficial owner	201,200	-	201,200	0.003%

Note: Among the 1,200,739,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,194,029,301 Shares represent interest of Golden Infinity Co., Ltd (“Golden”). The balancing of 1,750,000 Shares represent interest of Ms. Ku Ming Mei, Rouisa (“Mrs. Lo”). Accordingly, Mr. Lo is deemed to be interested in the Shares in which Golden and Mrs. Lo are interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of MEC had any interests or short positions in the Shares, underlying Shares or debentures of MEC or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to MEC and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to MEC and the Stock Exchange.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any member of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither MEC nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of MEC and/or the Group.

6. INTERESTS IN ASSETS OF THE GROUP

Since March 31, 2009, the date to which the latest published audited accounts of MEC have been made up, none of Jones Lang LaSalle Sallmanns and KBC Bank and the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to, any member of the Group.

7. INTERESTS IN CONTRACTS OR ARRANGEMENT

Apart from the Agreement as set out in this circular which Mr. Lo is interested, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, apart from the information in the interim report for the six months ended September 30, 2009, the Directors are not aware of any material adverse, change in the Group's financial or trading position and prospects since March 31, 2009, the date to which the latest published audited consolidated accounts of the Group were made up.

9. EXPERT AND CONSENT

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Jones Lang LaSalle Sallmanns	Professional surveyor
KBC Bank	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO

Each of Jones Lang LaSalle Sallmanns and KBC Bank has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, each of Jones Lang LaSalle Sallmanns and KBC Bank does not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. EXPLORATION AND MINING CONCESSIONS OF THE GROUP

The information of the Group's exploration and mining concession areas owned by the Group in western Mongolia for coal, ferrous and non-ferrous resources are as follows:

Licence (Licence no.)	Location	Mine area (Hectare)* (approximately)	Licence date	Licence valid period [#]	Remark
<i>Acquisition announced on February 7, 2007</i>					
1414A, 1640A, 4322A, 6525A, 11887A, 11888A, 11889A, 11890A, 11515X (for coal resources)	Khushuut, Darvi, Khovd Province, western Mongolia	34,000	Various (please refer to circular of March 22, 2007)	9 years for exploration licences and 70 years for mining licences	From exploration of over 600 hectares during 2007 to 2009, approximately 149 million tonnes of JORC in-place coal resources have been demonstrated which are predominantly premium coking coal. Working towards commercial production in 2010.
<i>Acquisition announced on May 31, 2007</i>					
8976X, 8994X, 11628X, 11724X (for coal, ferrous and non- ferrous metals resources)	Gants Mod, western Mongolia	32,000	Various (please refer to circular of June 25, 2007)	9 years for exploration licences	Conducting general reconnaissance over the concessions areas.

Licence (Licence no.)	Location	Mine area (Hectare)* (approximately)	Licence date	Licence valid period#	Remark
<i>Acquisition announced on May 5, 2008</i>					
2913A, 7460X, 11719X, 12126X, 12315X, 5390X (for coal, ferrous and non-ferrous metals resources)	Olon Bulag, Gobi Altai, Khovd, western Mongolia	263,008	Various (please refer to announcement of May 5, 2008)	70 years for mining licence	Conducting general reconnaissance over the concessions areas.
<i>Acquisition announced on July 10, 2009</i>					
14349X (for ferrous metals resources)	Bayan- Olgii, Western Mongolia	2,986	October 24, 2008	9 years for exploration licence	Drilling work has been completed over the concession area. A JORC resources statement is expected shortly following review of the exploration results. Based upon these results, MEC will establish development plans to develop the iron ore resources.
Total hectares		331,994			

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

The exploration licences are for 3 years with two further extensions of 3 years. The mining licences are for 30 years with two further extensions of 20 years.

(X) stands for exploration licence(s)

(A) stands for mining licence(s)

11. GENERAL

- (i) The secretary of MEC is Mr. Tang Chi Kei, CPA.
- (ii) The principal place of business of MEC in Hong Kong is at 40th and 41st Floors, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (iii) The branch share registrar and transfer office of MEC in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) The English text of this circular shall prevail over its Chinese text in case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of MEC in Hong Kong at 40th and 41st Floors, New World Tower 1, 16-18 Queen's Road Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of MEC;
- (b) the Agreement;
- (c) the Aircraft Purchase Agreement;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 14 in this circular;
- (e) the letter of advice from KBC Bank to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 21 in this circular; and
- (f) the valuation report on the Gulfstream G200 aircraft, the text of which is set out in Appendix I to this circular.

NOTICE OF SGM

MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Mongolia Energy Corporation Limited (“**MEC**”) will be held at Room 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, February 25, 2010 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the agreement (the “**Agreement**”) (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) dated December 9, 2009 entered into between Asia Business Aviation Limited (the “**Vendor**”) as vendor, Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) as purchaser and MEC as guarantor in relation to the sale and purchase of the entire issued share capital of Glory Key Investments Limited (“**Glory Key**”) and the entire interest free shareholder’s loan due from Glory Key to the Vendor at a consideration of HK\$96 million (subject to adjustment) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors (the “**Directors**”) of MEC be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder including any further extension of time as agreed by the parties, if any”

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

Hong Kong, January 27, 2010

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

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of MEC, to vote on his behalf. A proxy need not be a member of MEC but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of MEC's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of MEC in respect of such shares shall alone be entitled to vote in respect thereof.