



## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 276)

### **MEC ENTERS INTO CO-OPERATION LETTER OF INTENT FOR THE DEVELOPMENT OF MEC'S ENERGY AND RESOURCES PROJECTS IN MONGOLIA AND XINJIANG, PRC WITH 中國石油總公司\***

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

#### **Co-operation Letter of Intent for the development of MEC's energy and resources projects in Mongolia and Xinjiang, PRC**

The Company ("MEC") is pleased to announce that on September 10, 2007, MEC entered into the Co-operation Letter of Intent (the "Letter of Intent") with 中國石油總公司 (the "Counterparty"), a leading Chinese state-owned company dealing with petroleum and natural gas and allocations.

The Letter of Intent recognizes MEC's potential sizeable energy and resources projects in Mongolia and Xinjiang, including for coal, ferrous and non-ferrous metal and other resources. The Letter of Intent further recognizes, in relation to MEC's coal, ferrous and non-ferrous metal and other resources, which MEC is at the exploratory stage, that MEC may require co-investments with the Counterparty relating to coal liquefaction for liquefied petroleum gas and other energy related investments.

Under the Letter of Intent, the Counterparty expresses its interests to participate in such investment projects of MEC. Further, MEC and the Counterparty agree to enhance co-operation for eventual investments by the Counterparty. The Letter of Intent records a high level of co-operation amongst MEC and the Counterparty and further agreements are required to materialize any actual co-investments. Nevertheless, the Letter of Intent demonstrates the interest by the Counterparty to co-operate with MEC.

#### **Caution when dealing in the shares of MEC**

**As there is no assurance of the consummation of any co-investments under the Letter of Intent, shareholders and investors of MEC should exercise caution when dealing in the shares of MEC.**

#### **Implication under the Listing Rules**

In case any actual co-investments takes place with the Counterparty pursuant to the Letter of Intent constitute a notifiable transaction for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and/or seeking approval from shareholders, as and when appropriate.

## **THE CO-OPERATION LETTER OF INTENT**

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### **Co-operation Letter of Intent for the development of MEC’s energy and resources projects in Mongolia and Xinjiang, PRC**

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The Letter of Intent records a high level of co-operation amongst MEC and the Counterparty and further agreements are required to materialize any actual co-investments. Nevertheless, the Letter of Intent demonstrates the interest by the Counterparty to co-operate with MEC.

## **REASONS FOR MEC ENTERING INTO THE AGREEMENT**

The Counterparty is a leading Chinese state-owned company dealing with petroleum and natural gas and allocations. MEC believes that any actual co-operation and investments involving the Counterparty will facilitate the capital and technological requirements of MEC and market access into China. Taking into account the bases set forth above, the Board is of the view that the entering into of the Letter of Intent is in the interest of MEC and its shareholders as a whole.

## **PRINCIPAL ACTIVITIES OF MEC**

MEC, formerly known as New World Cyberbase Limited, was established in August 1999 and headquartered in Hong Kong. Through the purchase of concessions in western Mongolia, MEC is in a strong position to capitalize on the demands of China, including for coal, coal products and energy along with other resources (including ferrous and non-ferrous metal resources). MEC has already acquired the exploration concessions of around 32,000 hectares (around 1/3rd the size of Hong Kong SAR) as detailed under MEC’s circular of June 25, 2007 for coal, ferrous and non-ferrous metal resources. MEC is in the process of acquiring further exploration and mining concessions of around 34,000 hectares (another around 1/3rd the size of Hong Kong SAR) as detailed under MEC’s circulars of March 22, 2007 and June 25, 2007. The estimates, subject to MEC’s exploration, based on previous Soviet geologists information, is that the combined concessions which MEC has acquired and is acquiring have a combined coal resources of between 3.4 billion to 4.4 billion tonnes along with other ferrous and non-ferrous metal resources.

In addition, the Group is also engaged in property investments in Hong Kong and aircraft charter services.

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

As there is no assurance of the consummation of any co-investments under the Letter of Intent, shareholders and investors of MEC should exercise caution when dealing in the shares of MEC.

### **IMPLICATION UNDER THE LISTING RULES**

In case any actual co-investments takes place with the Counterparty pursuant to the Letter of Intent constitute a notifiable transaction for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and as and when appropriate seeking approval from shareholders.

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

Hong Kong, September 10, 2007.

*As at the date hereof, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon and Ms. Yvette Ong are executive Directors, Mr. To Hin Tsun, Gerald is a non-executive Director and Mr. Peter Pun, OBE, JP, Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are independent non-executive Directors.*

\* *A transliteral translation of the name is “China Petroleum Group Corporation” although MEC is not aware of any English name for the corporation which only has a Chinese name insofar as MEC is aware.*