



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

MEC ENTERS INTO CO-OPERATION LETTER OF INTENT FOR STRATEGIC CO-OPERATION RELATING TO MEC'S COAL, NON-FERROUS AND OTHER RESOURCES INCLUDING FOR TRANSPORT WITHIN AND OUTSIDE OF CHINA WITH

中國遠洋運輸(集團)總公司*

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

Co-operation Letter of Intent for strategic co-operation relating to MEC's coal, non-ferrous and other resources including for transport within and outside of China with China COSCO

The Company ("MEC") is pleased to announce that on September 24, 2007, MEC entered into the Co-operation Letter of Intent (the "**Letter of Intent**") with 中國遠洋運輸(集團)總公司* ("**China COSCO**"), a leading Chinese state-owned company dealing with China and global logistics and transportation. The Letter of Intent is for the purpose of setting forth the aspiration for co-operation relating to the development of MEC's coal, non-ferrous and other resources and energy products and related logistics and transportation within and outside of China.

Under the Letter of Intent, MEC agrees to give first priority consideration to China COSCO, and China COSCO agrees to give MEC logistics and transportation guarantees, in relation to MEC's transportation and logistics need both within and outside of China whether for import or export or for Chinese domestic consumption of MEC's coal and non-ferrous goods and products including ore bodies, and not limited to MEC's shipping needs. MEC and China COSCO also agree, under the Letter of Intent, to work towards establishing an eventual binding strategic relationship.

The Letters of Intent records a high level strategic co-operation amongst MEC and China COSCO and stipulates that MEC and China COSCO are to work towards entering into mid to long term agreements. From MEC's perspective, the guarantees of China COSCO to provide logistics and transportation within and outside China, including but not limited through shipping is important for transportation of MEC's coal, non-ferrous and other resources from Mongolia to China and elsewhere although further agreements are required to establish any actual co-operations.

Caution when dealing in the shares of MEC

As there is no assurance of consummation of any co-operation 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 of any actual co-operation take place with China COSCO 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.

Unusual increase in the price of MEC's shares

MEC has noted the recent increase in the price of its shares and wish to state that it is not aware of any reasons for such increase.

Apart from the Letter of Intent mentioned above, the Board of MEC also confirms that there are no negotiations or arrangements relating to intended acquisitions or realizations which are discloseable under Rule 13.23, neither is the Board of MEC aware of any matter discloseable under the general obligation imposed by Rule 13.09, which is or may be of a price-sensitive in nature.

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CO-OPERATION LETTER OF INTENT FOR STRATEGIC CO-OPERATION RELATING TO MEC'S COAL, NON-FERROUS AND OTHER RESOURCES INCLUDING FOR TRANSPORT WITHIN AND OUTSIDE OF CHINA WITH CHINA COSCO

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CHINA COSCO

China COSCO is a leading Chinese state-owned company dealing with China and global logistics and transportation, including shipping. MEC is aware, from information to MEC, that China COSCO has over 600 modern commercial liners with a capacity of over 35 million tonnes and in the global transport business.

Caution when dealing in the shares of MEC

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

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

Hong Kong, September 24, 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.

** China Ocean Shipping (Group) Company (the parent company of China COSCO Holdings Company Limited (Hong Kong Stock Code 1919)), through its Department of Transport.*

Please also refer to the published version of this announcement in South China Morning Post and China Daily.