



## MONGOLIA ENERGY CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 276)

### MEC ENTERS INTO CO-OPERATION FRAMEWORK AGREEMENT WITH 中國慶安國際貿易集團有限公司\*

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

#### **Co-operation Framework Agreement with 中國慶安**

The Company (“MEC”) is pleased to announce that on October 26, 2007, MEC entered into the Co-operation Framework Agreement (the “**Framework Agreement**”) with 中國慶安國際貿易集團有限公司\* (“中國慶安”), a Chinese state-owned company dealing with infrastructure construction, property development, import and export trading of resources including coal, petroleum, natural gas and metal resources and the provision of intermediary services.

The Framework Agreement is for the purpose of appointment of 中國慶安 by MEC for sourcing strategic commercial relationships for MEC amongst Chinese companies, to assist MEC in its commercial development of its actual and potential resources projects in both western Mongolia and China, including for the development, exploration, transportation and operation relating to coal, petroleum and other metal resources, development of coking plant, power generation facilities and coal processing facilities, which will contribute to the development of western Mongolia and the strategic energy security of China, where MEC is able to provide a long term source of energy supply to China under its actual and potential resources projects in Mongolia and/or China.

MEC is required to pay RMB3 million as an upfront sourcing fee to 中國慶安 under the Framework Agreement. In consideration of this payment from MEC to 中國慶安, 中國慶安 agrees to source strategic commercial relationships for MEC’s commercial projects located in western Mongolia and China, with each project size contemplated in the region of at least RMB100 billion. It will be up to MEC to decide whether to accept any project sourced by 中國慶安 and the detailed payment terms to 中國慶安 of a further 2% sourcing fee based on the investment amount of the relevant documents to be negotiated for each project. Thus, the only current obligation upon MEC is to pay the sum of RMB3 million to 中國慶安.

The term under the Framework Agreement is 20 years. Although MEC expects 中國慶安 to source strategic relationships for projects of substantial size, in the event 中國慶安 is unable to source investment projects exceeding an aggregate amount of RMB1.5 billion within the first year of the Framework Agreement, the Framework Agreement shall be terminated automatically at the end of this period.

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

In the event that any project, with the aggregation of the 2% sourcing fee, constitutes a notifiable transaction for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and seeking approval from shareholders as and when appropriate.

MEC also sets out that MEC (1) is sourcing the feasibility for a railway design and construction in western Mongolia, to the border of Xinjiang, as a planning matter for the future by MEC and (2) is commencing discussions with a number of Chinese state-owned companies pursuant to the Framework Agreement. MEC will comply with the Listing Rules requirements by disclosure and seeking approval from shareholders as and when appropriate.

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

**As there is no assurance of consummation of any specific project following on from the Framework Agreement, shareholders and investors of MEC should exercise caution when dealing in the shares of MEC.**

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## 中國慶安

中國慶安 is a Chinese state-owned company dealing with infrastructure construction, property development, import and export trading of resources including coal resources, petroleum, natural gas and metal resources and the provision of intermediary services both in PRC and abroad. It was established in 1985 and with over 20 years of business experience, it has established good business relationships with companies in both PRC and abroad.

中國慶安 is not a connected person to the best knowledge of the Directors of MEC under the definitions of the Listing Rules.

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

Hong Kong, October 26, 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 Qing An International Trading 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.*

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