



MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

MEC ENTERS INTO AGREEMENT WITH 中航第一集團國際租賃有限責任公司 (AVIC I INTERNATIONAL LEASING CO., LTD)

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

AGREEMENT WITH AVIC I

The Company (“MEC”) is pleased to announce that on October 30, 2007, MEC entered into the Co-operation Framework Agreement (the “**Agreement**”) with 中航第一集團國際租賃有限責任公司 (AVIC I International Leasing Co., Ltd) (“**AVIC I**”), a company incorporated under the laws of the PRC and majority owned by中國航空工業第一集團公司(China Aviation Industry Corporation I), a state-owned enterprise.

AVIC I’s business includes leverage financing with focus upon leasing and financing of civil aircraft, electrical and mechanical products and transport equipment.

Under the Agreement, MEC and AVIC I agreed to form a joint committee, within two months therefrom, with equal representation to study the co-operation between AVIC I and MEC which the parties will work in good faith towards.

From MEC’s perspective, the Agreement is significant as the Company sees the initial co-operation with AVIC I provides the opportunity to MEC to expand its private jet charter and management business, through ownership of aircraft.

The added significance is that the co-operation with AVIC I is expected to provide a platform for potentially opening up other leveraging transactions relating to the leverage required for the actual and potential mining business of MEC in Mongolia and Xinjiang, PRC with AVIC I and other members of the AVIC I group.

IMPLICATION UNDER THE LISTING RULES

In case of any actual co-operation takes place with AVIC I pursuant to the Agreement constituting a notifiable transaction for MEC under the Listing Rules, MEC will comply with the Listing Rules requirements by disclosure and to seek approval from shareholders as and when appropriate.

CAUTION WHEN DEALING IN THE SHARES OF MEC

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

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MEC mentions that MEC’s 43% affiliate, namely, Asia United Business Aviation Limited, has been granted the PRC air operation certificate and will facilitate the process of MEC’s private jet management business in China through significant reduction in operational charges, including landing charges.

AVIC I

AVIC I is a company incorporated under the laws of PRC and majority owned by 中國航空工業第一集團公司 (China Aviation Industry Corporation I), a state-owned enterprise.

AVIC I’s business includes leverage financing with focus upon leasing and financing of civil aircraft, electrical and mechanical products and transport equipment.

As of the date of the Agreement, AVIC I 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
Lo Lin Shing, Simon
Chairman

Hong Kong, October 30, 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.