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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

DISCLOSEABLE TRANSACTION

ACQUISITION OF A FALCON 900EX AIRCRAFT FOR CAPACITY TO EXPAND PRIVATE JET CHARTER BUSINESS

AIRCRAFT ACQUISITION

The Company (“MEC”) is pleased to announce that, on December 31, 2007, Onfield Group, an indirect wholly-owned subsidiary of MEC, entered into an Aircraft Purchase Agreement with Dassault Falcon, an Independent Third Party, for the purchase of a new Falcon 900EX Aircraft by Onfield Group from Dassault Falcon at a consideration of US\$37,900,000 (equivalent to HK\$295,620,000)*. The Aircraft facilitates the expansion of capacity for the private jet charter business of the Group as detailed below.

THE CONSIDERATION

The Consideration for the purchase of the Aircraft shall be satisfied by internal resources and external financing. According to the Aircraft Purchase Agreement, the scheduled delivery date of the new Falcon 900EX Aircraft is November 30, 2009. The new Aircraft will then join the Group’s current Gulfstream G-200 aircraft and provide expanded capacity for the Group’s private jet charter business.

REASONS FOR ACQUISITION

As announced on October 30, 2007 under the Co-operation Framework Agreement, between MEC and 中航第一集團國際租賃有限責任公司 (AVIC I International Leasing Co., Ltd) (“AVIC I”), MEC wishes to expand its private jet charter business. The acquisition of the Aircraft is consistent with such purpose and the wider purpose of eventual expansion of the relationship with AVIC I, including in relation to other leverage transactions in Mongolia as set forth under the announcement of October 30, 2007.

GENERAL

The acquisition of the new Falcon 900EX Aircraft constitutes a discloseable transaction for MEC under Rule 14.06 of the Listing Rules. A circular containing details of the acquisition will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

THE AIRCRAFT PURCHASE AGREEMENT

Date: December 31, 2007

Parties:

Seller: Dassault Falcon Jet Corp., a company based in USA. It is a wholly-owned subsidiary of Dassault Aviation headquartered in France. It is a jet manufacturer. Dassault Falcon and its ultimate beneficial owners are Independent Third Parties.

Purchaser: Onfield Group Limited, a company incorporated under the laws of BVI with limited liability and an indirect wholly-owned subsidiary of MEC.

According to the Aircraft Purchase Agreement, Onfield Group agreed to purchase and Dassault Falcon agreed to sell a new Falcon 900EX Aircraft at the Consideration. The Group has no previous transaction with the Seller and its associates.

The Falcon 900EX Aircraft

The Falcon 900EX Aircraft is a long range, high-performance, widebody business jet designed and produced by Dassault Aviation of France. The Aircraft is powered by three Honeywell TFE731-60 turbofan engines. It is configured to hold 12 passengers in a standard configuration. Its maximum range is up to 4500 nautical miles.

Consideration

The Consideration for the acquisition of the new Falcon 900EX Aircraft is US\$37,900,000 (equivalent to HK\$295,620,000)*. The payment schedule under the Aircraft Purchase Agreement is as follows:

Payment Schedule	Currency	Amount	Percentage
January 7, 2008	US	\$1,895,000	5%
May 30, 2008	US	\$3,790,000	10%
November 28, 2008	US	\$7,580,000	20%
May 29, 2009	US	\$11,370,000	30%
On delivery of the completed aircraft	US	\$13,265,000	35%

Onfield Group has made a refundable pre-sale payment in the sum of US\$500,000 (equivalent to HK\$3,900,000)* to Dassault Falcon on December 12, 2007 which shall be used to partially set-off the payment due on January 7, 2008. As shown in the above table, MEC is required to make payments in a scheduled manner and MEC does not currently anticipate any issue with these payments in a scheduled manner through a combination of internal resources and/or external financing, including possibly from AVIC I.

The Consideration was determined after arm's length negotiations between the parties to the Aircraft Purchase Agreement and based on the manufacturer's prices for the new Falcon 900EX Aircraft.

Conditions precedent

The Completion of the Aircraft Purchase Agreement is conditional upon the fulfillment of the conditions thereof, including but not limited to:

- (i) inspection of the conditions of the Falcon 900EX Aircraft being in accordance with the provisions of the Aircraft Purchase Agreement from a pre-delivery inspection of the Aircraft;
- (ii) Dassault Falcon's delivery of the airworthiness documentation issued by the United States Federal Aviation Administration for the Aircraft prior to the Aircraft delivery; and
- (iii) the tender of the Aircraft in compliance with the terms and conditions of the Aircraft Purchase Agreement for delivery to Onfield Group in the USA on or before the scheduled delivery date of November 30, 2009.

Completion

According to the provisions of the Aircraft Purchase Agreement, the scheduled delivery date of the completed Falcon 900EX Aircraft is November 30, 2009. The new Aircraft will then join the Group's current Gulfstream G-200 aircraft and provide expanded capacity for the Group's private jet charter business.

INFORMATION OF THE GROUP

The Group

The Group is focused on building its energy and related resources business. Throughout 2007, the Group has explored for coal resources. By January 30, 2008, the Group shall have acquired some 66,000 hectares of exploration and mining concessions in western Mongolia for coal, ferrous and non-ferrous metal resources and demonstrated in excess of 340 million tonnes of coal resources. Please refer to the circulars of MEC of March 22, 2007 and June 25, 2007.

Throughout 2008, the Group will continue to explore for coal, ferrous and non-ferrous metal resources and to work towards its initial commercial exploitation in western Mongolia, as well as to identify further business opportunities in the energy and related resources sector in Mongolia and China, initially in Xinjiang, PRC. In addition, as the Group has acquired an interest and control of certain oil and gas exploration concessions in western Mongolia and CNPC Daqing Petroleum (中國石油大慶石油管理局), will assist MEC to determine the feasibility and, where feasible, explore for oil and gas.

The Group is also engaged in private jet charter business and property investments.

REASONS FOR ACQUISITION

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In terms of the aviation market, MEC believes that with the economic growth of China, the demands for private jet charter shall continue to increase. Thus, the acquisition of the new Falcon 900EX Aircraft is a viable proposition in itself and the Board contemplates further acquisitions of aircraft over time.

The Group mentions that upon acquisition of the new Falcon 900EX Aircraft, the Aircraft will be managed by BAA Jet Management Limited, a company incorporated in Hong Kong which MEC will have an indirect interest of 43% as announced on December 5, 2007. BAA Jet Management Limited will be wholly-owned by Asia United Business Aviation Limited upon completion of the major disposal as announced on December 5, 2007. Asia United Business Aviation Limited owns a PRC air operation certificate.

Based on the above, the Board is of the view that the entering into of the Aircraft Purchase Agreement is fair and reasonable and in the interest of the Shareholders as a whole.

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DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requires:

“Aircraft”	a new Falcon 900EX Aircraft
“Aircraft Purchase Agreement”	the Falcon 900EX Aircraft Purchase Agreement dated December 31, 2007 entered into between Onfield Group as buyer and the Dassault Falcon as seller in relation to the sale and purchase of a new Falcon 900EX aircraft
“AVIC I”	中航第一集團國際租賃有限責任公司 (AVIC I International Leasing Co., Ltd)
“Board”	the board of Directors

“BVI”	British Virgins Islands
“Company” or “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
“Completion”	completion of the sale and purchase of the new Falcon 900EX Aircraft under the Aircraft Purchase Agreement
“Consideration”	US\$37,900,000 (equivalent to HK\$295,620,000)* being the consideration payable under the Aircraft Purchase Agreement
“Dassault Falcon” or “Seller”	Dassault Falcon Jet Corp, a company based in the USA and an Independent Third Party
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who, to the best of the Director’s knowledge and information and having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Onfield Group” or “Buyer”	Onfield Group Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of MEC
“PRC”	the People’s Republic of China
“Shareholders”	holders of the ordinary shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” US dollars, the lawful currency of the United States of America

“USA” the United States of America

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

Hong Kong, January 3, 2008

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.

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