
DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“2006 Minerals Law”	the Minerals Law of Mongolia, enacted on July 8, 2006, and effective from August 26, 2006, as the same may be amended and supplemented from time to time
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with a specified person
“aimag”	the highest level of Mongolian administrative subdivision (essentially equivalent to a province), of which there are 21 in Mongolia
“Application Form(s)”	WHITE application form(s) or YELLOW application form(s) or GREEN application form(s), individually or collectively, as the context requires
“Application Lists”	the application lists for the Hong Kong Public Offering
“Aquaterra”	Aquaterra Engineering LLC (Australia) is an international water and environmental consultancy and is now part of the RPS Group, a United Kingdom based international consultancy group that provides advice and support in the planning, environment, energy and water sector development and management. We signed a consultancy service contract with Aquaterra, under which Aquaterra has undertaken to design the local control measures to manage contaminated water at individual processing facilities and to recommend locations for control measures
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, adopted on September 17, 2010 and as amended from time to time, a summary of which is contained in “Appendix VI – Summary of the Constitution of our Company and the Cayman Companies Law”
“associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Banking Ordinance”	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Board”	the board of directors of the Company
“BOT”	a type of contract arrangement in which a private sector entity builds an infrastructure project, operates it and eventually transfers ownership of the project to the government
“business day”	a day (excluding Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong are open for normal banking business
“CAGR”	compound annual growth rate
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or CCASS Custodian Participant or CCASS Investor Participant

DEFINITIONS

“CIF”	Cost, Insurance and Freight, meaning the risk passes to the buyer when goods are delivered on board the ship by the seller, who pays transportation and insurance costs to destination port, as defined in the latest edition of the International Rules for the Interpretation of Trade Terms as published by ICC Publishing SA, 38 cours Albert 1er, 75008 Paris, France from time to time or such official rules for interpretation of trade terms as is issued by the ICC in substitution therefor as amended from time to time
“Citi”	Citigroup Global Markets Asia Limited, which is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “Group”, “our Group”, “we”, “us”, “our” or “Mongolian Mining Corporation”	Mongolian Mining Corporation, a company incorporated in the Cayman Islands with limited liability on May 18, 2010 and except where the context indicates otherwise (i) our subsidiaries; and (ii) with respect to the period before our Company became the holding company of our present subsidiaries, the business operated by our present subsidiaries or (as the case may be) their predecessors
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means MCS Mining Group Limited, MCS Group Limited, MCS Holding and Mr. Odjargal Jambaljamts or, where the context so requires, any of them
“DAF”	Delivered At Frontier, the seller’s obligation ends when they have delivered the goods to the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import and the named point and place at the frontier but before the customs border of the adjoining country. The buyer is responsible for customs clearance, duties, taxes, and delivery to final destination at the country of import

DEFINITIONS

“Deutsche Bahn”	DBI, GmbH, is a provider of consultancy, management and planning services for infrastructure and transport projects, from project development to acceptance/commissioning and operational management. It is wholly owned by DB ML AG and conducts its international activities. Its consulting activities cover the entire range of consulting, planning and execution of infrastructure projects in the passenger and freight sectors, local transport, track infrastructure for long-distance and high-speed traffic, railway stations, combined transport trans-shipment terminals and maintenance and storage facilities and repair depots for locomotives and rolling stock. Project development refers to the preparation of the ground for infrastructure projects during the initial concept phase, compiling studies during the planning stage and project implementation and management. Systems engineering and integration involves the examination and testing of track equipment, individual components and rail materials and a system evaluation of wheel-rail contact points. DBI is currently engaged in the following major projects: (1) establishment of a rail bound transportation network in Qatar; (2) management of the operation and maintenance of the airport rail link in Bangkok, Thailand and (3) the planning and project control of the Katowice Airport Link in Poland
“DGMC”	the Department of Geological and Mining Cadaster, a subordinate agency of MRAM responsible for registration of exploration licenses and mining license rights in Mongolia
“Director(s)”	director(s) of our Company
“European Bank for Reconstruction and Development” or “EBRD”	an international financial institution that supports projects in 29 countries, from central Europe to central Asia
“EPCM”	Engineering, Procurement, Construction and Management, a form of contract where the contractor will design and install the equipment, procure and install the necessary materials, and be responsible of managing the process of the installation

DEFINITIONS

“ERI”	Energy Resources Invest LLC, a limited liability corporation organized under Mongolian law on August 26, 2006, whose business was duly terminated on August 5, 2008
“ER LLC”	Energy Resources LLC, a limited liability corporation organized under Mongolian law on April 22, 2005
“Euro” or “€”	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992)
“Exchange Act”	the U.S. Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“FOB”	Free on Board, meaning the risk passes to the buyer, including payment of all transportation and insurance costs, once goods are delivered on board of the ship by the seller, as defined in the latest edition of the International Rules for the Interpretation of Trade Terms as published by ICC Publishing SA, 38 cours Albert 1er, 75008 Paris, France from time to time or such official rules for interpretation of trade terms as issued by the ICC in substitution therefore as amended from time to time
“FOR”	Free on Rail, meaning the risk passes to the buyer, including payment of all transportation and insurance costs, once goods are delivered on the wagon of rail by the seller, as defined in the latest edition of the International Rules for the Interpretation of Trade Terms as published by ICC Publishing SA, 38 cours Albert 1er, 75008 Paris, France from time to time or such official rules for interpretation of trade terms as issued by the ICC in substitution therefore as amended from time to time

DEFINITIONS

“FOT”	Free on Transportation, meaning risk passes to buyer, including payment of all transportation and insurance costs, once goods are delivered on board the truck by the seller, as defined in the latest edition of the International Rules for the Interpretation of Trade Terms as published by ICC Publishing SA, 38 cours Albert 1er, 75008 Paris, France from time to time or such official rules for interpretation of trade terms as issued by the ICC in substitution therefore as amended from time to time
“Ganqimaodu”	the China side of the China-Mongolia border crossing
“GDP”	gross domestic product
“GEM”	The Growth Enterprises Market operated by the Stock Exchange
“Ger”	a ger is a portable, felt-covered, wood lattice-framed dwelling structure traditionally used by nomads. A ger is more home-like in shape and build, with thicker walls than that of a tent
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Gobi Oil”	Gobi Oil LLC, a joint venture between Shunkhlai Mining LLC and Petrovis LLC. It is a privately held company operating in Mongolia engaging in the distribution of petroleum products in Mongolia
“Government of Mongolia” or “Government”	the Government of Mongolia
“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”	the Company and its subsidiaries
“GS”	Gashuun Sukhait, the Mongolia side of the China-Mongolia border crossing
“HK\$”, “Hong Kong dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the Offer Shares offered in the Hong Kong Public Offering
“Hong Kong Public Offering”	the offering of initially 71,942,000 new Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering”) for cash at the Offer Price and on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Underwriters – Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated September 27, 2010 relating to the Hong Kong Public Offering entered into among our Company, MCS Mining Group Limited, MCS Group Limited, MCS Holding, the Joint Global Coordinators and the Hong Kong Underwriters
“Huanghua”	located in the Bohai Gulf coastal regions of eastern China’s Hebei province, and home to the Huanghua Port
“IFRS”	International Financial Reporting Standards
“Independent Technical Expert”	Norwest Corporation, our independent third party technical expert
“Independent Technical Report”	The Independent Technical Report issued by Norwest dated September 28, 2010

DEFINITIONS

“Independent Third Party(ies)”	party(ies) which are not connected with any of the Directors, chief executives, Substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates
“Industry Consultant”	Wood Mackenzie
“International Placing”	the placing of initially an aggregate of 647,482,500 Shares (including the Sale Shares) outside the United States (including such offering to professional investors in Hong Kong, other than retail investors in Hong Kong) in offshore transactions in accordance with Regulation S, and in the United States to QIBs in reliance on Rule 144A or another available exemption from registration under the Securities Act, subject to the Over-allotment Option
“International Placing Shares”	the 647,482,500 Shares (subject to adjustment and the Over-allotment Option), of which 525,180,500 Shares are to be issued by us and 122,302,000 Shares are to be offered for sale by the Selling Shareholders, pursuant to the International Placing
“International Underwriters”	the underwriters of the International Placing as listed in the section headed “Underwriting – Underwriters International Underwriters” in this prospectus, who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the international underwriting agreement relating to the International Placing, which is expected to be entered into by the Company, MCS Mining Group Limited, MCS Group Limited, MCS Holding, the Selling Shareholders, the Joint Global Coordinators and the International Underwriters on or around October 5, 2010
“Investment Agreement”	an agreement that a mining license holder may, at its option, enter into with the Government of Mongolia concerning stability of tax rates, the right to sell products at international market prices, a guarantee that the license holder may receive and dispose of income from such sales, and provisions with respect to the amount and term of the license holder’s investment

DEFINITIONS

“Joint Global Coordinators”, “Joint Bookrunners”, “Joint Lead Managers” or “Joint Sponsors”	Citi and JPM
“JPM”	J.P. Morgan Securities (Asia Pacific) Limited, which is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, and a restricted licensed bank under the Banking Ordinance
“Kerry”	Kerry Mining (Mongolia) Limited, a limited liability company incorporated in the British Virgin Islands on November 22, 2007
“Kuok Group”	companies owned and/or controlled by Mr. Kuok Hock Nien and/or interests associated with him
“Latest Practicable Date”	September 19, 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Leighton”	Leighton Asia Limited (Hong Kong) is one of Asia’s leading contractors and project developers. Leighton has been operating in Asia since 1975 and currently operates in Hong Kong, Macau, China, Mongolia, Taiwan, the Philippines, Guam, Thailand, Vietnam, Laos, Cambodia, Indonesia and Kazakhstan. Leighton is part of the larger Leighton Group which is Australia’s largest project development and contracting group. The Leighton Group’s major shareholder is HOCHTIEF AG, the world’s largest international contractor
“LIBOR”	the London Interbank Offered Rate, the rate charged by one bank to another for lending money
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about October 13, 2010, on which the Shares are listed and dealings first commence on the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock market operated by the Stock Exchange which is independent from and operated in parallel with the GEM. For the avoidance of doubt, the Main Board excludes GEM
“Major Drilling Group International Inc.” or “Major Drilling”	is one of the world’s largest drilling service companies serving the mining industry. Major Drilling maintains field operations and offices in Canada, the United States, South and Central America, Asia, Africa and Australia, and provides all types of drilling services including surface and underground coring, directional, reverse circulation, geotechnical, and environmental drilling. Major Drilling is listed on the Toronto Stock Exchange under the symbol “MDI”
“MCS Group”	MCS Holding and its subsidiaries (other than our Group)
“MCS Holding”	MCS Holding LLC, a limited liability corporation organized under Mongolian law on March 29, 2001
“MCS Property”	MCS Property LLC, a wholly-owned subsidiary of MCS Holding which engages in property and real estate development and industrial construction. MCS Property employs over 40 highly-experienced engineers and engages in various construction project management
“Memorandum”	the amended and restated memorandum of association of our Company adopted on September 17, 2010, as amended from time to time
“Mineral Deposit of Strategic Importance”	under the 2006 Minerals Law, a deposit that may have the potential to impact national security, or the economic and social development of Mongolia at the national and regional levels, or that is generating, or has the potential to generate, more than 5% of Mongolia’s GDP product in any given year

DEFINITIONS

“Minerals License Transfer Agreement”	the minerals license transfer agreement entered into between ER LLC and the Government of Mongolia on March 21, 2008, pursuant to which ER LLC agreed to transfer all of its mining licenses except for the one of the UHG Deposit to a state owned enterprise at nil consideration
“MMRE”	the Ministry of Mineral Resources and Energy, a Cabinet level ministry of the Government of Mongolia
“MNT”	togrog or tugrik, the lawful currency of Mongolia
“Mongolian Licensing Law”	The Licensing Law of Mongolia enacted on February 1, 2001, and effective from January 1, 2002, as the same may be amended and supplemented from time to time
“MRAM”	the Mineral Resources Authority of Mongolia, a subordinate agency of the MMRE, under which the DGMC operates
“Nomination Committee”	the nomination committee of the Board
“Norwest”	Norwest Corporation, a provider of consulting services to the energy, mining, and natural resources industries and our Independent Technical Expert
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee) of not more than HK\$7.56 and expected to be not less than HK\$6.48 per Offer Share, to be agreed upon by the Company, the Selling Shareholders and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
“Offer Share(s)”	the Hong Kong Offer Shares or the International Placing Shares individually or collectively

DEFINITIONS

“Over-allotment Option”	the option to be granted by us under the International Underwriting Agreement to the Joint Global Coordinators exercisable by them on behalf of the International Underwriters pursuant to which we may be required to sell up to an aggregate of 107,914,000 additional Shares, representing approximately 15% of the initial number of Offer Shares to cover over-allocation in the International Placing, if any
“Over-allotment Shares”	up to an aggregate of 107,914,000 additional Shares, representing up to approximately 15% of the initial number of Offer Shares at the Offer Price pursuant to the exercise of the Over-allotment Option
“Parliament of Mongolia” or “Parliament”	government institution in charge of lawmaking in Mongolia
“Parsons Brinckerhoff”	Parsons Brinckerhoff Pte Ltd., provides strategic consulting, planning, engineering, and program and construction management services to both public and private sector clients. It is active in multiple market sectors, including transportation, power, buildings/facilities, water/wastewater, environmental and urban/community development. In 2009, Parsons Brinckerhoff joined Balfour Beatty Plc, the international infrastructure group operating in professional services, construction services, support services and infrastructure investments. Several of its major projects in 2009 included: (1) new rail lines in Seattle, Washington, USA, Los Angeles, California, USA and Sydney, Australia; (2) restoration of electrical power infrastructure in Iraq; (3) the development of new schools in the United Kingdom; and (4) the construction of high speed rails in China and California, USA
“PRC” or “China”	the People’s Republic of China, and for the purposes of this prospectus, excluding Hong Kong, Macau and Taiwan

DEFINITIONS

“Price Determination Agreement”	an agreement to be entered into between us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date pursuant to which the Offer Price is expected to be fixed for the purpose of the Global Offering, which is expected to be on or around October 5, 2010
“Price Determination Date”	on or around October 5, 2010 on which the Offer Price is determined for the purposes of the Global Offering
“QIBs”	“qualified institutional buyers” within the meaning contained in Rule 144A
“Qinhuangdao”	a city in the Hebei province and home to Qinhuangdao Port, which is a strategically important port in China and is the largest coal shipping port in the country
“Regulation S”	Regulation S under the Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the reorganization of the group of companies now comprising us, completed on September 17, 2010. See the section headed “Appendix VII – Statutory and General Information – Further Information about Our Company and Our Subsidiaries – 4. Corporate reorganization”
“Restricted Mining Business”	the mining business of the Group including ownership, exploration, mining and processing of coking coal and other commodities on the steel industry supply chain in Mongolia and China
“Restricted Transportation Business”	the transportation business of the Group including (a) the paved road and railway from UHG to GS; and (b) the paved road and railway from UHG to any area within a distance of 40 km of the Mongolia-China border
“Rule 144A”	Rule 144A under the Securities Act
“Sale Shares”	the 122,302,000 Offer Shares initially being offered for sale by the Selling Shareholders at the Offer Price under the International Placing

DEFINITIONS

“Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Sedgman”	Sedgman Consulting (China) and Sedgman Limited is a leading provider of multi-disciplinary engineering, project delivery and operations services. Sedgman is the market leader in the design, construction and operation of coal handling and preparation plants and has gained international recognition for its coal processing and materials handling technologies. Sedgman is listed on the Australian Securities Exchange. Sedgman has grown from 150 employees in 2002 to over 650 employees as of June 2008. Sedgman’s clients include: Anglo Coal Australia, BHP Billiton, Coeur d’Alene, First Quantum Minerals, Gold Fields Australia, Macarthur Coal, New Hope, Peabody, QCoal, Rio Tinto, Vale and Xstrata
“Selling Shareholders”	MCS Mining Group Limited and European Bank for Reconstruction and Development
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Shares
“Shareholders’ Resolutions”	the written resolutions of all our Shareholders passed on September 17, 2010 (as supplemented on September 18, 2010)
“Share Option Scheme”	the share option scheme conditionally adopted by our Company pursuant to a resolution of the Board on September 17, 2010. See the section headed “Appendix VII – Statutory and General Information – Further Information about the Business of Our Company – 12. Share Option Scheme”
“Shares”	our ordinary shares with a nominal value of US\$0.01 each
“SK”	Shivee-Khuren, the Mongolian side of the Shivee-Khuren and Ceke China-Mongolia border
“Small TT”	a coking coal producer owned by the Tavan Tolgoi Joint Stock Company

DEFINITIONS

“soum”	the second level of Mongolian administrative subdivisions (essentially equivalent to a sub-province)
“Stabilizing Manager”	Citi
“State Professional Inspection Agency”	an agency of the Government of Mongolia that is in charge of laws and regulations of the State, including labor, safety and health
“Strategic Deposits List”	a list of 15 deposits designated by the Parliament of Mongolia to be Mineral Deposits of Strategic Importance
“subsidiary(ies)”	has the meaning as defined in section 2 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and for the purpose of this prospectus means MCS Mining Group Limited and Petrovis Resources Inc.
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“target market region” or “TMR”	includes most of the Chinese territory immediately adjacent to Mongolia’s southern border with China’s Inner Mongolia and Gansu provinces, extending as far west as the Xinjiang provincial border. Eastward it extends to cover Liaoning province, and southward to Jiangsu province, including the three major coal exporting ports of Qinhuangdao, Tianjin and Huanghua
“Tavan Tolgoi”	means the coal formation located in South Gobi, Mongolia which includes our UHG deposit
“Tenger Insurance”	Tenger Insurance LLC, a company providing insurance service to corporate and retail customers in Mongolia
“Tianjin”	a metropolis in northeastern China and home to the Tianjin Port Free Trade Zone
“TKH”	Tsagaan Khad
“Track Record Period”	means the three years ended December 31, 2009 and the four months ended April 30, 2010
“Tsogttsetsii”	Tsogttsetsii soum is the location where Tavan Tolgoi sits
“UHG”	Ukhaa Khudag

DEFINITIONS

“UHG deposit”	means our Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield which includes both aboveground (<300m) and underground (>300m) deposits
“UHG mine”	means the aboveground (<300m) portion of our UHG deposit
“UK”	the United Kingdom
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America
“US\$” or “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States
“VAT”	value added tax
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wilbur Smith Associates”	Wilbur Smith Associates is a full-service transportation and infrastructure consulting firm providing planning, design, and toll, economic and construction related services. It provides professional services in the following areas: (1) national and regional transportation planning; (2) urban transport and traffic management; (3) economic and financial feasibility; (4) design, construction, maintenance and rehabilitation; (5) environmental analysis and engineering; and (6) the planning and land management of highways, bridges and rural roads, railways, airports, aviation, ports and waterways. Currently, Wilbur Smith Associates performs construction, engineering and inspection services under contract with the South Carolina (state in the USA) Department of Transportation. They have also been awarded the contract for the railway freight and passenger traffic study by the Abu Dhabi freight and passenger railway committee

DEFINITIONS

“Wood Mackenzie”	Wood Mackenzie (Australia) Pty Ltd, a provider of consulting services to the energy and metals industries and our Industry Consultant
“%”	percent