
WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

The following material waivers from the basic conditions in relation to qualifications for Listing have been applied for and granted by the Stock Exchange.

Waiver Pursuant to Rules 8.05 and 18.04 of the Listing Rules

Pursuant to Rule 8.05 of the Listing Rules, an issuer must (a) satisfy one of the three tests in relation to: (i) profit; (ii) market capitalization, revenue and cash flow; or (iii) market capitalization and revenue requirements; and (b) have management continuity for at least the three preceding financial years. Chapter 18 of the Listing Rules applies to mineral companies. Under Rules 18.04 and 8.05 of the Listing Rules, the requirements of Rule 8.05 of the Listing Rules may not apply if the Stock Exchange is satisfied that the directors and management of the issuer have sufficient and satisfactory experience of at least five years in exploration and/or extraction activities. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.05 of the Listing Rules in accordance with the reasoning under Rules 18.04 and 8.05 of the Listing Rules.

Waiver from Rule 8.08(1) of the Listing Rules

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. We expect to achieve a minimum market capitalization of at least HK\$10 billion upon Listing and has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 20% for us. The above discretion is subject to the condition that we comply with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules. The Joint Sponsors and us shall be able to demonstrate compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules. We will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in our successive annual reports after the Listing. In addition, we will implement appropriate measures and mechanisms to ensure continual maintenance of 20% public float (or a higher percentage upon completion of the exercise of the Over-allotment Option from time to time). In the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors and the Controlling Shareholders will take appropriate steps which may include a further issue of Shares and/or placing some Shares by the Controlling Shareholders (or his/its associates) to independent third parties, to ensure the minimum percentage of public float prescribed by the Stock Exchange is complied with.

Waiver from Rule 8.12 of the Listing Rules

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily residents in Hong Kong. We do not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules on the basis that, as our core business

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operations are based, managed and conducted in Mongolia, our management is best able to attend its functions by being based in Mongolia. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives are Ms. Badamtsetseg Dash-Ulzii and Ms. Ng Sin Yee, Clare. One of the authorized representatives is ordinarily resident in Hong Kong and both authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon reasonable advance notice from the Stock Exchange, if required and will be readily contactable by telephone, facsimile or e-mail;
- (b) in compliance with Rule 3A.19 of the Listing Rules, we shall retain a qualified institution to act as compliance advisor for a period commencing on the Listing Date and ending on the date which we distribute the annual report for the first full financial year commencing after the Listing Date in accordance with Rule 13.46 of the Listing Rules to provide us with advice on compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines. The compliance advisor will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing and, where our authorized representatives are unavailable, act as an additional channel of communication between the Stock Exchange and us at least for the period commencing from the Listing Date and ending on the date that we publish our first full financial year results pursuant to Rule 3A.19 of the Listing Rules;
- (c) both authorized representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matters. We will implement a policy whereby (a) each Director will provide his or her mobile number, residential phone number, fax number and e-mail address to the authorized representatives; (b) each executive Director will provide valid phone numbers or means of communications to the authorized representatives when he or she is traveling; and (c) each executive Director will provide his or her mobile phone number, residential phone number, office phone number, fax number and e-mail address to the Stock Exchange; and
- (d) all Directors who are not ordinarily residents in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

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Continuing Connected Transactions

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted waivers, in relation to certain continuing connected transactions between the Group, MCS Holding and Petrovis LLC under Chapter 14A of the Listing Rules. For further details, please refer to the section headed “Connected Transactions” in this prospectus.