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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

CONTINUING CONNECTED TRANSACTIONS

On 23 May 2011, Energy Resources, an indirect wholly-owned subsidiary of the Company, entered into the following Agreements with certain connected persons of the Company:

- (i) Office and Camp Supporting Service Agreement between Uniservices Solution and Energy Resources, whereby Uniservices Solution agreed to provide office and camp supporting services to the Group for a period of 4 months commencing from 23 May 2011 for a total consideration of MNT5,991,475,600 (equivalent to approximately US\$4,905,256); and
- (ii) Purchase of Fuel Agreement between Gobi Oil and Energy Resources, whereby Gobi Oil agreed to supply fuel products to the Group for a period commencing from 23 May 2011 until 15 July 2011 for a total consideration of US\$9,500,000.

LISTING RULES IMPLICATIONS

Uniservices Solution is a wholly-owned subsidiary of MCS Holding LLC which indirectly owns a 100% shareholding interest in MCS Mining Group Limited, a substantial shareholder of the Company. As such, Uniservices Solution is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the transaction contemplated under the Office and Camp Supporting Service Agreement constitutes a continuing connected transaction of the Company.

During the period from 1 January 2011 to 1 May 2011, Energy Resources acquired various offices and camp supporting services from Uniservices Solution on a monthly basis, and in compliance with Rule 14A.31(7) of the Listing Rules, the acquisitions were exempt from all reporting, announcement and independent shareholders' approval requirements. As the annual amount of the continuing connected transaction under the Office and Camp Supporting Service Agreement, when aggregated with the services acquired from Uniservices Solution during 1 January 2011 to 1 May 2011 is expected to be more than 0.1% but less than 5% under the revenue ratio, pursuant to Rule 14A.34 of the Listing Rules, the transaction contemplated in the Office and Camp Supporting Service Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Gobi Oil is an associate of each of Petrovis Resources Inc., a substantial shareholder of the Company, Mr. Batsaikhan Purev and Dr. Oyungerel Janchiv, each a non-executive Director. As such, Gobi Oil is a connected person of the Company and the transaction, contemplated under the Purchase of Fuel Agreement, also constitutes a continuing connected transaction of the Company.

As the applicable percentage ratio for the transaction contemplated under the Purchase of Fuel Agreement is expected to be more than 0.1% but less than 5% under the revenue ratio, pursuant to Rule 14A.34 of the Listing Rules, the transaction contemplated in the Purchase of Fuel Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. THE OFFICE AND CAMP SUPPORTING SERVICE AGREEMENT

Date: 23 May 2011

Parties: Energy Resources, an indirect wholly-owned subsidiary of the Company

Uniservices Solution, a wholly-owned subsidiary of MCS Holding LLC which indirectly owns a 100% shareholding interest in MCS Mining Group Limited, a substantial shareholder of the Company

Principal terms:

Uniservices Solution agreed to provide the following services to the Group on a day-to-day basis:

- Cleaning and repairing services for UB Offices and objects located in long distance from the camp site;
- Cafeteria, laundry and cleaning services for employee's camp sites located at the UHG deposit and TKH;
- Management services of camp site at the UHG deposit and TKH;
- Receptionist and dress saving services for UB offices; and
- Security services for camp site, office and mining deposit at the UHG deposit and TKH.

Consideration and payment terms:

Total consideration payable by the Group to Uniservices Solution under the Office and Camp Supporting Service Agreement is MNT5,991,475,600 (equivalent to approximately US\$4,905,256) as inclusive of VAT, other applicable taxes and all other costs associated with the services provided by Uniservices Solution. The consideration payable to Uniservices Solution is determined based on the size of the location where services are to be provided and the number of employees utilizing the camp site and the temporary ger camp located at the UHG deposit and TKH. The terms of the Office and Camp Supporting Service Agreement are obtainable from other independent third parties.

The total consideration will be satisfied, upon receipt of invoices from Uniservices Solution, in the following manner:

- (1) an advance payment of MNT200,000,000 (equivalent to approximately US\$163,741) will be paid in advance by Energy Resources on a monthly basis on or before the 5th day of each month; and
- (2) the balance deducting the amount of advance payment from the due amount for the services provided by Uniservices Solution in that month will be paid on or before 10th of the next month after confirmation of the due amount by both parties.

The consideration was determined on an arm's length basis between Energy Resources and Uniservices Solution.

Proposed annual cap:

The following table sets out the proposed annual cap for the Office and Camp Supporting Service Agreement for the financial year ending 31 December 2011:

	Financial year ending 31 December 2011
Office and Camp Supporting Service Agreement	MNT9,382,756,735 ¹ (equivalent to approximately US\$7,681,717)

Notes:

1. Proposed amount for the 8 months from 1 January 2011 to 31 August 2011.

We estimated the proposed annual cap based on the amount paid to Uniservices Solution during 1 January 2011 to 1 May 2011 for the provision of various offices and camp supporting services, VAT, other applicable taxes and all costs that would be applicable and payable for the services of Uniservices Solution under the Office and Camp Supporting Service Agreement.

Term of the services:

The Office and Camp Supporting Service Agreement will be effective for a period of 4 months starting from 23 May 2011.

Reasons for the transaction:

Uniservices Solution, formerly named as Officenet LLC, has been selected, through tendering process, as a service provider for the provision of supporting services for our UB offices and camps located at the UHG deposit and it has provided high quality services to the Group during 2009 and 2010. Expenses of the Group incurred for the year ended 31 December 2010 in relation to similar office and camp supporting services provided by Officenet LLC have not exceeded the annual cap of 2010 which has been disclosed in the prospectus of the Company dated 28 September 2010. From 1 January 2011 to 22 May 2011, similar services are provided to the Company by Uniservices Solution and the related service fees are settled on a monthly basis.

In view of the increasing demand for offices and camp sites supporting services as a result of the continued expansion of the Company's operation, including the development of the UHG deposit, the Company intends to invite other potential service providers, including foreign companies, for a tender. The Company anticipates the selection process to be completed by August 2011 and will therefore continue to outsource its offices and camp sites works to Uniservices Solution until a new service provider has been selected.

B. PURCHASE OF FUEL AGREEMENT

Date: 23 May 2011

Parties: Energy Resources, an indirect wholly-owned subsidiary of the Company, as purchaser

Gobi Oil, an associate of each of Petrovis Resources Inc., a substantial shareholder of the Company, Mr. Batsaikhan Purev and Dr. Oyungerel Janchiv, each a non-executive Director

Principal terms:

Gobi Oil agreed to supply fuel products including diesel fuel, oil, lubricating materials to the Group on an accrual basis through its gas stations and dispenser trucks.

Consideration and payment terms:

The total consideration is US\$9,500,000, including VAT, other applicable taxes and all other costs.

The fuel purchase prices will be confirmed by the parties on the 16th of the delivery month and the 1st of the next month. The Company will pay in advance payment for 15 days of estimated usage and make the payment against difference between the advance payment and the actual claim on a rolling basis within 15 days after confirmed estimation by the parties.

The consideration was determined by market rate on an arm's length basis between the Company and Gobi Oil.

Proposed annual caps:

The following table sets out the proposed annual cap for the Purchase of Fuel Agreement for the financial year ending 31 December 2011:

	Financial year ending 31 December 2011
Purchase of Fuel Agreement	US\$9,500,000 ¹

Notes:

1 Proposed amount for the period commencing from 23 May 2011 to 15 July 2011.

We estimated the proposed annual cap based on the historical figures for the past months fuel consumption by the Company.

Term of the Purchase of Fuel Agreement:

The Purchase of Fuel Agreement will be effective for a period commencing from 23 May 2011 until 15 July 2011.

Reasons for the transaction:

Gobi Oil has been providing fuel products to Energy Resources since 8 June 2010 under the old contract entered into between Energy Resources and Gobi Oil on the same date. The total amount of transactions contemplated under such contract did not exceed the annual amount of US\$22,730,504 as disclosed in the prospectus of the Company and the old contract mentioned will expire on 7 June 2011. In view of the anticipated increase in fuel consumption due to the increasing level of mining activities conducted by the Company, we intend to invite potential suppliers, including Gobi Oil, for a tender in order to obtain good proposals for long term cooperation enabling the Group to secure stable supplies of fuel products. We are in demand to continuously purchase fuel required for mining activities conducted by the Company from Gobi Oil until we complete the tendering process by July 2011.

INFORMATION ON THE COMPANY AND ENERGY RESOURCES

The Company is principally engaged in open-pit mining and sale of coking coal in Mongolia.

Energy Resources, a wholly-owned subsidiary of the Company, is the main operating company for the UHG deposit.

INFORMATION ON MCS HOLDING, UNISERVICES SOLUTION, PETROVIS RESOURCES INC, AND GOBI OIL

MCS Holding LLC is an investment holding company.

Uniservices Solution, a wholly-owned subsidiary of MCS Holding LLC, is principally engaged in provision of office supporting services.

Petrovis Resources Inc. is a wholly-owned subsidiary of Petrovis and is a substantial shareholder of the Company.

Gobi Oil, a joint venture which is owned as to 50% by Petrovis and 50% by Shunkhlai Group, is principally engaged in distribution of petroleum products in Mongolia.

LISTING RULES IMPLICATIONS

Uniservices Solution is a wholly-owned subsidiary of MCS Holding LLC which indirectly owns a 100% shareholding interest in MCS Mining Group Limited, a substantial shareholder of the Company. As such, Uniservices Solution is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the transaction contemplated under the Office and Camp Supporting Service Agreement constitutes a continuing connected transaction of the Company.

During the period from 1 January 2011 to 1 May 2011, Energy Resources acquired various offices and camp supporting services from Uniservices Solution on a monthly basis, and in compliance with Rule 14A.31(7) of the Listing Rules, the acquisitions were exempt from all reporting, announcement and independent shareholders' approval requirements. As the annual amount of the continuing connected transaction under the Office and Camp Supporting Service Agreement, when aggregated with the services acquired from Uniservices Solution during 1 January 2011 to 1 May 2011 is expected to be more than 0.1% but less than 5% under the revenue ratio, pursuant to Rule 14A.34 of the Listing Rules, the transaction contemplated in the Office and Camp Supporting Service Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Odjargal Jambaljamts, Mr. Gantumur Lingov, Mr. Enkh-Amgalan Luvsantseren and Mr. Enkhtuvshin Gombo, being a Director and a director of MCS Holding LLC, has abstained from voting on the relevant resolutions of the Board in relation to the approval of the Office and Camp Supporting Service Agreement.

The Board, including the independent non-executive Directors, is of the view that the transaction contemplated under the Office and Camp Supporting Service Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms and the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Gobi Oil is an associate of each of Petrovis Resources Inc., a substantial shareholder of the Company, Mr. Batsaikhan Purev and Dr. Oyungerel Janchiv, each a non-executive Director. As such, Gobi Oil is a connected person of the Company and the transaction, contemplated under the Purchase of Fuel Agreement also constitutes a continuing connected transaction of the Company.

As the applicable percentage ratio for the transaction contemplated under the Purchase of Fuel Agreement is expected to be more than 0.1% but less than 5% under the revenue ratio, pursuant to Rule 14A.34 of the Listing Rules, the transaction contemplated in the Purchase of Fuel Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Dr. Oyungerel Janchiv and Mr. Batsaikhan Purev, being a Director and a beneficial owner of Gobi Oil, has abstained from voting on the relevant resolutions of the Board in relation to the approval of the Purchase of Fuel Agreement and the transactions contemplated thereunder.

The Board, including the independent non-executive Directors, is of the view that the transaction contemplated under the Purchase of Fuel Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms and the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DEFINITION

“Agreements”	the Office and Camp Supporting Service Agreement and the Purchase of Fuel Agreement;
“associates”	having the meaning ascribed to it under the Listing Rules;
“Company”	Mongolian Mining Corporation (Stock code: 975), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	director(s) of the Company;
“Energy Resources”	Energy Resources LLC, a company incorporated in Mongolia with limited liability, is an indirect wholly-owned subsidiary of the Company;
“Gobi Oil”	Gobi Oil LLC, a company incorporated in Mongolia with limited liability, is a joint venture owned as to 50% by Petrovis and 50% by Shunkhlai Group;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“MNT”	togrok or tugrik, the lawful currency of Mongolia;
“Office and Camp Supporting Service Agreement”	Office and Camp Supporting Service Agreement between Uniservices Solution and Energy Resources dated 23 May 2011;
“Petrovis”	Petrovis LLC, a company incorporated in Mongolia with limited liability;
“Petrovis Resources Inc.”	Petrovis Resources Inc., a company incorporated in Isle of Man with limited liability, is a shareholder of the Company and a wholly-owned subsidiary of Shunkhlai Group;
“Purchase of Fuel Agreement”	Purchase of Fuel Agreement between Gobi Oil and Energy Resources dated 23 May 2011 in relation to the supply of fuel products by Gobi Oil to Energy Resources;
“Shunkhlai Group”	Shunkhlai Group LLC, a company incorporated in Mongolia with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“TKH”	Tsagaan Khad port which is located at the Mongolia-China border;
“UB offices”	Offices of the Company which is based in Ulaanbaatar;
“UHG deposit”	the Group’s Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield;
“Uniservices Solution”	Uniservices Solution LLC, a company incorporated in Mongolia with limited liability, is an indirect wholly-owned subsidiary of MCS Holding LLC;
“US\$”	United States Dollar, the lawful currency of the United States of America;
VAT	value added tax;
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00=MNT1221.44, has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

For and on behalf of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong 23 May, 2011

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts and Dr. Battengel Gotov, being the executive Directors, Mr. Gantumur Lingov, Ms. Enkhtuvshin Gombo, Mr. Enkh-Amgalan Luvsantseren, Dr. Oyungerel Janchiv, Mr. Philip Hubert ter Woort and Mr. Batsaikhan Purev, being the non-executive Directors, and Mr. Ochirbat Punsalmaa, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive Directors.