MONGOLIAN MINING CORPORATION

(In Provisional Liquidation)

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 975)

CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

On 11 May 2017, Energy Resources and NIC entered into the Fuel Supply Agreement with NIC whereby NIC conditionally agreed to supply fuel products and provide other related services including fueling and storage services to the Group for the mining activities and site operations at the UHG mine site, BN mine site and any other location the Company may request.

NIC is a wholly-owned subsidiary of Petrovis Oil LLC, which is a wholly-owned subsidiary of Petrovis Oil AG and Dr. Oyungerel Janchiv, a non-executive Director, held approximately 33.34% interest in Petrovis Oil AG. As such, NIC is an associate of Dr. Oyungerel Janchiv and a connected person of the Company. Accordingly, the transactions contemplated under the Fuel Supply Agreement with NIC constitute continuing connected transactions of the Company.

Given the continuing connected transactions contemplated under the December Agreement and the Fuel Supply Agreement with NIC are (i) entered into by Energy Resources as purchaser and NIC as supplier; (ii) transactions entered into within a 12-month period; and (iii) similar in nature, the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC would have to be aggregated for the purpose of considering the Company's disclosure obligations pursuant to Rule 14A.81 of the Listing Rules. Further, the Revised Annual Caps are set to include the aggregate maximum transaction amounts of the December Agreement and the Fuel Supply Agreement with NIC.

As the applicable percentage ratios in respect of the Revised Annual Caps for the continuing connected transactions contemplated under the December Agreement and the Fuel Supply Agreement with NIC, on an aggregated basis, exceed 5%, the transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders on (i) whether the terms of the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are fair and reasonable; (ii) whether the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group; (iii) whether the entering into of the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps at the EGM. The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other matters, (i) further information in respect of the Fuel Supply Agreement with NIC and the Revised Annual Caps, (ii) a letter from Somerley to the Independent Board Committee and the Independent Shareholders containing advice on the Fuel Supply Agreement with NIC and the Revised Annual Caps, and (iii) the recommendation from the Independent Board Committee in respect of the Fuel Supply Agreement with NIC and the Revised Annual Caps, is expected to be despatched to the Shareholders in compliance with the Listing Rules on or around 29 May 2017.

CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

Introduction

Reference is made to the announcement of the Company dated 18 October 2013 and the circular of the Company dated 8 November 2013 in relation to the Old Fuel Supply Agreement with NIC.

Reference is also made to the announcement of the Company dated 28 December 2016 whereby it was announced that on 28 December 2016 Energy Resources and NIC entered into the December Agreement pursuant to which NIC agreed to provide domestic fuel transportation, storage and fueling services to the Group.

On 11 May 2017, Energy Resources and NIC entered into the Fuel Supply Agreement with NIC whereby NIC conditionally agreed to supply fuel products and provide other related services including fueling and storage services to the Group for the mining activities and site operations at the UHG mine site, BN mine site and any other location the Company may request.

NIC is a wholly-owned subsidiary of Petrovis Oil LLC, which is a wholly-owned subsidiary of Petrovis Oil AG and Dr. Oyungerel Janchiv, a non-executive Director, held approximately 33.34% interest in Petrovis Oil AG. As such, NIC is an associate of Dr. Oyungerel Janchiv and a connected person of the Company. Accordingly, the transactions contemplated under the Fuel Supply Agreement with NIC constitute continuing connected transactions of the Company.

Given the continuing connected transactions contemplated under the December Agreement and the Fuel Supply Agreement with NIC are (i) entered into by Energy Resources as purchaser and NIC as supplier; (ii) transactions entered into within a 12-month period; and (iii) similar in nature, the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC would have to be aggregated for the purpose of considering the Company's disclosure obligations pursuant to Rule 14A.81 of the Listing Rules. Further, the Revised Annual Caps are set to include the aggregate maximum transaction amounts of the December Agreement and the Fuel Supply Agreement with NIC.

Continuing Connected Transactions under the Fuel Supply Agreement with NIC

Date

11 May 2017

Parties

Energy Resources as purchaser

NIC as fuel supplier

Principal terms

NIC conditionally agreed to supply fuel products and provide other related services including fueling and storage services for the mining activities and site operations at the UHG mine site, BN mine site and any other location the Company may request. The Fuel Supply Agreement with NIC is non-exclusive in nature such that the Group will not be prohibited from purchase fuel products and related services from third parties, affording the Group with the flexibility to engage other fuel suppliers.

In broad terms, the supply of fuel products and related services by NIC comprises the following:

– supply diesel (summer and winter grade) at the UHG mine site and the BN mine site for both mining and non-mining use;

– provide fueling and distribution services for mining and non-mining machinery and equipment at mine pit using own fueling trucks;

– provide fueling service for the trucks, and non-mining vehicles at fuel stations; and

– store a normal and emergency reserve of diesel for the Group at its own storage facilities.

Term of the Fuel Supply Agreement with NIC

The Fuel Supply Agreement with NIC will be effective for a period of three years commencing from 15 June 2017 to 31 May 2020 conditional upon the obtaining of the requisite approval from the Independent Shareholders at the EGM.

Consideration and pricing bases

The maximum consideration payable by the Group to NIC under the December Agreement and the Fuel Supply Agreement with NIC is USD218,071,404 inclusive of VAT, other applicable taxes and all other costs associated with the goods and services provided by NIC, which is the sum of the Revised Annual Caps for the three years ending 31 May 2020.

The pricing for fuel products is based on "cost plus margin" principle and is calculated by a pre-determined formula which consists of four major parts: (i) fuel import price at Mongolian border which is determined by fuel purchase agreements executed between NIC and international fuel suppliers; (ii) taxes and fees set by the Government of Mongolia which are the same for all fuel importers; (iii) transportation and logistics as well as storage costs (on a per tonne basis) and fueling services cost (on a per litre basis); and (iv) a fixed margin of 3% to be added to all the above components stated in (i) to (iii) above. According to the formula, over 85% of the fuel pricing is directly attributable to fuel import price and taxes and fees which are charged at cost by NIC, and approximately 15% is supplier's operation costs and profit.

In order to ensure that the DAF price is competitive, the Group has internal control measures in place to ensure that such price will not be higher than the average DAF price of the top five fuel importers, who together constitute over 90% of the fuel supplier market share in Mongolia.

Furthermore, the Company considered all relevant costs within the price components such as railway transportation cost, loading/unloading cost at railway station, transportation cost to the Group's site, transportation tariff, warehouse storage cost, cost of fueling which were the lowest in the market compared with other fuel suppliers. Based on the bid evaluation report as well as comparing the terms between the Fuel Supply Agreement with NIC and those offered by other independent contracted fuel supplier (Shunkhlai LLC), the Board is of the view that the cost components, such as operation cost and cost of fueling of mining equipment at pit quoted by NIC are significantly lower than those offered by Shunkhlai LLC. After such comparison, the Board is of the view that the cost components and profit margin under the Fuel Supply Agreement with NIC are fair and reasonable.

Also, the Company will compare prices offered by NIC with other third party suppliers on a monthly basis, to ensure that the actual fuel price and other cost components charged by NIC will be no less favorable than those charged by third parties during the term of Fuel Supply Agreement with NIC.

The maximum consideration payable by the Group to NIC was determined after arm's length negotiation between the Company and NIC based on the aforesaid pre-determined formula and taking into account the annual volume of fuel required for the mine operation in the coming three years having regard to the mining production plans of the Group; the fee quotation and costs structure of the services to be provided as submitted by NIC; and the business development plan of the Group.

Payment terms

Invoices will be issued on a monthly basis and the Company is required to settle payment within 60 days upon receipt of valid invoice from NIC. No mobilization and de-mobilization payments are to be made by the Group.

Late payment penalty shall be incurred on delayed payments calculated from the first delayed date at a rate of 1.5% per month.

NIC shall pay delay penalty to the Company at the rate of 0.5% of outstanding amount per day for each delayed services without considering the reasons for the delay.

Maximum delay penalty for NIC is up to 50% of the total amount of payments for total effective period of the Fuel Supply Agreement with NIC in addition to any insurance coverage.

Revision of Annual caps

Given the continuing connected transactions contemplated under the December Agreement and the Fuel Supply Agreement with NIC are (i) entered into by Energy Resources as purchaser and NIC as supplier; (ii) transactions entered into within a 12-month period; and (iii) similar in nature, the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC would have to be aggregated for the purpose of considering the Company's disclosure obligations pursuant to Rule 14A.81 of the Listing Rules. Further, the Revised Annual Caps are set to include the aggregate maximum transaction amounts of the December Agreement and the Fuel Supply Agreement with NIC.

Historical transaction amounts

The historical transaction amount in respect of the transactions under the December Agreement for the three months ended 31 March 2017 was USD194,179. Related services (transportation, logistics, storage, and fueling services) were acquired in accordance with the December Agreement. The Company has not entered or will not enter into any transactions in relation to purchase of fuel products with NIC during a period from January to May 2017.

The approximate historical fuel transaction amounts under the Old Fuel Supply Agreement with NIC are set out as follows:

Financial Year	**Annual caps (including VAT)**	**Historical transaction amounts (excluding VAT)**
Financial year ended 31 December 2014	USD202,808,966	USD38,015,480
Financial year ended 31 December 2015	USD254,580,068	USD12,975,749
Financial year ended 31 December 2016	USD326,980,902	USD18,946,513

Revised Annual Caps

Due to the entering into of the Fuel Supply Agreement with NIC, the original annual caps for the continuing connected transactions under the December Agreement would need to be revised. The Company estimated that the Revised Annual Caps for the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC are as follows:

Financial year	Original annual caps	Proposed annual caps for the Fuel Supply Agreement with NIC	Revised Annual Caps	Period covered
Financial year ending 31 December 2017	USD4,825,142	USD25,180,130 covering 6 months 15 days from 15 June to 31 December 2017	USD30,005,272	12 months from 1 January 2017 to 31 December 2017
Financial year ending 31 December 2018	USD4,825,142	USD73,350,372	USD73,350,372	12 months from 1 January 2018 to 31 December 2018
Financial year ending 31 December 2019	USD4,825,142	USD79,803,049	USD79,803,049	12 months from 1 January 2019 to 31 December 2019
Financial year ending 31 December 2020	–	USD34,912,711	USD34,912,711	5 months from 1 January 2020 to 31 May 2020

The Revised Annual Caps were determined with reference to (i) the annual volume of fuel required for the mine operation in the coming three years having regard to the mining production plans of the Group; (ii) the tender offer submitted by NIC; (iii) the historical transaction amounts in respect of fuel supply transactions with NIC under the Old Fuel Supply Agreement with NIC for the three financial years ended 31 December 2016; (iv) the historical transaction amount in respect of December Agreement for the three months ended 31 March 2017; (v) the original annual caps set for the transactions under the December Agreement; and (vi) buffer to accommodate possible increase in production, possible inflation, future fluctuations in exchange rates, and possible changes in fuel price, etc..

Given the depressed market condition for the coking coal products during the last few years, the Company deliberately adjusted its production plan and suspended its operations at certain times during the period for cash conservation and efficiency purposes. However, starting from the third quarter of 2016, this prolonged market slowdown has taken a better turn as a result of the Chinese government's measures to implement supply side reform policies leading to improved pricing for coal products. In line with such market rebound, the Company has increased its coal mining production output from 0.9 million tonnes in the first half of 2016 to 2.1 million tonnes in the second half of 2016. The Company intends to further increase its mine production output and aims to reach over 9.0 million tonnes in 2017 compared to 3.0 million tonnes mined in 2016. Mine production increase naturally results in increased fuel consumption volume as variable component directly linked to production volume.

The mining production volume considered for the purpose of annual caps calculation is assumed to be approximately 1.0 million tonnes per month for the next three-year period starting from June 2017, and the transaction amount from 15 June 2017 to December 2017 is estimated to be around USD30 million, compared to USD73.4 million covering full year transaction amount in 2018. In short, the transaction amount in 2017 covers the period from 15 June 2017 to December 2017 and the transaction amount in 2018 covers the full year of 2018. Moreover, in line with the mining plan applied for the annual caps calculation, stripping ratio for 2018 is expected to be around 3.6 cubic meter per tonne compared to 3.0 cubic meter per tonne for the seven months from June to December 2017. The increase in stripping ratio results in higher fuel consumption in 2018.

Looking at the historical numbers, the cost of fuel consumed in coal mining production was approximately 15% compared to the Company's cost of revenue of self-produced coal, excluding idling cost and inventory provision during the last three years. Similarly, if the Company reaches its mining production volume applied in the annual caps calculation and derives its annual sales volume accordingly, the cost of revenue is estimated to be within the range of USD340 million to USD450 million in the coming years covered by the annual caps calculation, resulting in the annual transaction amount under the Fuel Supply Agreement with NIC to be less than 18% compared to the Company's cost of revenue. This would result in the cost of fuel consumed in coal mining production to be approximately 15% compared to the Company's cost of revenue of self-produced coal, and approximately 18%, if 20% buffer has been incorporated into the annual caps calculation.

A buffer is considered to be 20% of the transaction amount to accommodate (i) possible production increase more than the Company has planned; (ii) increase in fuel price; (iii) increase of fuel consumption due to expansion of mine pit, hence increase of hauling distance; (iv) possible interest for overdue payments; and (v) possible fluctuations in both inflation and currency exchange rates given the Company purchases its fuel dominated in MNT which is subject to exceptionally large fluctuation. For instance, during the term of the Old Fuel Supply Agreement with NIC, yearly average DAF fuel price at border fluctuated significantly from USD1,071 per tonne in 2014 to USD474 per tonne in 2016. Moreover, due to the coking coal market downturn in the last few years, cash settlements to our suppliers were delayed several times, resulting in late payment penalties. In light of the above reasons, the Directors consider that it is reasonable to incorporate 20% buffer to the annual caps calculation in order to accommodate unpredictable political and economic factors in future. It is noted that such buffer was also adopted by the Company when setting the annual caps under the Old Fuel Supply Agreement with NIC.

Also, it shall be noted that fuel consumption is linked to actual coal mining production volume and sales volume in the next three years and it would be dependent on coking coal market environment and coking coal price. Therefore, under the Fuel Supply Agreement with NIC, the Company has no legal commitment to purchase fuel volume considered for the annual cap calculations.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FUEL SUPPLY AGREEMENT WITH NIC

The UHG mine site and the BN mine site require for their operation the use of large scale mining machineries and equipment, which in turn needs a substantial amount of diesel fuel to operate. The mine sites also requires diesel fuel for the operation of the transportation infrastructure and various other machineries and equipment located at the mines. The Old Fuel Supply Agreement with NIC expired on 31 December 2016. In order to obtain good proposals for long term cooperation which enables the Group to secure stable supplies of fuel products and related services for the mining activities and site operations at the UHG and BN mine sites, the Group organized and conducted a national competitive bid process in June 2016 for the selection of a supplier of fuel products and related services. The Company selected five fuel importers (including NIC, Shunkhlai LLC, M-Oil, Magnai Trade LLC, Trafigura LLC) (three of which are third parties independent to the Group) that hold above 5% of Mongolian fuel market share and invited them to submit bids. Only two bidders (NIC, Shunkhlai LLC) responded to the bid.

NIC was the only bidder who provided an offer for fuel supply for mining and site operations. Thus the Company engaged into arm's length negotiations with NIC and achieved substantial results as follows:

a) Profit rate has been decreased from 4% to 3%;

b) Operations cost has been decreased from MNT55,000 per 1 tonne of fuel to MNT50,000 per 1 tonne of fuel; and

c) Financing cost of MNT44 per 1 liter of fuel has been eliminated.

NIC's tender price for diesel at the time of receipt of bid proposal was MNT1,632 (equivalent to approximately USD0.81) per liter for non-mining consumption, MNT1,673 (equivalent to approximately USD0.83) per liter for mining consumption which considers fueling service of MNT36 (equivalent to approximately USD0.02) per liter at UHG mine site. The negotiated price calculated with the same DAF price and taxes and fees would be MNT1,558 (equivalent to approximately USD0.78) per liter for non-mining consumption, and MNT1,599 (equivalent to approximately USD0.80) per liter for mining consumption.

The cost components and profit margin negotiated and agreed with NIC are the lowest in the market comparing with other fuel agreements entered into by the Company with other fuel suppliers, and fixed for the three years of contract duration.

Moreover, the bidder's proposal has been evaluated in detail with respect to the legal aspect, experience, financial capability, soundness of technical proposal and commercial offer. On the basis of the collective results, NIC received the highest scores.

NIC was selected as the successful bidder who can supply quality fuel and provide reliable services which meet high quality standards while incorporating international standards, methods and offer cost effective solutions.

NIC has 72 years of experience in petroleum industry. NIC holds 55% of the domestic market of refined petroleum products and partakes in 61% of total petroleum imports. NIC is the only fuel company with a national distribution network of storage terminals and distribution facilities, including 19 regional storage depots, 400 gas stations and 38 depots.

The Directors consider that it is beneficial to the Company to enter into the continuing connected transactions with NIC as the transactions will ensure a stable source of fuel supply for the mining activities and site operation of the Group.

The negotiations with NIC in relation to the Fuel Supply Agreement with NIC had not been concluded before the expiry of the Old Fuel Supply Agreement with NIC, the Group has since then purchased fuel in the open market. The Company had separately entered into the December Agreement on 28 December 2016 for the provision of domestic fuel transportation, storage and fueling services by NIC to the Group for the fuel purchased in the open market.

INFORMATION ON THE GROUP

The Group is principally engaged in mining, processing, transportation and sale of coking coal in Mongolia.

Energy Resources, an indirect wholly-owned subsidiary of the Company, is principally engaged in the operation of the UHG mine site.

INFORMATION ON NIC

NIC, an associate of Dr. Oyungerel Janchiv, a non-executive Director, is principally engaged in import, marketing and distribution of petroleum products in Mongolia.

LISTING RULES IMPLICATIONS

NIC was a wholly-owned subsidiary of Petrovis Oil LLC, which is a wholly-owned subsidiary of Petrovis Oil AG and Dr. Oyungerel Janchiv, a non-executive Director, held approximately 33.34% interest in Petrovis Oil AG. As such, NIC is an associate of Dr. Oyungerel Janchiv and a connected person of the Company and the transactions contemplated under the Fuel Supply Agreement with NIC constitute continuing connected transactions of the Company.

Given the continuing connected transactions contemplated under the December Agreement and the Fuel Supply Agreement with NIC are (i) entered into by Energy Resources as purchaser and NIC as supplier; (ii) transactions entered into within a 12-month period; and (iii) similar in nature, the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC would have to be aggregated for the purpose of considering the Company's disclosure obligations pursuant to Rule 14A.81 of the Listing Rules. Further, the Revised Annual Caps are set to include the aggregate maximum transaction amounts of the December Agreement and the Fuel Supply Agreement with NIC.

As the applicable percentage ratios in respect of the Revised Annual Caps for the continuing connected transactions under the December Agreement and the Fuel Supply Agreement with NIC, on an aggregated basis, exceed 5%, the transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the interests of Dr. Oyungerel Janchiv in NIC, Dr. Oyungerel Janchiv has abstained from voting on the relevant resolutions of the Board approving the continuing connected transactions under the Fuel Supply Agreement with NIC and the Revised Annual Caps.

Lotus Amsa and its respective associates will abstain from voting on the relevant resolutions in relation to the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps to be proposed at the EGM.

The Board (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders after taking into account the advice from the Independent Financial Adviser) is of the view that the terms of the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are fair and reasonable; such continuing connected transactions are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group; and the entering into of the continuing connected transactions under the Fuel Supply Agreement with NIC and the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders on (i) whether the terms of the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are fair and reasonable; (ii) whether the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group; (iii) whether the entering into of the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps at the EGM. The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other matters, (i) further information in respect of the Fuel Supply Agreement with NIC and the Revised Annual Caps, (ii) a letter from Somerley to the Independent Board Committee and the Independent Shareholders containing advice on the Fuel Supply Agreement with NIC and the Revised Annual Caps, and (iii) the recommendation from the Independent Board Committee in respect of the Fuel Supply Agreement with NIC and the Revised Annual Caps, is expected to be despatched to the Shareholders in compliance with the Listing Rules on or around 29 May 2017.

DEFINITIONS

"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"BN mine site"	the Group's Baruun Naran deposit located in the Khankhongor soum of Umnugobi aimag
"Board"	the board of Directors

"Company"	Mongolian Mining Corporation (Stock code: 975), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the same meaning ascribed to it under the Listing Rules
"DAF"	"Delivered at Frontier", a trade term requiring seller to deliver goods to a named destination
"December Agreement"	the Domestic Transportation of Fuel, Site Storage and Fueling Services Agreement entered into between NIC and Energy Resources dated 28 December 2016 in relation to the provision of domestic transportation of fuel, site storage and fueling services by NIC to the Group
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Fuel Supply Agreement with NIC and the Revised Annual Caps
"Energy Resources"	Energy Resources LLC, a company incorporated in Mongolia with limited liability, is an indirect wholly-owned subsidiary of the Company
"Fuel Supply Agreement with NIC"	the Fuel Supply Agreement entered into between NIC and Energy Resources dated 11 May 2017 in relation to the supply of fuel products and other related services by NIC to the Group
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps
"Independent Financial Advisor" or "Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Fuel Supply Agreement with NIC and the Revised Annual Caps

"Independent Shareholder(s)"	Shareholder(s) other than Lotus Amsa and its associates relating to the Fuel Supply Agreement with NIC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Lotus Amsa"	Lotus Amsa Limited, a company incorporated in Jersey, is wholly-owned by Dr. Oyungerel Janchiv, a non-executive Director, and is interested in approximately 1.1% of the issued share capital of the Company as at the date of this announcement
"MNT"	togrok or tugrik, the lawful currency of Mongolia
"NIC"	NIC LLC, a company incorporated in Mongolia with limited liability, is an associate of Dr. Oyungerel Janchiv, a non-executive Director
"Old Fuel Supply Agreement with NIC"	the Fuel Supply Agreement entered into between NIC and Energy Resources dated 18 October 2013 in relation to the supply of fuel products and related services by NIC to the Group for a term of three years from 1 January 2014 to 31 December 2016
"Revised Annual Caps"	the revised annual caps for the December Agreement and the Fuel Supply Agreement with NIC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of USD0.01 each in the share capital of the Company
"Shareholder(s)"	the registered holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"UHG mine site"	the Group's Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield
"USD"	United States Dollar, the lawful currency of the United States of America
"VAT"	refundable value added tax
"%"	per cent

For the purpose in this announcement, unless otherwise indicated, the exchange rate of USD1.00 = MNT2,411.55 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
(In Provisional Liquidation)
Odjargal Jambaljamts
Chairman

Hong Kong, 11 May 2017

As at the date of this announcement, the board of directors of the Company consists of Mr. Odjargal Jambaljamts and Dr. Battsengel Gotov, being the executive directors of the Company, Dr. Oyungerel Janchiv, Mr. Od Jambaljamts and Mr. Gankhuyag Adilbish, being the non-executive directors of the Company, and Dr. Khashchuluun Chuluundorj, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive directors of the Company.