

For Immediate Release



Joint Venture Established to Develop Cross Border Freight Railway

HONG KONG, 8 April 2014 – **Mongolian Mining Corporation** (“MMC”, or together with its subsidiaries the “Group”; SEHK: 975), announced that on 7 April 2014, through its indirect wholly-owned subsidiary Energy Resources LLC (“ER”) it has signed a Shareholders Agreement with Lodestar Investment Pte Ltd (“Shenhua”), a wholly-owned subsidiary of China Shenhua Overseas Development and Investment Co., Ltd; Erdenes Tavan Tolgoi JSC (“ETT”), a Mongolian state-owned joint stock company; and Tavan Tolgoi JSC (“TT”), a Mongolian joint stock company.

The agreement entails that all parties agree to establish a joint venture company in Mongolia, to be named Gashuunsukhait Railway LLC (“JV Company”), to jointly develop a cross-border freight railway connecting the Gashuunsukhait port station of Mongolia (“GS”) and the Ganqimaodu port station of China (“GM”) (the “Cross Border Railway”). The agreement was signed by Mr. Shao Junjie, Chairman of China Shenhua Overseas Development and Investment Co., Ltd; Mr. Batsuuri Yaichil, CEO of ETT; Dr. Battsengel Gotov, CEO of ER; and Mr. Seddorj Renchinbyamba, CEO of TT; and in the presence of Mongolian government officials such as Mr. Gankhuyag Davaajav, Minister for Mining; Mr. Jigjid Rentsendoo, State Secretary of the Ministry of Mining; Mr. Batzaya Baasandorj, State Secretary of the Ministry of Road and Transportation; and His Excellency Mr. Wang Xiaolong, the Ambassador of China to Mongolia. Also present were representatives from enterprises such as Mr. Batsaikhan Purevsambuu, CEO of Mongolia Railway SOE; Dr. Ling Wen, President of China Shenhua Energy Limited; Mr. Xue Jilian, Senior Vice President of China Shenhua Energy Limited; and Mr. Odjargal Jambaljamts, Chairman of MMC.

Development of the Cross Border Railway project is a component of the coal export support measures announced by the Government of Mongolia on 16 August 2013. These measures outline the importance of the immediate improvement of cross border transportation and logistics operations for coal exports from Mongolia to China.

During the Mongolian Prime Minister’s official visit to China in 2013, Mongolian and Chinese enterprises signed a Memorandum of Understanding on 25 October 2013 in relation to the formation of a consortium for the purpose of building a cross border standard gauge railway to transport coal exported from Mongolia to China via the GS –GM border crossing points.

Dr. Battsengel Gotov, CEO of MMC, said: “We are pleased to take part in this project, which is expected to bring significant benefits to the Company and improve efficiency and reduce the cost of short-haul cross border coal transportation between GS and GM. This, in conjunction with the immediate loading of coal into rail wagons, shall increase the cost competitiveness of Mongolian coal sourced from the Tavan Tolgoi

area in the Chinese market and enhance the capability for geographical market penetration of the Company's products in China."

The Mongolian parties will hold a combined 51% equity interest of the JV Company, with each of them holding 17%, whereas Shenhua will hold the remaining 49% equity interest. The core business of the JV Company will be engineering, construction, financing and operation of the Cross Border Railway project subject to the terms to be agreed upon with the Mongolian Railway ("MTZ"), a Mongolian state owned railway company.

The initial authorized capital of the JV Company is US\$500,000, which will be contributed by the shareholders in proportion to their respective equity interest in the JV Company. Upon establishment, the JV Company plans to complete technical studies and engineering works in the first half of 2014 and to develop a comprehensive budget for capital expenditure requirements of the Cross Border Railway project with targeted completion by end of 2014.



At the joint venture agreement signing ceremony for the establishment of Gashuunsukhait Railway LLC (7 April 2014 – Ulaanbaatar, Mongolia)

From left to right: Dr. Batt sengel Gotov, CEO of MMC, Mr. Odjargal Jambaljamts, Chairman of MMC; Mr. Batsuuri Yaichil, CEO of Erdenes Tavantolgoi JSC; Dr. Ling Wen, President of China Shenhua Energy Company Limited; Mr. Gankhuyag Davaajav, Minister for Mining; H.E. Mr. Wang Xiaolong, Ambassador of China to Mongolia; Mr. Xue Jilian, Senior Vice-President of China Shenhua Energy Company Limited; Mr. Seddorj Renchinbyamba, CEO of Tavantolgoi JSC; Mr. Batzaya Baasandorj, State Secretary of the Ministry of Road and Transportation; Mr. Jigjid Rentsendoo, State Secretary of the Ministry of Mining; Mr. Batsaikhan Purevsambuu, CEO of Mongolian Railway SOE; and Mr. Shao Junjie, Chairman of China Shenhua Overseas Development and Investment Co., Ltd.

About Mongolian Mining Corporation (MMC)

Mongolian Mining Corporation (MMC, SEHK: 975) is the largest producer and exporter of high-quality hard coking coal in Mongolia. It owns and operates an open-pit coking coal mine at the Ukhaa Khudag (“UHG”) deposit located within the Tavan Tolgoi (“TT”) coal formation, as well as the Baruun Naran (“BN”) coking coal deposit, both located in South Gobi, Mongolia.

MMC was listed on the SEHK in October 2010, and was selected as a constituent stock of the FTSE Hong Kong Index in March 2012. To learn more about the Company, please visit MMC’s website at: www.mmc.mn

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