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MONGOLIAN MINING CORPORATION
(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 975)

DISCLOSEABLE TRANSACTION
CONSTRUCTION OF COAL HANDLING AND PREPARATION PLANT

Reference is made to the prospectus of the Company dated 28 September 2010.

The Company has been working together with Sedgman to construct the CHPP for the Group. On 29 December 2010, Enrestechnology, an indirect wholly-owned subsidiary of the Company, entered into the CHPP Contract with Sedgman whereby Sedgman agreed to provide engineering services to the Group in connection with the expansion of the second phase of the CHPP from 5.0 Mtpa to 10 Mtpa.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules regarding the CHPP Contract exceed 5% but are less than 25%, the CHPP Contract constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to announcement but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 29 December 2010, Enrestechnology, an indirect wholly-owned subsidiary of the Company, entered into the CHPP Contract with Sedgman whereby Sedgman agreed to provide engineering services to the Group in connection with the expansion of the second phase of the CHPP from 5.0 Mtpa to 10 Mtpa.

THE CHPP CONTRACT

Date: 29 December 2010

Parties: (1) Enrestechnology, an indirect wholly-owned subsidiary of the Company; and
(2) Sedgman LLC, as the contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Sedgman and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

Principal terms:

Pursuant to the CHPP Contract, Sedgman agreed to provide engineering services to the Group in connection with the expansion of the second phase of the CHPP from 5.0 Mtpa to 10 Mtpa.

Contract Price and Terms of Payment:

The consideration for the provision of the engineering services is MNT18,108,757,020 (equivalent to approximately HK\$105,543,126), MNT2,670,000,000 (equivalent to approximately HK\$15,561,540) of which will be paid on 30 December 2010 as security payment. The remaining balance of the consideration will be payable in stages, the final payment of which will be payable on 10 October 2011.

The consideration payable under the CHPP Contract was negotiated on an arm's length basis taking into account the fees for similar services available in the market. It will be paid in cash and will be fully funded by the internal resources of the Group.

REASONS FOR THE TRANSACTION

Reference is made to the prospectus of the Company dated 28 September 2010 pursuant to which the Company disclosed its contract with Sedgman to engineer, procure the equipment for building of, manage the construction of and train personnel to operate the CHPP. Prior to the construction of the CHPP, the Group was unable to wash its own coal. Since the Group commenced mining operations in April 2009, the average market price of washed coking coal has increased more than the market price of unwashed coking coal.

As part of the Group's mine expansion and to further improve its margins, and in order to ensure that the Group is able to produce saleable coking and thermal coal products without the need to rely on coal traders and customers to wash the coal, the Group proceeded with the construction of the CHPP that will produce high-quality washed coking coals. The Group's original plan was to have the first 5.0 Mtpa of the CHPP to be operational by early 2011, which will be the first of its kind in Mongolia, with the second and third phases of 5.0 Mtpa each to be operational in the second half of 2011 and by the end of 2012, respectively. In view of the rapid ramp-up of the Group's coal mine production, it is necessary for the Group to expand the CHPP.

The Board is confident that the expansion of the CHPP will enable the Group to significantly increase its market recognition and competitiveness.

The Board (including the independent non-executive Directors) is of the view that the CHPP Contract has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the CHPP Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND ENRESTECHNOLOGY

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

Enrestchnology is an indirect wholly-owned subsidiary of the Company. Enrestchnology is principally engaged in the operation of the CHPP.

INFORMATION ON SEDGMAN

Sedgman is principally engaged in the design, construction and operation of coal handling and preparation plants.

LISTING RULES IMPLICATION

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DEFINITIONS

“Board”	the board of Directors;
“CHPP”	the coal handling and preparation plant constructed at the UHG deposit;
“CHPP Contract”	the contract dated 29 December 2010 entered into between Enrestechnology and Sedgman;
“Company”	Mongolian Mining Corporation, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Enrestechnology”	Enrestechnology LLC, a company incorporated in Mongolia with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“MNT”	togrog or tugrik, the lawful currency of Mongolia;
“Mtpa”	million tonnes per annum;
“Sedgman”	Sedgman LLC, a company incorporated in Mongolia with limited liability and is a wholly-owned subsidiary of Sedgman Limited, a company listed on the Australian Securities Exchange;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UHG deposit”	the Group’s Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield;
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00 = MNT171.5768491 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.

By Order of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong, 29 December 2010

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