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MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

CONNECTED TRANSACTIONS

On 14 March 2011, a number of indirect wholly-owned subsidiaries of the Company entered into the following agreements with certain connected persons of the Company:

- (i) Agreement for Procurement and Installation of Chemical Substances and Equipment between UHG WS, a wholly-owned subsidiary of the Company, and Medimpex whereby UHG WS agreed to purchase from Medimpex high quality reagents and laboratorial equipment for UHG WS' chemical laboratory at UHG deposit. The total consideration is MNT193,102,350 (equivalent to approximately HK\$1,199,170);
- (ii) Purchase Agreement between Enrestechology, a wholly-owned subsidiary of the Company, and MCS Electronics relating to the purchase of OIS Spares from MCS Electronics. The total consideration is MNT86,410,489.50 (equivalent to approximately HK\$536,611);
- (iii) Supplemental Agreement to the Service Agreement dated 8 April 2010 between Energy Resources, Enrestechology and MCS International pursuant to which MCS International supervises and communicates with the construction consultant of the CHPP; and
- (iv) Supplemental Agreement to the Purchase and Installation Agreement dated 19 March 2010 between UHG WS and MCS Electronics relating to the purchase of equipments and installation services for a mining sewage treatment facility at the CHPP.

LISTING RULES IMPLICATIONS

Each of Medimpex, MCS Electronics and MCS International is a subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company. As such, each of Medimpex, MCS Electronics and MCS International is a connected person of the Company. Accordingly, each of the transactions contemplated under the Agreements constitutes a connected transaction of the Company.

As the applicable percentage ratios for each of the transactions contemplated under the Agreements are more than 0.1% but less than 5%, the Agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. AGREEMENT FOR PROCUREMENT AND INSTALLATION OF CHEMICAL SUBSTANCES AND EQUIPMENT

Date: 14 March 2011

Parties: UHG WS, an indirect wholly-owned subsidiary of the Company, as the purchaser

Medimpex, a wholly-owned subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company, as the supplier

Principal terms:

UHG WS agreed to purchase from Medimpex high qualified chemical substances and laboratorial equipment for its chemical laboratory at the UHG deposit in Tsogttsetsii Soum, Umnugobi Province, Mongolia.

Consideration and payment terms:

The total consideration is MNT193,102,350 (equivalent to approximately HK\$1,199,170), including value added tax and other applicable taxes, fees and commissions, and all other costs.

The consideration is payable in instalments as described below:

- (a) Advance payment of 20% of the consideration will be paid upon signing of the agreement;
- (b) Interim payment of 40% of the consideration will be paid within 10 days upon issuance of acceptance certificate by UHG WS after receiving the equipment and goods;
- (c) 35% of the consideration will be paid upon issuance of the acceptance certificate after UHG WS' inspection of the fully completed works by Medimpex;
- (d) Retention of 5% of the consideration will be paid after expiry of the warranty for one year from issuance of the acceptance certificate.

The consideration was determined on an arm's length basis between the Company and Medimpex following a tender whereby Medimpex was selected as the supplier.

Timeframe of installation work:

The supply and installation of chemical reagents and equipment will be completed within three months from the date of the agreement.

Reasons for the transaction:

The Company received fee quotations for the supply and installation of certain chemical substances and laboratory equipment required for its operation of a chemical laboratory at the UHG deposit from three suppliers including Medimpex. Medimpex was selected as the supplier in view of its ability to supply reagents of high safety standards and the range of laboratory equipment that meets international standards.

B. PURCHASE OF OIS SPARES AGREEMENT

Date: 14 March 2011

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

MCS Electronics, a subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company, as the seller

Principal terms:

Enreotechnology agreed to purchase from MCS Electronics spare parts for OIS equipment installed at the wash plant at the UHG deposit.

Consideration and payment terms:

The consideration including value added tax and other applicable taxes, fees and commissions, and all other costs is MNT86,410,489.50 (equivalent to approximately HK\$536,611). The consideration is determined after arm's length negotiation between the parties to the agreement.

One half of the total consideration is payable upon placement of the purchase order and the remaining half upon receipt of delivery readiness notice including all documents necessary for customs clearance.

Period:

The delivery of OIS Spares will take place within ten weeks after the first payment.

Reasons for the transaction:

Enreotechnology had previously acquired from MCS Electronics main OIS equipment for the CHPP. Enreotechnology needs to purchase OIS Spares from MCS Electronics for the sustainable operation of the CHPP.

C. SUPPLEMENTAL AGREEMENT TO THE SERVICE AGREEMENT FOR SUPERVISION AND COMMUNICATION WITH CONTRACTOR OF CHPP CONSTRUCTION REPRESENTING EMPLOYER

Date: 14 March 2011

Parties: Enreotechnology, an indirect wholly-owned subsidiary of the Company, as the principal or assignee

Energy Resources, an indirect wholly-owned subsidiary of the Company, as the assignor

MCS International, a subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company, as the representative

Principal terms:

Under the Service Agreement, MCS International works and communicates with Sedgman on behalf of Energy Resources to implement the Main Agreement between Energy Resources and Sedgman whereby Sedgman agreed to provide Energy Resources with services including CHPP construction project's control, administrative services, feasibility study development and etc.

Pursuant to the supplemental agreement to the Service Agreement, Energy Resources agreed to assign its rights and obligations under the Service Agreement to Enrestechnology and MCS International agreed to the novation of the Service Agreement from Energy Resources to Enrestechnology. Also, under the supplemental agreement to the Service Agreement, Enrestechnology and MCS International agreed to extend the tenor of the Service Agreement to 30 September 2011 and MCS International agreed to continue to provide communication and supervision services to the Company in connection with the expansion of the second phase of the CHPP.

Consideration and payment terms:

The total consideration under the Service Agreement is MNT823,990,725 (equivalent to approximately HK\$5,117,001). The consideration is payable to MCS International on a monthly basis.

Reasons for the transaction:

- MCS International has been contracted as the representative of Enrestechnology in relation to Phase 1 EPCM contract and the team on this project has sufficient experience and relationship working with the existing team of Sedgman, the logistics subcontractor's team and government agencies.
- The team at MCS International has sufficient information and understanding on the CHPP project. The actual construction site of phase 2 is just next to the phase 1 which requires high level of communication and relationship between the 2 project management teams on site.
- MCS International is the only Mongolian engineering company who obtained ISO 9001 quality certificate.
- Under the supplemental agreement, the monthly service fee payable by Enrestechnology has increased by MNT6,556,208 (equivalent to approximately HK\$40,714) due to some changes in the scope of work under the supplemental agreement. Upon entering into the supplemental agreement, MCS International agreed to be further responsible for arrangement of transport and logistics in addition to the provision of services under the Service Agreement.

D. SUPPLEMENTAL AGREEMENT TO THE PURCHASE AND INSTALLATION AGREEMENT FOR TELEMETRY SYSTEM FACILITIES INSTALLATION AND PROCUREMENT

Date: 14 March 2011

Parties: UHG WS, an indirect wholly-owned subsidiary of the Company, as the purchaser

MCS Electronics, a subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company, as the supplier

Principal terms:

UHG WS and MCS Electronics agreed to extend the tenor of the Purchase and Installation Agreement to 1 June, 2011 and to change the scope of work by replacing some facilities according to the Company's demand for steady supply of increased amount of water to be used in the CHPP.

Consideration and payment terms:

The consideration is MNT430,267,151.1 (equivalent to approximately HK\$2,671,969) which is inclusive of value added tax and other applicable taxes, costs and fees.

UHG WS will make the payment in accordance with the following:

- (a) 50% of the consideration within 7 days upon signing of the supplemental agreement;
- (b) 45% of the consideration upon completion of technical commissioning of UHG WS' water supply telemetry system; and
- (c) 5% of the consideration after 120 days from the date of commissioning of all the work under the Purchase and Installation Agreement.

Reasons for the transaction:

The Purchase and Installation Agreement dated 19 March, 2010 relates to the purchase of equipment and the provision of installation work of a telemetry system for use in a mining sewage treatment facility of the Company (with a capacity of 53 l/s). The parties entered into the supplemental agreement in order to increase the capacity of sewage treatment facility to 117 l/s.

INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES

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

UHG WS, a wholly-owned subsidiary of the Company, is principally engaged in water exploration and supply of water to the UHG deposit.

Enrestechology, a wholly-owned subsidiary of the Company, owns the CHPP and is principally engaged in operation of the CHPP.

INFORMATION OF MCS HOLDING LLC, MCS ELECTRONICS, MCS INTERNATIONAL AND MEDIMPEX

MCS Holding LLC is an investment holding company. It indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company.

MCS Electronics, a non-wholly-owned subsidiary of MCS Holding LLC, is principally engaged in provision of sales and services of computer equipment and peripherals in Mongolia and is a leading information and communication technology solution provider in Mongolia.

MCS International, a wholly-owned subsidiary of MCS Holding LLC, is principally engaged in energy supply.

Medimpex, a wholly-owned subsidiary of MCS Holding LLC, is principally engaged in the supply of medical instruments and chemicals.

LISTING RULES IMPLICATIONS

Each of MCS International, Medimpex and MCS Electronics is a subsidiary of MCS Holding LLC which indirectly owns 100% of MCS Mining Group Limited, a substantial shareholder of the Company. As such, each of MCS International, Medimpex and MCS Electronics is a connected person of the Company. Accordingly, each of the transactions contemplated under the Agreements constitutes a connected transaction of the Company.

As the applicable percentage ratios for each of the transactions contemplated under the Agreements are more than 0.1% but less than 5%, the Agreements are 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, Ms. Badamtsetseg Dash-Ulzii, Mr. Gantumur Lingov, Mr. Enkh-Amgalan Luvsantseren and Ms. Enkhtuvshin Gombo, being a Director of the Company 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 Agreements.

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

DEFINITION

“Agreements”	Comprise four agreements, namely, <ul style="list-style-type: none">(i) Agreement for Procurement and Installation of Chemical Substances and Equipment dated 14 March 2011 between UHG WS and Medimpex;(ii) Purchase of OIS Spares Agreement dated 14 March 2011 between Enrestechnology and MCS Electronics;(iii) Supplemental Agreement to the Service Agreement; and(iv) Supplemental Agreement to the Purchase and Installation Agreement.
“Board”	the board of directors of the Company;
“CHPP”	the coal handling and preparation plant constructed at the UHG deposit;
“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”	a director of the Company;
“Energy Resources”	Energy Resources LLC, incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of the Company;
“Enrestechnology”	Enrestechnology LLC, incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of the Company;
“EPCM”	Engineering, Procurement, Construction and Management, a form of contract where the contractor will design and install the equipment, procure and install the necessary materials, and be responsible for managing the process of the installation;
“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;
“Main Agreement”	an agreement dated 2 March 2009 between Energy Resources and Sedgman for provision of engineering, project management, procurement and construction management services for the CHPP development at the UHG deposit by Sedgman;

“MCS Electronics”	MCS Electronics LLC, incorporated in Mongolia with limited liability, is a non-wholly-owned subsidiary of MCS Holding LLC;
“MCS International”	MCS International LLC, incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of MCS Holding LLC;
“Medimpex”	Medimpex International LLC, incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of MCS Holding LLC;
“MNT”	togrog or tugrik, the lawful currency of Mongolia;
“OIS Spares”	spare parts of operator interface system of the CHPP
“Purchase and Installation Agreement”	an agreement dated 19 March 2010 between UHG WS and MCS Electronics relating to purchase of equipment and provision of installation work for a telemetry system for use in a mining sewage treatment facility at the CHPP;
“Sedgman”	Sedgman LLC, a company incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of Sedgman Limited, a company listed on the Australian Securities Exchange; Segman LLC is a contractor for the CHPP;
“Service Agreement”	service agreement dated 8 April 2010 between Energy Resources and MCS International relating to the provision of communication and supervision services to the Company by MCS International;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UHG deposit”	the Group’s Ukhaa Khudag deposit located in the Tavan Tolgoi coalfield;
“UHG WS”	Ukhaa Khudag Water Supply LLC, incorporated in Mongolia with limited liability, is a wholly-owned subsidiary of the Company; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00=MNT161.03, 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 14 March, 2011

As at the date of this announcement, the Board consists of Mr. Odjargal Jambaljamts, Dr. Battengel Gotov and Ms. Badamtsetseg Dash-Ulzii, 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 Punsalma, Mr. Unenbat Jigjid and Mr. Chan Tze Ching, Ignatius, being the independent non-executive Directors.