
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mongolian Mining Corporation (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MONGOLIAN MINING CORPORATION**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 21 June 2011 at 10:00 a.m. is set out on pages 17 to 19 of this circular. A form of proxy for use at the annual general meeting is also enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.mmc.mn).

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

29 April 2011

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

| | |
|---------------------------|---|
| “AGM” | the annual general meeting of the Company |
| “AGM Notice” | the notice convening the AGM as set out on pages 17 to 19 of this circular |
| “Articles” | the Articles of Association of the Company |
| “associate(s)” | shall have the same meaning as ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Companies Law” | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| “Company” | Mongolian Mining Corporation, an exempted company incorporated in the Cayman Islands with limited liability |
| “connected person(s)” | shall have the meaning as ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Issue Mandate” | a general and unconditional mandate to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution |
| “Latest Practicable Date” | 21 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

DEFINITIONS

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|----------------------|--|
| “Repurchase Mandate” | a general and unconditional mandate to repurchase on the Stock Exchange, or any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | ordinary share(s) of US\$0.01 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 |
| “Takeovers Code” | the Code on Takeovers and Mergers by the Securities and Futures Commission of Hong Kong |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE BOARD



MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

Executive Directors:

Mr. Odjargal Jambaljamts (*Chairman*)
Dr. Battsengel Gotov (*Chief Executive Officer*)
Ms. Badamtsetseg Dash-Ulzii (*Chief Investment Officer*)

Non-Executive Directors:

Dr. Oyungerel Janchiv
Mr. Batsaikhan Purev
Mr. Philip Hubert ter Woort
Mr. Enkh-Amgalan Luvsantseren
Mr. Gantumur Lingov
Ms. Enkhtuvshin Gombo

Independent Non-Executive Directors:

Mr. Ochirbat Punsalmaa
Mr. Unenbat Jigjid
Mr. Chan Tze Ching, Ignatius

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

29 April 2011

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

By the written resolutions of all Shareholders passed on 17 September 2010, ordinary resolutions were passed to grant to the Directors the Issue Mandate and the Repurchase Mandate to issue Shares and to repurchase Shares respectively and to extend the Issue Mandate to include Shares repurchased under the Repurchase Mandate. These Issue Mandate and Repurchase Mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew the Issue Mandate and the Repurchase Mandate at the AGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with information regarding the resolutions to be proposed at the AGM. These resolutions include, among other things, (i) the re-election of the retiring Directors; and (ii) the granting to the Directors of the Issue Mandate and the Repurchase Mandate and the extension of the Issue Mandate. The resolutions will be proposed at the AGM and are set out in the AGM Notice as contained in this circular.

2. RE-ELECTION OF RETIRING DIRECTORS

In relation to resolution number 2 as set out in the AGM Notice, Mr. Odjargal Jambaljamts, Dr. Battsengel Gotov, Ms. Badamtsetseg Dash-Ulzii, Mr. Batsaikhan Purev, Mr. Enkh-Amgalan Luvsantseren and Mr. Gantumur Lingov will retire from the offices as executive Directors and Non-Executive Directors respectively at the AGM in accordance with Articles 83(3) and 84(1) of the Articles and all retiring Directors, being eligible, will offer themselves for re-election.

Biographical details of the above retiring Directors, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix I to this circular.

3. THE ISSUE MANDATE

At the AGM, an ordinary resolution as set out in item 4 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, to grant to the Directors the Issue Mandate to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the number of Shares in issue were 3,705,036,500. Subject to the passing of the relevant resolution, the maximum number of new Shares to be issued under the Issue Mandate will be 741,007,300 Shares (assuming that there will be no change in the number of Shares in issue between the Latest Practicable Date and the date of AGM).

The Issue Mandate will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

4. THE REPURCHASE MANDATE

At the AGM, an ordinary resolution as set out in item 5 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, to grant to the Directors the Repurchase Mandate to exercise all powers of the Company to repurchase on the Stock Exchange, or on any other stock exchange on which the Shares of the Company may be listed subject to the criteria set out in this circular, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

LETTER FROM THE BOARD

An explanatory statement containing relevant information relating to the Repurchase Mandate as required by the Listing Rules to be sent to the Shareholders is set out in Appendix II to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate at the AGM.

5. EXTENSION OF THE ISSUE MANDATE

At the AGM, an ordinary resolution as set out in item 6 of the AGM Notice will be proposed that the Issue Mandate be extended by the addition to the aggregate number of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate being approved provided that such amount will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of resolution approving the Issue Mandate.

6. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 17 to 19 of this circular to consider the resolutions relating to, inter-alia, the re-election of the retiring Directors, the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate.

7. ACTIONS TO BE TAKEN

A form of proxy for use at the AGM is enclosed with this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.mmc.mn). Whether or not you intend to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

8. VOTING BY POLL

Pursuant to Rule 13.39 of the Listing Rules and Article 66 of the Articles, any vote of shareholders at a general meeting must be taken by poll. The results of the poll shall be deemed to be the resolution of the general meeting and the poll results will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.mmc.mn).

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors consider that the re-election of the retiring Directors and the proposed granting to the Directors of the Issue Mandate, the Repurchase Mandate, and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the AGM Notice.

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

EXECUTIVE DIRECTORS

Odjargal Jambaljamts, aged 45, is an executive Director and Chairman of the Board of the Company. Mr. Jambaljamts was appointed as an executive Director of the Company on 18 May 2010. Mr. Jambaljamts is also the Chairman of the Nomination Committee and the Remuneration Committee. Mr. Jambaljamts was awarded a bachelor's degree in cybernetics of electrical system by the Kiev Polytechnic Institute, Ukraine, and holds his master's degree in business administration from the Maastricht School of Management, Ulaanbaatar, Mongolia.

From 1993 to the present, Mr. Jambaljamts has been the Chairman of MCS Holding LLC (together with its subsidiaries, the "MCS Group"), the controlling shareholder of the Company. Under his management, the MCS Group has become one of the largest and most diversified privately-held holding companies in Mongolia. He has an extensive 14 years of experience in exploration and/or extraction activities and was closely involved with several mining projects and exposed to all different stages of mining, including exploration, feasibility, mine development and mine production. Mr. Jambaljamts has played a major role and overseen the development of the Ukhaa Khudag project from the time of its establishment to its current level.

Mr. Jambaljamts has been a chairman of the Board of Directors of Spirit Bal Buram Joint Stock Company (which ceased to be listed on the Mongolia Stock Exchange in June 2010) and he ceased to be the chairman of this company on 7 July 2010.

Save as disclosed above, Mr. Jambaljamts did not hold any other position with the Company and other members of the Group and he did not hold any other directorships in the public listed companies in Hong Kong or overseas in the last three years.

Mr. Jambaljamts has entered into a service agreement with the Company under which he has agreed to act as executive Director commencing from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, for an initial term of three years. Mr. Jambaljamts is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Mr. Jambaljamts is entitled to receive a director's fee of USD250,000 per annum which is determined by the Board with reference to his duties and responsibility with the Company, the Company's performance and the prevailing market condition. Mr. Jambaljamts received directors' emoluments in the total sum of USD298,792 for the year ended 31 December 2010.

As at the Latest Practicable Date, Mr. Jambaljamts is deemed to be interested in 1,629,669,000 Shares in the Company held by MCS Mining Group Limited, the controlling shareholder of the Company, within the meaning of Part XV of the SFO. Mr. Jambaljamts is a shareholder holding 46.9% shares in MCS Holding LLC, the controlling shareholder of the Company. Save as disclosed above, Mr. Jambaljamts does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Jambaljamts that need to be brought to the attention of the Shareholders.

Battsengel Gotov, aged 38, is an executive Director and Chief Executive Officer of the Company. Dr. Gotov was appointed as an executive Director of the Company on 18 May 2010. Dr. Gotov was awarded a master's degree in science and a PhD in organic chemistry by the Comenius University, Slovakia. Having started his professional career as an Assistant Professor at the Comenius University, Dr. Gotov worked in highly successful projects both in Mongolia and abroad. Since 2004, Dr. Gotov has served at various managerial positions in the MCS Group of companies.

Dr. Gotov has about three years of experience in exploration and/or extraction activities. Dr. Gotov joined the Group in June 2008 as the Chief Executive Officer of Energy Resources LLC. He managed an exploration drilling program at the Ukhaa Khudag ("UHG") deposit, led the discussion and commercial negotiations with bidders for the contract mining and coal handling preparation plant which resulted in the conclusion of a contractual engagement with Leighton LLC to act as the contract miner and Sedgman Engineering Consulting (Beijing) Co Limited (formerly known as Sedgman Consulting (Beijing) Co Limited) to act as the contractor under the engineering, procurement, construction management. Since October 2008, he has been involved in managing the UHG deposit's site preparatory work, box-cut, establishment of temporary mining site facilities, and obtaining various governmental permits and licenses which resulted in the launch of coal mining transporting and exporting commercial operations in April 2009. Dr. Gotov has successfully transformed the UHG deposit from a green-field project to a profitable, full-fledged mining operation.

Dr. Gotov is a board member of the Mongolian National Mining Association, the Mineral Industry Safety Association and the South Gobi Business Council.

Save as disclosed above, Dr. Gotov did not hold any other position with the Company and other members of the Group. Dr. Gotov did not hold any directorship in the public listed companies in Hong Kong or overseas in the last three years.

Dr. Gotov has entered into a service agreement with the Company under which he has agreed to act as executive Director commencing from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, for an initial term of three years. Dr. Gotov is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Dr. Gotov is entitled to receive a director's fee of USD200,000 per annum which is determined by the Board with reference to his duties and responsibility with the Company, the Company's performance and the prevailing market condition. Dr. Gotov received directors' emoluments in the total sum of USD1,556,756 for the year ended 31 December 2010.

As at the Latest Practicable Date, Dr. Gotov did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Dr. Gotov does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Dr. Gotov that need to be brought to the attention of the Shareholders.

Badamtsetseg Dash-Ulzii, aged 35, is an executive Director and Chief Investment Officer of the Company. She was appointed as a non-executive Director of the Company on 16 September 2010. Effective from 22 December 2010, she was appointed as the Chief Investment Officer of the Company and re-designated from a non-executive Director to an executive Director. She is a representative of MCS Holding LLC, the controlling shareholder of the Company. Ms. Dash-Ulzii was awarded a bachelor's degree in business administration by George Washington University, USA and a master's degree in international affairs by Columbia University, USA.

Ms. Dash-Ulzii's professional experience includes positions held at the World Bank's East Asia and Pacific Vice Presidency's Chief Economist's office in Washington, D.C. and JP Morgan in New York. She was an advisor/economist for the USAID's Economic Policy Support Project, a member of the project team advising the Prime Minister's office on economic policy in mining, minerals and financial sectors and co-drafted the Economic Development Strategy for Mongolia. She was a director of the investments department of the Trade and Development Bank of Mongolia and was appointed as a director of MCS Holding LLC in 2007. Ms. Dash-Ulzii, being the project team leader for the initial public offering of the Company which took place in October 2010 (the "IPO"), has substantially contributed to the success of the IPO raising approximately USD748 million from the global investors.

Ms. Dash-Ulzii is currently an executive director of the investment department of MCS Holding LLC. She became a shareholder of MCS Holding LLC with effect from 1 February 2011.

Save as disclosed above, Ms. Dash-Ulzii did not hold any other position with the Company and other members of the Group. Ms. Dash-Ulzii did not hold any directorship in the public listed companies in Hong Kong or overseas in the last three years.

Following her appointment as the Chief Investment Officer of the Company and the re-designation, Ms. Dash-Ulzii has entered into a new service contract with the Company under which she has agreed to act as executive Director and Chief Investment Officer commencing from 22 December 2010 for an initial term of two years. Ms. Dash-Ulzii is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Ms. Dash-Ulzii is entitled to receive a director's fee of USD200,000 per annum which is determined by the Board with reference to her duties and responsibility with the Company, the Company's performance and the prevailing market condition. Ms. Dash-Ulzii received directors' emoluments in the total sum of USD3,330 for the year ended 31 December 2010.

As at the Latest Practicable Date, Ms. Dash-Ulzii did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Ms. Dash-Ulzii is a shareholder holding 1.5% shares in MCS Holding LLC, the controlling shareholder of the Company. Save as disclosed above, Ms. Dash-Ulzii does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Ms. Dash-Ulzii that need to be brought to the attention of the Shareholders.

NON-EXECUTIVE DIRECTORS

Batsaikhan Purev, aged 44, is a non-executive Director of the Company. He was appointed as a non-executive Director of the Company on 16 September 2010. He is a representative of Shunkhlai Mining, a shareholder of the Company. Mr. Purev holds a bachelor's degree in mechanical engineering from the Mongolian Technical University.

Mr. Purev is a founder of Shunkhlai LLC, one of the first private companies in Mongolia and one of Mongolia's largest petroleum companies. He has been the General Director of Shunkhlai LLC and Shunkhlai Group LLC, and an Executive Director of Shunkhlai Mining LLC since 1993. Mr. Purev has a broad range of expertise in the private sector of Mongolia.

Save as disclosed above, Mr. Purev did not hold any other position with the Company and other members of the Group. Mr. Purev did not hold any directorship in the public listed companies in Hong Kong or overseas in the last three years.

Mr. Purev has entered into a letter of appointment with the Company under which he has agreed to act as non-executive Director commencing from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, for an initial term of two years. Mr. Purev is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Mr. Purev is entitled to receive a director's fee of USD18,000 per annum which is determined by the Board with reference to his duties and responsibility with the Company, the Company's performance and the prevailing market condition. Mr. Purev received directors' emoluments in the total sum of USD7,770 for the year ended 31 December 2010.

As at the Latest Practicable Date, Mr. Purev is deemed to be interested in 183,000,000 Shares in the Company held by Shunkhlai Mining, a shareholder of the Company, within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Purev does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Purev that need to be brought to the attention of the Shareholders.

Enkh-Amgalan Luvsantseren, aged 41, is a non-executive Director of the Company. He was appointed as a non-executive Director of the Company on 16 September 2010. He is a representative of MCS Holding LLC, the controlling shareholder of the Company. Mr. Luvsantseren was awarded a diploma in journalism by Sankt-Petersburg State University, Russian Federation, and a master's degree in business administration by Handong Global University, South Korea.

Mr. Luvsantseren has nearly 20 years of experience working in the private sector of Mongolia and joined the MCS Group in 1997. During his career at the MCS Group, Mr. Luvsantseren held various executive positions including being a Deputy Director of MCS Holding LLC and the Managing Director of MCS Electronics LLC. Mr. Luvsantseren has been a Vice President of the MCS Group since 2002. He is a Chairman of Coal Road LLC, Unitel LLC and Sky Resort LLC.

Save as disclosed above, Mr. Luvsantseren did not hold any other position with the Company and other members of the Group. Mr. Luvsantseren did not hold any directorship in the public listed companies in Hong Kong or overseas in the last three years.

Mr. Luvsantseren has entered into a letter of appointment with the Company under which he has agreed to act as Non-executive Director commencing from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, for an initial term of two years. Mr. Luvsantseren is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Mr. Luvsantseren is entitled to receive a director's fee of USD18,000 per annum which is determined by the Board with reference to his duties and responsibility with the Company, the Company's performance and the prevailing market condition. Mr. Luvsantseren received directors' emoluments in the total sum of USD7,770 for the year ended 31 December 2010.

As at the Latest Practicable Date, Mr. Luvsantseren did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Luvsantseren is a shareholder holding 3% shares in MCS Holding LLC and 5% shares in MCS Electronics LLC (a subsidiary of MCS Holding LLC). Save as disclosed above, Mr. Luvsantseren does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Luvsantseren that need to be brought to the attention of the Shareholders.

Gantumur Lingov, aged 41, is a non-executive Director of the Company. He was appointed as a non-executive Director of the Company on 16 September 2010. He is a representative of MCS Holding LLC, the controlling shareholder of the Company. Mr. Lingov was awarded a diploma as engineer-economist for the fuel and energy industry by the Moscow State Academy of Management, Russian Federation, and a master's degree in business administration (international business) by the Maastricht School of Management, the Netherlands.

Mr. Lingov has over 17 years of experience in both the private and public sector. His past work experience includes being project coordinator of the UNESCO/DANIDA Project and Procter & Gamble Distributor Operations Manager for the whole Central Asia and Caucasus region. Since 2006, Mr. Lingov has been the Vice President for Human Resources of the MCS Group. He is also the Managing Director of MCS Management LLC.

Save as disclosed above, Mr. Lingov did not hold any other position with the Company and other members of the Group. Mr. Lingov did not hold any directorship in the public listed companies in Hong Kong or overseas in the last three years.

Mr. Lingov has entered into a letter of appointment with the Company under which he has agreed to act as non-executive Director commencing from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, for an initial term of two years. Mr. Lingov is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles. In addition, Mr. Lingov is entitled to receive a director's fee of USD18,000 per annum which is determined by the Board with reference to his duties and responsibility with the Company, the Company's performance and the prevailing market condition. Mr. Lingov received directors' emoluments in the total sum of USD4,996 for the year ended 31 December 2010.

As at the Latest Practicable Date, Mr. Lingov did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Lingov does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Lingov that need to be brought to the attention of the Shareholders.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 3,705,036,500 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 370,503,650 Shares, being 10% of the issued share capital of the Company as at the date of the AGM, during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and Articles and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital and, in the case of any premium payable on a repurchase, such premium must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

4. IMPACT OF REPURCHASES

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the period ended 31 December 2010) in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as

would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during the period from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, to the Latest Practicable Date:

| Month | Share Prices Per Share | |
|--|---------------------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| 2010 | | |
| October | 9.72 | 7.02 |
| November | 9.50 | 8.15 |
| December | 9.22 | 8.35 |
| 2011 | | |
| January | 10.96 | 9.07 |
| February | 11.50 | 9.13 |
| March | 10.40 | 9.52 |
| April (<i>up to the Latest Practicable Date</i>) | 10.22 | 8.86 |

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Company has not been notified by any connected person that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

7. EFFECT OF TAKEOVERS CODE

If, as a result of a repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders’ interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, the following persons are interested in 10% or more of the Shares of the Company:

| Name | Number of Shares currently held | Approximate percentage of shareholdings | If Repurchase Mandate is exercised fully, approximate percentage of shareholdings will increase to |
|---|---------------------------------------|---|--|
| MCS Mining Group Limited ⁽¹⁾ | 1,629,669,000 | 43.99% | 48.87% |
| Petrovis Resources Inc. ⁽²⁾ | 423,000,000 | 11.42% | 12.69% |

Notes:

- The entire issued share capital of MCS Mining Group Limited is wholly owned by MCS Group Limited which in turn is a direct wholly-owned subsidiary of MCS Holding LLC (“MCS Holding”). MCS Holding is owned as to approximately 46.9% by Mr. Odjargal Jambaljamts, 27.0% by Mr. Od Jambaljamts, 7.2% by Ms. Enkhsetseg Damdinsuren, 3.0% by Mr. Eldev-Ochir Lkhagvaa, 3.0% by Mr. Enkh-Amgalan Luvsantseren, 2.0% by Mr. Enkhuvshin Dashtseren, 1.5% by Badamtsetseq Dash-Ulzii, 0.5% by Ms. Otgonchimeg Bazarragchaa, 0.5% by Ms. Chimgee Ochirvaani, 0.4% by Mr. Gankhuyag Adilbish and 8.0% by MCS Holding as treasury stock. Mr. Odjargal Jambaljamts is the brother of Mr. Od Jambaljamts. Ms. Batmunkh Dashdeleg is the spouse of Mr. Odjargal Jambaljamts. Ms. Munkhsuren Surenkhuu is the spouse of Mr. Od Jambaljamts. Mr. Odjargal Jambaljamts, Mr. Od Jambaljamts, Ms. Batmunkh Dashdeleg, Ms. Munkhsuren Surenkhuu, MCS Holding and MCS Group Limited are deemed to have an interest in the 1,629,669,000 Shares held by MCS Mining Group Limited under the provisions of the SFO.
- The entire issued share capital of Petrovis Resources Inc. is owned by Petrovis LLC which is owned as to approximately 33.4% by Dr. Oyungerel Janchiv, 33.3% by Mr. Davaanyam Choindon and 33.3% by Mongol Contract LLC (which is wholly owned by Ms. Tuya Danzandarjaa). Mr. Batbold Batochir is the spouse of Dr. Oyungerel Janchiv. Ms. Shagdardulam Sambalkhunde is the spouse of Mr. Davaanyam Choindon. Ms. Tuya Danzandarjaa, Mongol Contract LLC, Mr. Davaanyam Choindon, Dr. Oyungerel Janchiv, Mr. Batbold Batochir, Ms Shagdardulam Sambalkhunde and Petrovis LLC are deemed to have an interest in the 423,000,000 Shares held by Petrovis Resources Inc. under the provisions of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, then, (if the present shareholdings otherwise remain the same) the interests of the above persons in the Company would be increased respectively as shown above. Such increase would give rise to an obligation of MCS Mining Group Limited to make a mandatory offer under Rules 26 and 32 of the Takeovers Code but would not reduce the amount of Shares held by the public to less than 22.3% of the issued share capital of the Company, which is the minimum prescribed public float as accepted by the Stock Exchange pursuant to the waiver granted by the Stock Exchange to the Company in September 2010. The Directors have no intention to repurchase Shares to such an extent which would result in an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Repurchase Mandate.

8. SHARE REPURCHASE BY THE COMPANY

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, during the period from 13 October 2010, being the date of the listing of the Shares on the Stock Exchange, to the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



MONGOLIAN MINING CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 975)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of Mongolian Mining Corporation (the “Company”) will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 21 June 2011 at 10:00 a.m. for the following purposes:

1. To consider and adopt the audited consolidated financial statements, the Company’s audited financial statements and the reports of the directors and of the auditor for the year ended 31 December 2010.
2. To re-elect the retiring directors and to authorise the board (“the Board”) of directors (the “Directors”) of the Company to fix the remuneration of the Directors.
3. To re-appoint KPMG as auditor of the Company and to authorise the Board to fix their remuneration.
4. To consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a rights issue or pursuant to the exercise of any subscription rights which are or may be granted under any option scheme or any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted or to be granted by the shareholders of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
 - (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
5. To consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirement of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. To consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of ordinary resolutions number 4 and 5 as set out in the notice convening this Meeting, the general mandate granted to the directors to allot, issue and deal with additional shares in the capital of the Company pursuant to ordinary resolution number 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto the aggregate nominal amount of shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution number 5 set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By order of the Board
Mongolian Mining Corporation
Odjargal Jambaljamts
Chairman

Hong Kong, 29 April 2011

Notes:

- (a) A member entitled to attend and vote at the Meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (c) The Register of Members will be closed from Thursday, 16 June 2011 to Tuesday, 21 June 2011, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 15 June 2011.